This Draft Registration Statement has not been filed publicly with the Securities and Exchange Commission and all information contained herein remains confidential.

As confidentially submitted to the Securities and Exchange Commission on May 10 , 2013.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F /A
Amendment No. 1

R REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

£ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended_____

Or

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

£ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. _____-_____

CAN-FITE BIOPHARMA LTD.

(Exact name of Registrant as specified in its charter)

Can-Fite BioPharma Ltd., an Israeli Limited Company
(Translation of the Registrant's name into English)

Israel
(Jurisdiction of incorporation)

10 Bareket Street, Kiryat Matalon, P.O. Box 7537, Petah-Tikva 49170, Israel
(Address of principal executive offices)

Motti Farbstein
Chief Operating and Financial Officer
Tel: +972 (3) 924-1114
Fax: +972 (3) 924-9378
motti@canfite.co.il
10 Bareket Street, Kiryat Matalon, P.O. Box 7537, Petah-Tikva 49170, Israel
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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12 Abba Hillel Silver Rd.
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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
American Depositary Shares, each representing 50 Ordinary Shares, par value NIS 0.01 per share	**N/A**
Ordinary Shares, par value NIS 0.01 per	**N/A**

share*

*** Not for trading, but only in connection with the registration of the American Depositary Shares.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	**International Financial Reporting Standards as issued by the International Accounting Standards Board ☒**	**Other ☐**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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FORWARD LOOKING STATEMENTS

This Registration Statement on Form 20-F contains forward-looking statements , about our expectations, beliefs or intentions regarding, among other things, our product development efforts, business, financial condition, results of operations, strategies or prospects. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "intend," "plan," "may," "should" or "anticipate" or their negatives or other variations of these words or other comparable words or by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements may be included in, but are not limited to, various filings made by us with the U.S. Securities and Exchange Commission, or the SEC, press releases or oral statements made by or with the approval of one of our authorized executive officers. Forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the factors summarized below.

This Registration Statement on Form 20-F identifies important factors which could cause our actual results to differ materially from those indicated by the forward-looking statements, particularly those set forth under the heading "Risk Factors." The factors that could affect our actual results include the following:

- we have a limited operating history and we do not expect to become profitable in the near future;
- we have not yet commercialized any products or technologies, and we may never become profitable;
- our product candidates are at various stages of clinical and preclinical development and may never be commercialized;
- we might be unable to develop product candidates that will achieve commercial success in a timely and cost-effective manner, or ever;
- we may be forced to abandon development of certain products altogether, which will significantly impair our ability to generate product revenues;
- it is highly likely that we will need to raise additional capital to meet our business requirements in the future, and such capital raising may be costly or difficult to obtain and will dilute current shareholders' ownership interests;
- if we fail to obtain necessary funds for our operations, we will be unable to maintain and improve our patented or licensed technology, and we will be unable to develop and commercialize our products and technologies;
- our current pipeline is based on our platform technology utilizing the Gi protein associated A3 adenosine receptor, or A3AR, as a potent therapeutic target and currently includes three molecules, the CF101, CF102 and CF602 product candidates, of which CF101 is the most advanced. Failure to develop these molecules will have a material adverse effect on the Company;
- clinical trials are very expensive, time-consuming and difficult to design and implement, and, as a result, we may suffer delays or suspensions in future trials which would have a material adverse effect on our ability to generate revenues;

- if we acquire or license additional technology or product candidates, we may incur a number of costs, may have integration difficulties and may experience other risks that could harm our business and results of operations;

- the manufacture of our product candidates is a straight forward chemical synthesis process, however, if one of our materials suppliers encounters problems manufacturing our products, our business could suffer;

- we do not currently have sales, marketing or distribution capabilities or experience, and we are unable to effectively sell, market or distribute our product candidates now and we do not expect to be able to do so in the future. The failure to enter into agreements with third parties that are capable of performing these functions would have a material adverse effect on our business and results of operations;

- we will to some extent rely on third parties to implement our manufacturing and supply strategies. Failure of these third parties in any respect could have a material adverse effect on our business, results of operations and financial condition;

- we depend on key members of our management and consultants and will need to add and retain additional leading experts. Failure to retain our management and consulting team and add additional leading experts could have a material adverse effect on our business, results of operations or financial condition;

- under current U.S. and Israeli law, we may not be able to enforce employees' covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees;

- developments by competitors may render our products or technologies obsolete or non-competitive;

- we may suffer losses from product liability claims if our product candidates cause harm to patients;

- our product candidates will remain subject to ongoing regulatory requirements even if they receive marketing approval, and if we fail to comply with these requirements, we could lose these approvals, and the sales of any approved commercial products could be suspended;

- we may not be able to successfully grow and expand our business. Failure to manage our growth effectively will have a material adverse effect on our business, results of operations and financial condition;

- we may encounter difficulties in managing our growth. These difficulties could increase our losses;

- if we are unable to obtain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors could also be adversely affected if we experience difficulty in obtaining adequate directors' and officers' liability insurance;

- if we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or detect fraud. Consequently, investors could lose confidence in our financial reporting and this may decrease the trading price of our stock;

- potential political, economic and military instability in the State of Israel, where key members of our senior management and our research and development facilities are located, may adversely affect our results of operations;

- recent disruptions in the financial markets and economic conditions could affect our ability to raise capital and could disrupt or delay the performance of our third-party contractors and suppliers;
- we license from the U.S. National Institutes of Health, or the NIH, and Leiden University of the Netherlands, or Leiden University, intellectual property which protects certain small molecules which target the A3AR, in furtherance of our platform technology, and we could lose our rights to these licenses if a dispute with the NIH or Leiden University arises or if we fail to comply with the financial and other terms of the licenses;
- the failure to obtain or maintain patents, licensing agreements and other intellectual property could impact our ability to compete effectively;
- costly litigation may be necessary to protect our intellectual property rights and we may be subject to claims alleging the violation of the intellectual property rights of others;
- we rely on confidentiality agreements that could be breached and may be difficult to enforce, which could result in third parties using our intellectual property to compete against us;
- international patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resource;
- we may be unable to protect the intellectual property rights of the third parties from whom we license certain of our intellectual property or with whom we have entered into other strategic relationships;
- we are subject to government regulations and we may experience delays in obtaining required regulatory approvals in the United States to market our proposed product candidates;
- we face significant competition and continuous technological change. If we cannot successfully compete with new or existing products, our marketing and sales will suffer and we may not ever be profitable;
- we expect the healthcare industry to face increased limitations with respect to reimbursement as a result of healthcare reform, which could adversely affect third-party coverage of our products and how much or under what circumstances healthcare providers will prescribe or administer our products;
- we are subject to federal anti-kickback laws and regulations. Our failure to comply with these laws and regulations could have adverse consequences to us;
- we may be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in 2013 or in any subsequent year. There may be negative tax consequences for U.S. taxpayers that are holders of our ordinary shares or our American Depositary Shares, or ADSs;
- the market price of our ordinary shares is, and the market price of our ADSs will be, subject to fluctuation, which could result in substantial losses by our investors;
- substantial sales of our ordinary shares or ADSs either on the TASE or on the NYSE MKT, as applicable, may cause the market price of our ordinary shares or ADSs to decline;
- raising additional capital by issuing securities may cause dilution to existing shareholders;
- our ordinary shares and our ADSs will be traded on different markets and this may result in price variations;

- our ADSs have a limited prior trading history in the United States, and an active market may not develop, which may limit the ability of our investors to sell our ADSs in the United States;

- we will incur significant additional increased costs as a result of the listing of our ADSs for trading on the NYSE MKT, and our management will be required to devote substantial time to new compliance initiatives as well as to compliance with ongoing U.S. and Israeli reporting requirements;

- as a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of applicable SEC and NYSE MKT requirements, which may result in less protection than is accorded to investors under rules applicable to domestic issuers;

- if we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act as they apply to a foreign private issuer that is listing on a U.S. exchange for the first time, or our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our share price and ADS price may suffer;

- we conduct our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and its region;

- because a certain portion of our expenses is incurred in currencies other than the NIS, our results of operations may be harmed by currency fluctuations and inflation;

- provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our Company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders;

- it may be difficult to enforce a U.S. judgment against us and our officers and directors named in this Registration Statement on Form 20-F in Israel or the United States, or to serve process on our officers and directors; and

- your rights and responsibilities as a shareholder will be governed by Israeli law which may differ in some respects from the rights and responsibilities of shareholders of U.S. companies.

The risk factors included in this Registration Statement on Form 20-F are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also harm our future results. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf speak only as of the date of this Registration Statement on Form 20-F and are expressly qualified in their entirety by the cautionary statements included in this Registration Statement on Form 20-F. We undertake no obligations to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. In evaluating forward-looking statements, you should consider these risks and uncertainties.

EXPLANATORY NOTE

Market data and certain industry data and forecasts used throughout this Registration Statement on Form 20-F were obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's knowledge of the industry, have not been independently verified. Forecasts are particularly likely to be inaccurate, especially over long periods of time. In addition, we do not necessarily know what assumptions regarding general economic growth were used in preparing the forecasts we cite. We do not make any representation as to the accuracy of information contained in this Registration Statement on Form 20-F based upon such market and industry data and forecasts. Statements as to our market position are based on the most currently available data. While we are not aware of any misstatements regarding the industry data presented in this Registration Statement on Form 20-F, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this Registration Statement on Form 20-F. We cannot guarantee the accuracy or completeness of any such information contained in this Registration Statement on Form 20-F.

The Company intends to effect a reverse stock split with respect to its ordinary shares on May 12, 2013. The impact of such reverse stock split on the Company, its shareholders and the information contained in this Registration Statement on Form 20-F will be reflected in an amendment to this Registration Statement on Form 20-F to be submitted to the SEC.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisers.

A. Directors and Senior Management.

The following table lists the members of our Board of Directors. The business address for all directors is 10 Bareket Street, Kiryat Matalon, P.O. Box 7537, Petah-Tikva 49170, Israel. Avigdor Kaplan, our former Chairman of the Board, was not re-elected to the Board of Directors at the annual shareholders meeting held on May 2, 2013. The Company is in the process of appointing a new Chairman of the Board.

Name	Position(s)
Ilan Cohn, Ph.D.	Vice Chairman of the Board
Pnina Fishman, Ph.D.	Chief Executive Officer, Director
Liora Lev	Director, Audit Committee, Balance Sheet Committee and Compensation Committee member
Guy Regev	Director
Avraham Sartani, M.D.	Director
Yechezkel Barenholz, Ph.D.	Director, Audit Committee, Balance Sheet Committee and Compensation Committee member
Gil Oren	Director, Audit Committee, Balance Sheet Committee and Compensation Committee member

The following table lists our executive officers. The business address for all executive officers is 10 Bareket Street, Kiryat Matalon, P.O. Box 7537, Petah-Tikva 49170, Israel.

Name	Position(s)
Pnina Fishman, Ph.D.	Chief Executive Officer, Director
Motti Farbstein	Chief Operating and Financial Officer
Barak Singer	Vice President, Business Development

B. Advisers.

Not applicable.

C. Auditors.

Our auditor since our inception in 1994 has been Kost Forer Gabbay & Kasierer, an independent registered public accounting firm and member firm of Ernst & Young Global Limited. Kost Forer Gabbay & Kasierer audited our consolidated financial statements for the years ended December 31, 2012 and 2011, and for the three years ended December 31, 2012. The address of Kost Forer Gabbay & Kasierer is 3 Aminadav St., Tel-Aviv 67067, Israel.

ITEM 2. Offer Statistics and Expected Timetable.

Not applicable.

ITEM 3. Key Information.

A. Selected Financial Data.

The following table sets forth our selected consolidated financial data for the periods ended and as of the dates indicated. The following selected consolidated financial data for our company should be read in conjunction with the financial information, "Item 5. Operational and Financial Review and Prospects" and other information provided elsewhere in this Registration Statement on Form 20-F and our consolidated financial statements and related notes. The selected consolidated financial data in this section is not intended to replace the consolidated financial statements and is qualified in its entirety thereby. In the opinion of our management, our unaudited consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our financial position, results of operations and cash flows as of and for the periods indicated therein.

We derived the selected consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010 from our audited consolidated financial statements included elsewhere in this Registration Statement on Form 20-F.

Our consolidated financial statements included in this Registration Statement on Form 20-F were prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, and reported in Israeli New Shekels, or NIS.

Consolidated Statements Of Operations Data:	**Year Ended December 31,**					
	2008	**2009**	**2010**	**2011**	**2012**	**2012**
	(in thousands, except share and per share data)					
	NIS					Convenience translation to US $
Revenues	5,481	3,299	2,644	1,785	-	-
Operating expenses:						
Research and development, expenses net	25,621	13,841	9,993	12,969	13,160	3,525
General and administrative expenses	7,308	5,994	6,005	7,081	9,272	2,484
Other income				(88)	(42)	(11)
Operating loss	27,448	16,536	13,354	18,177	22,390	5,998
Other expense – due to M&A	-	-	-	11,496	-	-
Financial expenses	723	36	356	232	27	7
Financial income	2,103	847	897	1,669	541	145
Taxes on income	548	263	235	191	11	3
Net loss	26,616	15,988	13,048	28,427	21,887	5,863
Adjustments arising from translating financial statements of foreign operations	-	-	-	(92)	(7)	(2)
Comprehensive loss	26,616	15,988	13,048	28,335	21,880	5,861
Net profit loss per ordinary share	0.14	0.08	0.06	0.12	0.09	0.02
Number of ordinary shares used in computing loss per ordinary share	192,110,242	203,253,384	217,182,778	235,783,448	255,506,849	255,506,849

Consolidated Balance Sheet Data:	As of December 31,					
	2008	2009	2010	2011	2012	2012
	(in thousands NIS)	(in thousands NIS)	(in thousands NIS)	(in thousands NIS)	(in thousands NIS)	(in US $ thousands)
Cash and cash equivalents	19,963	18,991	17,506	14,622	4,278	1,146
Other receivables	870	448	550	3,760	1,672	448
Fixed assets	1,029	662	490	278	159	42
Total assets	21,862	20,101	18,546	18,660	6,109	1,636
Total liabilities	7,068	6,615	5,474	6,133	8,754	2,345
Total shareholders' equity	14,794	13,486	13,072	12,527	(2,645)	(709)

We report our financial statements in NIS. This Registration Statement on Form 20-F contains conversions of NIS amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, for the purposes of annual financial data, all conversions from NIS to U.S. dollars and from U.S. dollars to NIS were made at a rate of 3.733 NIS to $1.00 U.S. dollar, the daily representative rates in effect as of December 31, 2012. No representation is made that the NIS amounts referred to in this Registration Statement on Form 20-F could have been or could be converted into U.S. dollars at any particular rate or at all.

The following table sets forth information regarding the exchange rates of U.S. dollars per Israeli New Shekels for the periods indicated. Average rates are calculated by using the daily representative rates as reported by the Bank of Israel on the last day of each month during the periods presented.

	NIS per U.S. $			
Year Ended December 31,	High	Low	Average	Period End
2012	4.084	3.700	3.858	3.733
2011	3.821	3.363	3.579	3.821
2010	3.894	3.549	3.732	3.549
2009	4.256	3.690	3.923	3.775
2008	4.022	3.230	3.586	3.802

B. Capitalization and Indebtedness.

The following table sets forth our consolidated capitalization as of December 31, 2012. This table should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and our consolidated financial statements and related notes included elsewhere in this Registration Statement on Form 20-F.

	As of December 31, 2012	
	(NIS in thousands)	(U.S.$ in thousands)(1)
Warrants	1,279	343
Liability for employees benefits	68	18
Shareholders' equity:		
Ordinary shares	2,734	732
Share premium	233,754	62,618
Capital reserve for share-based payment transactions	15,279	4,093
Options exercisable into shares (series 9)	669	179
Foreign currency translation reserve	84	23
Treasury shares	(5,805)	(1,555)
Accumulated loss	(251,359)	(67,334)
Minority interests	1,999	535
Total capitalization (debt and equity)	(1,298)	(348)

(1) Calculated using the exchange rate reported by the Bank of Israel for December 31, 2012 at the rate of one U.S. dollar per NIS 3.733.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors

Risks Related to Our Company and Our Business

We have a limited operating history and we do not expect to become profitable in the near future.

We are a development stage biopharmaceutical company with a limited operating history. We are not profitable and have incurred losses since our inception. We have not generated any revenue since our inception other than income derived from out-licensing agreements, and we continue to incur research and development and general and administrative expenses related to our operations. As of December 31, 2012, the Company had an accumulated loss of NIS 252,404,000. We expect to continue to incur losses for the foreseeable future, and these losses will likely increase as we:

- initiate and manage pre-clinical development and clinical trials for our current and new product candidates;
- seek regulatory approvals for our product candidates;
- implement internal systems and infrastructures;
- seek to license in additional technologies to develop;
- hire management and other personnel; and
- move towards commercialization.

If our product candidates fail in clinical trials or do not gain regulatory clearance or approval, or if our product candidates do not achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Accordingly, it is difficult to evaluate our business prospects. Moreover, our prospects must be considered in light of the risks and uncertainties encountered by an early-stage company and in highly regulated and competitive markets, such as the biopharmaceutical market, where regulatory approval and market acceptance of our products are uncertain. There can be no assurance that our efforts will ultimately be successful or result in revenues or profits.

We have not yet commercialized any products or technologies, and we may never become profitable.

We have not yet commercialized any products or technologies, and we may never be able to do so. We do not know when or if we will complete any of our product development efforts, obtain regulatory approval for any product candidates incorporating our technologies or successfully commercialize any approved products. Even if we are successful in developing products that are approved for marketing, we will not be successful unless these products gain market acceptance for appropriate indications at favorable reimbursement rates. The degree of market acceptance of these products will depend on a number of factors, including:

- the timing of regulatory approvals in the countries, and for the uses, we seek;
- the competitive environment;
- the establishment and demonstration in the medical community of the safety and clinical efficacy of our products and their potential advantages over existing therapeutic products;
- the Company's ability to enter into strategic agreements with pharmaceutical and biotechnology companies with strong marketing and sales capabilities;
- the adequacy and success of distribution, sales and marketing efforts; and

- the pricing and reimbursement policies of government and third-party payors, such as insurance companies, health maintenance organizations and other plan administrators.

Physicians, patients, thirty-party payors or the medical community in general may be unwilling to accept, utilize or recommend, and in the case of third-party payors, cover any of our products or products incorporating our technologies. As a result, we are unable to predict the extent of future losses or the time required to achieve profitability, if at all. Even if we successfully develop one or more products that incorporate our technologies, we may not become profitable.

Our product candidates are at various stages of clinical and preclinical development and may never be commercialized.

Our product candidates are at various stages of clinical development and may never be commercialized. The progress and results of any future pre-clinical testing or future clinical trials are uncertain, and the failure of our product candidates to receive regulatory approvals will have a material adverse effect on our business, operating results and financial condition to the extent we are unable to commercialize any products. None of our product candidates has received regulatory approval for commercial sale. In addition, we face the risks of failure inherent in developing therapeutic products. Our product candidates are not expected to be commercially available for several years, if at all.

In addition, our product candidates must satisfy rigorous standards of safety and efficacy before they can be approved by the U.S. Food and Drug Administration, or the FDA, and foreign regulatory authorities for commercial use. The FDA and foreign regulatory authorities have full discretion over this approval process. We will need to conduct significant additional research, involving testing in animals and in humans, before we can file applications for product approval. Typically, in the pharmaceutical industry, there is a high rate of attrition for product candidates in pre-clinical testing and clinical trials. Also, satisfying regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful. For example, a number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after promising results in earlier trials. In addition, delays or rejections may be encountered based upon additional government regulation, including any changes in FDA policy, during the process of product development, clinical trials and regulatory reviews.

In order to receive FDA approval or approval from foreign regulatory authorities to market a product candidate or to distribute our products, we must demonstrate through pre-clinical testing and through human clinical trials that the product candidate is safe and effective for its intended uses (*e.g.*, treatment of a specific condition in a specific way subject to contradictions and other limitations). Even if we comply with all FDA requests, the FDA may ultimately reject one or more of our new drug applications, or NDA, or grant approval for a narrowly intended use that is not commercially feasible. We might not obtain regulatory approval for our drug candidates in a timely manner, if at all. Failure to obtain FDA approval of any of our drug candidates in a timely manner or at all will severely undermine our business by reducing the number of salable products and, therefore, corresponding product revenues.

We might be unable to develop product candidates that will achieve commercial success in a timely and cost-effective manner, or ever.

Even if regulatory authorities approve our product candidates, they may not be commercially successful. Our product candidates may not be commercially successful because government agencies and other third-party payors may not cover the product or the coverage may be too limited to be commercially successful; physicians and others may not use or recommend our products, even following regulatory approval. A product approval, assuming one issues, may limit the uses for which the product may be distributed thereby adversely affecting the commercial viability of the product. Third parties may develop superior products or have proprietary rights that preclude us from marketing our products. We also expect that at least some of our product candidates will be expensive, if approved. Patient acceptance of and demand for any product candidates for which we obtain regulatory approval or license will depend largely on many factors, including but not limited to the extent, if any, of reimbursement of costs by government agencies and other third-party payors, pricing, the effectiveness of our marketing and distribution efforts, the safety and effectiveness of alternative products, and the prevalence and severity of side effects associated with our products. If physicians, government agencies and other third-party payors do not accept our products, we will not be able to generate significant revenue.

We may be forced to abandon development of certain products altogether, which will significantly impair our ability to generate product revenues.

Upon the completion of any clinical trial, the results might not support the claims sought by us. Further, success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and the results of later clinical trials may not replicate the results of prior clinical trials and pre-clinical testing. The clinical trial process may fail to demonstrate that our product candidates are safe for humans and effective for indicated uses. Any such failure may cause us to abandon a product candidate and may delay development of other product candidates. Any delay in, or termination or suspension of, our clinical trials will delay the requisite filings with the FDA and, ultimately, our ability to commercialize our product candidates and generate product revenues. If the clinical trials do not support our product claims, the completion of development of such product candidates may be significantly delayed or abandoned, which will significantly impair our ability to generate product revenues and will materially adversely affect our results of operations.

It is highly likely that we will need to raise additional capital to meet our business requirements in the future, and such capital raising may be costly or difficult to obtain and will dilute current shareholders' ownership interests.

Our future capital requirements will depend on many factors, including the progress and results of our clinical trials, the duration and cost of discovery and preclinical development, and laboratory testing and clinical trials for our product candidates, the timing and outcome of regulatory review of our product candidates, the number and development requirements of other product candidates that we pursue, and the costs of activities, such as product marketing, sales, and distribution. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our anticipated clinical trials. It is highly likely that we will need to raise additional funds through public or private debt or equity financings to meet various objectives including, but not limited to:

- funding laboratory testing, clinical and pre clinical trials;
- research and development of new products;
- pursuing growth opportunities, including more rapid expansion;
- acquiring and/or licensing complementary products;
- making capital improvements to improve our infrastructure;
- hiring qualified management and key employees;
- responding to competitive pressures;
- complying with regulatory and registration requirements; and
- maintaining compliance with applicable laws.

Any additional capital raised through the sale of equity or equity-linked securities may dilute our current shareholders' ownership in us and could also result in a decrease in the market price of our ordinary shares. The terms of those securities issued by us in future capital transactions may be more favorable to new investors and may include the issuance of warrants or other derivative securities, which may have a further dilutive effect.

Furthermore, any debt or equity financing that we may need may not be available on terms favorable to us, or at all. If we obtain funding through a strategic collaboration or licensing arrangement, we may be required to relinquish our rights to certain of our technologies, products or marketing territories. If we are unable to obtain required additional capital, we may have to curtail our growth plans or cut back on existing business, and we may not be able to continue operating if we do not generate sufficient revenues from operations needed to stay in business.

We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition.

If we fail to obtain necessary funds for our operations, we will be unable to maintain and improve our patented or licensed technology, and we will be unable to develop and commercialize our products and technologies.

Our present and future capital requirements depend on many factors, including:

- the level of research and development investment required to develop our product candidates, and maintain and improve our patented or licensed technology position;
- the costs of obtaining or manufacturing product candidates for research and development and testing;
- the results of preclinical and clinical testing, which can be unpredictable in product candidate development;
- changes in product candidate development plans needed to address any difficulties that may arise in manufacturing, preclinical activities or clinical studies;
- our ability and willingness to enter into new agreements with strategic partners and the terms of these agreements;
- our success rate in preclinical and clinical efforts associated with milestones and royalties;
- the costs of investigating patents that might block us from developing potential product candidates;
- the costs of recruiting and retaining qualified personnel;
- the time and costs involved in obtaining regulatory approvals;
- the number of product candidates we pursue;
- our revenues, if any;
- the costs of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; and
- our need or decision to acquire or license complementary technologies or new platform or product candidate targets.

If we are unable to obtain the funds necessary for our operations, we will be unable to maintain and improve our patented technology, and we will be unable to develop and commercialize our products and technologies, which would materially and adversely affect our business, liquidity and results of operations.

Our current pipeline is based on our platform technology utilizing the Gi protein associated A3 adenosine receptor, or A3AR, as a potent therapeutic target and currently includes three molecules, the CF101, CF102 and CF602 product candidates, of which CF 101 is the most advanced. Failure to develop these molecules will have a material adverse effect on the Company.

Our current pipeline is based on a platform technology where we target the A3AR with highly selective ligands, or small signal triggering molecules that bind to specific cell surface receptors, such as the A3AR, including CF101, CF102 and CF602, currently developed for the treatment of autoimmune-inflammatory, oncological and ophthalmic disorders. A3ARs are structures found in cell surfaces that record and transfer messages from small molecules or ligands, such as CF101, CF102 and CF602 to the rest of the cell. CF101 is the most advanced of our drug candidates. As such, we are currently dependent on only three molecules for our potential commercial success, and any safety or efficacy concerns related to such molecules would have a significant impact on our business. Failure to develop our drug candidates, in whole or in part, will have a material adverse effect on the Company.

Clinical trials are very expensive, time-consuming and difficult to design and implement, and, as a result, we may suffer delays or suspensions in future trials which would have a material adverse effect on our ability to generate revenues.

Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. Regulatory authorities, such as the FDA, may preclude clinical trials from proceeding. Additionally, the clinical trial process is time-consuming, failure can occur at any stage of the trials, and we may encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including:

- unforeseen safety issues;
- determination of dosing issues;
- lack of effectiveness or efficacy during clinical trials;
- failure of third party suppliers to perform final manufacturing steps for the drug substance;
- slower than expected rates of patient recruitment and enrollment;
- lack of healthy volunteers and patients to conduct trials;
- inability to monitor patients adequately during or after treatment;
- failure of third party contract research organizations to properly implement or monitor the clinical trial protocols;
- failure of institutional review boards to approve our clinical trial protocols;
- inability or unwillingness of medical investigators and institutional review boards to follow our clinical trial protocols; and
- lack of sufficient funding to finance the clinical trials.

In addition, we or regulatory authorities may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the regulatory authorities find deficiencies in our regulatory submissions or the conduct of these trials. Any suspension of clinical trials will delay possible regulatory approval, if any, and adversely impact our ability to develop products and generate revenue.

If we acquire or license additional technology or product candidates, we may incur a number of costs, may have integration difficulties and may experience other risks that could harm our business and results of operations.

We may acquire and license additional product candidates and technologies. Any product candidate or technology we license from others or acquire will likely require additional development efforts prior to commercial sale, including extensive pre-clinical or clinical testing, or both, and approval by the FDA and applicable foreign regulatory authorities, if any. All product candidates are prone to risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate or product developed based on licensed technology will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, we cannot assure you that any product candidate that we develop based on acquired or licensed technology that is granted regulatory approval will be manufactured or produced economically, successfully commercialized or widely accepted in the marketplace. Moreover, integrating any newly acquired product candidates could be expensive and time-consuming. If we cannot effectively manage these aspects of our business strategy, our business may not succeed.

The manufacture of our product candidates is a chemical synthesis process and if one of our materials suppliers encounters problems manufacturing our products, our business could suffer.

The FDA and foreign regulators require manufacturers to register manufacturing facilities. The FDA and foreign regulators also inspect these facilities to confirm compliance with requirements that the FDA or foreign regulators establish. We do not intend to engage in the manufacture of our products other than for pre-clinical and clinical studies, but we or our materials suppliers may face manufacturing or quality control problems causing product production and shipment delays or a situation where we or the supplier may not be able to maintain compliance with the FDA's or foreign regulators' requirements necessary to continue manufacturing our drug substance. Drug manufacturers are subject to ongoing periodic unannounced inspections by the FDA, the U.S. Drug Enforcement Agency, or DEA, and corresponding foreign regulators to ensure strict compliance with requirements and other governmental regulations and corresponding foreign standards. Any failure to comply with DEA requirements or FDA or foreign regulatory requirements could adversely affect our clinical research activities and our ability to market and develop our product candidates.

We do not currently have sales, marketing or distribution capabilities or experience, and we are unable to effectively sell, market or distribute our product candidates now and we do not expect to be able to do so in the future. The failure to enter into agreements with third parties that are capable of performing these functions would have a material adverse effect on our business and results of operations.

We do not currently have and we do not expect to develop sales, marketing and distribution capabilities. If we are unable to enter into agreements with third parties to perform these functions, we will not be able to successfully market any of our platforms or product candidates. In order to successfully market any of our platform or product candidates, we must make arrangements with third parties to perform these services.

As we do not intend to develop a marketing and sales force with technical expertise and supporting distribution capabilities, we will be unable to market any of our product candidates directly. To promote any of our potential products through third parties, we will have to locate acceptable third parties for these functions and enter into agreements with them on acceptable terms, and we may not be able to do so. Any third-party arrangements we are able to enter into may result in lower revenues than we could achieve by directly marketing and selling our potential products. In addition, to the extent that we depend on third parties for marketing and distribution, any revenues we receive will depend upon the efforts of such third parties, as well as the terms of our agreements with such third parties, which cannot be predicted in most cases at this time. As a result, we might not be able to market and sell our products in the United States or overseas, which would have a material adverse effect on us.

We will to some extent rely on third parties to implement our manufacturing and supply strategies. Failure of these third parties in any respect could have a material adverse effect on our business, results of operations and financial condition.

If our current and future manufacturing and supply strategies are unsuccessful, then we may be unable to conduct and complete any future pre-clinical or clinical trials or commercialize our product candidates in a timely manner, if at all. Completion of any potential future pre-clinical or clinical trials and commercialization of our product candidates will require access to, or development of, facilities to manufacture a sufficient supply of our product candidates. We do not have the resources, facilities or experience to manufacture our product candidates for commercial purposes on our own and do not intend to develop or acquire facilities for the manufacture of product candidates for commercial purposes in the foreseeable future. We may rely on contract manufacturers to produce sufficient quantities of our product candidates necessary for any pre-clinical or clinical testing we undertake in the future. Such contract manufacturers may be the sole source of production and they may have limited experience at manufacturing, formulating, analyzing, filling and finishing our types of product candidates.

We also intend to rely on third parties to supply the requisite materials needed for the manufacturing of our active pharmaceutical ingredients, or API. There may be a limited supply of these requisite materials. We might not be able to enter into agreements that provide us assurance of availability of such components in the future from any supplier. Our potential suppliers may not be able to adequately supply us with the components necessary to successfully conduct our pre-clinical and clinical trials or to commercialize our product candidates. If we cannot acquire an acceptable supply of the requisite materials to produce our product candidates, we will not be able to complete pre-clinical and clinical trials and will not be able to market or commercialize our product candidates

We depend on key members of our management and key consultants and will need to add and retain additional leading experts. Failure to retain our management and consulting team and add additional leading experts could have a material adverse effect on our business, results of operations or financial condition.

We are highly dependent on our executive officers and other key management and technical personnel. Our failure to retain our Chief Executive Officer, Pnina Fishman, Ph.D., who has developed much of the technology we utilize today, or any other key management and technical personnel, could have a material adverse effect on our future operations. Our success is also dependent on our ability to attract, retain and motivate highly trained technical, and management personnel, among others, to continue the development and commercialization of our current and future products. We presently maintain a life insurance policy on our Chief Executive Officer, Pnina Fishman.

Our success also depends on our ability to attract, retain and motivate personnel required for the development, maintenance and expansion of our activities. There can be no assurance that we will be able to retain our existing personnel or attract additional qualified employees or consultants. The loss of key personnel or the inability to hire and retain additional qualified personnel in the future could have a material adverse effect on our business, financial condition and results of operation.

Under current U.S. and Israeli law, we may not be able to enforce employees' covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We have entered into non-competition agreements with our key employees, in most cases within the framework of their employment agreements. These agreements prohibit our key employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. Under applicable U.S. and Israeli law, we may be unable to enforce these agreements. If we cannot enforce our non-competition agreements with our employees, then we may be unable to prevent our competitors from benefiting from the expertise of our former employees, which could materially adversely affect our business, results of operations and ability to capitalize on our proprietary information.

Developments by competitors may render our products or technologies obsolete or non-competitive.

We will compete against fully integrated pharmaceutical and biotechnology companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs than we do, and have substantially greater financial resources than we do, as well as significantly greater experience in:

- developing drugs;
- undertaking pre-clinical testing and human clinical trials;
- obtaining FDA and other regulatory approvals of drugs;
- formulating and manufacturing drugs; and
- launching, marketing and selling drugs.

Many of these organizations have substantially greater capital resources, larger research and development staffs and facilities, longer drug development history, more experience in obtaining regulatory approvals and greater manufacturing and marketing capabilities than we do. These organizations also compete with us to attract qualified personnel, parties for acquisitions, joint ventures and other collaborations.

We may suffer losses from product liability claims if our product candidates cause harm to patients.

Any of our product candidates could cause adverse events. These adverse events may not be observed in clinical trials, but may nonetheless occur in the future. If any of these adverse events occur, they may render our product candidates ineffective or harmful in some patients, and our sales would suffer, materially adversely affecting our business, financial condition and results of operations.

In addition, potential adverse events caused by our product candidates could lead to product liability lawsuits. If product liability lawsuits are successfully brought against us, we may incur substantial liabilities and may be required to limit the marketing and commercialization of our product candidates. Our business exposes us to potential product liability risks, which are inherent in the testing, manufacturing, marketing and sale of pharmaceutical products. We may not be able to avoid product liability claims. Product liability insurance for the pharmaceutical and biotechnology industries is generally expensive, if available at all. If, at any time, we are unable to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims, we may be unable to clinically test, market or commercialize our product candidates. A successful product liability claim brought against us in excess of our insurance coverage, if any, may cause us to incur substantial liabilities, and, as a result, our business, liquidity and results of operations would be materially adversely affected.

Our product candidates will remain subject to ongoing regulatory requirements even if they receive marketing approval, and if we fail to comply with these requirements, we could lose these approvals, and the sales of any approved commercial products could be suspended.

Even if we receive regulatory approval to market a particular product candidate, the product will remain subject to extensive regulatory requirements, including requirements relating to manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, distribution and recordkeeping. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the uses for which the product may be marketed or the conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product, which could negatively impact us or our collaboration partners by reducing revenues or increasing expenses, and cause the approved product candidate not to be commercially viable. In addition, as clinical experience with a drug expands after approval, typically because it is used by a greater number and more diverse group of patients after approval than during clinical trials, side effects and other problems may be observed after approval that were not seen or anticipated during pre-approval clinical trials or other studies. Any adverse effects observed after the approval and marketing of a product candidate could result in limitations on the use of or withdrawal of any approved products from the marketplace. Absence of long-term safety data may also limit the approved uses of our products, if any. If we fail to comply with the regulatory requirements of the FDA and other applicable U.S. and foreign regulatory authorities, or previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions or other setbacks, including the following:

- Restrictions on the products, manufacturers or manufacturing process;
- Warning letters;
- Civil or criminal penalties, fines and injunctions;
- Product seizures or detentions;
- Import or export bans or restrictions;
- Voluntary or mandatory product recalls and related publicity requirements;
- Suspension or withdrawal of regulatory approvals;
- Total or partial suspension of production, and
- Refusal to approve pending applications for marketing approval of new products or supplements to approved applications.

If we or our collaborators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or adoption of new regulatory requirements or policies, marketing approval for our product candidates may be lost or cease to be achievable, resulting in decreased revenue from milestones, product sales or royalties, which would have a material adverse effect on our results of operations.

We may not be able to successfully grow and expand our business. Failure to manage our growth effectively will have a material adverse effect on our business, results of operations and financial condition.

We may not be able to successfully grow and expand. Successful implementation of our business plan will require management of growth, which will result in an increase in the level of responsibility for management personnel. To manage growth effectively, we will be required to continue to implement and improve our operating and financial systems and controls to expand, train and manage our employee base. The management, systems and controls currently in place or to be implemented may not be adequate for such growth, and the steps taken to hire personnel and to improve such systems and controls might not be sufficient. If we are unable to manage our growth effectively, it will have a material adverse effect on our business, results of operations and financial condition.

We may encounter difficulties in managing our growth. These difficulties could increase our losses.

We may experience rapid and substantial growth in order to achieve our operating plans, which will place a strain on our human and capital resources. If we are unable to manage this growth effectively, our losses could materially increase. Our ability to manage our operations and growth effectively requires us to continue to expend funds to enhance our operational, financial and management controls, reporting systems and procedures and to attract and retain sufficient numbers of talented employees. If we are unable to scale up and implement improvements to our control systems in an efficient or timely manner, or if we encounter deficiencies in existing systems and controls, then we will not be able to make available the products required to successfully commercialize our technology. Failure to attract and retain sufficient numbers of talented employees will further strain our human resources and could impede our growth or result in ineffective growth.

If we are unable to obtain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors could also be adversely affected if we experience difficulty in obtaining adequate directors' and officers' liability insurance.

We may not be able to obtain insurance policies on terms affordable to us that would adequately insure our business and property against damage, loss or claims by third parties. To the extent our business or property suffers any damages, losses or claims by third parties, which are not covered or adequately covered by insurance, our financial condition may be materially adversely affected.

We may be unable to maintain sufficient insurance as a public company to cover liability claims made against our officers and directors. If we are unable to adequately insure our officers and directors, we may not be able to retain or recruit qualified officers and directors to manage the Company.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or detect fraud. Consequently, investors could lose confidence in our financial reporting and this may decrease the trading price of our stock.

We must maintain effective internal controls to provide reliable financial reports and detect fraud. Our failure to properly maintain an effective system of internal controls could harm our operating results and cause investors to lose confidence in our reported financial information. In addition, such failure may cause us to suffer violations of the U.S. federal securities laws or applicable Israeli law to the extent we are unable to maintain effective internal controls. Any such loss of confidence or violations would have a negative effect on the trading price of our stock.

Potential political, economic and military instability in the State of Israel, where key members of our senior management and our research and development facilities are located, may adversely affect our results of operations.

We maintain office and research and development facilities in the State of Israel. Political, economic and military conditions in Israel may directly affect our ability to conduct business. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could affect adversely our operations. Ongoing and revived hostilities or other Israeli political or economic factors could harm our operations and product development and cause our revenues to fail to develop or decrease if we have already begun sales.

Recent disruptions in the financial markets and economic conditions could affect our ability to raise capital and could disrupt or delay the performance of our third-party contractors and suppliers.

In past years, the U.S. and global economies have taken a dramatic downturn as the result of the deterioration in the credit markets and related financial crisis as well as a variety of other factors including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. The U.S. and certain foreign governments have recently taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If the actions taken by these governments are not successful, the continued economic decline may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all. In addition, we rely and intend to rely on third-parties, including our clinical research organizations, third-party manufacturers and second source suppliers, and certain other important vendors and consultants. As a result of the current volatile and unpredictable global economic situation, there may be a disruption or delay in the performance of our third-party contractors and suppliers. If such third-parties are unable to satisfy their contractual commitments to us, our business could be severely adversely affected.

Risks Related to Our Intellectual Property

We license from the NIH and Leiden University intellectual property which protects certain small molecules which target the A3AR, in furtherance of our platform technology, and we could lose our rights to these licenses if a dispute with the NIH or Leiden University arises or if we fail to comply with the financial and other terms of the licenses.

We have licensed intellectual property from the NIH and Leiden University pursuant to license agreements, or the License Agreements, relating to molecules which target the A3AR. The License Agreements impose certain payment, reporting, confidentiality and other obligations on us. In the event that we were to breach any of the obligations and fail to cure, the NIH and Leiden University would have the right to terminate the respective License Agreement. In addition, the NIH and Leiden University each have the right to terminate the respective License Agreement upon our bankruptcy, insolvency, or receivership. Further, the NIH retains a paid-up, worldwide license to practice the licensed inventions for government purposes and may require us to grant sublicenses when necessary to fulfill health or safety needs. If any dispute arises with respect to our arrangements with the NIH and Leiden University, such dispute may disrupt our operations and would likely have a material adverse impact on us if resolved in a manner that is unfavorable to our Company. All of our current product candidates are partly based on the intellectual property licensed under the License Agreements, and if the License Agreements were terminated, it would have a material adverse effect on our business, prospects and results of operations.

The failure to obtain or maintain patents, licensing agreements and other intellectual property could impact our ability to compete effectively.

To compete effectively, we need to develop and maintain a proprietary position with regard to our own technologies, intellectual property, licensing agreements, product candidates and business. Legal standards relating to the validity and scope of claims in the biotechnology and biopharmaceutical fields are still evolving. Therefore, the degree of future protection for our proprietary rights in our core technologies and any products that might be made using these technologies is also uncertain. The risks and uncertainties that we face with respect to our patents and other proprietary rights include the following:

- while the patents we license have been issued, the pending patent applications we have filed may not result in issued patents or may take longer than we expect to result in issued patents;
- we may be subject to interference proceedings;
- we may be subject to opposition proceedings in foreign countries;
- any patents that are issued may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents licensed or issued to us or our customers;
- other companies may independently develop similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies we have licensed or developed; and
- enforcement of patents is complex, uncertain and expensive.

We cannot be certain that patents will be issued as a result of any of our pending applications, and we cannot be certain that any of our issued patents, whether issued pursuant to our pending applications or licensed from the NIH and Leiden University, will give us adequate protection from competing products. For example, issued patents, including the patents licensed from the NIH and Leiden University, may be circumvented or challenged, declared invalid or unenforceable, or narrowed in scope. In addition, since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain that we were the first to make our inventions or to file patent applications covering those inventions.

It is also possible that others may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we have licensed, our rights depend on maintaining our obligations to the licensor under the applicable license agreement, and we may be unable to do so.

In addition to patents and patent applications, we depend upon trade secrets and proprietary know-how to protect our proprietary technology. We require our employees, consultants, advisors and collaborators to enter into confidentiality agreements that prohibit the disclosure of confidential information to any other parties. We require our employees and consultants to disclose and assign to us their ideas, developments, discoveries and inventions. These agreements may not, however, provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure.

Costly litigation may be necessary to protect our intellectual property rights and we may be subject to claims alleging the violation of the intellectual property rights of others.

We may face significant expense and liability as a result of litigation or other proceedings relating to patents and other intellectual property rights of others. In the event that another party has also filed a patent application or been issued a patent relating to an invention or technology claimed by us in pending applications, we may be required to participate in an interference proceeding declared by the U.S. Patent and Trademark Office to determine priority of invention, which could result in substantial uncertainties and costs for us, even if the eventual outcome were favorable to us. We, or our licensors, also could be required to participate in interference proceedings involving issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology or to license rights from prevailing third parties.

The cost to us of any patent litigation or other proceeding relating to our licensed patents or patent applications, even if resolved in our favor, could be substantial. Our ability to enforce our patent protection could be limited by our financial resources, and may be subject to lengthy delays. If we are unable to effectively enforce our proprietary rights, or if we are found to infringe the rights of others, we may be in breach of our License Agreement.

A third party may claim that we are using inventions claimed by their patents and may go to court to stop us from engaging in our normal operations and activities, such as research, development and the sale of any future products. Such lawsuits are expensive and would consume time and other resources. There is a risk that the court will decide that we are infringing the third party's patents and will order us to stop the activities claimed by the patents, redesign our products or processes to avoid infringement or obtain licenses (which may not be available on commercially reasonable terms). In addition, there is a risk that a court will order us to pay the other party damages for having infringed their patents.

Moreover, there is no guarantee that any prevailing patent owner would offer us a license so that we could continue to engage in activities claimed by the patent, or that such a license, if made available to us, could be acquired on commercially acceptable terms. In addition, third parties may, in the future, assert other intellectual property infringement claims against us with respect to our product candidates, technologies or other matters.

We rely on confidentiality agreements that could be breached and may be difficult to enforce, which could result in third parties using our intellectual property to compete against us.

Although we believe that we take reasonable steps to protect our intellectual property, including the use of agreements relating to the non-disclosure of confidential information to third parties, as well as agreements that purport to require the disclosure and assignment to us of the rights to the ideas, developments, discoveries and inventions of our employees and consultants while we employ them, the agreements can be difficult and costly to enforce. Although we seek to obtain these types of agreements from our contractors, consultants, advisors and research collaborators, to the extent that employees and consultants utilize or independently develop intellectual property in connection with any of our projects, disputes may arise as to the intellectual property rights associated with our products. If a dispute arises, a court may determine that the right belongs to a third party. In addition, enforcement of our rights can be costly and unpredictable. We also rely on trade secrets and proprietary know-how that we seek to protect in part by confidentiality agreements with our employees, contractors, consultants, advisors or others. Despite the protective measures we employ, we still face the risk that:

- these agreements may be breached;
- these agreements may not provide adequate remedies for the applicable type of breach;
- our trade secrets or proprietary know-how will otherwise become known; or
- our competitors will independently develop similar technology or proprietary information.

International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources.

Patent law outside the United States is in some cases different than in the United States and is currently undergoing review and revision in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States. For example, certain countries do not grant patent claims that are directed to the treatment of humans. We may participate in opposition proceedings to determine the validity of our foreign patents or our competitors' foreign patents, which could result in substantial costs and diversion of our efforts.

We may be unable to protect the intellectual property rights of the third parties from whom we license certain of our intellectual property or with whom we have entered into other strategic relationships.

Certain of our intellectual property rights are currently licensed from the NIH and Leiden University, and, in the future, we intend to continue to license intellectual property from the NIH and Leiden University and/or other universities and/or strategic partners. Such third parties may determine not to protect the intellectual property rights that we license from them and we may be unable defend such intellectual property rights on our own or we may have to undertake costly litigation to defend the intellectual property rights of such third parties. There can be no assurances that we will continue to have proprietary rights to any of the intellectual property that we license from such third parties or otherwise have the right to use through similar strategic relationships. Any loss or limitations on use with respect to our right to use such intellectual property licensed from third parties or otherwise obtained from third parties with whom we have entered into strategic relationships could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Industry

We are subject to government regulations and we may experience delays in obtaining required regulatory approvals in the United States to market our proposed product candidates.

Various aspects of our operations are subject to federal, state or local laws, rules and regulations, any of which may change from time to time. Costs arising out of any regulatory developments could be time-consuming and expensive and could divert management resources and attention and, consequently, could adversely affect our business operations and financial performance.

Delays in regulatory approval, limitations in regulatory approval and withdrawals of regulatory approval may have a material adverse effect on the Company. If we experience significant delays in testing or receiving approvals or sign-offs to conduct clinical trials, our product development costs, or our ability to license product candidates, will increase. If the FDA grants regulatory approval to market a product, this approval will be limited to those disease states and conditions for which the product has demonstrated, through clinical trials, to be safe and effective. Any product approvals that we receive in the future could also include significant restrictions on the use or marketing of our products. Product approvals, if granted, can be withdrawn for failure to comply with regulatory requirements or upon the occurrence of adverse events following commercial introduction of the products. Failure to comply with applicable FDA or other applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production or injunction, as well as other regulatory action against our product candidates or us. If approval is withdrawn for a product, or if a product were seized or recalled, we would be unable to sell or license that product and our revenues would suffer. In addition, outside the United States, our ability to market any of our potential products is contingent upon receiving market application authorizations from the appropriate regulatory authorities and these foreign regulatory approval processes include all of the risks associated with the FDA approval process described above.

We face significant competition and continuous technological change. If we cannot successfully compete with new or existing products, our marketing and sales will suffer and we may not ever be profitable.

If our competitors develop and commercialize products faster than we do, or develop and commercialize products that are superior to our product candidates, our commercial opportunities will be reduced or eliminated. The extent to which any of our product candidates achieve market acceptance will depend on competitive factors, many of which are beyond our control. Competition in the biotechnology and biopharmaceutical industry is intense and has been accentuated by the rapid pace of technology development. Our competitors include large integrated pharmaceutical companies, biotechnology companies that currently have drug and target discovery efforts, universities, and public and private research institutions. Almost all of these entities have substantially greater research and development capabilities and financial, scientific, manufacturing, marketing and sales resources than we do, as well as more experience in research and development, clinical trials, regulatory matters, manufacturing, marketing and sales. These organizations also compete with us to:

- attract parties for acquisitions, joint ventures or other collaborations;
- license proprietary technology that is competitive with the technology we are developing;
- attract funding; and
- attract and hire scientific talent.

Our competitors may succeed in developing and commercializing products earlier and obtaining regulatory approvals from the FDA more rapidly than we do. Our competitors may also develop products or technologies that are superior to those we are developing, and render our product candidates or technologies obsolete or non-competitive. If we cannot successfully compete with new or existing products, our marketing and sales will suffer and we may not ever be profitable.

We expect the healthcare industry to face increased limitations on reimbursement as a result of healthcare reform, which could adversely affect third-party coverage of our products and how much or under what circumstances healthcare providers will prescribe or administer our products.

In both the United States and other countries, sales of our products will depend in part upon the availability of reimbursement from third-party payors, which include governmental authorities, managed care organizations and other private health insurers. Third-party payors are increasingly challenging the price and examining the cost effectiveness of medical products and services.

Increasing expenditures for healthcare have been the subject of considerable public attention in the United States. Both private and government entities are seeking ways to reduce or contain healthcare costs. Numerous proposals that would effect changes in the U.S. healthcare system have been introduced or proposed in Congress and in some state legislatures, including reducing reimbursement for prescription products and reducing the levels at which consumers and healthcare providers are reimbursed for purchases of pharmaceutical products.

In 2010, Congress enacted and the President signed into law the Patient Protection and Affordable Care Act, as amended, which will significantly expand access to health care coverage but may lead to reduction in reimbursement for supplies, including pharmaceuticals, and services. The Centers for Medicare & Medicaid Services, or CMS, is in the process of issuing regulations to implement the new law which will affect Medicare, Medicaid and other third-party payors. Medicare, which is the single largest third-party payment program and which is administered by CMS, covers prescription drugs in one of two ways. Medicare part B covers outpatient prescription drugs that are administered by physicians and Medicare part D covers other outpatient prescription drugs, but through private insurers. Medicaid, a health insurance program for the poor, is funded jointly by CMS and the states, but is administered by the states; states are authorized to cover outpatient prescription drugs, but that coverage is subject to caps and to substantial rebates.

Although we cannot predict the full effect on our business of the implementation of existing legislation, including the Affordable Care Act or the enactment of additional legislation, we believe that legislation or regulations that reduce reimbursement for or restrict coverage of our products could adversely affect how much or under what circumstances healthcare providers will prescribe or administer our products. This could materially and adversely affect our business by reducing our ability to generate revenue, raise capital, obtain additional collaborators and market our products. In addition, we believe the increasing emphasis on managed care in the United States has and will continue to put pressure on the price and usage of pharmaceutical products, which may adversely impact product sales.

We are subject to federal anti-kickback laws and regulations. Our failure to comply with these laws and regulations could have adverse consequences to us.

There are extensive U.S. federal and state laws and regulations prohibiting fraud and abuse in the healthcare industry that can result in significant criminal and civil penalties. These federal laws include: the anti-kickback statute, which prohibits certain business practices and relationships, including the payment or receipt of remuneration for the referral of patients whose care will be paid by Medicare or other federal healthcare programs; the physician self-referral prohibition, commonly referred to as the Stark Law; the anti-inducement law, which prohibits providers from offering anything to a Medicare or Medicaid beneficiary to induce that beneficiary to use items or services covered by either program; the False Claims Act, which prohibits any person from knowingly presenting or causing to be presented false or fraudulent claims for payment by the federal government, including the Medicare and Medicaid programs; and the Civil Monetary Penalties Law, which authorizes the U.S. Department of Health and Human Services to impose civil penalties administratively for fraudulent or abusive acts.

Sanctions for violating these federal laws include criminal and civil penalties that range from punitive sanctions, damage assessments, money penalties, imprisonment, denial of Medicare and Medicaid payments, or exclusion from the Medicare and Medicaid programs, or both, and debarment. As federal and state budget pressures continue, federal and state administrative agencies may also continue to escalate investigation and enforcement efforts to root out waste and to control fraud and abuse in governmental healthcare programs. Private enforcement of healthcare fraud has also increased, due in large part to amendments to the civil False Claims Act in 1986 that were designed to encourage private persons to sue on behalf of the government. A violation of any of these federal and state fraud and abuse laws and regulations could have a material adverse effect on our liquidity and financial condition. An investigation into the use by physicians of any of our products once commercialized may dissuade physicians from either purchasing or using them, and could have a material adverse effect on our ability to commercialize those products.

Risks Related to our Ordinary Shares and ADSs

We may be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in 2013 or in any subsequent year. There may be negative tax consequences for U.S. taxpayers that are holders of our ordinary shares or our ADSs.

We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of our gross income is "passive income" or (ii) on average at least 50% of our assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Although we have not determined whether we will be a PFIC in 2013, or in any subsequent year, our operating results for any such years may cause us to be a PFIC. If we are a PFIC in 2013, or any subsequent year, and a U.S. shareholder does not make an election to treat us as a "qualified electing fund," or QEF, or make a "mark-to-market" election, then "excess distributions" to a U.S. shareholder, and any gain realized on the sale or other disposition of our ordinary shares or ADSs will be subject to special rules. Under these rules: (i) the excess distribution or gain would be allocated ratably over the U.S. shareholder's holding period for the ordinary shares (or ADSs, as the case may be); (ii) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (iii) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, if the U.S. Internal Revenue Service determines that we are a PFIC for a year with respect to which we have determined that we were not a PFIC, it may be too late for a U.S. shareholder to make a timely QEF or mark-to-market election. U.S. shareholders who hold our ordinary shares or ADSs during a period when we are a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC in subsequent years, subject to exceptions for U.S. shareholders who made a timely QEF or mark-to-market election. A U.S. shareholder can make a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. Upon request, we will annually furnish U.S. shareholders with information needed in order to complete IRS Form 8621 (which form would be required to be filed with the IRS on an annual basis by the U.S. shareholder) and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries that we control is a PFIC.

The market price of our ordinary shares is, and the market price of our ADSs will be, subject to fluctuation, which could result in substantial losses by our investors.

The stock market in general and the market price of our ordinary shares on the Tel Aviv Stock Exchange, or the TASE, in particular, is subject to fluctuation, and changes in our share price may be unrelated to our operating performance. The market price of our ordinary shares on the TASE has fluctuated in the past, and we expect it will continue to do so. It is likely that the market price of our ADSs will likewise be subject to wide fluctuations. The market price of our ordinary shares and ADSs are and will be subject to a number of factors, including:

- announcements of technological innovations or new products by us or others;
- announcements by us of significant strategic partnerships, out-licensing, in-licensing, joint ventures, acquisitions or capital commitments;
- expiration or terminations of licenses, research contracts or other collaboration agreements;
- public concern as to the safety of drugs we, our licensees or others develop;

- general market conditions;
- the volatility of market prices for shares of biotechnology companies generally;
- success of research and development projects;
- success in clinical and preclinical studies;
- departure of key personnel;
- developments concerning intellectual property rights or regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our ordinary shares or ADSs are covered by analysts;
- changes in government regulations or patent decisions;
- developments by our licensees; and
- general market conditions and other factors, including factors unrelated to our operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our ordinary shares and ADSs and result in substantial losses by our investors.

Additionally, market prices for securities of biotechnology and pharmaceutical companies historically have been very volatile. The market for these securities has from time to time experienced significant price and volume fluctuations for reasons unrelated to the operating performance of any one company. In the past, following periods of market volatility, shareholders have often instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and attention of management from our business, even if we are successful. Future sales of our ordinary shares or ADSs could reduce the market price of our ordinary shares and ADSs.

Substantial sales of our ordinary shares or ADSs either on the TASE or on the NYSE MKT, as applicable, may cause the market price of our ordinary shares or ADSs to decline.

All of our outstanding ordinary shares are registered and available for sale in Israel. Sales by us or our securityholders of substantial amounts of our ordinary shares or ADSs, or the perception that these sales may occur in the future, could cause a reduction in the market price of our ordinary shares or ADSs.

The issuance of any additional ordinary shares or ADSs, or any securities that are exercisable for or convertible into our ordinary shares or ADSs, may have an adverse effect on the market price of our ordinary shares or ADSs, as applicable, and will have a dilutive effect on our shareholders.

Raising additional capital by issuing securities may cause dilution to existing shareholders.

We may need to raise substantial future capital to continue to complete clinical development and commercialize our products and product candidates and to conduct the research and development and clinical and regulatory activities necessary to bring our product candidates to market. Our future capital requirements will depend on many factors, including:

- the failure to obtain regulatory approval or achieve commercial success of our product candidates, including CF101, CF102 and CF602;
- our success in effecting out-licensing arrangements with third-parties;

- our success in establishing other out-licensing arrangements;
- the success of our licensees in selling products that utilize our technologies;
- the results of our preclinical studies and clinical trials for our earlier stage therapeutic candidates, and any decisions to initiate clinical trials if supported by the preclinical results;
- the costs, timing and outcome of regulatory review of our product candidates that progress to clinical trials;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our issued patents and defending intellectual property-related claims;
- the extent to which we acquire or invest in businesses, products or technologies and other strategic relationships; and
- the costs of financing unanticipated working capital requirements and responding to competitive pressures.

If we raise additional funds through licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. If we raise additional funds by issuing equity or convertible debt securities, we will reduce the percentage ownership of our then-existing shareholders, and these securities may have rights, preferences or privileges senior to those of our existing shareholders. See also "The market price of our ordinary shares is, and the market price of our ADSs will be, subject to fluctuation, which could result in substantial losses by our investors."

Risks Associated with Potential NYSE MKT Listing of our ADSs

Our ordinary shares and our ADSs will be traded on different markets and this may result in price variations.

Our ordinary shares have traded on the TASE since October 2005 and we intend to apply to have our ADSs listed on the NYSE MKT. Trading in our securities on these markets will take place in different currencies (U.S. dollars on the NYSE MKT and NIS on the TASE), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Israel). The trading prices of our securities on these two markets may differ due to these and other factors. Any decrease in the price of our securities on one of these markets could cause a decrease in the trading price of our securities on the other market.

Our ADSs have a limited prior trading history in the United States, and an active market may not develop, which may limit the ability of our investors to sell our ADSs in the United States.

There is a limited public market for our ADSs or ordinary shares in the United States on the Over the Counter Bulletin Board, or OTCBB. Although we intend to apply to have our ADSs listed on the NYSE MKT, an active trading market for our ADSs may never develop or may not be sustained if one develops. If an active market for our ADSs does not develop or is not sustained, it may be difficult to sell your ADSs.

We will incur significant additional increased costs as a result of the listing of our ADSs for trading on the NYSE MKT, and our management will be required to devote substantial time to new compliance initiatives as well as to compliance with ongoing U.S. and Israeli reporting requirements.

As a public company in the United States, we will incur additional significant accounting, legal and other expenses that we did not incur before the offering. We also anticipate that we will incur costs associated with corporate governance requirements of the SEC and the NYSE MKT Company Guide, as well as requirements under Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. We expect these rules and regulations to increase our legal and financial compliance costs, introduce new costs such as investor relations, stock exchange listing fees and shareholder reporting, and to make some activities more time consuming and costly. The implementation and testing of such processes and systems may require us to hire outside consultants and incur other significant costs. Any future changes in the laws and regulations affecting public companies in the United States and Israel, including Section 404 and other provisions of the Sarbanes-Oxley Act, the rules and regulations adopted by the SEC and the NYSE MKT Company Guide, as well as applicable Israeli reporting requirements, for so long as they apply to us, will result in increased costs to us as we respond to such changes. These laws, rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our board committees or as executive officers. Furthermore, until such time as our shareholders may vote to approve our transition from Israeli securities law reporting requirements to U.S. requirements, we will also be required to comply fully with both Israeli and U.S. requirements. The need to comply with both U.S. and Israeli reporting and other securities law requirements will also add to our legal and financial compliance costs and require devotion of additional management resources to reporting and compliance efforts.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of applicable SEC and NYSE MKT requirements, which may result in less protection than is accorded to investors under rules applicable to domestic issuers.

As a foreign private issuer, we will be permitted to follow certain home country corporate governance practices instead of those otherwise required under the NYSE MKT Company Guide for domestic issuers. For instance, we may follow home country practice in Israel with regard to, among other things, composition and function of the audit committee and other committees of our Board of Directors and certain general corporate governance matters. In addition, in certain instances we will follow our home country law, instead of the NYSE MKT Company Guide, which requires that we obtain shareholder approval for certain dilutive events, such as an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company. We will evaluate the extent to which we will avail ourselves of the exemptions available to foreign private issuers in connection with the actual listing of our ADSs for trading on the NYSE MKT. Following our home country governance practices as opposed to the requirements that would otherwise apply to a United States company listed on the NYSE MKT may provide less protection than is accorded to investors under the NYSE MKT Company Guide applicable to domestic issuers.

In addition, as a foreign private issuer, we will be exempt from the rules and regulations under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act.

If we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act as they apply to a foreign private issuer that is listing on a U.S. exchange for the first time, or our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our share price and ADS price may suffer.

We will become subject to the requirements of the Sarbanes-Oxley Act if our ADSs are listed on the NYSE MKT. Section 404 of the Sarbanes-Oxley Act requires companies subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its subsidiaries' internal controls over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures and our management will be required to assess and issue a report concerning our internal controls over financial reporting. Pursuant to The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we will be classified as an "Emerging Growth Company." Under the JOBS Act, Emerging Growth Companies are exempt from certain reporting requirements, including the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. Under this exemption, our auditor will not be required to attest to and report on management's assessment of our internal controls over financial reporting during a five-year transition period. We will need to prepare for compliance with Section 404 by strengthening, assessing and testing our system of internal controls to provide the basis for our report. However, the continuous process of strengthening our internal controls and complying with Section 404 is complicated and time-consuming. Furthermore, as our business continues to grow both domestically and internationally, our internal controls will become more complex and will require significantly more resources and attention to ensure our internal controls remain effective overall. During the course of its testing, our management may identify material weaknesses or significant deficiencies, which may not be remedied in a timely manner to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal controls over financial reporting, or our independent registered public accounting firm identifies material weaknesses in our internal controls, investor confidence in our financial results may weaken, and the market price of our securities may suffer.

Risks Related to our Operations in Israel

We conduct our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and its region.

Our headquarters, all of our operations and some of our suppliers and third party contractors are located in central Israel and our key employees, officers and most of our directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect our operations and results of operations and could make it more difficult for us to raise capital. During the winter of 2008, Israel was engaged in an armed conflict with Hamas, a militia group and political party operating in the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. These conflicts involved missile strikes against civilian targets in various parts of Israel, and negatively affected business conditions in Israel. Recent political uprisings and social unrest in various countries in the Middle East and North Africa are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and these countries, and have raised concerns regarding security in the region and the potential for armed conflict. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations. For example, any major escalation in hostilities in the region could result in a portion of our employees and service providers being called up to perform military duty for an extended period of time. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to an economic boycott. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business.

Because a certain portion of our expenses is incurred in currencies other than the NIS, our results of operations may be harmed by currency fluctuations and inflation.

Our reporting and functional currency is the NIS, and we pay a substantial portion of our expenses in NIS. The revenues from our licensing arrangements are payable in U.S. dollars and we expect our revenues from future licensing arrangements to be denominated in U.S. dollars or in Euros. As a result, we are exposed to the currency fluctuation risks relating to the recording of our revenues in NIS. For example, if the NIS strengthens against either the U.S. dollar or the Euro, our reported revenues in NIS may be lower than anticipated. The Israeli rate of inflation has not offset or compounded the effects caused by fluctuations between the NIS and the U.S. dollar or the Euro. To date, we have not engaged in hedging transactions. Although the Israeli rate of inflation has not had a material adverse effect on our financial condition during 2010, 2011, or 2012 to date, we may, in the future, decide to enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of the currencies mentioned above in relation to the NIS. These measures, however, may not adequately protect us from material adverse effects.

Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our Company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date that a merger proposal was filed by each merging company with the Israel Registrar of Companies and at least 30 days from the date that the shareholders of both merging companies approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a full tender offer can only be completed if the acquirer receives at least 95% of the issued share capital; provided that, pursuant to an amendment to the Israeli Companies Law, effective as of May 15, 2011, a majority of the offerees that do not have a personal interest in such tender offer shall have approved the tender offer; except that, if the total votes to reject the tender offer represent less than 2% of the company's issued and outstanding share capital, in the aggregate, approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer), and the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition the court to alter the consideration for the acquisition (unless the acquirer stipulated in the tender offer that a shareholder that accepts the offer may not seek appraisal rights).

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred.

These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders. See "Item 10. Additional Information — Memorandum and Articles of Association."

It may be difficult to enforce a U.S. judgment against us and our officers and directors named in this Registration Statement on Form 20-F in Israel or the United States, or to serve process on our officers and directors.

We are incorporated in Israel. All of our executive officers and directors listed in this registration statement on Form 20-F reside outside of the United States, and all of our assets and most of the assets of our executive officers and directors are located outside of the United States. Therefore, a judgment obtained against us or most of our executive officers and all of our directors in the United States, including one based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel.

Your rights and responsibilities as a shareholder will be governed by Israeli law which may differ in some respects from the rights and responsibilities of shareholders of U.S. companies.

We are incorporated under Israeli law. The rights and responsibilities of the holders of our ordinary shares and ADSs are governed by our Articles of Association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the implications of these provisions that govern shareholders' actions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares and ADSs that are not typically imposed on shareholders of U.S. corporations.

ITEM 4. Information on the Company

A. History and Development of the Company

Our legal name is Can-Fite BioPharma Ltd. and our commercial name is "Can-Fite". We are a company limited by shares organized under the laws of the State of Israel. Our principal executive offices are located at 10 Bareket Street, Kiryat Matalon, Petah-Tikva 49170, Israel. Our telephone number is +972 (3) 924-1114.

We were founded on September 11, 1994 by Pnina Fishman, Ph.D., the Company's Chief Executive Officer and a director, and Ilan Cohn, Ph.D., the company's Vice-Chairman of the Board of Directors, under the name Can-Fite Technologies Ltd. On January 7, 2001, we changed our name to Can-Fite BioPharma Ltd. We completed our initial public offering in Israel in October 2005 and our ordinary shares are traded on the TASE under the symbol "CFBI". Our ADSs currently trade in the United States on the OTCBB under the symbol "CANFY".

In November 2011, through a series of transactions, we spun-off our activity in the ophthalmic field to OphthaliX, Inc., a Delaware corporation and successor-in-interest to Denali Concrete Management, Inc., a Nevada corporation, or OphthaliX, whose common shares are traded in the United States on OTCBB under the symbol "OPLI". In the spin-off transactions, we granted an exclusive license for the use of our CF101 drug candidate in the ophthalmic field to Eye-Fite Ltd., an Israel limited company and a former wholly-owned subsidiary of ours, or Eye-Fite, and transferred our issued and outstanding ordinary shares in Eye-Fite to OphthaliX in exchange for an 86.7% interest in OphthaliX. In connection with the spin-off transactions, OphthaliX completed a series of private placement financing transactions. Following the spin-off transactions and the private placement financing transactions, we hold approximately 82% interest in OphthaliX and OphthaliX continues to develop the CF101 drug candidate for ophthalmic indications. See "Item 10. Additional Information—Material Contracts—OphthaliX Agreements".

Our capital expenditures for the years ended December 31, 2012, 2011 and 2010 were NIS 17,000, NIS 81,000 and NIS 107,000, respectively. Our current capital expenditures are made solely within Israel and primarily consist of the acquisition of computers and related communications equipment. Such capital expenditures are financed internally.

B. Business Overview

We are a clinical-stage biopharmaceutical company focused on developing orally bioavailable small molecule therapeutic products for the treatment of autoimmune-inflammatory, oncological and ophthalmic diseases. Our platform technology utilizes the Gi protein associated A3AR as a therapeutic target. A3AR is highly expressed in inflammatory and cancer cells, and not significantly expressed in normal cells, suggesting that the receptor could be a unique target for pharmacological intervention. Our pipeline drugs are synthetic, highly specific agonists and allosteric modulators, or ligands or molecules that initiate molecular events when binding with target proteins, targeting the A3AR.

Our product pipeline is based on the research of Dr. Pnina Fishman, who investigated a clinical observation that tumor metastasis can be found in most body tissues, but are rarely found in muscle tissue, which constitutes approximately 60% of human body weight. Dr. Fishman's research revealed that one reason that striated muscle tissue is resistant to tumor metastasis is that muscle cells release small molecules which bind with high selectivity to the A3AR. As part of her research, Dr. Fishman also discovered that A3ARs have significant expression in tumor and inflammatory cells, whereas normal cells have low or no expression of this receptor. The A3AR agonists and allosteric modulators, currently the company pipeline drugs, bind with high selectivity and affinity to the A3ARs and upon binding to the receptor initiate down-stream signal transduction pathways resulting in apoptosis, or programmed cell death, of tumors and inflammatory cells and to the inhibition of inflammatory cytokines. Cytokines are proteins produced by cells that interact with cells of the immune system in order to regulate the body's response to disease and infection. Overproduction or inappropriate production of certain cytokines by the body can result in disease. We have in-licensed certain patents and patent applications protecting three different A3AR ligands which represent our current pipeline drugs under development and include two synthetic A3AR agonists, CF101 (known generically as IB-MECA) and CF102 (known generically as CI-IB-MECA) from the NIH, and an allosteric modulator at the A3AR, CF602 from Leiden University. In addition, we have out-licensed CF101 for (i) the treatment of autoimmune diseases to Seikagaku Corporation, a Japanese public corporation, or SKK, for the Japanese market, (ii) for the treatment of RA to Kwang Dong Pharmaceutical Co. Ltd., a South Korean limited company, or KD, for the Korean market and (iii) for the treatment of ophthalmic diseases to Eye-Fite, a wholly-owned subsidiary of OphthaliX for the global market.

Our drugs, CF101, CF102 and CF602 are being developed to treat several autoimmune-inflammatory, oncological and ophthalmic indications. CF101 is in various stages of clinical development for the treatment of autoimmune-inflammatory diseases, including rheumatoid arthritis, or RA; psoriasis and osteoarthritis, or OA. CF101 is also being developed by OphthaliX for the treatment of ophthalmic indications, including keratoconjunctivitis sicca, also known as dry eye syndrome, or DES, glaucoma and uveitis. The CF102 drug candidate is being developed for the treatment of hepatocellular carcinoma, also known as primary liver cancer, or HCC, and for the treatment of the hepatitis C virus, or HCV. CF602 is our second generation allosteric drug candidate for the treatment of inflammatory diseases, which has shown proof of concept in *in vitro* and *in vivo* studies. In addition, we recently announced that we are planning to develop CF602 to treat sexual dysfunction. Preclinical studies revealed that our drugs have potential to treat additional inflammatory diseases, such as Crohn's disease, oncological diseases and viral diseases, such as the JC virus, a virus that causes a potentially fatal brain disease in persons with an immunodeficiency.

Our pipeline drugs represent a significant market opportunity. For instance, according to Datamonitor, as of 2010, RA market size was approximately $12 billion and was expected to grow to approximately $18 billion by 2020; According to Nature Biotechnology, as of 2010, the market for psoriasis treatments was estimated at approximately $3.3 billion a year. According to GlobalData, the global OA market was $4.4 billion in 2010 and forecast to grow to $5.9 billion by 2018. According to GlobalData, the DES market size was approximately $1.9 billion in 2010, and was expected to grow to approximately $2.8 billion by 2017, the market for glaucoma drugs was estimated at approximately $3.0 billion and the uveitis therapeutics market is expected to grow from $0.32 billion in 2010 to $1.6 billion by 2017. Additionally, GlobalData recently estimated that the market size for HCC drugs in 2017 will be $1.2 billion. Lastly, according to Renub Research, the market size for treatment of HCV was approximately $6.0 billion in 2011. We believe that our drugs have certain unique characteristics and advantages over drugs currently available on the market and under development to treat these indications. To date, we have generated our pipeline by in-licensing, researching and developing two synthetic A3AR agonists, CF101 and CF102, and an allosteric modulator, CF602, which we believe exhibit a relatively high probability of therapeutic and commercial success for the treatment of autoimmune-inflammatory, oncological and ophthalmic diseases. None of our product candidates have been approved for sale or marketing and, to date, there have been no commercial sales of any of our product candidates.

Our technology platform is based on the finding that the A3AR is highly expressed in pathological cells, such as various tumor cell types and inflammatory cells. High A3AR expression levels are also found in peripheral blood mononuclear cells, or PBMCs, of patients with cancer, inflammatory and viral diseases. PBMCs are a critical part of the immune system required to fight infection. We believe that targeting the A3AR with synthetic and highly selective A3AR agonists, such as CF101 and CF102, and allosteric modulators, such as CF602, induces anti-cancer and anti-inflammatory effects. In addition, our human clinical data suggests that the A3AR is a biological marker and that high A3AR expression prior to treatment may be predictive of good patient response to our drug treatment. In fact, as a result of our research we have developed a simple blood assay to test for A3AR expression as a predictive biological marker. We have applied for a patent with respect to the intellectual property related to such assay and are currently utilizing this assay in our ongoing Phase IIb study of CF101 tor the treatment of RA.

Our research further suggests that A3AR affects pathological and normal cells differently. While specific A3AR agonists, such as CF101 and CF102, and allosteric modulators, such as CF602, appear to inhibit growth and induce apoptosis of cancer and inflammatory cells, normal cells are refractory, or unresponsive to the effects of these drugs. To date, the A3AR agonists have had a positive safety profile as a result of this differential effect.

We also seek to obtain technologies that complement and expand our existing technology base by entering into license agreements with academic institutions and biotechnology companies. To date, we have in-licensed intellectual property which protects certain small molecules, such as CF101 and CF102, from the NIH, and CF602 from Leiden University. Under our license agreements we are generally obligated to diligently pursue product development, make development milestone payments, pay royalties on any product sale and make payments upon the grant of sublicense rights. The scope of payments we are required to make under our in-licensing agreements is comprised of various components that are paid commensurate with the progressive development and commercialization of our drug products. See "Item 4. Information on the Company—Business Overview—In-Licensing Agreements".

In addition to in-licensing, we have also out-licensed one of our molecules to third-parties to capitalize on the experience, capabilities and location of such third-parties. Similar to our obligations under any in-license agreements, pursuant to these out-licensing agreements, our licensees are generally obligated to diligently pursue product development, make up-front payments, make development milestone payments and pay royalties on sales. Accordingly, we expect to fund certain of our future operations through out-licensing arrangements with respect to our product candidates. To date, we have out-licensed CF101 for the treatment of autoimmune diseases for the Japanese market to SKK, and CF101 for the treatment of RA for the Korean market to KD and CF101 for ophthalmic diseases for the global market to OphthaliX. See "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements".

We are currently: (i) conducting a Phase II/III trial with respect to the development of CF101 for the treatment of psoriasis; (ii) conducting a Phase IIb trial with respect to the development of CF101 for the treatment of RA; (iii) preparing for a Phase II study with respect to the development of CF101 for the treatment of OA; (iv) preparing for a Phase II study with respect to the development of CF102 for the treatment of HCC (and as part of this study, we will also test CF102 in patients with both HCC and HCV); and (v) in preclinical work with respect to the development of CF602. OphthaliX is currently: (i) conducting a Phase III trial with respect to the development of CF101 for the treatment of DES; (ii) conducting a Phase II trial with respect to the development of CF101 for the treatment of glaucoma or related syndromes of ocular hypertension; and (iii) preparing for an exploratory Phase II study of CF101 for the treatment of uveitis.

Our Strategy

Our strategy is to build a fully integrated biotechnology company that discovers, in-licenses and develops an innovative and effective small molecule drug portfolio of ligands that bind to a specific therapeutic target for the treatment of autoimmune-inflammatory, oncological, ophthalmic diseases and more. We continue to develop and test our existing pipeline, while also testing other indications for our existing drugs and examining, from time to time, the potential of other small molecules that may fit our platform technology of utilizing small molecules to target the A3AR. We generally focus on drugs with global market potential and we seek to create global partnerships to effectively assist us in developing our portfolio and to market our products. Our approach allows us to:

- continue to advance our clinical and preclinical pipeline;
- test our products for additional indications which fit our molecules' mechanism of action;
- identify other small molecule drugs or ligands;
- focus on our therapeutic candidates closest to realizing their potential; and
- avoid dependency on a small number of small molecules and indications.

Using this approach, we have successfully advanced our therapeutic candidates for a number of indications into various stages of clinical development. Specific elements of our current strategy include the following:

Successful development of our existing portfolio of small molecule orally bioavailable drugs for the treatment of various diseases. We intend to continue to develop our existing portfolio of small molecule orally bioavailable drugs, both for existing targeted diseases, as well as other potential indications. Our drug development will continue to focus on inflammatory, oncological and ophthalmic diseases. We will focus most prominently on advancing our product candidates that are in the most advanced stages.

Use our expertise with our platform technology to evaluate in-licensing opportunities. We continuously seek attractive product candidates and innovative technologies to in-license or acquire. We intend to focus on product candidates that would be synergistic with our A3AR expertise. We believe that by pursuing selective acquisitions of technologies in businesses that complement our own, we will be able to enhance our competitiveness and strengthen our market position. We intend to utilize our expertise in A3AR and our pharmacological expertise to validate new classes of small molecule orally bioavailable drugs. We will then seek to grow our product candidate portfolio by attempting to in-license those various candidates and to develop them for a variety of indications.

Primarily develop products that target major global markets. Our existing product candidates are almost all directed at diseases that have major global markets. Our intent is to continue to develop products that target diseases that affect significant populations using our platform technology. These arrangements will allow us to share the high development cost, minimize the risk of failure and enjoy our partners' marketing capabilities, while also enabling us to treat a more significant number of persons. We believe that this strategy will increase the likelihood of advancing clinical development and potential commercialization of our product candidates.

Commercialize our therapeutic candidate through out-licensing arrangements. We have entered into two out-licensing arrangements with major pharmaceutical companies in the Far East. We intend to continue to commercialize our products through out-licensing arrangements with third parties who may perform any or all of the following tasks: completing development, securing regulatory approvals, manufacturing, marketing and sales. We do not intend to develop our own manufacturing facilities or sales forces. If appropriate, we may enter into co-development and similar arrangements with respect to any therapeutic candidate with third parties or commercialize a therapeutic candidate ourselves. These arrangements will allow us to share the high development cost, minimize the risk of failure and enjoy our partners' marketing capabilities. We believe that this strategy will increase the likelihood of advancing clinical development and potential commercialization of our product candidates.

Our Product Pipeline

The table below sets forth our current pipeline of product candidates, including the target indication and status of each.

Clinical Application/Drug	Pre-Clinical	Phase I	Phase II	Phase III
Autoimmune-Inflammatory				
Psoriasis – CF101				
Rheumatoid Arthritis – CF101				
Osteoarthritis – CF101[(1)]				
Inflammation and Sexual Dysfunction – CF602				
Oncology				
HCC – CF102[(1) (2)]				
Ophthalmology[(3)]				
DES – CF101				
Glaucoma – CF101				
Uveitis – CF101[(1)]				

(1) In preparatory work to commence a Phase II study.

(2) As part of the HCC study, the Company will study HCC patients with the HCV.

(3) OphthaliX, an 82% owned subsidiary of the Company, develops CF101 for ophthalmic indications.

CF101

CF101, our lead therapeutic product candidate, is in development for the treatment of autoimmune-inflammatory diseases, psoriasis, RA and OA, and the ophthalmic diseases, DES, glaucoma and uveitis. In certain of our pharmacological studies, CF101 has also shown potential for development for the treatment of Crohn's disease. CF101 is a highly-selective, orally bioavailable small molecule synthetic drug, which targets the A3AR. Based on our clinical studies to date, we believe that CF101 has a favorable safety profile and significant anti-inflammatory effects as a result of its capability to inhibit the production of inflammatory cytokines, such as TNF-α, IL-6 and IL-1, and chemokines, or small cytokines, such as MMPs, by signaling key proteins such as NF-κB and PKB/AKT. Overall, these up-stream events result in apoptosis of inflammatory cells. See Figure 1 below. CF101's anti-inflammatory effect is mediated via the A3AR, which is highly expressed in inflammatory cells.

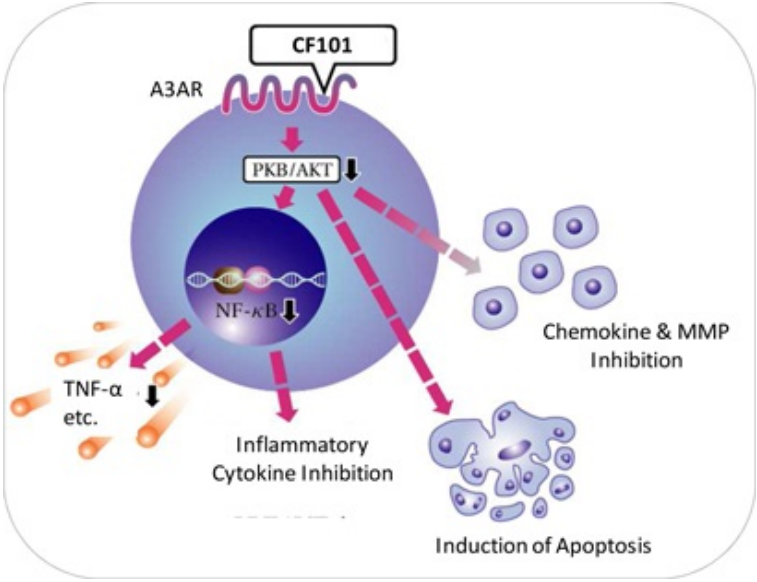


Figure 1: CF101 anti-inflammatory mechanism of action

Set forth below are general descriptions of the inflammatory and ophthalmic diseases with respect to which CF101 has underwent, is currently undergoing, or is in preparation for clinical trials.

Psoriasis: Psoriasis is an autoimmune hereditary disease that affects the skin. In psoriasis, immune cells move from the dermis to the epidermis, where they stimulate keratinocytes, or skin cells, to proliferate. DNA acts as an inflammatory stimulus to stimulate receptors which produce cytokines, such as IL-1, IL-6, and TNF-α, and antimicrobial peptides. These cytokines and antimicrobial peptides signal more inflammatory cells to arrive and produce further inflammation. In other words, psoriasis occurs when the immune system overreacts and mistakes the skin cells as a pathogen, and sends out faulty signals that speed up the growth cycle of skin cells. Normally, skin cells grow gradually and flake off approximately every four weeks. New skin cells grow to replace the outer layers of the skin as they shed. But in psoriasis, new skin cells move rapidly to the surface of the skin in days rather than weeks. They build up and form thick patches called plaques.

There are five types of psoriasis: plaque, guttate, inverse, pustular and erythrodermic. The most common form, plaque psoriasis, is commonly seen as red and white hues of scaly patches appearing on the top first layer of the epidermis, or skin. In plaque psoriasis, skin rapidly accumulates at these sites, which gives it a silvery-white appearance. Plaques frequently occur on the skin of the lower back, elbows and knees, but can affect any area, including the scalp, palms of hands, soles of feet and genitals. The plaques range in size from small to large. In contrast to eczema, psoriasis is more likely to be found on the outer side of the joint. Some patients, though, have no dermatological symptoms.

Psoriasis is a chronic recurring condition that varies in severity from minor localized patches to complete body coverage. Fingernails and toenails are frequently affected, known as psoriatic nail dystrophy, and can be seen as an isolated symptom. Psoriasis can also cause inflammation of the joints, which is known as psoriatic arthritis.

Rheumatoid Arthritis: RA, is a chronic, systemic autoimmune-inflammatory disease that may affect many tissues and organs, but principally attacks flexible synovial, or joints, on both sides of the body. This symmetry helps distinguish RA from other types of arthritis, which is the general term for joint inflammation. Although the cause of RA is unknown, autoimmunity plays a pivotal role in both its chronicity and progression. The disease involves abnormal B cell–T cell interaction, which results in the release of cytokines. The cytokines signal the release of inflammatory cells. The inflammatory cells migrate from the blood into the joints and joint-lining tissue. There, the cells produce inflammatory substances that cause irritation, wearing down of cartilage, or the cushioning material at the end of bones, swelling and inflammation of the joint lining, which is caused by excess synovial fluid, the development of pannus, or fibrous tissue, in the joint, and ankylosis, or fusion of the joints. Joint inflammation is characterized by redness, warmth, swelling and pain within the joint. As the cartilage wears down, the space between the bones narrows. If the condition worsens, the bones could rub against each other. As the lining expands due to inflammation from excess fluid, it may erode the adjacent bone, resulting in bone damage. RA can also produce diffuse inflammation in the lungs, membrane around the heart, the membranes of the lungs, and white of the eye, and also nodular lesions, most common in subcutaneous tissue.

Osteoarthritis: OA is a common chronic degenerative joint disease that is characterized by a group of mechanical abnormalities involving degradation of joints, including articular cartilage, or the cartilage found on joint surfaces. Although degeneration of joint cartilage is the central feature in OA, the disease is also associated with changes in synovium and subchondral bone metabolism, causing inflammation of the synovial membrane in the involved joints. Synovial inflammation and local concentration of pro-inflammatory mediators seem to be directly involved in the generation of pain in osteoarthritic joints.

OA is related to, but not caused by, aging. As a person ages, the water content of the cartilage decreases, causing the cartilage to be less resilient. When the cartilage is less resilient, it can become susceptible to degradation or exacerbation of existing degeneration. Inflammation of the surrounding joint capsule can also occur, though often mild (compared to what occurs in RA). This can happen as breakdown products from the cartilage are released into the synovial space and the cells lining the joint attempt to remove them. New bone outgrowths, called "spurs" or osteophytes, can form on the margins of the joints. These bone changes, together with the inflammation, can be both painful and debilitating.

Mechanical stress on joints underlies all OA. There are many and varied sources of mechanical stress, including misalignments of bones caused by congenital or pathogenic causes, mechanical injury, obesity, loss of strength in muscles supporting joints and impairment of peripheral nerves, leading to sudden or uncoordinated movements that overstress joints. However, despite the numerous causes of osteoarthritis, the resulting pathology remains the same.

Dry Eye Syndrome: DES is an eye disease caused by eye dryness, which, in turn, is caused by either decreased tear production or increased tear film evaporation. The tear film is comprised of the lower mucous layer which helps the tear film adhere to the eyes, a middle layer of water and an upper oil layer that seals the tear film and prevents evaporation. The tear film keeps the eye moist, creates a smooth surface for light to pass through the eye, nourishes the front of the eye and provides protection from injury and infection. DES is usually caused by aqueous tear deficiency, or inadequate tear production, whereby the lachrymal gland, the gland that secretes the aqueous layer of the tear film, does not produce sufficient tears to keep the entire conjunctiva, or the tissue inside the eyelids that covers the sclera, and cornea covered by a complete layer of tear film. In rare cases, aqueous tear deficiency may be a symptom of collagen vascular diseases, including RA, Wegener's granulomatosis, an incurable form of vasculitis (the inflammatory destruction of blood vessels), systemic lupus erythematosus, an autoimmune connective tissue disease, Sjögren's syndrome, an autoimmune process in which patients suffer from mouth and eye dryness, and autoimmune diseases associated with Sjögren's syndrome. DES can also be caused by abnormal tear composition resulting in rapid evaporation or premature destruction of tears. Additional causes include, but are not limited to, age, use of certain drugs and the use of contact lenses.

DES is characterized by eye irritation symptoms, blurred and fluctuating vision, tear film instability, increased tear osmolarity and ocular surface epithelial disease. DES causes constant ocular discomfort, typically dryness, burning, a sandy-gritty eye irritation and a decrease in visual function. Over an extended period of time, DES can lead to tiny abrasions on the surface of the eyes. In advanced cases, the epithelium undergoes pathologic changes, namely squamous metaplasia, a non-cancerous change of surface-lining cells, and loss of goblet cells, which secrete mucin, which in turn dissolves in water to form mucous. Some severe cases result in thickening of the corneal surface, corneal erosion, epithelial defects, corneal ulceration (sterile and infected), corneal neovascularization, or excessive ingrowth of blood vessels, corneal scarring, corneal thinning, and even corneal perforation. In the most severe cases, DES may result in deterioration of vision.

Glaucoma: Glaucoma is an eye disease in which the optic nerve is damaged. This optic nerve damage involves loss of retinal ganglion cells, or neurons located near the inner surface of the retina, in a characteristic pattern. There are many different subtypes of glaucoma, but they can all be considered to be a type of optic neuropathy. Raised intraocular pressure, or IOP, is the most important and only modifiable risk factor for glaucoma. However, some individuals may have high IOP for years and never develop optic nerve damage. This is known as ocular hypertension. Others may develop optic nerve damage at a relatively low IOP, and, thus, glaucoma. Untreated glaucoma can lead to permanent damage of the optic nerve and resultant visual field loss, which over time can progress to blindness.

Glaucoma can be roughly divided into two main categories, "open angle" and "closed angle" glaucoma. The angle refers to the area between the iris and cornea through which fluid must flow to exit the eye. The difficulty or inability of such fluid to exit the eye causes an acute increase of pressure and pain. Closed angle glaucoma can appear suddenly, is often painful and visual loss can progress quickly. However, the discomfort often leads patients to seek medical attention before permanent damage occurs. Open angle, chronic glaucoma tends to progress at a slower rate and patients may not notice they have lost vision until the disease has progressed significantly.

Uveitis: Uveitis is inflammation of the middle layer of the eye, or the uvea, caused by an immune reaction. Uveitis can be associated with auto-immune inflammatory diseases and various eye infections. Uveitis is a common cause of blindness. The most common form of uveitis is anterior uveitis, which involves inflammation in the front part of the eye. It is often called iritis because it usually only affects the iris, the colored part of the eye. The inflammation may be associated with autoimmune diseases, but most cases occur in healthy people. The disorder may affect only one eye and is most common in young and middle-aged people.

Posterior uveitis affects the back part of the uvea, and involves primarily the choroid, a layer of blood vessels and connective tissue in the middle part of the eye. This type of uveitis is called choroiditis. If the retina is also involved, it is called chorioretinitis. Anterior uveitis affects the front part of the uvea, and involves primarily the iris and the cilliary body. This type of uveitis is called iridocyclitis. These conditions may develop as a result of a body-wide, or systemic, infection or an autoimmune disease. Another form of uveitis is pars planitis. This inflammation affects the narrowed area, or the pars plana, between the iris, or colored part of the eye, and the choroid. Pars planitis usually occurs in young men and is generally not associated with any other disease. However, some evidence suggests it may be linked to Crohn's disease and, possibly, multiple sclerosis.

Pre-Clinical Studies of CF101

The information below is based on the various studies conducted with CF101, including preclinical studies. All of the studies were conducted by Can-Fite and/or by Can-Fite's partners or affiliates.

The toxicity of CF101 has been evaluated following 28-day, 90-day, six-month and nine-month good laboratory practice repeated-dose toxicity studies in male and female mice (28-day, 90-day and six-month), dogs (single-dose only), and monkeys (28-day, 90-day and nine-month). Even though the dose of CF101 in these studies was escalated to an exposure that is many folds higher than the dose used in human clinical studies, no toxic side effects were identified.

Effects on cardiovascular parameters were evaluated in conscious instrumented monkeys and anesthetized dogs. These studies demonstrated no significant cardiovascular risk.

Genotoxicity studies were conducted in bacterial and mammalian mutation assays *in vitro* (i.e., laboratory) and in an *in vivo* (i.e., animal) mouse micronucleus assay. These studies were all negative, indicating no deleterious action on cellular genetic material.

Reproductive toxicology studies that we completed in mice and rabbits did not reveal evidence of negative effects on male or female fertility. In mouse teratology studies, or studies for abnormalities of physiological developments, craniofacial and skeletal abnormalities were observed at doses greater than 10 mg/kg; however, no such effects were observed at 3 mg/kg. Teratogenicity, or any developmental anomaly in a fetus, was not observed in rabbits given doses (greater than 13 mg/kg) that induced severe maternal toxicity in such rabbits.

Studies of P450 enzymes, or enzymes that participate in the metabolism of drugs, showed that CF101 caused no P450 enzyme inhibition, or increased drug activity, or induction, or reduced drug activity. Studies carried out with radiolabeled (C^{14}) CF101 in rats showed that the drug is excreted essentially unchanged. These studies also showed that the drug is widely distributed in all body parts, except the central nervous system.

Clinical Studies of CF101

The information below is based on the various studies conducted with CF101, including clinical studies in patients with autoimmune-inflammatory and ophthalmic diseases. All of the studies were conducted by Can-Fite and/or by Can-Fite's partners or affiliates.

Phase I Clinical Studies of CF101

CF101 has been studied comprehensively in normal volunteer trials to assess safety, pharmacokinetic metabolism and food interaction. Two Phase I studies in 40 healthy volunteers, single dose and repeated dose, indicated that CF101 is rapidly absorbed (reaching a maximal concentration within one to two hours) with a half life of eight to nine hours. Some mild adverse events (principally, increased heart rate) were observed at doses higher than single doses of 10.0 mg and twice-daily doses of 5.0 mg. Such increase in heart rate was not accompanied by any change in QT intervals. The drug showed linear kinetics, in that the concentration that results from the dose is proportional to the dose and the rate of elimination of the drug is proportional to the concentration, and low inter-subject variability, meaning that the same dose of the drug does not produce large differences in pharmacological responses in different individuals. A fed-fast Phase I study (with and without food) demonstrated that food causes some attenuation in CF101 absorption; accordingly CF101 is instructed to be given to patients on an empty stomach in our trials. An additional Phase I study of the absorption, metabolism, excretion and mass balance of 4.0 mg (C^{14}) CF101 was conducted in six healthy male subjects and demonstrated that CF101 was generally well-tolerated in this group.

Based on the findings from Phase I clinical studies, 4.0 mg BID, or twice daily, was selected as the upper limit for initial Phase II clinical trials.

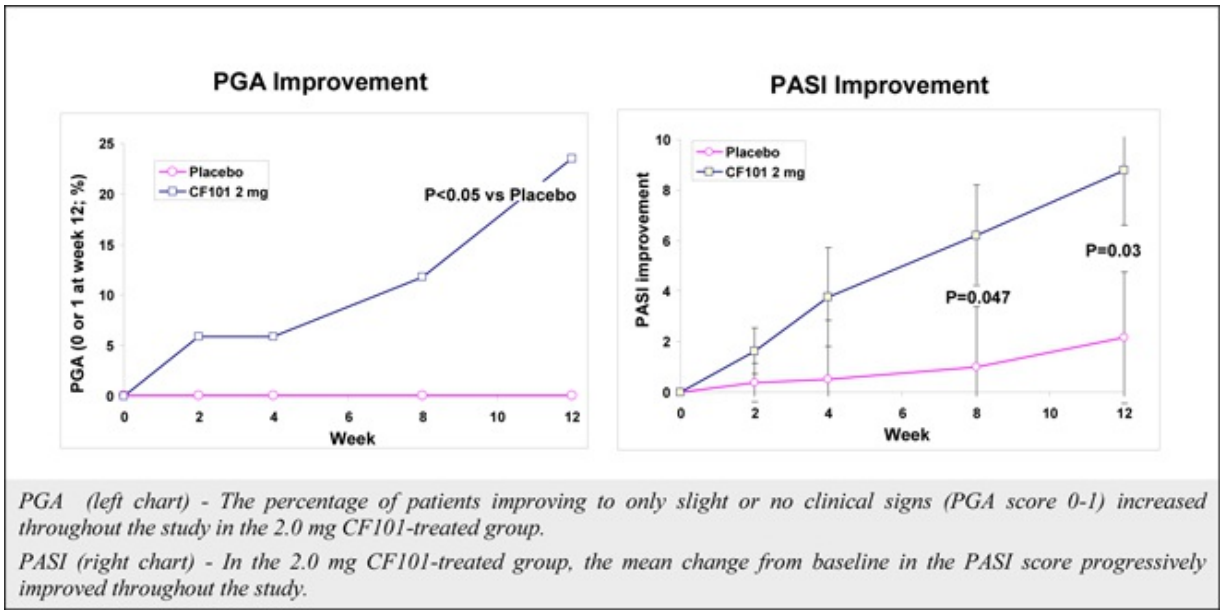
Phase II and Phase II/III Clinical Studies of CF101

CF101 has completed five Phase II studies in DES, Psoriasis and RA in approximately 730 patients (527 patients treated with CF101 and 203 patients treated with a placebo) for an aggregate exposure of approximately 150 patient years. These studies indicate that CF101 has a favorable safety profile at doses up to 4.0 mg BID for up to 12 weeks. In these Phase II studies, we did not observe a dose-response relationship between CF101 and adverse events. Moreover, we did not observe any clinically significant changes in vital signs, electrocardiograms, blood chemistry or hematology. CF101 given as a standalone therapy reached the primary endpoint in Phase II clinical studies in DES and psoriasis. In addition, we observed positive data utilizing CF101 as a standalone drug in a Phase IIa clinical study in RA. In this study, we also observed a significant direct correlation between A3AR expression prior to treatment and the patients' responses to CF101. However, we did not fully attain the primary endpoint in this study as we did not observe a significant difference in responses between CF101 and the placebo (which for this study was 0.1 mg of CF101). Moreover, two Phase IIb studies in RA utilizing CF101 in combination with methotrexate, a generic drug commonly used for treating RA patients, or MTX, also failed to reach the primary endpoints. Based on this data, the Company believes that the failures in the Phase IIb studies in RA may have been due to low A3AR expression in the MTX-treated patients and as such, is currently in the process of testing CF101 as a standalone therapy in patients with A3AR expression levels above a certain threshold. CF101 has been tested in Phase II trials to establish dose and activity (first, orally administered capsules and then tablets in formulations of 1.0, 2.0 and 4.0 mg of CF101 BID) in the following clinical settings:

- Psoriasis (moderate to severe plaque psoriasis).
- RA; and
- DES (moderate to severe).

Psoriasis: The rationale for utilizing CF101 to treat psoriasis stems from our pre-clinical pharmacology studies showing that CF101 acts as an anti-inflammatory agent via the inhibition of inflammatory cytokines, including TNF-α, which plays a major role in the pathogenesis of psoriasis. In addition, the A3AR is over-expressed in the tissue and PBMCs of patients with psoriasis.

We completed an exploratory Phase II trial in ten European and Israeli medical centers involving 76 patients. This study was a randomized, double-blind, placebo controlled and included four cohorts of 1.0, 2.0, and 4.0 mg of CF101 and a placebo for a 12-week period. The study objectives were efficacy and safety of daily doses of CF101 administered orally in patients with moderate-to-severe plaque-type psoriasis and the efficacy endpoints were improvements in both the Psoriasis Area Sensitivity Index score, or PASI score, and the Physicians' Global Assessment score, or PGA score. We concluded that CF101 met such efficacy endpoints and was safe, well tolerated and effective in ameliorating disease manifestations in these patients. The patient group receiving 2.0 mg CF101 BID showed progressive improvement over the course of the 12-week study in the PGA and PASI scores. Analysis of the mean change from baseline in the PASI score at week 12 revealed a statistically significant difference between the 2.0 mg CF101 BID treated group and the placebo group ($P < 0.001$ versus baseline and $P = 0.031$ versus placebo). Analysis of the PGA score revealed that 23.5% of the patients treated with the 2.0 mg CF101 BID achieved a score of 0 or 1, in comparison to 0% in the placebo group ($P < 0.05$). The study also demonstrated linear improvement in patients in both PASI and PGA. See Figure 2. No drug-related serious adverse events were evident during the study.

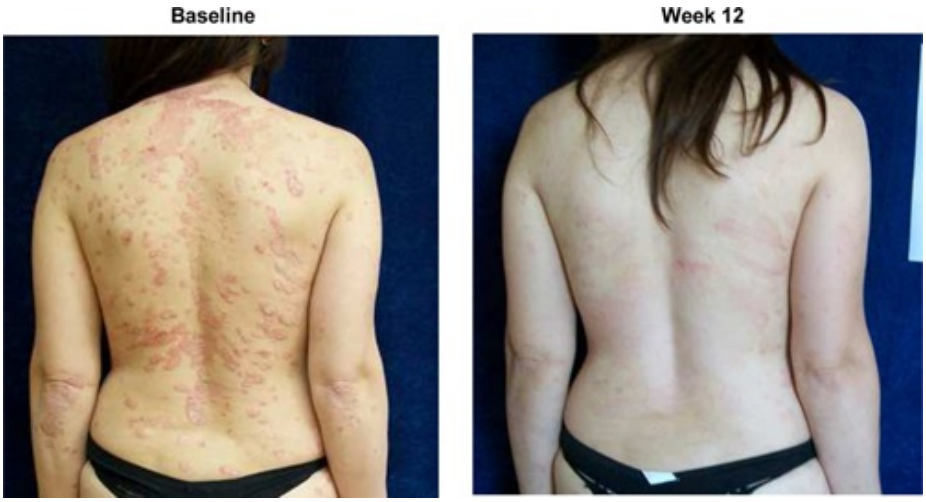


PGA (left chart) - The percentage of patients improving to only slight or no clinical signs (PGA score 0-1) increased throughout the study in the 2.0 mg CF101-treated group.

PASI (right chart) - In the 2.0 mg CF101-treated group, the mean change from baseline in the PASI score progressively improved throughout the study.

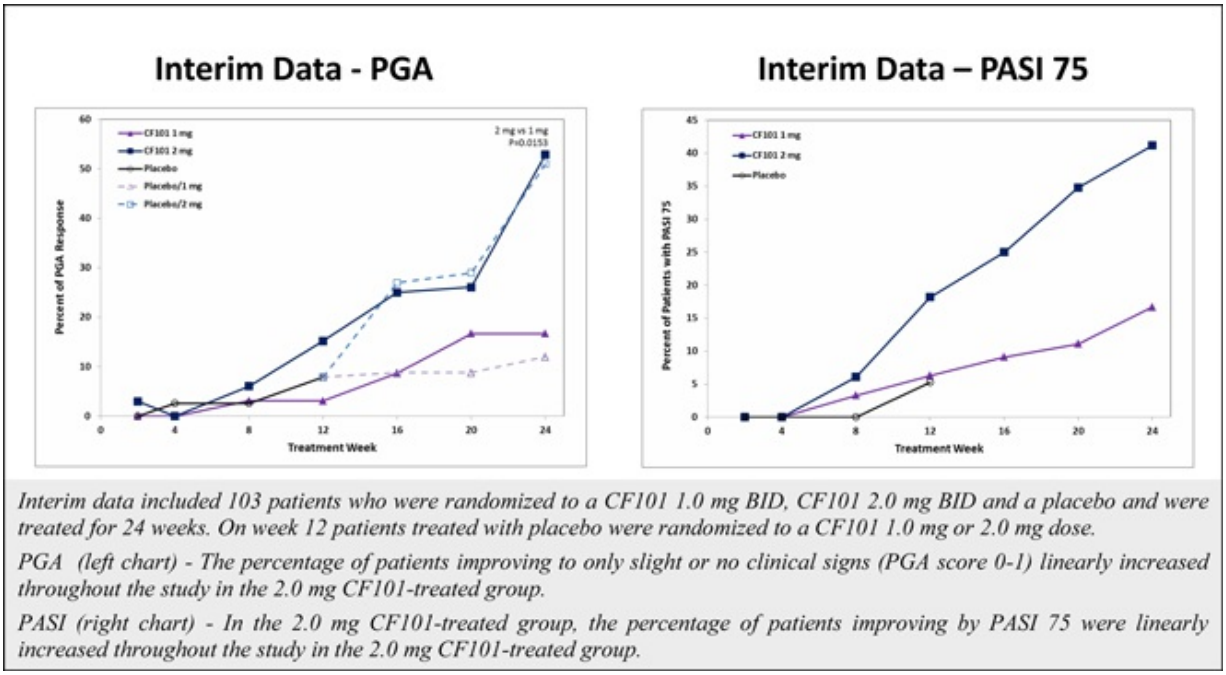
Figure 2: Psoriasis efficacy by PGA and PASI

Set forth below are representative pictures of a patient with plaque-type psoriasis on the upper and lower back treated with 2.0 mg CF101 BID, both baseline and week 12.



A comparison between baseline and week 12 of a patient treated with 2.0 mg CF 101

In June 2010, the Company obtained FDA approval to conduct a Phase II/III randomized, double-blind, placebo-controlled, dose-finding study of the efficacy and safety of CF101 administered daily orally in patients with moderate-to-severe plaque psoriasis. This clinical trial will include approximately 300 patients that will be treated for a period of six months in the United States, Europe and Israel. Based on a positive safety and efficacy interim analysis of the first 103 patients who completed 24 weeks of treatment in the trial, the Company decided to continue patient enrollment for the second stage of the study. The positive clinical effects of the CF101 2.0 mg BID dose relative to a placebo were observed in a variety of standard psoriasis assessment parameters, including PASI 75 and PGA scores, with the responses accumulating steadily over the 24-week treatment period. See Figure 3. The Company believes that this clinical data corroborates the published Phase II study results described above and confirms the dose selection, while the favorable safety profile of CF101 further supports its development for the systemic treatment of moderate-to-severe psoriasis. To allow the trial to meet its full objectives, the study protocol was amended to extend the CF101 2.0 mg BID and placebo administration for a period of 32 weeks.



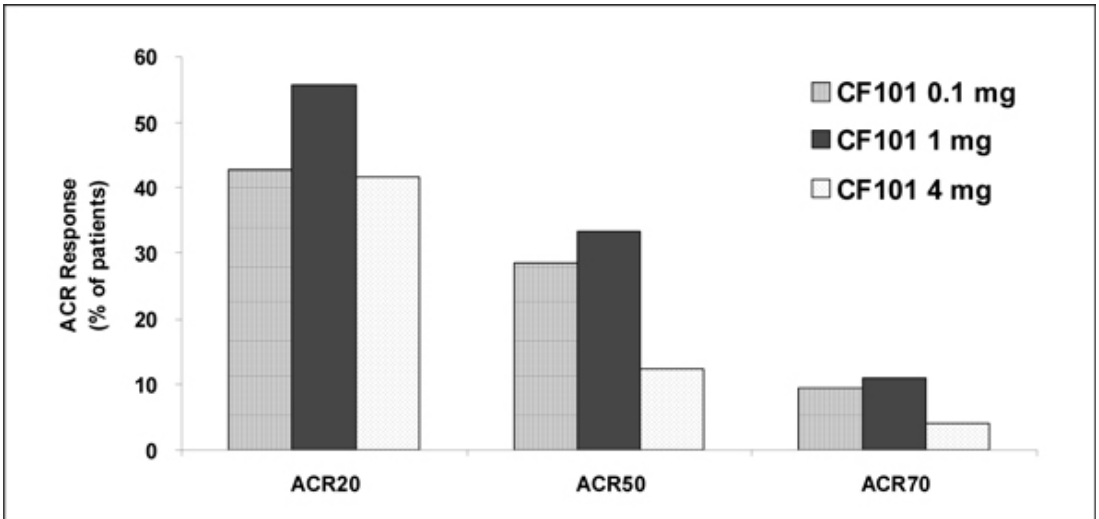
Interim data included 103 patients who were randomized to a CF101 1.0 mg BID, CF101 2.0 mg BID and a placebo and were treated for 24 weeks. On week 12 patients treated with placebo were randomized to a CF101 1.0 mg or 2.0 mg dose.

PGA (left chart) - The percentage of patients improving to only slight or no clinical signs (PGA score 0-1) linearly increased throughout the study in the 2.0 mg CF101-treated group.

PASI (right chart) - In the 2.0 mg CF101-treated group, the percentage of patients improving by PASI 75 were linearly increased throughout the study in the 2.0 mg CF101-treated group.

Figure 3: Psoriasis efficacy by PGA and PASI

Rheumatoid Arthritis: We conducted a Phase IIa blinded to dose study was conducted in 74 patients with RA, randomized to receive CF101 as a monotherapy in one of three doses—0.1 mg, 1.0 mg and 4.0 mg. The primary efficacy endpoint was ACR20 response at week 12, a criteria determined by the American College of Rheumatology that reflects 20% improvement in inflammation parameters. The study data revealed maximal response at the 1.0 mg group, showing 55.6% with ACR20, 33.3% with 50% improvement, or ACR50, and 11.5% with 70% improvement, or ACR70. CF101 administered BID for 12 weeks resulted in improvement in signs and symptoms of RA and was safe and well-tolerated. See Figure 4.



Percentages of rheumatoid arthritis patients who met the American College of Rheumatology, or ACR, criteria for 20%, 50% and 70% improvement (ACR20, ACR50 and ACR70, respectively) during treatment with 0.1 mg, 1.0 mg or 4.0 mg of CF101 twice daily for 12 weeks.

Figure 4: Rheumatoid Arthritis efficacy by ACR

Subsequently, two Phase IIb studies with CF101 in combination with MTX were conducted. The study protocols were multicenter, randomized, double-blind, placebo-controlled, parallel-group and dose-finding to determine the safety and efficacy of daily CF101 administered orally when added to weekly MTX in patients with active RA. The objectives of both studies were improvement in ACR20, ACR50, ACR70 and DAS28, or the Disease Activity Score of 28 Joints, and EULAR, or the European League Against Rheumatism, response criteria, as well as a positive safety profile. The trials' primary endpoints were both ACR20.

The first Phase IIb trial showed that the combined treatment had an excellent safety profile, but no significant ACR20 response was observed between the RA group treated with CF101 and MTX and the group treated with MTX alone (the placebo group). However, the ACR50, ACR70 and the EULAR Good Values in the combined treatment group were higher than those of the MTX placebo group. The study also indicated that the 1.0 mg CF101 dose was the most favorable dose, i.e., the dose yielded the highest ACR50 and EULAR Good Values as compared to the MTX placebo group.

Following a decision of the Company's Clinical Advisory Board in October 2007, an additional Phase IIb study was initiated. This study was conducted in medical centers in Europe and Israel and included 230 patients who received the drug orally BID (0.1 and 1.0 mg CF101 tablets plus MTX versus a placebo, which was MTX alone) for 12 weeks. On April 30, 2009, the Company published preliminary results of the Phase IIb study, which were later confirmed as the final results, also indicating that the study's objectives were not achieved.

The two Phase IIb studies failed to achieve the primary endpoint of ACR20. A cross study analysis of the three RA clinical studies revealed that in the first Phase IIa study, where CF101 had been administered as a standalone drug, A3AR had been over-expressed in the patients' PBMCs prior to CF101 treatment, whereas A3AR had not been over-expressed in the Phase IIb patient population. The Company believes, based on the foregoing data, that there may be a direct and statistically significant correlation between A3AR over-expression at baseline and patients' response to CF101, and that CF101 should be administered as a standalone drug and not in combination with MTX. Furthermore, the correlation between A3AR expression levels prior to treatment and patients' response to the drug suggest that the A3AR may be a predictive biomarker to be analyzed prior to CF101 treatment. See Figures 5 and 6.

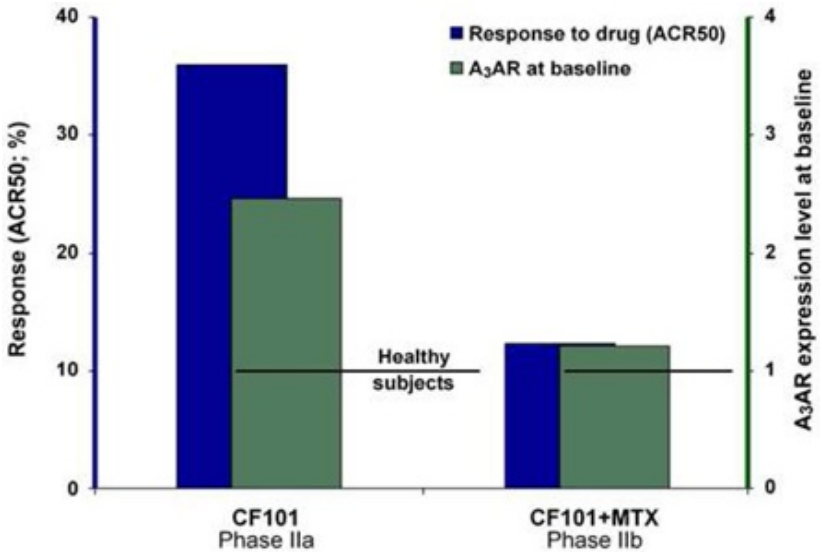


Figure 5: Direct correlation between A3AR at baseline and response to CF101

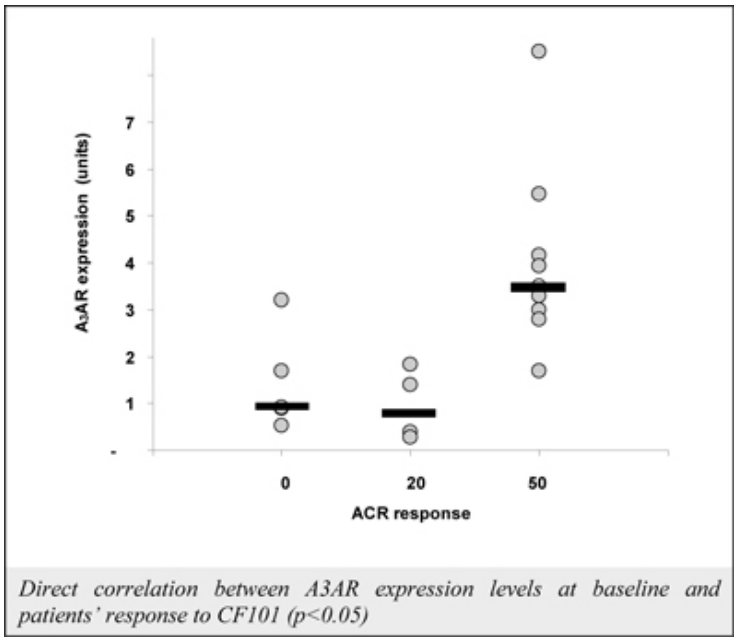
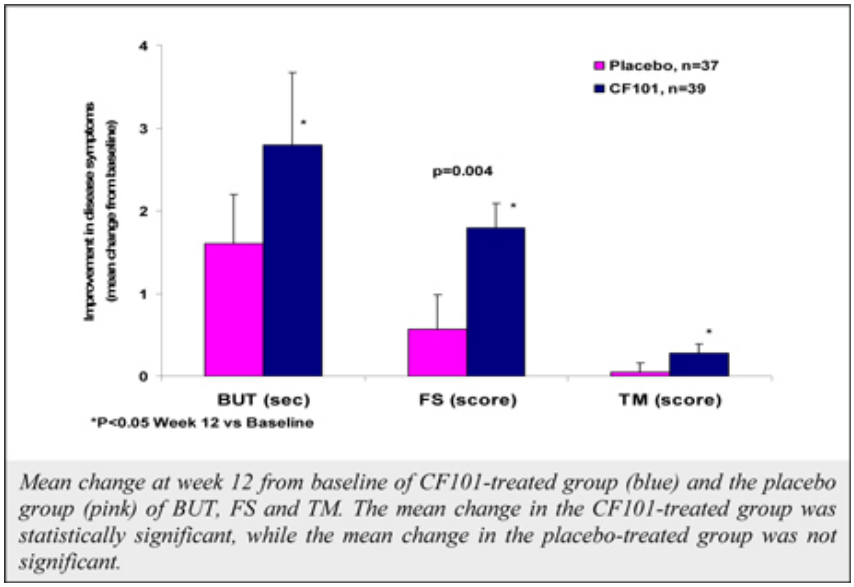


Figure 6: Direct correlation between A3AR at baseline and response to CF101

Based on the results of the two Phase IIb studies, we have determined to conduct an additional Phase IIb clinical study with CF101 as a stand-alone, monotherapy treatment and not in combination with MTX. In June 2010, we received approval from the Israeli Ministry of Health to conduct the Phase IIb trial as a 12-week multicenter, randomized, double-blind, placebo-controlled, parallel-group study to determine the safety and efficacy of CF101 administered orally daily in patients with active RA and elevated baseline expression levels of the A3AR in PBMCs. The Company has developed a simple blood assay to test the expression level of this biomarker and has applied for a patent with respect to utilizing the A3AR as a marker to predict patients' response to the drug. We will only enroll patients with A3AR over-expression at baseline in this study. The trial will include 80 patients, 40 will be treated with CF101 1.0 mg as a standalone and 40 with a placebo. The primary objectives of this study are to determine the efficacy of oral CF101 when administered daily as a standalone treatment for 12 weeks to patients with active RA and elevated baseline expression levels of the A3AR in the patients' PBMCs, in comparison to a placebo treatment, and to assess the safety of daily oral CF101 under the circumstances of the trial. Top line data from this study are expected in the second half of 2013.

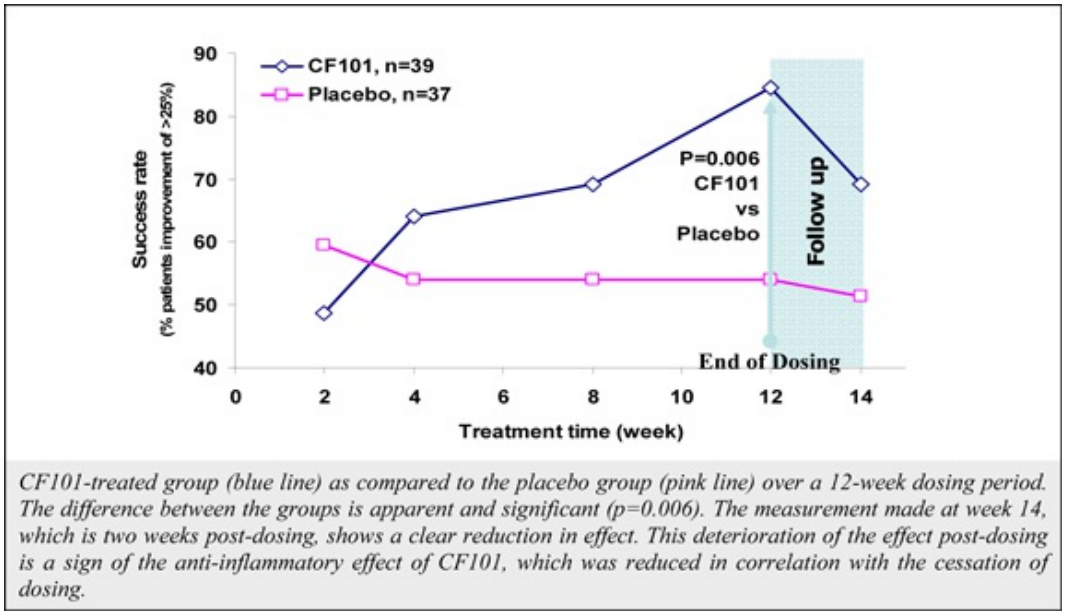
DES: The Company conducted a Phase II study in DES after discovering that patients in the Phase IIa study for RA also experienced improvement in DES symptoms. The study prompted an application for two patents relating to DES and Sjörgen's Syndrome. We have since successfully completed a Phase II study of CF101 in patients with moderate to severe DES, meeting its primary endpoint and demonstrating the drug's ability to improve signs of ocular surface inflammation in these patients. The trial was a multicenter, randomized, double-masked, placebo-controlled, parallel-group study with 76 patients (39 CF101 and 37 placebo). Patients were treated orally with either 1.0 mg CF101 pills or matching vehicle-filled placebo pills, BID for 12 weeks, followed by a two-week post-treatment observation. The primary endpoints of the Phase II trial were based on an improvement of more than 25% over baseline at week 12 in one of the following parameters: (i) tear break-up time, or BUT; (ii) superficial punctate keratitis (epithelial staining of the cornea) assessed by fluorescein staining, or FS, results; and (iii) Schirmer tear test 1 results, which are assessed by using paper strips inserted into the eye for several minutes to measure the production of tears. The results of the Phase II trial demonstrated the ability of CF101 to improve signs of ocular surface inflammation of the patients studied. The CF101-treated group experienced a statistically significant increase in the proportion of patients who achieved more than 25% improvement in FS and in the clearance of FS, as compared to the placebo group. Treatment with CF101 resulted in a statistically significant improvement in the mean change from baseline at week 12 of the FS, BUT and tear meniscus height, or TM, in the CF101-treated group. See Figure 7.



Mean change at week 12 from baseline of CF101-treated group (blue) and the placebo group (pink) of BUT, FS and TM. The mean change in the CF101-treated group was statistically significant, while the mean change in the placebo-treated group was not significant.

Figure 7: DES efficacy by BUT, FS, and TM

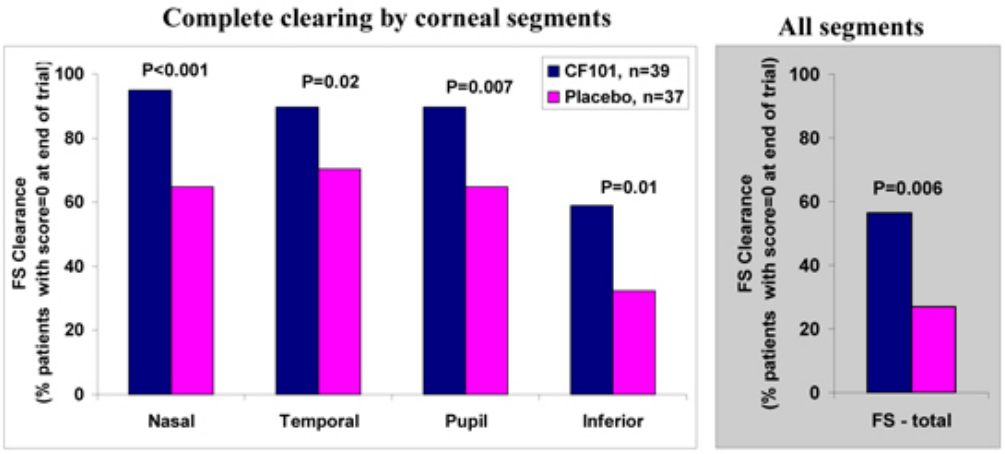
CF101 treatment induced a statistically significant increase in the proportion of patients who achieved greater than 25% improvement in FS and in the clearance of corneal staining between the CF101-treated group and the placebo. See Figure 8.



CF101-treated group (blue line) as compared to the placebo group (pink line) over a 12-week dosing period. The difference between the groups is apparent and significant (p=0.006). The measurement made at week 14, which is two weeks post-dosing, shows a clear reduction in effect. This deterioration of the effect post-dosing is a sign of the anti-inflammatory effect of CF101, which was reduced in correlation with the cessation of dosing.

Figure 8: DES efficacy as determined utilizing FS

Patients treated with CF101 1.0 mg BID showed statistically significant FS clearing in almost all sub-segments of the cornea, especially the central cornea or pupil segment. See Figure 9.



Percentage of patients that achieved clearing of FS in the various regions of the cornea at week 12.

Figure 9: DES efficacy by FS clearing in the different corneal segments

Clinical laboratory safety tests included ophthalmic examinations, IOP measurements, electrocardiographic evaluations, vital sign measurements, and monitoring of adverse events. CF101 was well-tolerated and exhibited an excellent safety profile with no serious adverse events. No clinically significant changes in vital signs, electrocardiograms, blood chemistry or hematology values were observed. However, adverse events resulting in discontinuation of the study were observed in two patients: myalgias and recurrent corneal erosion. The frequency of adverse events was comparable in both treated groups. The most commonly reported adverse events included constipation, headache, palpitations, itching, abdominal pain, arthralgia, myalgia, fatigue and dry mouth.

The study results of the completed Phase II clinical trial for CF101 for the treatment of DES were published in "Ophthalmology," which is one of the leading journals in the field. The Phase II Complete Study Report, or CSR, demonstrated positive results in patients with moderate to severe DES and also served as the basis for an Investigatory New Drug application, or IND, with the FDA for a Phase III trial in the same patient population. The FDA approved the IND in September 2010 and the Phase III trial is currently being conducted by the Company, on behalf of OphthaliX, in the United States, Europe and Israel. The randomized, double-masked phase III clinical trial enrolled 237 patients who will be randomized to receive two doses of CF101 (0.1 and 1.0 mg) and placebo, for a period of 24 weeks. The primary efficacy endpoint will be complete clearing of corneal staining. See "Item 4. Information on the Company—Business Overview—Clinical Trials of CF101—Phase III Clinical Trials of CF101". On March 15, 2013, OphthaliX announced that patient enrollment for the study was completed and that the results of this study are expected in the fourth quarter of 2013. OphthaliX plans on initiating an additional Phase III study involving CF101 for the treatment of moderate-to-severe DES after the conclusion of the current study.

Although the Phase II DES trial was not designed to assess the drug effect on IOP, the latter was tested as a safety parameter and at week 12, the CF101-treated group had a 1.1-mmHg, or 6%, decrease from baseline, which was statistically significant (p=0.048) when compared with the placebo. See Figure 10.

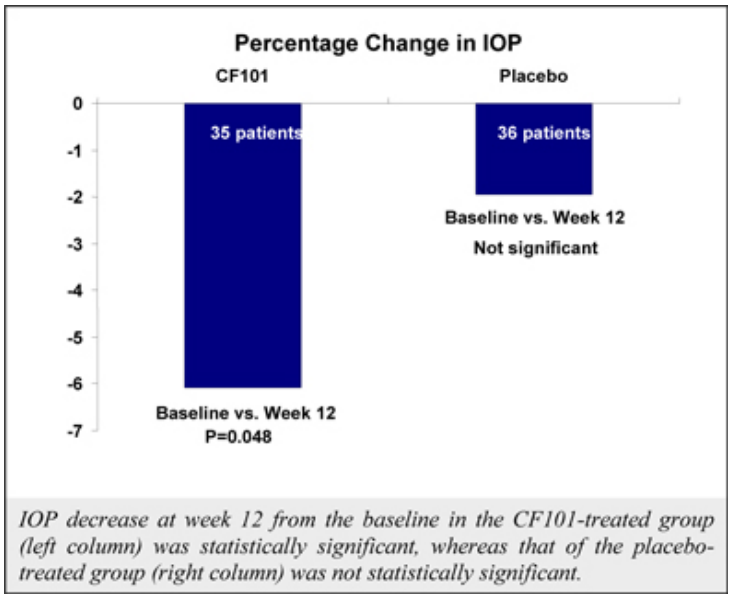


Figure 10: IOP decrease observed in the DES Phase II study

Glaucoma: The Company believes that the statistically significant decrease in IOP in the Phase II trial for DES, although observed in subjects without ocular hypertension, is clinically significant and indicates that CF101 may also have potential as a glaucoma therapy, as the main goal of glaucoma therapy is to reduce IOP. This finding led to a patent application for the use of CF101 for lowering IOP. This result, together with the neuro-protective and anti-inflammatory effects that have been demonstrated in our studies and the studies of others, warrant rapid progression into clinical study in this indication and a Phase II study in patients with glaucoma or related syndromes of ocular hypertension is currently ongoing in Israel and Europe via OphthaliX. This trial is a randomized, double-masked, placebo-controlled, parallel-group study of the safety and efficacy of daily CF101 administered orally in subjects with elevated IOP. The objectives of this study are to determine the effects of oral CF101 in lowering IOP when administered BID for 16 weeks in subjects with elevated IOP and the safety of oral CF101 in this subject population. This trial is being performed in two segments. In the first segment, subjects are being randomized to receive either CF101 1.0 mg or a matching placebo, given orally every 12 hours for 16 weeks. OphthaliX is enrolling 44 subjects in the first segment, randomized in a 3:1 ratio to CF101 1.0 mg or to the placebo. At the conclusion of the first segment, a Data Review Committee, or DRC, is to review safety and efficacy data and advise on progression of the trial to the second segment. The second segment, if conducted, will enroll up to approximately 88 subjects in up to three dose groups (CF101 1.0 mg, CF101 2.0 mg or the placebo every 12 hours) randomized in a 3:3:2 ratio. At its discretion, the DRC may also recommend increasing enrollment in the CF101 1.0 mg group or other changes to the protocol design. In May 2010, the Company announced that the Israeli Ministry of Health approved the study protocol. The Company subsequently initiated patient enrollment. The conclusion of the first segment of the study is expected in the fourth quarter of 2013.

Additional Developments with CF101

Uveitis

Pre-clinical pharmacology studies were conducted by the Company in collaboration with the NIH, under a Material Cooperative Research and Development Agreement at its National Eye Institute, a worldwide leader in uveitis research. In January 2008, the Company announced that CF101 had been effective in these studies in inhibiting the development of posterior uveitis in an experimental animal model. On April 9, 2011 OphthaliX announced the completion of preclinical studies, showing that CF101 was effective in treating anterior uveitis in experimental animal models. The efficacy of CF101 in treating both anterior and posterior uveitis in experimental animal models supports further testing of CF101 for the treatment of patients with either anterior or posterior uveitis. The Company, together with the NIH, has applied for a patent for the use of CF101 for the treatment of uveitis. OphthaliX is currently in preparation for an exploratory Phase II study for uveitis and is planning to submit the study protocol in Israel and Europe during the second quarter of 2013.

Osteoarthritis

According to the Arthritis Foundation, OA is the most common arthritic disease. Currently, there is a shortage of effective drugs for treating OA patients. CF101 has induced a significant anti-inflammatory effect in experimental animal models with respect to the treatment of OA and, as such, the Company is currently preparing for a Phase II study.

Crohn's Disease

Crohn's disease is an inflammatory bowel disease that may affect any portion of the gastrointestinal tract, causing a wide variety of symptoms. It primarily causes abdominal pain, diarrhea, vomiting and weight loss, however, it may also cause complications outside the gastrointestinal tract, such as skin rashes, arthritis, inflammation of the eye, tiredness and lack of concentration. Pre-clinical pharmacology studies conducted by the Company demonstrated the efficacy of CF101 for the treatment of Crohn's disease. The Company does not presently have plans for the treatment of Crohn's disease.

CF102

CF102 is our second drug candidate and is under development for the treatment of HCC and HCV. CF102 is also a small, orally bioavailable molecule, and an A3AR agonist, with high affinity and selectivity to the A3AR. In comparison to the expression in adjacent normal liver tissue, the A3AR is over-expressed in tumor tissues of patients with HCC, and the over-expression is also reflected in the patients' PBMCs. A3AR over-expression in the patients' tumor cells and PBMCs is attributed to high expression of certain A3AR transcription factors. The binding of CF102 to the A3AR results in down-regulation, or a decrease in the quantity of a cellular component, such as the number of receptors on a cell's surface, of certain A3AR transcription factors. Our studies have shown that this down-regulation leads to apoptosis of HCC cells. In our pre-clinical and clinical studies, CF102 demonstrated anti-cancer, anti-viral and liver protective effects. As a result, we believe that CF102 can be used to treat a variety of oncological and liver-related diseases and viruses. In February 2012, the FDA granted an orphan drug status for the active moiety, or the part of the drug that is responsible for the physiological or pharmacological action of the drug substance, of CF102 for the treatment of HCC. An orphan drug designation is a special designation by the FDA for drug approval and marketing. The special designation is granted to companies that develop a given drug for unique populations and for incurable and relatively rare diseases. The orphan drug designation program provides orphan status to drugs and biologics which are intended for the safe and effective treatment, diagnosis or prevention of rare diseases or disorders that affect fewer than 200,000 people in the United States. Orphan drug designations have enabled companies to achieve medical breakthroughs that may not have otherwise been achieved due to the economics of drug research and development as this status lessens some of the regulatory burdens, for approval, including statistical requirements for efficacy, safety and stability, in an effort to maintain development momentum. Orphan drug designation also results in additional marketing exclusivity and could result in certain financial incentives.

Set forth below are general descriptions of the diseases with respect to which CF102 has underwent or is currently undergoing clinical trials.

HCC: HCC is an oncological disease characterized by malignant tumors that grow on the surface or inside of the liver. This type of tumor is refractory to chemotherapy and to other anti-cancer agents. HCC, like any other cancer, develops when there is a mutation to the cellular machinery that causes the cell to replicate at a higher rate and/or results in the cell avoiding apoptosis. Chronic infections of Hepatitis B and/or C can aid the development of HCC by repeatedly causing the body's own immune system to attack the liver cells, some of which are infected by the virus. While this constant cycle of damage followed by repair can lead to mistakes during repair which in turn lead to carcinogenesis, this hypothesis is more applicable, at present, to HCV. Chronic HCV causes HCC through cirrhosis. In chronic Hepatitis B, however, the integration of the virus into infected cells can directly induce a non-cirrhotic liver to develop HCC. Alternatively, repeated consumption of large amounts of ethanol can have a similar effect.

Hepatitis C: HCV is an infectious disease affecting primarily the liver, caused by the Hepatitis C virus. The infection is often asymptomatic, but chronic infection can lead to scarring of the liver and ultimately to cirrhosis, which is generally apparent after many years, and chronic liver disease. The virus also increases the chance for HCC development. In some cases, those with cirrhosis will develop liver failure, liver cancer or life-threatening esophageal and gastric varices, or dilated submucosal veins, which can be life-threatening. HCV is spread primarily by blood-to-blood contact often associated with intravenous drug use, poorly sterilized medical equipment, transfusions, and sexual intercourse.

Pre-Clinical Studies of CF102

The Company conducted several pre-clinical studies, including studies of toxicity. The results indicated that CF102 was well-tolerated with no adverse effects. In these studies, we evaluated the toxicity, stability, metabolism and other safety parameters of CF102 at doses much higher than the doses that we currently administer to humans in our clinical trials of CF102. In pre-clinical pharmacology studies, CF102 inhibited the growth of HCC via the induction of tumor cell apoptosis. In addition, in a collaboration with leading virology labs, we observed that CF102 inhibited viral replication of HCV through the down-regulation of viral proteins. Both of these findings served as a basis to further explore development of this drug for HCC and HCV. Moreover, our pre-clinical studies demonstrated that CF102 acted to stimulate liver regeneration after partial hepatectomy, or removal of a part of the liver, and as such, we applied for a patent for this treatment.

Clinical Studies of CF102

The information discussed below is based on the various studies conducted by Can-Fite with CF102, including clinical studies in patients with oncological and liver-related diseases and viruses.

Phase I Clinical Study

CF102 completed a Phase I double-blind, randomized, placebo-controlled, ascending single dose trial to evaluate the safety, tolerability, and pharmacokinetics of orally administered CF102 in healthy volunteers. The study was conducted in the United States under an open IND. CF102 was found to be safe and well-tolerated with a half life time of 12 hours. See Figure 10.

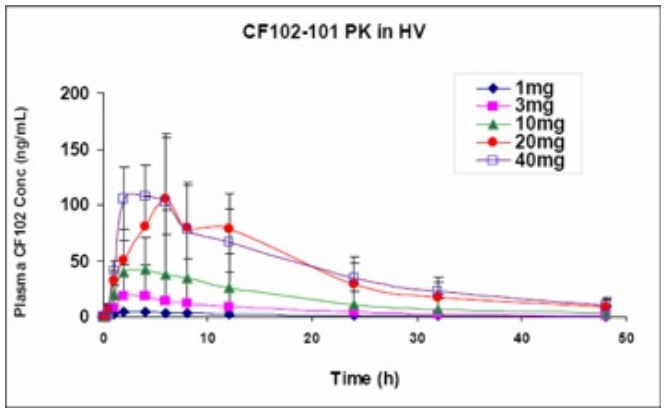


Figure 10. CF102 Pharmacokinetic profile

Phase I/II Clinical Study

CF102 completed two Phase I/II studies in Israel, one in patients with HCC and another in patients with HCV. The HCC Phase I/II study was an open-label, dose-escalation study evaluating the safety, tolerability, pharmacokinetics and pharmacodynamics of orally administered CF102 in patients with advanced HCC. The primary objectives of the study were to determine the safety and tolerability, dose-limiting toxicities, maximum tolerated dose, and recommended Phase II dose of orally administered CF102 in patients with advanced HCC; and to assess the repeat-dose pharmacokinetics behavior of CF102 in those patients. The secondary objectives were to document any observed therapeutic effect of CF102 in patients with HCC and to evaluate the relationship between PBMCs and the A3AR expression at baseline, as a biomarker, and the effects of CF102 in patients with HCC. The study included 18 patients, nine of which were also carriers of HCV. The initial dose of CF102 was 1.0 mg BID, with planned dose escalations in subsequent cohorts to 5.0 and 25.0 mg BID. This Phase I/II study achieved its objectives, showing a good safety profile, or no material differences versus a placebo with respect to observed and patient-indicated side effects, for CF102 and a linear pharmacokinetic drug profile, with no dose-limiting toxicities at any dose level. The median overall survival time for the patients in this study was 7.8 months, which is encouraging data considering that (i) 67% of the patient population in the study had previously progressed on Nexavar, produced by Onyx Pharmaceuticals and Bayer, and that CF102 was a second line therapy for these patients and (ii) 28% of the patient population were Child-Pugh Class B patients (patients classified on the Child Pugh scoring system for chronic liver disease as having significantly impaired liver function) whose overall survival time is usually 3.5 to 5.5 months. Accordingly, we may also consider CF102 as a drug to be developed for this patient sub-population of Child-Pugh Class B patients. CF102 had no adverse effect on routine measures of liver function over a six-month period in 12 patients treated for at least that duration. These findings are consistent with our pre-clinical CF102 data which demonstrated a protective effect on normal liver tissue in an experimental model of liver inflammation. As such, CF102 may potentially be a safer alternative to patients with cirrhosis and/or hepatic impairment. The study also demonstrated a direct relationship between A3AR expression at baseline and patients' response to CF102, suggesting A3AR as a predictive biological marker. We also observed a decrease in the viral load of seven out of nine patients who were also carriers of HCV.

Our second Phase I/II study was a randomized, double-blind, placebo-controlled, dose-escalation study evaluating the safety, tolerability, biological activity, and pharmacokinetics of orally administered CF102 in 32 subjects with chronic HCV genotype 1. Eligible subjects were assigned in a 3:1 ratio (eight subjects in each cohort) to receive QD or BID treatment (1.0, 5.0 and 25.0 mg of CF102) for 15 days with oral CF102 or with a placebo. Dose escalation occurred in four sequential cohorts. The study's primary objectives were to determine the safety and tolerability of orally administered CF102 in patients with chronic HCV genotype 1, to assess the effects on HCV load during 15 days of treatment with CF102 and to assess the repeat-dose pharmacokinetic behavior of CF102 under the conditions of this trial. The secondary objective of this trial was to perform an exploratory evaluation of the relationship between A3AR in PBMCs at baseline and the clinical effects of CF102 on the study's patients. Following the decrease in HCV load that had been observed in HCV patients treated with CF102 in the parallel HCC study and the good safety profile of CF102, the Company received an IRB approval to extend the treatment period of the Phase I/II in patients with HCV to four months with the 1.0 mg dose vs. the placebo. The results of this Phase I/II HCV study demonstrated safety and a linear pharmacokinetic drug profile, however, no significant decrease in the viral load was observed. Notwithstanding, the Company did observe in the parallel HCC study that seven out of the nine patients with both HCC and HCV experienced a decrease in viral load and that these seven patients were treated with higher CF102 dosages than what was administered to the patients with chronic HCV genotype 1 only, and not HCC, possibly explaining the difference in results.

We are currently in preparation for a Phase II study in HCC patients. In January 2013, as part of its preparatory work for such study, the Company announced that it believes that the optimal drug dose for the upcoming study is CF102 25.0 mg. This does was found to be the most effective dose out of the three dosages tested (1.0 mg, 5.0 mg and 25.0 mg) in the previous Phase I/II study. The Company filed a patent application protecting such optimal dose of CF102 for HCC. A publication summarizing the results of the Phase I/II study was published in "The Oncologist", a leading oncology scientific journal. The Company also highlighted that one patient has been treated with CF102 for over three years, and is continuing to be treated, with CF102. Also as part of the Phase II study, we plan to examine the viral load of HCC patients who are also infected with HCV. If we observe a decrease in the viral load in the HCV sub-population during this forthcoming study, we intend to commence a separate Phase II study for the HCV indication.

Additional Developments with CF102

JC Virus

In April 2011, the Company announced that, in laboratory study, CF102 inhibited the reproduction of the JC virus, a type of polyomavirus, which is dormant in approximately 70% to 90% of the world population. However, in patients treated with biological drugs, including monoclonal antibody therapeutics, such as anti-TNFs or anti-CD20, JC virus replication may occur, resulting in development of progressive multifocal leukoencephalopathy, or PML, which is characterized by progressive damage or inflammation of the white matter of the brain and, eventually, death. The ability of CF102 to suppress the JC Virus culture, as indicated in the laboratory study, may indicate that it may be used for the treatment of PML as a combination therapy with biological drugs. As CF102 is already in various stages of clinical development for other indications, its efficacy for this new application may be tested in clinical trials.

CF602

The allosteric modulator, CF602, is the Company's third drug candidate in its pipeline. CF602 is an orally bioavailable small molecule, which enhances the affinity of the natural ligand, adenosine, to its A3AR. The advantage of this molecule is its capability to target specific areas where adenosine levels are increased. Normal body cells and tissues are refractory to allosteric modulators. This approach complements the basic platform technology of Can-Fite, utilizing the Gi coupled protein A3AR as a potent target in inflammatory diseases. CF602 has demonstrated proof of concept for anti-inflammatory activity in *in vitro* and *in vivo* studies performed by the Company. Subject to its financial resources, the Company intends to conduct required pre-clinical studies for this drug candidate.

During clinical studies conducted with the Company's product candidates, other than CF602, patients suffering from sexual dysfunction reported that they returned to normal functioning following the treatment with such drugs. The Company believes that these findings are correlated with the Company's platform technology, which is the targeting of the A3AR. Adenosine, like nitric oxide, is a potent and short-lived vaso-relaxant that functions via intracellular signaling (in particular, through cAMP) to promote smooth muscle relaxation. Recent studies conducted by others show that adenosine functions to relax the corpus cavernosum and thereby promote penile erection. The Company has filed a patent application in Israel for the treatment of sexual dysfunction utilizing the Company's drug candidates and is planning to develop CF602 for this indication as it uses the same platform technology and becomes active through the same mechanism as the rest of the Company's drug candidates. GlobalData valued the erectile dysfunction therapeutic market at $3 billion in 2010, which mainly includes the drugs Viagra, Cialis and Levitra.

In-Licensing Agreements

The following are summary descriptions of certain in-licensing agreements to which we are a party. The descriptions provided below do not purport to be complete and are qualified in their entirety by the complete agreements, which are attached as exhibits to this Registration Statement on Form 20-F.

NIH Agreement

On January 29, 2003, we entered into a license agreement with the NIH, or the NIH Agreement, through the U.S. Public Health Service. Pursuant to the NIH Agreement, we were granted an exclusive license for the use of a family of U.S. and European patents and patent applications relating to CF101, CF102 and other small molecules and for the use, sale, production and distribution of products derived from such patents around the world. Subject to certain conditions, we may sublicense the NIH Agreement. However, the NIH retains a paid-up, worldwide license to practice the licensed inventions for government purposes and may require us to grant sublicenses when necessary to fulfill health or safety needs.

According to the NIH Agreement, we are committed to pay royalties as follows: (i) a $225,000 signing payment; (ii) a minimum non-refundable annual payment of $50,000; (iii) 4% to 5.5% of our total net revenues from sales of licensed products or from conducting tests with respect to CF101, CF102 and the other licensed small molecules worldwide, on a consolidated basis; (iv) individual payments ranging from $25,000 to $500,000 subject to meeting certain drug development milestones, including the initiation of certain clinical trials with respect to the licensed products; and (v) additional payments totaling 20% of all monetary consideration received from sublicensees, except for royalties received on any such sublicensee's net revenues from sales of the licensed products. As of December 31, 2012, we have paid approximately $925,000 in royalties to the NIH in connection with the NIH Agreement.

The NIH Agreement sets certain development milestones with which we must comply. On August 4, 2005 and February 4, 2013, amendments were signed with the NIH to extend such milestone dates. The amendments had no effect on the originally determined license terms.

The NIH Agreement will remain in effect until the last patent licensed under the NIH Agreement expires, unless it is earlier terminated by one of the parties, according to the NIH Agreement. The termination rights include, but are not limited, our right to terminate upon 60-days' prior written notice to the NIH, the NIH's right to terminate if we become insolvent or bankruptcy proceedings are initiated against us, and NIH's right to terminate upon our default in the performance of any material obligation and our failure to cure such default within 90 days of written notice of such default.

In addition, on January 24, 2006, the Company entered into a cooperative research and development agreement, or CRADA, with the NIH whereby the Company received an option to obtain a license from the NIH for any new group of A3AR agonists to be developed under terms that will be determined between the parties on the date of exercise of such option. In connection with the CRADA and the option granted thereunder, the Company signed a commercial evaluation license agreement with the NIH on April 17, 2007, and selected one molecule, CF502 (or MRS3558) to evaluate. However, at a later stage, the Company decided not to continue the development of CF502, terminated the commercial evaluation license agreement and did not exercise the option granted under the CRADA.

Leiden University Agreements

On November 2, 2009, we entered into a license agreement, or the Leiden University Agreement, with Leiden University. Leiden University is affiliated with the NIH and is the joint owner with the NIH of the patents licensed pursuant to the Leiden University Agreement. The Leiden University Agreement grants an exclusive license for the use of the patents of several compounds, including CF602, that comprise certain allosteric compound drugs, and for the use, sale, production and distribution of products derived from such patents in the territory, i.e., China and certain countries in Europe (Austria, Belgium, Denmark, France, Germany, Italy, Spain, Sweden, Switzerland, Holland and England). Subject to certain conditions, we may sublicense the Leiden University Agreement.

Pursuant to the Leiden University Agreement, we are committed to pay royalties as follows: (i) a one-time concession commission of 25,000 Euros; (ii) annual royalties of 10,000 Euros until clinical trials commence; (iii) 2% to 3% of net sales value, as defined in the Leiden University Agreement, received by us; (iv) royalties of up to 850,000 Euros based on certain progress milestones in the clinical stages of the products which are the subject of the patent under the Leiden University Agreement; and (v) if we sublicense the agreement, we will provide Leiden University royalties at a rate of 2-3% of net sales value, as defined in the Leiden University Agreement, and 10% of certain consideration received for granting the sublicense. In the event that we transfer to a transferee the aspect of our business involving the Leiden University Agreement, we must pay to Leiden University an assignment royalty of 10% of the consideration received for the transfer of the agreement. However, a merger, consolidation or any other change in ownership will not be viewed as an assignment of the agreement. In addition, we have agreed to bear all costs associated with the prosecution of the patents and patent applications to which we are granted a license under the Leiden University Agreement. As of December 31, 2012, we have paid approximately 115,000 Euros in royalties to Leiden University in connection with the Leiden University Agreement.

The Leiden University Agreement expires when the last of the patents expires in each country of the territory, unless earlier terminated in accordance with the terms of the Leiden University Agreement. The last of such patents is set to expire on 2027. The termination rights of the parties include, but are not limited to, (i) the non-defaulting party's right to terminate if the defaulting party does not cure within 90 days of written notice identifying the default and requesting remedy of the same; and (ii) Leiden University's right to terminate if we become insolvent, have a receiver appointed over our assets or initiate a winding-up.

Out-Licensing Agreements

The following are summary descriptions of certain out-licensing agreements to which we are a party. The descriptions provided below do not purport to be complete and are qualified in their entirety by the complete agreements, which are attached as exhibits to this Registration Statement on Form 20-F.

Seikagaku Agreement

On September 22, 2006, we executed an exclusive license agreement, which was amended in December 2006, with Seikagaku Corporation, a Japanese public corporation, or SKK, for the use, development and marketing of CF101 in Japan with respect to inflammatory indicators, except for ophthalmic disease indicators. The agreement with SKK as amended, or the Seikagaku Agreement, also grants to SKK an exclusive, royalty-free license to use certain of our trademarks, as determined from time to time, in connection with the distribution, marketing, promotion and sale of any products derived from CF101 pursuant to the Seikagaku Agreement. Under the terms of the Seikagaku Agreement, we cannot prevent SKK from making financial, operational or strategic decisions associated with the use, development or marketing of CF101 in Japan.

The Seikagaku Agreement contemplates the creation of a four member joint committee consisting of two members from each party with the purpose of serving as a joint source of experience and knowledge in CF101 development and to facilitate communication and coordination between the parties with respect to such development. The joint committee, among other things specifically identified in the Seikagaku Agreement, provides to the parties opinions, proposals, ideas and updates with respect to the CF101 development processes conducted separately by each party.

Under the Seikagaku Agreement, we are entitled to up-front and milestone payments of up to $19.5 million (of which $2 million is attributable to our participation in certain research and development activities) and up to an additional $4 million in milestone payments if SKK pursues a second indication (the current indication is RA). We will also be entitled to royalties in an amount between 7-12% of annual net sales in Japan subject to certain sales criteria. In accordance with the Seikagaku Agreement, we received an up-front payment of $3.0 million in 2006, a milestone payment of $1.0 million in 2008 and $0.5 million per year from 2007 through 2011 as an annual minimum royalty payment (for an aggregate of $2.5 million). In addition to the amounts above, we will be entitled to additional payments based on sales of raw materials to SKK for the purpose of developing, producing and marketing CF101. If SKK decides to produce the raw materials itself, we will be entitled to $1.0 million and an additional manufacturing royalty payment. Furthermore, we will be entitled to receive additional payments if SKK requests information regarding the results and reports of other clinical and non-clinical studies conducted by us and we will be required to make certain payments to SKK if we request results and reports from their clinical and non-clinical studies. These payments will be calculated based on a percentage of the costs of such clinical and non-clinical studies, as the case may be.

Pursuant to a representative agreement, dated September 22, 2006, we have paid or are committed to pay, 5% of the above amounts actually received as a brokerage commission to Fuji Techno Interface Ltd., the Japanese company that brokered the Seikagaku Agreement. The Seikagaku Agreement is effective until SKK completes all payments required by the agreement, unless it is earlier terminated as a result of a material breach not cured within the specified time frame or as a result of the initiation of bankruptcy or insolvency- related proceedings.

Kwang Dong Agreements

On December 22, 2008, we entered into a license agreement with Kwang Dong Pharmaceutical Co. Ltd, a South Korean limited company, or KD, and the Kwang Dong License Agreement, respectively, for the use, development and marketing of CF101 in the Republic of Korea with respect to RA and a purchase agreement, or the Kwang Dong Purchase Agreement, for the purchase of our ordinary shares, with KD. In addition, the Kwang Dong License Agreement grants to KD an exclusive, royalty-free license to use certain of our trademarks, as determined from time to time, in connection with the distribution, marketing, promotion and sale of any products derived from CF101 pursuant to the Kwang Dong License Agreement.

The Kwang Dong License Agreement also provides for the creation of a four member joint committee consisting of two members from each party for the purpose of serving as a joint source of experience and knowledge in CF101 development and to facilitate communication and coordination between the parties with respect to such development. The joint committee will, among other things specifically identified in the Kwang Dong License Agreement, provide to the parties opinions, proposals, ideas and updates with respect to the CF101 development processes conducted separately by each party.

According to the Kwang Dong License Agreement, the Company is entitled to receive or has received the following payments: (i) a non-refundable amount of $300,000 paid within 30 days of the effective date of the agreement; (ii) an amount of up to $1.2 million based on our compliance with certain milestones, including but not limited to, the conclusion of the Phase II clinical trial for CF101 for treating RA and the receipt of various regulatory authorizations; and (iii) annual royalties of 7% of annual net sales of the licensed drug in the Republic of Korea. In addition to the amounts detailed above, we will be entitled to additional payments based on sales of raw materials to KD for the purpose of developing, producing and marketing CF101.

The Kwang Dong License Agreement is effective until KD completes all payments required thereunder, unless it is earlier terminated as a result of a material breach not cured within the specified time frame, the breach by KD of the Kwang Dong Purchase Agreement or the initiation of bankruptcy or insolvency related proceedings.

Pursuant to the Kwang Dong Purchase Agreement, KD purchased 2,382,602 of our ordinary shares, par value NIS 0.01 per share, representing approximately 1.0 % of our share capital on a fully diluted basis, as of the date of the purchase. The shares were purchased for a premium of 50% on the shares' average closing price for the ten days preceding December 11, 2008, or a purchase price of NIS 0.455 per share.

After the TASE approved such shares for the listing for trade on January 5, 2009, the shares were allocated to KD and the transaction was finalized in January 2009. As of December 31, 2012, KD had paid us approximately $0.8 million, which represents milestone payments pursuant to the Kwang Dong License Agreement, an advance of certain amounts to become due under the Kwang Dong License Agreement and the purchase price for the shares.

Eye-Fite Agreement

In connection with the spin-off transaction described below in "Item 10. Additional Information—Material Contracts—OphthaliX Agreements", on November 21, 2011, we entered into a license agreement, or the Eye-Fite Agreement, with Eye-Fite according to which we (i) granted Eye-Fite a sole and exclusive worldwide license for the use of CF101 solely in the field of ophthalmic diseases and patent rights which we received under the NIH Agreement, with respect to CF101 in the field of ophthalmic diseases for research, development, commercialization and marketing throughout the world and (ii) assigned to Eye-Fite our rights, title and interest in and to any and all INDs to CF101 in the ophthalmic field. As consideration for the grant of the license, we received 999 ordinary shares of Eye-Fite, in addition to the one share we already had, which resulted in us owning all of the issued and outstanding shares of Eye-Fite, all of which were transferred to OphthaliX in connection with this transaction. In addition, Eye-Fite must, for the duration of the NIH Agreement, make the following payments to the NIH: (i) a nonrefundable minimum annual royalty of $25,000, (ii) earned royalties of 4.0% to 5.5% on net sales in territories in where such patents exist and (iii) individual payments ranging from $25,000 to $500,000 upon the achievement of various development milestones for each indication. Eye-Fite will also be required to make payments to the NIH of 20% of sublicensing revenues, excluding royalties and net of the required milestone payments. The payments set forth above represent our liabilities to the NIH under to the NIH Agreement, which pursuant to the Eye-Fite Agreement, Eye-Fite is obligated to make to the NIH.

If Eye-Fite fails to make a required payment to the NIH, Can-Fite will be entitled to terminate the license granted to Eye-Fite under the Eye-Fite Agreement upon 30 days' prior written notice. The Eye-Fite Agreement will remain in effect until the expiration of the last of the patents licensed thereunder, unless earlier terminated by one of the parties in accordance with its terms. Can-Fite may terminate the Eye-Fite Agreement upon customary bankruptcy and insolvency events of Eye-Fite and upon Eye-Fite's material breach of the Eye-Fite Agreement, upon 30 days' prior written notice. Eye-Fite may terminate the Eye-Fite Agreement upon three months' prior written notice for any reason and upon 30 days' prior written notice for Can-Fite's material breach of the Eye-Fite Agreement. All inventions resulting from the development and commercialization of CF101 under the Eye-Fite Agreement belong to Can-Fite, whether invented solely by Can-Fite, solely by Eye-Fite or by both entities. However, the Eye-Fite Agreement also grants Eye-Fite an exclusive license to use any such inventions in the field of ophthalmic diseases around the world for no additional consideration.

Total Revenues by Category of Activity and Geographic Markets

	2010	2011	2012
	(in thousands, U.S. $)		
Japan	500	500	-
Korea	200	-	-

All revenues have been generated from payments received pursuant to our out-licensing agreements with SKK and KD with respect to CF101. See "Item 4—Information on the Company—Business Overview—Out-Licensing Agreements". We expect to generate future revenues through our current and potential future out-licensing arrangements with respect to CF101, as well as through future out-licensing arrangements with respect to our other product candidates, i.e., CF102 and CF602.

Seasonality

Our business and operations are generally not affected by seasonal fluctuations or factors.

Raw Materials and Suppliers

We believe that the raw materials that we require to manufacture CF101, CF102 and CF602 are widely available from numerous suppliers and are generally considered to be generic industrial chemical supplies. We do not rely on a single or unique supplier for the current production of any therapeutic small molecule in our pipeline.

Manufacturing

We are currently manufacturing our API through a leading Chinese contract research organization, or CRO. The relevant suppliers of our drug products are compliant with both current Good Manufacturing Practices, or cGMP, and current Good Laboratory Practices, or cGLP, and allow us to manufacture drug products for our current clinical trials. We anticipate that we will continue to rely on third parties to produce our drug products for clinical trials and commercialization.

There can be no assurance that our drug candidates, if approved, can be manufactured in sufficient commercial quantities, in compliance with regulatory requirements and at an acceptable cost. We and our contract manufacturers are, and will be, subject to extensive governmental regulation in connection with the manufacture of any pharmaceutical products or medical devices. We and our contract manufacturers must ensure that all of the processes, methods and equipment are compliant with cGMP for drugs on an ongoing basis, as mandated by the FDA and other regulatory authorities, and conduct extensive audits of vendors, contract laboratories and suppliers.

Contract Research Organizations

We outsource certain preclinical and clinical development activities to CROs, which in pre-clinical studies work according to cGMP and cGLP. Our clinical CROs comply with guidelines from the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use, which attempt to harmonize the FDA and the European Medicines Agency, or the EMA, regulations and guidelines. We create and implement the drug development plans and, during the preclinical and clinical phases of development, manage the CROs according to the specific requirements of the drug candidate under development.

Marketing and Sales

We do not currently have any marketing or sales capabilities. We intend to license to, or enter into strategic alliances with, larger companies in the pharmaceutical business, which are equipped to market and/or sell our products, if any, through their well-developed marketing capabilities and distribution networks. We intend to out-license some or all of our worldwide patent rights to more than one party to achieve the fullest development, marketing and distribution of any products we develop.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our therapeutic candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that we believe are important to the development of our business. We also rely on trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary position.

Patents

As of April 4, 2013, we owned or exclusively licensed (from the NIH and Leiden University) 15 patent families that, collectively, contain approximately 150 issued patents and pending patent applications in various countries around the world relating to our two clinical candidates, CF101 and CF102, and our preclinical candidate, CF602. Patents related to our drug candidates may provide future competitive advantages by providing exclusivity related to the composition of matter, formulation and method of administration of the applicable compounds and could materially improve their value. The patent positions for our leading drug candidates are described below.

We currently license from the NIH and Leiden University certain intellectual property that is necessary to conduct our business. We currently hold an exclusive license from the NIH to a family of patents that protects certain small molecules that are A3AR agonists, such as CF101 and CF102, and the pharmaceutical use of such molecules. This exclusive license relates to two patents that were granted in the United States and Europe (in particular, United Kingdom, France, Germany, Switzerland, Italy, Belgium and Luxembourg), the former of which is expected to expire in 2015 and the latter in 2014. We also currently hold an exclusive license from the NIH and Leiden University of the Netherlands to a family of patents and patent applications that relate to the allosteric modulators of the A3AR, which includes the allosteric modulator CF602. This exclusive license relates to two patents that were granted in China and in certain countries in Europe (in particular, Austria, Belgium, Denmark, France, Germany, Italy, Spain, Sweden, Switzerland, Holland and England). These granted patents and the patents that may be granted on patent applications of this patent family are set to expire in 2027. We hold the foregoing licenses pursuant to the terms and conditions of certain license agreements. See “Item 10. Additional Information—Material Contracts—In-Licensing Agreements.”

With respect to our product candidates, we currently own patents and/or have patent applications pending in several countries around the world for the following families of patents:

- a family of patents which pertains to the use of substances that bind to the A3AR, including CF101 and CF102; the pharmaceutical uses to which such family relates include the treatment of proliferative diseases, such as cancer, psoriasis and autoimmune diseases. Such patents were granted in the United States, Europe (by the European Patent Office, or the EPO, and validated in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Portugal, Spain, Sweden, Switzerland, Holland and the United Kingdom), Australia, Canada, Israel, China, Japan, South Korea, Mexico, Poland, Russia and Hong-Kong. These patents are set to expire in 2020, other than the United States patent that will expire in 2022;

- a family of patents and a patent application which pertain to use of substances that bind to the A3AR for the treatment of viral diseases, such as AIDS and hepatitis, and which inhibit viral replication. Such patents were granted in the United States, in Europe (by the EPO and validated in France, Germany, Italy, Switzerland and the United Kingdom), Australia, China, Israel, Japan, Singapore, Canada and Hong Kong. These patents are set to expire in 2022, other than the United States patent that will expire in 2023. This patent application is pending in Brazil with a filing date of January 1, 2002 and a priority date of January 16, 2001;

- a patent which pertains to the use of A3AR agonists for the treatment of inflammatory arthritis, in particular RA. This patent was granted in the United States and is set to expire in 2023;

- a family of patents and patent applications which pertain to a method of identifying inflammation, determining its severity, and determining and monitoring the efficacy of the anti-inflammatory treatment by determining the level of A3AR expression in white blood cells as a biological marker for inflammation. These patents were granted in certain countries in Europe (by the EPO and validated in France, Germany, Italy, Spain, Switzerland and the United Kingdom), Australia, Israel, Japan and Mexico. These patents are set to expire in 2025. These patent applications are pending in the United States, Canada, China (which was recently approved) and Brazil. Each of the applications has a filing date of November 30, 2005 and a priority date of December 2, 2004;

- a family of patents and patent applications which pertain to the use of A3AR agonists for the treatment of DES. Such patents were granted in the United States, Australia, Canada, China, South Korea and Mexico. These patents are set to expire in 2026. These patent applications are pending in the United States, EPO (this European application designates all member states of the European Patent Convention – EPC), Brazil, Israel and Japan, each with a filing date of February 1, 2006 and a priority date of January 27, 2007;

- a family of patent applications which pertains to the use of A3AR agonists for the treatment of reducing IOP. These patent applications are pending in the United States, in the EPO (this European application designates all EPC member states), Israel, Japan, China, Canada, Australia, Mexico and South Korea, each with a filing date of May 16, 2010 and a priority date of May 17, 2009;

- a family of patent applications which pertains to the use of a specific dose level of CF101 (total daily dose of 4.0 mg) for the treatment of psoriasis. These patent applications are pending in the United States, China, the EPO (this European application designates all EPC member states), India, Japan and South Korea, each with a filing date of September 6, 2010 and a priority date of September 6, 2009;

- a family of patent applications which pertain to the method for producing CF101. These patent applications are pending in the United States, the EPO (this European application designates all EPC member states), India, Israel, Japan and China, each with a filing date of March 13, 2008 and a priority date of March 14, 2007;

- a family of patents and patent applications which pertain to the use of A3AR agonists for the treatment of OA. Such patents were granted in Europe (by the EPO and validated in Austria, Belgium, Denmark, France, Germany, Italy, Spain, Sweden, Switzerland, Holland and the United Kingdom), Australia, Canada, South Korea, China and Mexico. These patents are set to expire in 2026. Patent applications are pending in the United States, Brazil, Israel, India and Japan. These applications have a filing date of November 29, 2006 and a priority date of November 30, 2005;

- a family of patent applications which pertains to the use of A3AR agonists for increasing liver cell division, intended to induce liver regeneration following injury or surgery. These patent applications are pending in the United States, China (which was recently approved and a patent is to be issued), the EPO (this European application designates all EPC member states), Israel and Japan, each with a filing date of October 22, 2007 and a priority date of October 15, 2007. In addition, we have filed a U.S. provisional patent application which pertains to the use of A3AR agonists for the maintenance of liver function in patients having chronic liver disease. This patent application has a filing date of January 23, 2012 and a priority date of January 23, 2012;

- a family of patents and patent applications which pertain to the use of A3AR agonists for the treatment of Sjorgen's syndrome and related diseases. Such patents were granted in the United States and Japan. These patents are set to expire in 2026. The patent application is a European patent application (filed in the EPO and designates all EPC member states) which was recently approved and a patent is to be issued;

- a family of patent application under joint ownership with the NIH and licensed, to the extent of our ownership, to Eye-Fite, which pertain to the use of A3AR agonists for the treatment of uveitis. These patent applications are pending in the United States, Canada, China, the EPO (this European application designates all EPC member states), Israel, Japan, Mexico, South Korea and the Russian Federation. The patent applications have filing dates of February 27, 2010 and priority dates of March 3, 2010;

- a family of patents and patent applications which pertain to dosage forms comprising CF101for the treatment of psoriasis. These patent applications are pending in the United States, China, the EPO (this European application designates all EPC member states), Israel, Japan and South Korea. The patent applications have filing dates of September 6, 2010 and priority dates of September 6, 2009;

- a patent application which pertains to the treatment of hepatocellular carcinoma. This patent application is a PCT application with a filing date of January 23, 2013 and a priority date of January 23, 2012;

- a family of two patent applications in Israel which pertain to treatment of sexual dysfunction. These patent applications have filing dates of August 8, 2012 and November 12, 2012 and will form basis for priority for a PCT application and possibly other patent applications to be filed before August 9, 2013.

We believe that our owned and licensed patents provide broad and comprehensive coverage of our technology, and we intend to aggressively enforce our intellectual property rights if necessary to preserve such rights and to gain the benefit of our investment. However, the patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. Our ability to maintain and solidify our proprietary position for our technology will depend on our success in obtaining effective claims and enforcing those claims once granted. We do not know whether any of our patent applications or those patent applications that we license will result in the issuance of any patents. Our issued patents and those that may issue in the future, or those licensed to us, may be challenged, narrowed, circumvented or found to be invalid or unenforceable, which could limit our ability to stop competitors from marketing related products or the length of term of patent protection that we may have for our products. Neither we nor our licensors can be certain that we were the first to invent the inventions claimed in our owned or licensed patents or patent applications. In addition, our competitors may independently develop similar technologies or duplicate any technology developed by us, and the rights granted under any issued patents may not provide us with any meaningful competitive advantages against these competitors. Furthermore, because of the extensive time required for development, testing and regulatory review of a potential product, before any of our products can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent.

Trade Secrets

We may rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements and assignment of inventions agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, such agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors or others.

Scientific Advisory Board

We seek advice from our Scientific Advisory Board on scientific and medical matters generally. We call for Scientific Advisory Board meetings on an as-needed basis. The following table sets forth certain information with respect to our Scientific Advisory Board members.

Name	Position/Institutional Affiliation
Nabil Hanna, Ph.D.	Former Chief Science Officer of Biogen-Idec
Kamel Khalili, Ph.D.	Temple University, Philadelphia, Pennsylvania

Clinical Advisory Board

Our Clinical Advisory Board, which consists of three members, a leading U.S.-based rheumatologist, oncologist and dermatologist, plays an active role in consulting the Company with respect to clinical drug development. We call for Clinical Advisory Board meetings on an as-needed basis. The following table sets forth certain information with respect to our Clinical Advisory Board members.

Name	Position/Institutional Affiliation
Dr. Michael Weinblatt	Head, Division of Rheumatology, Immunology and Allergy, Brigham and Women's Hospital
Dr. Keith Stuart	Chairman, Department of Hematology and Oncology; Professor of Medicine, Tufts University School of Medicine; Lahey Clinic Medical Center
Dr. Jonathan Wilkin	Former Head, Dermatology Division, FDA

Competition

The pharmaceutical industry is characterized by rapidly evolving technology, intense competition and a highly risky, costly and lengthy research and development process. Adequate protection of intellectual property, successful product development, adequate funding and retention of skilled, experienced and professional personnel are among the many factors critical to success in the pharmaceutical industry.

Our technology platform is based on the finding that the A3AR is highly expressed in pathological cells, such as various tumor cell types and inflammatory cells. We believe that targeting the A3AR with synthetic and highly selective A3AR agonists, such as CF101 and CF102, and allosteric modulators, such as CF602, induces anti-cancer and anti-inflammatory effects. Currently, our drugs, CF101, CF102 and CF602 are being developed to treat several autoimmune-inflammatory, oncological and ophthalmic indications, including but not limited to: psoriasis; RA; OA; DES; glaucoma; uveitis; HCC and HCV. Preclinical studies have also indicated that our drugs have the potential to treat additional inflammatory diseases, such as Crohn's disease, oncological diseases and viral disease, such as the JC virus.

Despite the competition, however, we believe that our drugs have unique characteristics and advantages over certain drugs currently available on the market and under development to treat these indications. We believe that our drug pipeline has exhibited a potential for therapeutic success with respect to the treatment of autoimmune-inflammatory, oncological and ophthalmic diseases. We believe that targeting the A3AR with synthetic and highly selective A3AR agonists, such as CF101 and CF102, and allosteric modulators, such as CF602, induces anti-cancer and anti-inflammatory effects.

The characteristics of CF101, as exhibited in our clinical studies to date, including its good safety profile, clinical activity, simple and less frequent delivery through oral administration and its low cost of production, position it well against the competition in the autoimmune-inflammatory markets, including the psoriasis and RA markets, where treatments, when available, often include injectable drugs, many of which can be highly toxic, expensive and not always effective. Moreover, pre-clinical pharmacology studies in different experimental animal models of arthritis revealed that CF101 acts as a disease modifying anti-rheumatic drug, or a DMARD, which, when coupled with its good safety profile, make it competitive in the psoriasis, RA and OA markets. Our recent findings also demonstrate that a biological predictive marker can be utilized prior to treatment with CF101, which may allow it to be used as a personalized medicine therapeutic approach for the treatment of RA. CF101 is also well-positioned against some of the competition in the ophthalmic markets, where treatments, when available, often include frequent self-administered eye drops, which may be more difficult than taking pills and may result in less than the full dose of the drug actually entering the eye, have undesirable side effects and do not simultaneously treat the underlying cause and relieve the symptoms associated with the indication. Like CF101, CF102 has a good safety profile, is orally administered and has a low cost of production, which positions it well in the HCC market, where only one drug, Nexavar, has been approved by the FDA.

In addition, our human clinical data suggests that A3AR may be a biological marker in that high A3AR expression prior to treatment has been predictive of good patient response to our drug treatment. In fact, as a result of our research we have developed a simple blood assay to test for A3AR expression as a predictive biological marker. We have applied for a patent with respect to the intellectual property related to such assay and are currently utilizing this assay in our ongoing Phase IIb study of CF101 tor the treatment of RA.

On the other hand, other drugs on the market, new drugs under development (including drugs that are in more advanced stages of development in comparison to our drug pipeline) and additional drugs that were originally intended for other purposes, but were found effective for purposes targeted by us, may all be competitive to the current drugs in our pipeline. In fact, some of these drugs are well established and accepted among patients and physicians in their respective markets, are orally bioavailable, can be efficiently produced and marketed, and are relatively safe. Moreover, other companies of various sizes engage in activities similar to ours. Most, if not all, of our competitors have substantially greater financial and other resources available to them. Competitors include companies with marketed products and/or an advanced research and development pipeline. The major competitors in the arthritis and psoriasis therapeutic field include Abbott Laboratories, Johnson & Johnson, Amgen, Roche, Pfizer, Novartis, Astellas, Eli Lilly and more. The competitive landscape in the ophthalmic therapeutics field includes Novartis/Alcon, Allergan, Pfizer, Roche/Genentech, Merck (which acquired Inspire Pharmaceuticals), Santen (which acquired Novagali), Bausch & Lomb (which acquired ISTA Pharmaceuticals), GlaxoSmithKline, or GSK, Sanofi-Aventis (which acquired Fovea) and more. Competitors in the HCC field include companies such as Onyx, Bayer, Bristol-Myers Squibb, Abbott Laboratories, Eli Lilly, Arqule and more. Competitors in the HCV field include companies such as Merck, Vertex, Roche, Bristol-Myers Squibb (which acquired Inhibitex), Gilead Sciences (which acquired Pharmasset), Achillion, Idenix, Valeant, Human Genome Sciences, Abbott, AstraZeneca, Boehringer Ingelheim, Novartis, Pfizer, Idenix, Johnson & Johnson, Presidio, Medivir, Celgene, Enanta, GSK and more.

Moreover, several companies have reported the commencement of research projects related to the A3AR. Such companies include CV Therapeutics Inc. (which was acquired by Gilead), King Pharmaceuticals R&D Inv. (which was acquired by Merck), Hoechst Marion Roussel Inc., Novo Nordisk A/S and Inotek Pharmaceuticals. However, we are not aware if such projects are ongoing or have been completed and, to the best of our knowledge, there is no approved drug currently on the market which is similar to our A3AR agonists, nor are we aware of any allosteric modulator in the A3AR product pipeline similar to our allosteric modulator with respect to chemical profile and mechanism of action.

CF101 for the Treatment of Psoriasis

Psoriasis is an autoimmune hereditary skin disease that, according to the National Psoriasis Foundation, attacks 2% to 3% of the world population. According to Nature Biotechnology, the current market for psoriasis treatment is estimated at about $3.3 billion a year.

The current common treatments for psoriasis include topical and systemic drugs, steroids, immunosuppressive drugs such as Cyclosporine A by Novartis, MTX and biological drugs. Biological drugs, such as Enbrel by Amgen and Pfizer, Amevive by Astellas and Ustakinumab by Centocor, a division of Johnson & Johnson, have significant side effects, are expensive and patients are often not responsive. Many of the current RA drugs on the market or in development are also used for the treatment of psoriasis. See "—CF101 for the Treatment of RA." In addition, several therapies are in advanced clinical development for psoriasis and many others are in Phase II or earlier stages of development.

CF101 for the Treatment of RA

According to the Arthritis Foundation, RA is a severe disease that attacks approximately 1.0% of the U.S. population, mainly women and, in particular, postmenopausal women. As of 2010, Datamonitor estimated that the global RA market size was approximately $12 billion, and expected it to grow to $18 billion by 2020.

Many drugs are used to treat RA, including DMARDs. These include MTX, plaquenil, sulfasalazine and leflunomide, all of which are small molecule drugs with mild effectiveness. MTX is the most commonly administered DMARD for RA. It is a generic chemotherapeutic agent marketed by several manufacturers that is administered orally. Due to its relatively toxic nature, however, MTX may result in severe side effects.

The second class of DMARD includes biological drugs, such as Enbrel by Amgen Inc. (which contains the active ingredient Etanercept), Remicade by Centocor, a division of Johnson & Johnson (which contains the active ingredient Infliximab) and Humira by Abbott Laboratories (which contains the active ingredient Adalimumab). These drugs are usually administered in combination with MTX and are more effective in combination, but may have severe side effects, including lymphoma. Biological drugs are administered through injection, are generally expensive and there is no biomarker to predict the response, if any. Steroidal drugs are also used to reduce the general activity of the immune system and for pain relief. In addition, the FDA recently approved Pfizer's Xeljanz (tofacitinib) small molecule drug, which is the first JAK inhibitor drug, or a drug that inhibits the effect of one or more of the enzymes in the janus kinase family, or a family enzymes that transfer cytokine-mediated signals, to treat RA. Moreover, several therapies, including biological drugs and small molecule drugs, are in advanced clinical development for RA, while others are in Phase II or earlier stages of development.

CF101 for the Treatment of OA

According to the Arthritis Foundation, OA is the most common arthritic disease. GlobalData estimated that the global OA market was $4.4 billion in 2010 and forecasts it to increase to $5.9 billion by 2018. The medications most commonly used to treat OA are symptom-modifying drugs, primarily generics, such as non-steroidal, anti-inflammatory drugs and cyclooxygenase 2 inhibitors, or COX-2 inhibitors, which directly target the COX-2 enzyme involved with the etiology and pathogenesis of inflammation and pain. There are no disease-modifying OA drugs, or DMOADs, currently approved for OA and the late stage drug pipeline also lacks DMOADs, except Novartis' SMC021, which hasn't met its primary end points in a Phase III study.

Current and future competition includes drugs being developed to relieve pain associated with OA and for the treatment of OA. In addition to DMOADs, therapies in development for OA include stem cell therapy, COX-2 inhibitors, cathepsin S inhibitors, or synthetic inhibitors of the cathepsin S protein, opioid receptor agonists, or pain relievers that bind to certain nervous system receptors, anti-nerve growth factor inhibitors, or inhibitors of proteins that promote nerve growth, transient receptor potential vanilloid-1 antagonists, or a pain reliever that binds to certain proteins responsible for heat and pain sensations, COX inhibiting nitric oxide donors, or drugs that act as COX inhibitors while donating nitric oxide and thereby promoting an anti-inflammatory effect, phosphodiesterase inhibitors, or drugs that block certain enzymes thereby preventing the inactivation of certain intracellular messaging, and calcitonin receptor agonists, or drugs that bind to receptors related to functional activity.

CF101 had a significant anti-inflammatory effect in pre-clinical pharmacology studies for OA and is currently in preparation for a Phase II study.

CF101 for the Treatment of Crohn's Disease

According to GlobalData, the Crohn's disease market was approximately $3.6 billion in 2010 and is expected to grow to approximately $4.4 billion by 2018. According to Datamonitor, in 2009, 890,000 persons were estimated to have Crohn's disease in the seven major markets (the U.S., Japan, France, Germany, Italy, Spain and the U.K.) and more than half of such patients were estimated to reside in the United States.

Therapies in development for Crohn's disease include interleukin inhibitors, a drug that inhibits cell growth, enzyme inhibitors, stem cell therapy, integrin antagonists, or drugs that bind to certain receptors that are responsible for the regulation of cell cycle, shape and motility, tumor necrosis factor inhibitors, or drugs that inhibit the factor that promotes inflammatory responses, and immunomodulators, or drugs that regulate the immune system.

Although CF101 was effective in the Company's pre-clinical and pharmacological studies relating to Crohn's disease, we currently do not have any planned clinical trials with respect to the use of CF101 for the treatment of Crohn's disease.

CF101 for the Treatment of DES

According to Datamonitor, DES is the most common problem of patients who seek eye care. As of 2010, 49.3 million people in the seven major markets suffered from DES. We believe that the number of people who suffer from DES will increase as the population in each of these countries ages. According to GlobalData, as of 2010, the DES market size was approximately $1.9 billion and is expected to grow to approximately $2.8 billion by 2017.

The current products available to treat DES include Restasis® and Refresh® by Allergan, and Celluvisc®, Hyalein®, Vismed® and Systane® by Alcon. Restasis® is the only FDA-approved prescription therapy indicated to treat DES and, as such, it dominates the U.S. market with respect to the treatment of DES. Restasis® is not registered in Europe because of its side effects (eye irritation, in particular). There are several artificial tear products, such as Refresh®, available to treat DES, which are used either alone (in mild to moderate cases) or in combination with other treatments (in moderate to severe cases). Eye drops are currently the most common method of treating DES and the most common practice is to have patients self-administer such drops several times daily. Patients may have difficulty complying with this regimen as it may be more difficult than taking pills and may result in less than the full dose of the drug actually entering the eye. In addition to the foregoing, several therapies are in advanced clinical stages of development for DES.

CF101 for the Treatment of Glaucoma

According to Datamonitor, as of 2010, seven million people in the seven major markets suffered from glaucoma. GlobalData estimated that the market for glaucoma drugs was $3.0 billion in 2010. We expect that the number of people who suffer from glaucoma will increase as the population in each of the seven major markets ages.

The main drugs used to treat glaucoma include Xalatan®, Travatan® and Cosopt®. Xalatan® is recommended by the European Glaucoma Society and American Academy of Ophthalmologists as the first choice for the treatment of glaucoma. According to a Pfizer annual report, Xalatan®, which is marketed by Pfizer, is the leading drug used to treat glaucoma, and had global sales of over $1.7 billion in 2010. Sales of Xalatan® decreased to $1.25 billion in 2011 and are expected to continue to decrease likely as a result of the expiration of patents covering Xalatan® during 2011 and the launch of new generic brands. Travatan® was first launched in the United States in 2001 and then Europe and the rest of the world markets in 2002. According to Evaluate Pharma, Travatan®, marketed by Alcon, experienced sales of approximately $600 million in 2010. Travatan® is administered once each day, which ophthalmologists cite as a significant advantage over other drugs used to treat glaucoma. Cosopt® is the oldest combination therapy in the glaucoma market. Due to the expiration of patents covering Cosopt® in 2008, some ophthalmologists have begun to look to other brands or generic drugs in the treatment of glaucoma. Another leading company in this field is Allergan, which markets Lumigan®, Ganfort™, Alphagan®, and Combigan®, with over $1.0 billion in aggregate revenues in 2011. The Pfizer annual report predicts that the glaucoma therapeutics market will witness major revenue depletion over the next few years due to a string of upcoming patent expirations, which started with the expiration of the Xalatan® patent.

Several therapies are in advanced clinical development for glaucoma. In addition, in 2012, the FDA approved tafluprost ophthalmic solution, Zioptan by Merck, the first preservative-free prostaglandin analog ophthalmic solution, or a solution derived from fatty acids, for the treatment of glaucoma.

While several anti-glaucoma drugs exist, the glaucoma therapeutics market has a high level of unmet need, which mainly arises from the lack of approved drugs targeting the disease's progression. Many therapies approved provide only symptomatic relief. The therapies which are available for the treatment of glaucoma have shown low to moderate efficacy and safety profiles. Accordingly, there is a significant need for drugs that reduce IOP. In addition, part of the pathogenesis of glaucoma is damage to the optic nerve, so drugs that, in addition to lowering IOP, have a neuroprotective effect, would also satisfy an unmet need. Based on its toxicological profile, we believe that CF101 has the potential to have fewer side effects than existing drugs for the treatment of glaucoma. At the same time, CF101 offers the potential to act as a neuroprotective agent that prevents the death of retinal cells, as well as the potential to lower IOP. We also believe that CF101 will offer less frequent administration than most existing therapies.

CF101 for the Treatment of Uveitis

According to Data Monitor, uveitis is estimated as the fifth or sixth leading cause of blindness in the United States. The incidence of uveitis worldwide varies from 14 to 52.4 per 100,000 people, while the overall prevalence around the world is reported as 0.73%. We estimate that there are approximately one million uveitis patients around the world. According to GlobalData, in 2010, the uveitis market was $0.32 billion and is estimated to reach $1.6 billion by 2017. The current treatments for uveitis include corticosteroids, anti-metabolites, T-cell inhibitors, alkylating agents and biological drugs, which often involve serious adverse side effects and lack of efficacy. Accordingly, we believe that a need exists for drugs used in the treatment of uveitis that are less toxic and more effective. There are currently several therapies in advance clinical development for anterior and posterior uveitis.

Former pre-clinical pharmacology studies conducted in collaboration with a research group from the NIH demonstrated that CF101 is effective in suppressing ocular inflammation in the experimental murine, or mouse or related rodent, model of uveitis. OphthaliX is continuing to conduct further pharmacological studies and preparatory work for an exploratory Phase II study of uveitis. To date, CF101 has been found to be effective in inhibiting the development of posterior and anterior uveitis and has a favorable safety profile in experimental animal models.

CF102 for the Treatment of HCC

According to the American Cancer Society, HCC is the sixth most common form of cancer, the most common form of liver cancer in adults and the third most common cause of cancer-related mortality worldwide, particularly in Asia. According to the American Cancer Society, more than 700,000 people are diagnosed with liver cancer each year throughout the world and more than 600,000 persons die from liver cancer each year. Nexavar is the only approved drug for HCC and prolongs patient survival time by only a few months. GlobalData recently estimated that in 2017, the HCC market will be $1.2 billion. However, Global Industry Analysts predicts that the market for HCC drugs will increase to approximately $2.0 billion by 2015.

Currently, there is no vaccine for HCC. Several therapies are in advanced clinical development for HCC. Some drugs under development act as a single agent and some act in combination with Nexavar. Moreover, some are first line treatments while others are second line treatments. In addition, many existing approaches are used in the treatment of unresectable liver cancer, including alcohol injection, radiofrequency ablation, chemoembolization, cryoablation and radiation therapy.

CF102 for the Treatment of HCV

According to the U.S. Centers for Disease Control and Prevention, or the CDC, approximately 3.2 million people in the United States have chronic HCV, a viral disease that causes inflammation of the liver that can lead to diminished liver function or liver failure. Most people with HCV have no symptoms of the disease until liver damage occurs, which may take several years. Also according to the CDC, approximately 75% to 85% of persons carrying the HCV will develop a chronic disease, such as liver cancer, liver failure or death. According to Renub Research, the market for HCV drugs is approximately $6.0 billion and is expected to double by 2015. The market is driven, to a large extent, by the recent approval for marketing, during 2011, of two new protease inhibitor drugs: Telaprevir (Incivek) by Vertex and Boceprevir (Victrelis) by Merck, both of which are delivered orally as a pill and are used in combination with interferon and ribavirin therapy.

Currently, there is no vaccine for HCV. Prior to the recent approval of Telaprevir and Boceprevir, the available treatment was a combination of interferon injections and ribavarin pills. According to the CDC, less than 50% of patients respond to this therapy and after some time, patients may develop a resistance to the combination. In addition, these drugs may cause severe side effects. Drugs currently approved for the treatment of HCV include interferon-alpha-based products, ribavirin-based products and protease inhibitors.

There are also several companies that specialize in the development of HCV therapies. The HCV therapies currently in development in multiple classes include protease inhibitors, polymerase inhibitors (nucleoside and non-nucleoside), NS5A inhibitors, toll-like receptor inhibitors and cyclophilin inhibitors.

In our studies of CF102, it has shown a good safety profile and a capability to decrease the viral load in HCV patients that also have HCC. We plan to examine the viral load of HCC patients who are also infected with HCV as part of our next HCC Phase II study.

Insurance

We maintain insurance for our offices and laboratory in Petah-Tikva, Israel. Our insurance program covers approximately $0.375 million of equipment and lease improvements against risk of loss, excluding damage from inventory theft. In addition, we maintain the following insurance: employer liability with coverage of approximately $5.0 million; third party liability with coverage of approximately $0.750 million; fire peril coverage of approximately $0.725 million; natural disaster coverage of approximately $1.1 million; all risk coverage of approximately $0.02 million for electronic equipment and machinery insurance for laboratory refrigerators; and directors' and officers' liability with coverage of $2.0 million per claim and $10.0 million in the aggregate.

We also maintain worldwide product and clinical trial liability insurance with coverage of approximately $3 million with respect to the CF101 and CF102 drugs used in clinical trials. We also procure additional insurance for each specific clinical trial which covers a certain number of trial participants and which varies based on the particular clinical trial. Certain of such policies are based on the Declaration of Helsinki, which is a set of ethical principles regarding human experimentation developed for the medical community by the World Medical Association, and certain protocols of the Israeli Ministry of Health.

We procure cargo marine coverage when we ship substances for our clinical studies. Such insurance is custom-fit to the special requirements of the applicable shipment, such as temperature and/or climate sensitivity. If required, we insure the substances to the extent they are stored in central depots and at clinical sites.

We believe that our insurance policies are adequate and customary for a business of our kind. However, because of the nature of our business, we cannot assure you that we will be able to maintain insurance on a commercially reasonable basis or at all, or that any future claims will not exceed our insurance coverage.

Environmental Matters

We are subject to various environmental, health and safety laws and regulations, including those governing air emissions, water and wastewater discharges, noise emissions, the use, management and disposal of hazardous, radioactive and biological materials and wastes and the cleanup of contaminated sites. We believe that our business, operations and facilities are being operated in compliance in all material respects with applicable environmental and health and safety laws and regulations. Our laboratory personnel have ongoing communication with the Israeli Ministry of Environmental Protection in order to verify compliance with relevant instructions and regulations. In addition, all of our laboratory personnel participate in instruction on the proper handling of chemicals, including hazardous substances before commencing employment, and during the course of their employment, with us. In addition, all information with respect to any chemical substance that we use is filed and stored as a Material Safety Data Sheet, as required by applicable environmental regulations. Based on information currently available to us, we do not expect environmental costs and contingencies to have a material adverse effect on us. The operation of our facilities, however, entails risks in these areas. Significant expenditures could be required in the future if we are required to comply with new or more stringent environmental or health and safety laws, regulations or requirements. See "Business — Government Regulation and Funding — Israel Ministry of Environment — Toxin Permit."

Government Regulation and Funding

We operate in a highly controlled regulatory environment. Stringent regulations establish requirements relating to analytical, toxicological and clinical standards and protocols in respect of the testing of pharmaceuticals. Regulations also cover research, development, manufacturing and reporting procedures, both pre- and post-approval. In many markets, especially in Europe, marketing and pricing strategies are subject to national legislation or administrative practices that include requirements to demonstrate not only the quality, safety and efficacy of a new product, but also its cost-effectiveness relating to other treatment options. Failure to comply with regulations can result in stringent sanctions, including product recalls, withdrawal of approvals, seizure of products and criminal prosecution.

Before obtaining regulatory approvals for the commercial sale of our product candidates, we or our licensees must demonstrate through preclinical studies and clinical trials that our product candidates are safe and effective. Historically, the results from preclinical studies and early clinical trials often have not accurately predicted results of later clinical trials. In addition, a number of pharmaceutical products have shown promising results in clinical trials but subsequently failed to establish sufficient safety and efficacy results to obtain necessary regulatory approvals. We have incurred and will continue to incur substantial expense for, and devote a significant amount of time to, preclinical studies and clinical trials. Many factors can delay the commencement and rate of completion of clinical trials, including the inability to recruit patients at the expected rate, the inability to follow patients adequately after treatment, the failure to manufacture sufficient quantities of materials used for clinical trials, and the emergence of unforeseen safety issues and governmental and regulatory delays. If a product candidate fails to demonstrate safety and efficacy in clinical trials, this failure may delay development of other product candidates and hinder our ability to conduct related preclinical studies and clinical trials. Additionally, as a result of these failures, we may also be unable to find additional licensees or obtain additional financing.

Governmental authorities in all major markets require that a new pharmaceutical product be approved or exempted from approval before it is marketed, and have established high standards for technical appraisal, which can result in an expensive and lengthy approval process. The time to obtain approval varies by country and some products are never approved. The lengthy process of conducting clinical trials, seeking approval and the subsequent compliance with applicable statutes and regulations, if approval is obtained, are very costly and require the expenditure of substantial resources.

A summary of the U.S., EU and Israeli regulatory processes follow below.

United States

In the United States, the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act, as amended, and the regulations promulgated thereunder, and other federal and state statutes and regulations govern, among other things, the safety and effectiveness standards for our products and the raw materials and components used in the production of, testing, manufacture, labeling, storage, record keeping, approval, advertising and promotion of our products on a product-by-product basis.

Preclinical tests include *in vitro* and *in vivo* evaluation of the product candidate, its chemistry, formulation and stability, and animal studies to assess potential safety and efficacy. Certain preclinical tests must be conducted in compliance with good laboratory practice regulations. Violations of these regulations can, in some cases, lead to invalidation of the studies, requiring them to be replicated. After laboratory analysis and preclinical testing, we intend to file an IND with the FDA to begin human testing. Typically, a manufacturer conducts a three-phase human clinical testing program which itself is subject to numerous laws and regulatory requirements, including adequate monitoring, reporting, record keeping and informed consent. In Phase I, small clinical trials are conducted to determine the safety and proper dose ranges of our product candidates. In Phase II, clinical trials are conducted to assess safety and gain preliminary evidence of the efficacy of our product candidates. In Phase III, clinical trials are conducted to provide sufficient data for the statistically valid evidence of safety and efficacy. The time and expense required for us to perform this clinical testing can vary and is substantial. We cannot be certain that we will successfully complete Phase I, Phase II or Phase III testing of our product candidates within any specific time period, if at all. Furthermore, the FDA, the Institutional Review Board responsible for approving and monitoring the clinical trials at a given site, the Data Safety Monitoring Board, where one is used, or the Company may suspend the clinical trials at any time on various grounds, including a finding that subjects or patients are exposed to unacceptable health risk.

We cannot take any action to market any new drug or biologic product in the United States until our appropriate marketing application has been approved by the FDA. The FDA has substantial discretion over the approval process and may disagree with our interpretation of the data submitted. The process may be significantly extended by requests for additional information or clarification regarding information already provided. As part of this review, the FDA may refer the application to an appropriate advisory committee, typically a panel of clinicians. Satisfaction of these and other regulatory requirements typically takes several years, and the actual time required may vary substantially based upon the type, complexity and novelty of the product. Government regulation may delay or prevent marketing of potential products for a considerable period of time and impose costly procedures on our activities. We cannot be certain that the FDA or other regulatory agencies will approve any of our products on a timely basis, if at all. Success in preclinical or early stage clinical trials does not assure success in later-stage clinical trials. Even if a product receives regulatory approval, the approval may be significantly limited to specific indications or uses and these limitations may adversely affect the commercial viability of the product. Delays in obtaining, or failures to obtain regulatory approvals, would have a material adverse effect on our business.

Even after we obtain FDA approval, we may be required to conduct further clinical trials (i.e., Phase IV trials) and provide additional data on safety and effectiveness. We are also required to gain separate approval for the use of an approved product as a treatment for indications other than those initially approved. In addition, side effects or adverse events that are reported during clinical trials can delay, impede or prevent marketing approval. Similarly, adverse events that are reported after marketing approval can result in additional limitations being placed on the product's use and, potentially, withdrawal of the product from the market. Any adverse event, either before or after marketing approval, can result in product liability claims against us.

In addition to regulating and auditing human clinical trials, the FDA regulates and inspects equipment, facilities, laboratories and processes used in the manufacturing and testing of such products prior to providing approval to market a product. If after receiving FDA approval, we make a material change in manufacturing equipment, location or process, additional regulatory review may be required. We also must adhere to cGMP regulations and product-specific regulations enforced by the FDA through its facilities inspection program. The FDA also conducts regular, periodic visits to re-inspect our equipment, facilities, laboratories and processes following the initial approval. If, as a result of these inspections, the FDA determines that our equipment, facilities, laboratories or processes do not comply with applicable FDA regulations and conditions of product approval, the FDA may seek civil, criminal or administrative sanctions and/or remedies against us, including the suspension of our manufacturing operations.

We have currently received no approvals to market our products from the FDA or other foreign regulators.

We are also subject to various federal, state and international laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. The federal Anti-kickback law, which governs federal healthcare programs (e.g., Medicare, Medicaid), makes it illegal to solicit, offer, receive or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug. Many states have similar laws that are not restricted to federal healthcare programs. Federal and state false claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third party payers (including Medicare and Medicaid), claims for reimbursement, including claims for the sale of drugs or services, that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. If the government or a whistleblower were to allege that we violated these laws there could be a material adverse effect on us, including our stock price. Even an unsuccessful challenge could cause adverse publicity and be costly to respond to, which could have a materially adverse effect on our business, results of operations and financial condition. A finding of liability under these laws can have significant adverse financial implications for the Company and can result in payment of large penalties and possible exclusion from federal healthcare programs. We will consult counsel concerning the potential application of these and other laws to our business and our sales, marketing and other activities and will make good faith efforts to comply with them. However, given their broad reach and the increasing attention given by law enforcement authorities, we cannot assure you that some of our activities will not be challenged or deemed to violate some of these laws.

European Economic Area

Although we are not currently seeking regulatory approval in the EU, we or our licensees may do so in the future. As such, a summary of the EU regulatory processes follows below.

A medicinal product may only be placed on the market in the European Economic Area, or EEA, composed of the 27 EU member states, plus Norway, Iceland and Lichtenstein, when a marketing authorization has been issued by the competent authority of a member state pursuant to Directive 2001/83/EC (as recently amended by Directive 2004/27/EC), or an authorization has been granted under the centralized procedure in accordance with Regulation (EC) No. 726/2004 or its predecessor, Regulation 2309/93. There are essentially three community procedures created under prevailing European pharmaceutical legislation that, if successfully completed, allow an applicant to place a medicinal product on the market in the EEA.

Centralized Procedure

Regulation 726/2004/EC now governs the centralized procedure when a marketing authorization is granted by the European Commission, acting in its capacity as the European Licensing Authority on the advice of the EMA. That authorization is valid throughout the entire community and directly or (as to Norway, Iceland and Liechtenstein) indirectly allows the applicant to place the product on the market in all member states of the EEA. The EMA is the administrative body responsible for coordinating the existing scientific resources available in the member states for evaluation, supervision and pharmacovigilance of medicinal products. Certain medicinal products, as described in the Annex to Regulation 726/2004, must be authorized centrally. These are products that are developed by means of a biotechnological process in accordance with Paragraph 1 to the Annex to the Regulation. Medicinal products for human use containing a new active substance for which the therapeutic indication is the treatment of acquired immune deficiency syndrome, or AIDS, cancer, neurodegenerative disorder or diabetes must also be authorized centrally. Starting on May 20, 2008, the mandatory centralized procedure was extended to autoimmune diseases and other immune dysfunctions and viral diseases. Finally, all medicinal products that are designated as orphan medicinal products pursuant to Regulation 141/2000 must be authorized under the centralized procedure. An applicant may also opt for assessment through the centralized procedure if it can show that the medicinal product constitutes a significant therapeutic, scientific or technical innovation or that the granting of authorization centrally is in the interests of patients at the community level. For each application submitted to the EMA for scientific assessment, the EMA is required to ensure that the opinion of the Committee for Medicinal Products for Human Use, or CHMP, is given within 210 days after receipt of a valid application. This 210 days period does not include the time that the applicant to answer any questions raised during the application procedure, the so-called 'clock stop' period. If the opinion is positive, the EMEA is required to send the opinion to the European Commission, which is responsible for preparing the draft decision granting a marketing authorization. This draft decision may differ from the CHMP opinion, stating reasons for diverging for the CHMP opinion. The draft decision is sent to the applicant and the member states, after which the European Commission takes a final decision. If the initial opinion of the CHMP is negative, the applicant is afforded an opportunity to seek a re-examination of the opinion. The CHMP is required to re-examine its opinion within 60 days following receipt of the request by the applicant. All CHMP refusals and the reasons for refusal are made public on the EMA website. Without a centralized marketing authorization it is prohibited to place a medicinal product that must be authorized centrally on the market in the EU.

Mutual Recognition and Decentralized Procedures

With the exception of products that are authorized centrally, the competent authorities of the member states are responsible for granting marketing authorizations for medicinal products placed on their national markets. If the applicant for a marketing authorization intends to market the same medicinal product in more than one member state, the applicant may seek an authorization progressively in the community under the mutual recognition or decentralized procedure. Mutual recognition is used if the medicinal product has already been authorized in a member state. In this case, the holder of this marketing authorization requests the member state where the authorization has been granted to act as reference member state by preparing an updated assessment report that is then used to facilitate mutual recognition of the existing authorization in the other member states in which approval is sought (the so-called concerned member state(s)). The reference member state must prepare an updated assessment report within 90 days of receipt of a valid application. This report together with the approved Summary of Product Characteristics, or SmPC (which sets out the conditions of use of the product), and a labeling and package leaflet are sent to the concerned member states for their consideration. The concerned member states are required to approve the assessment report, the SmPC and the labeling and package leaflet within 90 days of receipt of these documents. The total procedural time is 180 days.

The decentralized procedure is used in cases where the medicinal product has not received a marketing authorization in the EU at the time of application. The applicant requests a member state of its choice to act as reference member state to prepare an assessment report that is then used to facilitate agreement with the concerned member states and the grant of a national marketing authorization in all of these member states. In this procedure, the reference member state must prepare, for consideration by the concerned member states, the draft assessment report, a draft SmPC and a draft of the labeling and package leaflet within 120 days after receipt of a valid application. As in the case of mutual recognition, the concerned member states are required to approve these documents within 90 days of their receipt.

For both mutual recognition and decentralized procedures, if a concerned member state objects to the grant of a marketing authorization on the grounds of a potential serious risk to public health, it may raise a reasoned objection with the reference member state. The points of disagreement are in the first instance referred to the Co-ordination Group on Mutual Recognition and Decentralized Procedures, or CMD, to reach an agreement within 60 days of the communication of the points of disagreement. If member states fail to reach an agreement, then the matter is referred to the EMEA and CHMP for arbitration. The CHMP is required to deliver a reasoned opinion within 60 days of the date on which the matter is referred. The scientific opinion adopted by the CHMP forms the basis for a binding European Commission decision.

Irrespective of whether the medicinal product is assessed centrally, de-centrally or through a process of mutual recognition, the medicinal product must be manufactured in accordance with the principles of good manufacturing practice as set out in Directive 2003/94/EC and Volume 4 of the rules governing medicinal products in the European community. Moreover, community law requires the clinical results in support of clinical safety and efficacy based upon clinical trials conducted in the European community to be in compliance with the requirements of Directive 2001/20/EC, which implements good clinical practice in the conduct of clinical trials on medicinal products for human use. Clinical trials conducted outside the European community and used to support applications for marketing within the EU must have been conducted in a way consistent with the principles set out in Directive 2001/20/EC. The conduct of a clinical trial in the EU requires, pursuant to Directive 2001/20/EC, authorization by the relevant national competent authority where a trial takes place, and an ethics committee to have issued a favorable opinion in relation to the arrangements for the trial. It also requires that the sponsor of the trial, or a person authorized to act on his behalf in relation to the trial, be established in the community.

National Procedure

This procedure is available for medicinal products that do not fall within the scope of mandatory centralized authorization and are intended for use in only on EU member state. Specific procedures and timelines differ between member states, but the duration of the procedure is generally 210 days and based on a risk/efficacy assessment by the competent authority of the member state concerned, followed by determination of SmPC, package leaflet and label text/layout and subsequently grant of the marketing authorization. Marketing authorizations granted on this basis are not mutually recognized by other member states.

There are various types of applications for marketing authorizations:

Full Applications. A full application is one that is made under any of the community procedures described above and "stands alone" in the sense that it contains all of the particulars and information required by Article 8(3) of Directive 2001/83 (as amended) to allow the competent authority to assess the quality, safety and efficacy of the product and in particular the balance between benefit and risk. Article 8(3)(l) in particular refers to the need to present the results of the applicant's research on (i) pharmaceutical (physical-chemical, biological or microbiological) tests, (ii) preclinical (toxicological and pharmacological) studies and (iii) clinical trials in humans. The nature of these tests, studies and trials is explained in more detail in Annex I to Directive 2001/83/EC. Full applications would be required for products containing new active substances not previously approved by the competent authority, but may also be made for other products.

Abridged Applications. Article 10 of Directive 2001/83/EC contains exemptions from the requirement that the applicant provide the results of its own preclinical and clinical research. There are three regulatory routes for an applicant to seek an exemption from providing such results, namely (i) cross-referral to an innovator's results without consent of the innovator, (ii) well established use according to published literature and (iii) consent to refer to an existing dossier of research results filed by a previous applicant.

Cross-referral to Innovator's Data

Articles 10(1) and 10(2)(b) of Directive 2001/83/EC provide the legal basis for an applicant to seek a marketing authorization on the basis that its product is a generic medicinal product (a copy) of a reference medicinal product that has already been authorized, in accordance with community provisions. A reference product is, in principle, an original product granted an authorization on the basis of a full dossier of particulars and information. This is the main exemption used by generic manufacturers for obtaining a marketing authorization for a copy product. The generic applicant is not required to provide the results of preclinical studies and of clinical trials if its product meets the definition of a generic medicinal product and the applicable regulatory results protection period for the results submitted by the innovator has expired. A generic medicinal product is defined as a medicinal product:

- having the same qualitative and quantitative composition in active substance as the reference medicinal product;
- having the same pharmaceutical form as the reference medicinal product; and
- whose bioequivalence with the reference medicinal product has been demonstrated by appropriate bioavailability studies.

Applications in respect of a generic medicinal product cannot be made before the expiry of the protection period. Where the reference product was granted a national marketing authorization pursuant to an application made before October 30, 2005, the protection period is either six years or 10 years, depending upon the election of the particular member state concerned. Where the reference product was granted a marketing authorization centrally, pursuant to an application made before November 20, 2005, the protection period is 10 years. For applications made after these dates, Regulation 726/2004 and amendments to Directive 2001/83/EC provide for a harmonized protection period regardless of the approval route utilized. The harmonized protection period is in total 10 years, including eight years of research data protection and two years of marketing protection. The effect is that the originator's results can be the subject of a cross-referral application after eight years, but any resulting authorization cannot be exploited for a further two years. The rationale of this procedure is not that the competent authority does not have before it relevant tests and trials upon which to assess the efficacy and safety of the generic product, but that the relevant particulars can, if the research data protection period has expired, be found on the originator's file and used for assessment of the generic medicinal product. The 10-year protection period can be extended to 11 years where, in the first eight years post-authorization, the holder of the authorization obtains approval for a new indication assessed as offering a significant clinical benefit in comparison with existing products.

If the copy product does not meet the definition of a generic medicinal product or if certain types of changes occur in the active substance(s) or in the therapeutic indications, strength, pharmaceutical form or route of administration in relation to the reference medicinal product, Article 10(3) of Directive 2001/83/EC provides that the results of the appropriate preclinical studies or clinical trials must be provided by the applicant.

Well-established Medicinal Use

Under Article 10a of Directive 2001/83/EC, an applicant may, in substitution for the results of its own preclinical and clinical research, present detailed references to published literature demonstrating that the active substance(s) of a product have a well-established medicinal use within the community with recognized efficacy and an acceptable level of safety. The applicant is entitled to refer to a variety of different types of literature, including reports of clinical trials with the same active substance(s) and epidemiological studies that indicate that the constituent or constituents of the product have an acceptable safety/efficacy profile for a particular indication. However, use of the published literature exemption is restricted by stating that in no circumstances will constituents be treated as having a well-established use if they have been used for less than 10 years from the first systematic and documented use of the substance as a medicinal product in the EU. Even after 10 years' systematic use, the threshold for well-established medicinal use might not be met. European pharmaceutical law requires the competent authorities to consider among other factors the period over which a substance has been used, the amount of patient use of the substance, the degree of scientific interest in the use of the substance (as reflected in the scientific literature) and the coherence (consistency) of all the scientific assessments made in the literature. For this reason, different substances may reach the threshold for well-established use after different periods, but the minimum period is 10 years. If the applicant seeks approval of an entirely new therapeutic use compared with that to which the published literature refers, additional preclinical and/or clinical results would have to be provided.

Informed Consent

Under Article 10c of Directive 2001/83/EC, following the grant of a marketing authorization the holder of such authorization may consent to a competent authority utilizing the pharmaceutical, preclinical and clinical documentation that it submitted to obtain approval for a medicinal product to assess a subsequent application relating to a medicinal product possessing the same qualitative and quantitative composition with respect to the active substances and the same pharmaceutical form.

Law Relating to Pediatric Research

Regulation (EC) 1901/2006 (as amended by Regulation (EC) 1902/2006) was adopted on December 12, 2006. This Regulation governs the development of medicinal products for human use in order to meet the specific therapeutic needs of the pediatric population. It requires any application for marketing authorization made after July 26, 2008 in respect of a product not authorized in the European Community on January 26, 2007 (the time the Regulation entered into force), to include the results of all studies performed and details of all information collected in compliance with a pediatric investigation plan agreed by the Pediatric Committee of the EMA, unless the product is subject to an agreed waiver or deferral or unless the product is excluded from the scope of Regulation 1902/2006 (generics, hybrid medicinal products, biosimilars, homeopathic and traditional (herbal) medicinal products and medicinal products containing one or more active substances of well-established medicinal use). Waivers can be granted in certain circumstances where pediatric studies are not required or desirable. Deferrals can be granted in certain circumstances where the initiation or completion of pediatric studies should be deferred until appropriate studies in adults have been performed. Moreover, this regulation imposes the same obligation from January 26, 2009 on an applicant seeking approval of a new indication, pharmaceutical form or route of administration for a product already authorized and still protected by a supplementary protection certificate granted under Regulation EC 469/2009 and its precursor (EEC) 1768/92 or by a patent that qualifies for the granting of such a supplementary protection certificate. The pediatric Regulation 1901/2006 also provides, subject to certain conditions, a reward for performing such pediatric studies, regardless of whether the pediatric results provided resulted in the grant of a pediatric indication. This reward comes in the form of an extension of six months to the supplementary protection certificate granted in respect of the product, unless the product is subject to orphan drug designation, in which case the 10-year market exclusivity period for such orphan products is extended to 12 years. If any of the non-centralized procedures for marketing authorization have been used, the six-month extension of the supplementary protection certificate is only granted if the medicinal product is authorized in all member states.

Post-authorization Obligations

In the pre-authorization phase the applicant must provide a detailed pharmacovigilance plan that it intends to implement post-authorization. An authorization to market a medicinal product in the EU carries with it an obligation to comply with many post-authorization organizational and behavioral regulations relating to the marketing and other activities of authorization holders. These include requirements relating to post-authorization efficacy studies, post-authorization safety studies, adverse event reporting and other pharmacovigilance requirements, advertising, packaging and labeling, patient package leaflets, distribution and wholesale dealing. The regulations frequently operate within a criminal law framework and failure to comply with the requirements may not only affect the authorization, but also can lead to financial and other sanctions levied on the company in question and responsible officers. As a result of the currently on-going overhaul of EU pharmacovigilance legislation the financial and organizational burden on market authorization holders will increase significantly, such as the obligation to maintain a pharmacovigilance system master file that applies to all holders of marketing authorizations granted in accordance with Directive 2001/83/EC or Regulation (EC) No 726/2004. Marketing authorization holders must furthermore collect data on adverse events associated with use of the authorized product outside the scope of the authorization. Pharmacovigilance for biological products and medicines with a new active substance will be strengthened by subjecting their authorization to additional monitoring activities. The EU is currently in the process of issuing implementing regulations for the new pharmacovigilance framework.

Any authorization granted by member state authorities, which within three years of its granting is not followed by the actual placing on the market of the authorized product in the authorizing member state ceases to be valid. When an authorized product previously placed on the market in the authorizing member state is no longer actually present on the market for a period of three consecutive years, the authorization for that product shall cease to be valid. The same two three year periods apply to authorizations granted by the European Commission based on the centralized procedure.

Israel

Israel Ministry of the Environment — Toxin Permit

In accordance with the Israeli Dangerous Substance Law — 1993, the Ministry of the Environment may grant a permit in order to use toxic materials. Because we utilize toxic materials in the course of operation of our laboratories, we were required to apply for a permit to use these materials. Our current toxin permit will remain in effect until January 2014.

Other Licenses and Approvals

We have a business license from the municipality of Petah-Tikva for a drug development research laboratory located at our offices in Petah Tikva, Israel. In order to obtain this license, we also received approval from the Petah-Tikva Association of Towns Fire Department. The business license is valid until December 2014. We also have a radioactive materials or products containing radioactive materials license, which is valid until July 25, 2013.

In 2002, we received approval from the National Council on Animal Experiments, approving us as an institution authorized to conduct experiments on animals.

Clinical Testing in Israel

In order to conduct clinical testing on humans in Israel, special authorization must first be obtained from the ethics committee and general manager of the institution in which the clinical studies are scheduled to be conducted, as required under the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects), as amended from time to time, and other applicable legislation. These regulations also require authorization from the Israeli Ministry of Health, except in certain circumstances, and in the case of genetic trials, special fertility trials and similar trials, an additional authorization of the overseeing institutional ethics committee. The institutional ethics committee must, among other things, evaluate the anticipated benefits that are likely to be derived from the project to determine if it justifies the risks and inconvenience to be inflicted on the human subjects, and the committee must ensure that adequate protection exists for the rights and safety of the participants as well as the accuracy of the information gathered in the course of the clinical testing. Since we intend to perform a portion of the clinical studies on certain of our therapeutic candidates in Israel, we will be required to obtain authorization from the ethics committee and general manager of each institution in which we intend to conduct our clinical trials, and in most cases, from the Israeli Ministry of Health.

Other Countries

In addition to regulations in the United States, the EU and Israel, we are subject to a variety of other regulations governing clinical trials and commercial sales and distribution of drugs in other countries. Whether or not our products receive approval from the FDA, approval of such products must be obtained by the comparable regulatory authorities of countries other than the United States before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials and product licensing vary greatly from country to country.

The requirements that we and our collaborators must satisfy to obtain regulatory approval by government agencies in other countries prior to commercialization of our products in such countries can be rigorous, costly and uncertain. In the European countries, Canada and Australia, regulatory requirements and approval processes are similar in principle to those in the United States. Additionally, depending on the type of drug for which approval is sought, there are currently two potential tracks for marketing approval in the European countries: mutual recognition and the centralized procedure. These review mechanisms may ultimately lead to approval in all European Union countries, but each method grants all participating countries some decision-making authority in product approval. Foreign governments also have stringent post-approval requirements including those relating to manufacture, labeling, reporting, record keeping and marketing. Failure to substantially comply with these on-going requirements could lead to government action against the product, the Company and/or its representatives.

Although we are not currently conducting research and development activities in certain Asian countries, including Korea and Japan, certain of our licensees, KD and SKK, are conducting such activities with respect to CF101 in those countries, respectively. Any regulatory approval process that may impact such licensees' ability to continue their activities or obtain regulatory approval in those countries could impact the revenues we generate from our out-licensing agreements with them.

Related Matters

From time to time, legislation is drafted, introduced and passed in governmental bodies that could significantly change the statutory provisions governing the approval, manufacturing and marketing of products regulated by the FDA or EMEA and other applicable regulatory bodies to which we are subject. In addition, regulations and guidance are often revised or reinterpreted by the national agency in ways that may significantly affect our business and our therapeutic candidates. It is impossible to predict whether such legislative changes will be enacted, whether FDA or EMEA regulations, guidance or interpretations will change, or what the impact of such changes, if any, may be. We may need to adapt our business and therapeutic candidates and products to changes that occur in the future.

Israel Ministry of Health

Israel's Ministry of Health, which regulates medical testing, has adopted protocols that correspond, generally, to those of the FDA and the European Medicines Agency, making it comparatively straightforward for studies conducted in Israel to satisfy FDA and the European Medicines Agency requirements, thereby enabling medical technologies subjected to clinical trials in Israel to reach U.S. and EU commercial markets in an expedited fashion. Many members of Israel's medical community have earned international prestige in their chosen fields of expertise and routinely collaborate, teach and lecture at leading medical centers throughout the world. Israel also has free trade agreements with the United States and the European Union.

C. Organizational Structure

Our corporate structure consists of Can-Fite and three subsidiaries, one of which is an indirect subsidiary: Ultratrend Limited, a U.K. limited company, OphthaliX Inc., a Delaware corporation, or OphthaliX, and Eye-Fite Limited, an Israel limited company, or Eye-Fite. Ultratrend Limited is a wholly-owned subsidiary of Can-Fite, but has yet to conduct any significant activity. Can-Fite holds 82% of the issued and outstanding capital stock of OphthaliX and accordingly may appoint all members of the board of directors of OphthaliX. Eye-Fite Limited, a wholly-owned subsidiary of OphthaliX, holds an exclusive license from Can-Fite, pursuant to which OphthaliX develops CF101 for use in the ophthalmic field.

D. Property, Plants and Equipment.

We are headquartered in Petah-Tikva, Israel. We lease one floor in one facility pursuant to a lease agreement with Eshkolit Nihul Nadlan LTD, an Israeli limited company, that pursuant to a verbal agreement, expires on December 31, 2013. The Petah-Tikva headquarters consists of approximately 160 square meters of space with eight parking spaces. Lease payments are approximately NIS 23,853, or $6,000, per month. If our lease is terminated, we do not foresee significant difficulty in leasing another suitable facility. The current facility houses both our administrative, clinical and research operations. The research laboratory consists of approximately 150 square meters and includes a tissue culture laboratory and a molecular biology laboratory.

ITEM 4A. Unresolved Staff Comments

Not Applicable.

ITEM 5. Operating and Financial Review and Prospects

The information in this section should be read in conjunction with our consolidated financial statements and related notes beginning on page F-1 and the related information included elsewhere in this Registration Statement on Form 20-F. Our financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board, and reported in NIS. We maintain our accounting books and records in NIS and our functional currency is NIS. Certain amounts presented herein may not sum due to rounding.

Overview

We are a clinical-stage biopharmaceutical company focused on developing orally bioavailable small molecule therapeutic products for the treatment of autoimmune-inflammatory, oncological and ophthalmic diseases. Our platform technology utilizes the Gi protein associated A3AR as a therapeutic target. A3AR is highly expressed in inflammatory and cancer cells, and not significantly expressed in normal cells, suggesting that the receptor could be a unique target for pharmacological intervention. Our pipeline drugs are synthetic, highly specific agonists and allosteric modulators, or ligands or molecules that initiate molecular events when binding with target proteins, targeting the A3AR. Our strategy is to build a fully integrated biotechnology company that discovers, in-licenses and develops an innovative and effective small molecule drug portfolio of ligands that bind to a specific therapeutic target for the treatment of autoimmune-inflammatory, oncological, ophthalmic diseases and more. We continue to develop and test our existing pipeline, while also testing other indications for our existing drugs and examining, from time to time, the potential of other small molecules that may fit our platform technology of utilizing small molecules to target the A3AR. We generally focus on drugs with global market potential and we seek to create global partnerships to effectively assist us in developing our portfolio and to market our products.

We have in-licensed three different A3AR ligands which represent our current pipeline drugs under development and include two synthetic A3AR agonists, CF101 (known generically as IB-MECA) and CF102 (known generically as CI-IB-MECA) from the NIH, and an allosteric modulator at the A3AR, CF602 from Leiden University. See "Item 4. Information on the Company—Business Overview—In-Licensing Agreements". In addition, we have out-licensed CF101 for (i) the treatment of autoimmune diseases to SKK for the Japanese market, (ii) for the treatment of RA to KD for the Korean market and (iii) for the treatment of ophthalmic diseases to Eye-Fite, a wholly-owned subsidiary of OphthaliX for the global market. See "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements".

Our drugs, CF101, CF102 and CF602 are being developed to treat several autoimmune-inflammatory, oncological and ophthalmic indications. CF101 is in various stages of clinical development for the treatment of autoimmune-inflammatory diseases, including RA, psoriasis, and OA. CF101 is also being developed by OphthaliX for the treatment of ophthalmic indications, including DES, glaucoma and uveitis. The CF102 drug candidate is being developed for the treatment of HCC and for the treatment of HCV. CF602 is our second generation allosteric drug candidate for the treatment of inflammatory diseases, which has shown proof of concept in *in vitro* and *in vivo* studies. In addition, we recently announced that we are planning to develop CF602 to treat sexual dysfunction. Preclinical studies revealed that our drugs have potential to treat additional inflammatory diseases, such as Crohn's disease, oncological diseases and viral diseases, such as the JC virus.

We are currently: (i) conducting a Phase II/III trial with respect to the development of CF101 for the treatment of psoriasis; (ii) conducting a Phase IIb trial with respect to the development of CF101 for the treatment of RA; (iii) preparing for a Phase II study with respect to the development of CF101 for the treatment of OA; (iv) preparing for a Phase II study with respect to the development of CF102 for the treatment of HCC and HCV; and (v) in preclinical work with respect to the development of CF602. OphthaliX is currently: (i) conducting a Phase III trial with respect to the development of CF101 for the treatment of DES; (ii) conducting a Phase II trial with respect to the development of CF101 for the treatment of glaucoma or related syndromes of ocular hypertension; and (iii) preparing for an exploratory Phase II study of CF101 for the treatment of uveitis.

Since inception, we have incurred significant losses in connection with our research and development. At December 31, 2012, we had an accumulated deficit of NIS 252,404,000. Although we have begun to recognize revenues in connection with our out-licensing agreements with SKK, KD and OphthaliX, we may continue to generate losses in connection with the research and development activities relating to our pipeline of drug candidates. Such research and development activities are budgeted to expand over time and will require further resources if we are to be successful. As a result, we may continue to incur operating losses, which may be substantial over the next several years, and we may need to obtain additional funds to further develop or research and development programs.

We have funded our operations primarily through the sale of equity securities (both in private placements and in public offerings on the TASE) and payments received under the licensing arrangements with SKK and KD. We expect to continue to fund our operations over the next several years through our existing cash resources, the net proceeds of this offering, potential future milestone payments that we expect to receive from our licensees, interest earned on our investments, if any, and additional capital to be raised through public or private equity offerings or debt financings. As of December 31, 2012, we had approximately $1,146,000, or NIS 4,278,000, of cash and cash equivalents based on the exchange rate reported by the Bank of Israel as of December 31, 2012. This does not include an aggregate of NIS 26,498,488 raised on February 5, 2013 through a public offering in which we issued ordinary shares, Series 10 Warrants and Series 11 Warrants.

Revenues

Our revenues to date have been generated primarily from payments under our licensing arrangements with SKK and KD. Under the Seikagaku Agreement, we are entitled to up-front and milestone payments of up to $19.5 million (of which $2 million is attributable to our participation in certain research and development activities) and up to an additional $4 million in milestone payments if SKK pursues a second indication (the current indication is RA). We will also be entitled to royalties in an amount between 7-12% of annual net sales in Japan subject to certain sales criteria. In accordance with the Seikagaku Agreement, we received an up-front payment of $3.0 million in 2006, a milestone payment of $1.0 million in 2008 and $0.5 million per year from 2007 through 2011 as an annual minimum royalty payment (for an aggregate of $2.5 million). Under the Kwang Dong Agreement, we are entitled to up-front and milestone payments of $1.5 million. In accordance with the Kwang Dong Agreement, we received an up-front payment of $0.3 million and a payment of $0.048 million as consideration for KD's purchase of our ordinary shares in 2009 and a milestone payment of $0.2 million in 2010. See "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements".

Under the terms of the Seikagaku Agreement and the Kwang Dong Agreement, in addition to the payments mentioned above, we are entitled to certain future development-related milestone payments, subject to the terms and conditions of the respective agreements. See "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements". Certain payments we have received from SKK and KD have been subject to a 10% and 5% withholding tax in Japan and Korea, respectively, and certain payments we may receive in the future, if at all, may also be subject to the same withholding tax in Japan and Korea. Receipt of any milestone payment under our out-licensing agreements depends on many factors, some of which are beyond our control. We cannot assure you that we will receive any of these future payments. We expect our revenues for the next several years to be derived primarily from payments under our current out-license agreements and our public capital raising activities, as well as additional collaborations that we may enter into in the future with respect to our drug candidates.

Research and Development

Our research and development expenses consist primarily of salaries and related personnel expenses, fees paid to external service providers, up-front and milestone payments under our license agreements, patent-related legal fees, costs of preclinical studies and clinical trials, drug and laboratory supplies and costs for facilities and equipment. We charge all research and development expenses to operations as they are incurred. We expect our research and development expense to remain our primary expense in the near future as we continue to develop our products. Increases or decreases in research and development expenditures are attributable to the number and/or duration of the pre-clinical and clinical studies that we conduct.

The following table identifies our current major research and development projects:

Project	Status	Expected or Recent Near Term Milestone
CF 101	Ongoing Phase IIb in RA	Study results are expected in the second half of 2013
	Ongoing Phase II/III in Psoriasis	Patient enrollment is expected to be complete in 2013
	Ongoing Phase III in DES (via OphthaliX)	Study results are expected in the fourth quarter of 2013
	Ongoing Phase II in Glaucoma (via OphthaliX)	Conclusion of the first segment is expected in the fourth quarter of 2013
	Exploratory Phase II in Uveitis (via OphthaliX)	Study protocol is expected to be submitted in the second quarter of 2013
	Phase II in OA	Commencement of the study is expected in the second half of 2013
CF 102	Phase II in HCC	Study protocol is expected to be submitted in the second half of 2013.
CF 602	Pre-Clinical Stage	Continuing pre-clinical studies and preparations

We record certain costs for each development project on a "direct cost" basis, as they are recorded to the project for which such costs are incurred. Such costs include, but are not limited to, CRO expenses, drug production for pre-clinical and clinical studies and other pre-clinical and clinical expenses. However, certain other costs, including but not limited to, salary expenses (including salaries for research and development personnel), facilities, depreciation, share-based compensation and other overhead costs are recorded on an "indirect cost" basis, i.e., they are shared among all of our projects and are not recorded to the project for which such costs are incurred. We do not allocate direct salaries to projects due to the fact that our project managers are generally involved in several projects at different stages of development, and the related salary expense is not significant to the overall cost of the applicable projects. In addition, indirect labor costs relating to our support of the research and development process, such as manufacturing, controls, pre-clinical analysis, laboratory testing and initial drug sample production, as well as rent and other administrative overhead costs, are shared by many different projects and have never been considered by management to be of significance in its decision-making process with respect to any specific project. Accordingly, such costs have not been specifically allocated to individual projects.

Set forth below is a summary of the gross direct costs allocated to our main projects on an individual basis, as well as the gross direct costs allocated to our less significant projects on an aggregate basis, for the years ended December 31, 2010, 2011 and 2012; and on an aggregate basis since project inception:

	Year Ended December 31,			Total Costs Since Project
	2010	2011	2012	Inception
CF 101	60	1,117	1,987	14,074
CF 102	338	250	15	1,120
CF 602	-	-	-	-
Other projects	-	-	-	1,710
Total gross direct project costs [(1)]	398	1,367	2,002	16,904

(1) Does not include indirect project costs and overhead, such as payroll and related expenses (including stock-based compensation), facilities, depreciation and impairment of intellectual property, which are included in total research and development expenses in our financial statements.

A significant portion of our research and development costs have been incurred in connection with our Phase IIb clinical trial of RA.

Under our licensing agreement with Eye-Fite, Eye-Fite is responsible for making payments to our licensor, the NIH, for certain patent rights relating to CF101. See "Item 10. Additional Information — Material Contracts — Out-Licensing Agreements—Eye-Fite Agreement".

From our inception through December 31, 2012, we have incurred research and development expenses of approximately $49 million. We expect that a large percentage of our research and development expense in the future will be incurred in support of our current and future preclinical and clinical development projects. Due to the inherently unpredictable nature of preclinical and clinical development processes and given the early stage of our preclinical product development projects, we are unable to estimate with any certainty the costs we will incur in the continued development of the product candidates in our pipeline for potential commercialization. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We expect to continue to test our product candidates in preclinical studies for toxicology, safety and efficacy, and to conduct additional clinical trials for each product candidate. If we are not able to enter into an out-licensing arrangement with respect to any product candidate prior to the commencement of later stage clinical trials, we may fund the trials for the product candidates ourselves.

While we are currently focused on advancing each of our product development projects, our future research and development expenses will depend on the clinical success of each product candidate, as well as ongoing assessments of each product candidate's commercial potential. In addition, we cannot forecast with any degree of certainty which product candidates may be subject to future out-licensing arrangements, when such out-licensing arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

As we obtain results from clinical trials, we may elect to discontinue or delay clinical trials for certain product candidates or projects in order to focus our resources on more promising product candidates or projects. Completion of clinical trials by us or our licensees may take several years or more, but the length of time generally varies according to the type, complexity, novelty and intended use of a product candidate.

The cost of clinical trials may vary significantly over the life of a project as a result of differences arising during clinical development, including, among others:

- the number of sites included in the clinical trials;
- the length of time required to enroll suitable patients;
- the number of patients that participate in the clinical trials;

- the duration of patient follow-up;
- the development stage of the product candidate; and
- the efficacy and safety profile of the product candidate.

We expect our research and development expenses to increase in the future from current levels as we continue the advancement of our clinical trials and preclinical product development and to the extent we in-license new product candidates. The lengthy process of completing clinical trials and seeking regulatory approval for our product candidates requires expenditure of substantial resources. Any failure or delay in completing clinical trials, or in obtaining regulatory approvals, could cause a delay in generating product revenue and cause our research and development expenses to increase and, in turn, have a material adverse effect on our operations. Because of the factors set forth above, we are not able to estimate with any certainty when we would recognize any net cash inflows from our projects.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation for employees in executive and operational functions, including accounting, finance, legal, business development, investor relations, information technology and human resources. Other significant general and administration costs include facilities costs, professional fees for outside accounting and legal services, travel costs, insurance premiums and depreciation.

Financial Expense and Income

Financial expense and income consists of interest earned on our cash and cash equivalents; bank fees and other transactional costs; expense or income resulting from fluctuations of the U.S. dollar and other currencies, in which a portion of our assets and liabilities are denominated, against the NIS (our functional currency); and fluctuations in the market value of our warrants which trade on the TASE.

Critical Accounting Policies and Estimates

Our accounting policies and their effect on our financial condition and results of operations are more fully described in our audited consolidated financial statements included elsewhere in this registration statement. The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. These estimates are prepared using our best judgment, after considering past and current events and economic conditions. While management believes the factors evaluated provide a meaningful basis for establishing and applying sound accounting policies, management cannot guarantee that the estimates will always be consistent with actual results. In addition, certain information relied upon by us in preparing such estimates includes internally generated financial and operating information, external market information, when available, and when necessary, information obtained from consultations with third party experts. Actual results could differ from these estimates and could have a material adverse effect on our reported results.

We believe that the accounting policies discussed below are critical to our financial results and to the understanding of our past and future performance, as these policies relate to the more significant areas involving management's estimates and assumptions. We consider an accounting estimate to be critical if: (1) it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate; and (2) changes in the estimate could have a material impact on our financial condition or results of operations.

Functional Currency

The presentation currency of our financial statements and our functional currency is the NIS. When the functional currency of an entity in which we own an equity interest, which is referred to as a subsidiary, differs from our functional currency, that subsidiary represents a foreign operation whose financial statements are translated as follows: (i) assets and liabilities are translated at the closing rate at the date of that balance sheet, (ii) income and expenses are translated at average exchange rates for the presented periods and (iii) share capital and capital reserves are translated at the exchange rate prevailing at the date of incurrence. All resulting translation differences are recognized in a separate component in equity, as other comprehensive loss, "adjustments from translation of financial statements."

For the convenience of the reader, the reported NIS amounts as of December 31, 2012 have been translated into U.S. dollars at the representative rate of exchange on December 31, 2012 (U.S. $1 = NIS 3.733). The U.S. dollar amounts presented should not be construed as representing amounts that are receivable or payable in U.S. dollars or convertible into U.S. dollars, unless otherwise indicated. The U.S. dollar amounts were rounded to whole numbers of convenience.

Principles of Consolidation

Our financial statements reflect the consolidation of the financial statements of companies that we control based on legal control or effective control. We fully consolidate into our financial statements the results of operations of companies that we control. Legal control exists when we have the power, directly or indirectly, to govern the financial and operating policies of an entity. The effect of potential voting rights that are exercisable at the balance sheet date are considered when assessing whether we have legal control. In addition, we consolidate on the basis of effective control even if we do not have voting control. The determination that effective control exists involves significant judgment.

In evaluating the effective control on our investees we consider the following criteria to determine if effective control exists:

- Whether we hold a significant voting interest (but less than half the voting rights);

- Whether there is a wide diversity of public holdings of the remaining shares conferring voting rights;

- Whether in the past we had the majority of the voting power participating in the general meetings of shareholders and, therefore, have in fact had the right to nominate the majority of the board members;

- The absence of a single entity that holds a significant portion of the investee's shares;

- Our ability to establish policies and guide operations by appointing the remainder of the investee's senior management; and

- Whether the minority shareholders have participation rights or other preferential rights, excluding traditional shareholder protective rights.

Entities we control are fully consolidated in our financial statements. All significant intercompany balances and transactions are eliminated in consolidation. Non-controlling interests of subsidiaries represent the non-controlling shareholders' proportionate interest in the comprehensive income (loss) of the subsidiaries and fair value of the net assets or the net identifiable assets upon the acquisition of the subsidiaries.

Fair Value Measurements

The fair value of assets and liabilities that are recognized or disclosed at fair value in financial statements is determined according to the following hierarchy:

- Level 1: Prices quoted (un-adjusted) on active markets of similar assets and liabilities.

- Level 2: Data other than quoted prices included in level 1, which may be directly or indirectly observed.

- Level 3: Data not based on observable market information (valuation techniques not involving use of observable market data). Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Changes in the underlying valuation assumptions could result in significant changes in the values of our assets and liabilities and our results of operations.

Treasury Shares

Our shares held by us and/or by our subsidiaries are recognized at cost and deducted from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

Revenue Recognition

We recognize revenues in accordance with International Accounting Standard No. 18, or IAS 18. Under IAS 18 we generate income from licensing agreements with pharmaceutical companies. These agreements usually comprise license fees, annual license fees, milestone payments and potential royalty payments.

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Arrangements with multiple elements:

Revenues from sale agreements that do not contain a general right of return and that are composed of multiple elements such as licenses and services are allocated to the various accounting units and recognized for each accounting unit separately. An element constitutes a separate accounting unit if and only if it has a separate value to the customer. Revenue from the various accounting units is recognized when the criteria for revenue recognition regarding the elements of that accounting unit have been met according to their type and only to the extent of the consideration that is not contingent upon completion or performance of the remaining elements in the contract.

Revenues from license fees:

As for revenues from preliminary license fees and annual license fees, we examine whether the license can be separated from our other performance obligations.

Revenues from milestone payments:

Revenues which are contingent on compliance with and attainment of milestones are recognized in profit or loss at the achievement of a milestone, provided that certain criteria have been met.

Revenues from royalties:

Revenues from royalties are recognized as they accrue in accordance with the terms of the relevant agreement.

Share-based Compensation

We account for share-based compensation arrangements in accordance with the provisions of IFRS 2. IFRS 2 requires companies to recognize share-based compensation expense for awards of equity instruments based on the grant-date fair value of those awards. The cost is recognized as compensation expense over the vesting period, based upon the grant-date fair value of the equity or liability instruments issued. We selected the binomial option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards without market conditions. The determination of the grant date fair value of options using an option pricing model is affected by estimates and assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of our share price over the expected term of the options, share option exercise and forfeiture rate, risk-free interest rates, expected dividends and the price of our ordinary shares on the TASE. As our ordinary shares are publicly traded on the TASE, we do not need to estimate the fair value of our ordinary shares. Rather, we use the actual closing market price of our ordinary shares on the date of grant, as reported by the TASE.

If any of the assumptions used in the binomial option pricing model change significantly, share-based compensation for future awards may differ materially compared with the awards previously granted.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period which the service are to be satisfied, ending on the date on which the relevant employees or other service providers become fully entitled to the award.

If the Company modifies the conditions on which equity-instruments are granted, an additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee or other service provider at the modification date.

Warrants

In connection with our Israeli public offering on November 16, 2011, we issued Series 6 and Series 7 Warrants, which are publicly traded on the TASE and exercisable into our publicly traded ordinary shares. In accordance with IFRS, we allocated a portion of the consideration received for such warrants based on their market value at that time. The consideration allocated to such warrants is generally reflected in non-current liabilities due to the fact that the exercise price of the warrants is linked to the Israeli consumer price index. In the public offering, we issued 4,953,750 Series 6 Warrants exercisable for 4,953,750 of our ordinary shares. The Series 6 Warrants have an exercise price of 0.63 NIS per ordinary share (which may fluctuate as it is based on the Israeli consumer price index). Although the Series 6 Warrants were originally set to expire on May 16, 2012, on June 17, 2012, the District Court in Petah-Tikva, Israel approved the extension of such exercise period to December 31, 2012. In the same offering, we issued 9,907,500 Series 7 Warrants exercisable for 9,907,500 of our ordinary shares. The Series 7 Warrants have an exercise price of 0.80 NIS per ordinary share (which may fluctuate as it is based on the Israeli consumer price index) and are scheduled to expire on November 16, 2013.

In connection with our Israeli public offering on May 1, 2012, we issued Series 8 and Series 9 Warrants, which are publicly traded on the TASE and exercisable into our publicly traded ordinary shares. In accordance with IFRS, we allocated a portion of the consideration received for such warrants based on their market value at the time. The consideration allocated to warrants is generally reflected in non-current liabilities due to the fact that the exercise price of such warrants is linked to the Israeli consumer price index. We issued 8,112,000 Series 8 Warrants exercisable for 8,112,000 of our ordinary shares in the offering. The Series 8 Warrants have an exercise price of 0.55 NIS per ordinary share (which may fluctuate as it is based on the Israeli consumer price index) and are set to expire on May 1, 2013. We also issued 12,168,000 Series 9 Warrants exercisable for 12,168,000 of our ordinary shares in this offering. In accordance with IFRS, we allocated a portion of the consideration received from the Series 9 Warrants based on their market value at the time. The consideration allocated to the Series 9 Warrants is generally reflected in shareholders' equity due to the fact that the exercise price of such warrants is fixed. The Series 9 Warrants have a fixed exercise price of 0.85 NIS per ordinary share and are set to expire on May 1, 2013.

In connection with our Israeli public offering on February 5, 2013, we issued Series 10 and Series 11 Warrants, which are publicly traded on the TASE and exercisable into our publicly traded ordinary shares. In accordance with IFRS, we allocated a portion of the consideration received for such warrants based on their market value at the time. The consideration allocated to warrants is generally reflected in non-current liabilities due to the fact that the exercise price of such warrants is linked to the Israeli consumer price index. We issued 37,385,000 Series 10 Warrants exercisable for 37,385,000 of our ordinary shares in the offering. The Series 10 Warrants have an exercise price of 0.394 NIS per ordinary share (which may fluctuate as it is based on the Israeli consumer price index) and are set to expire on October 31, 2015. We also issued 37,385,000 Series 11 Warrants exercisable for 37,385,000 of our ordinary shares in this offering. In accordance with IFRS, we allocated a portion of the consideration received from the Series 11 Warrants based on their market value at the time. The consideration allocated to the Series 11 Warrants is generally reflected in shareholders' equity due to the fact that the exercise price of such warrants is fixed. The Series 11 Warrants have a fixed exercise price of 0.392 NIS per ordinary share and are set to expire on April 30, 2016.

As of May 9 , 2013, none of the foregoing warrants have been exercised.

Recently Issued Accounting Pronouncements

IAS 19 (Revised) - Employee Benefits

The IASB made several changes to IAS 19, the principal of which are as follows:

- The remeasurement of the net defined benefit liability (formerly - actuarial gains and losses) are recognized in other comprehensive income and not in profit or loss.
- The "corridor" approach which allowed the deferral of actuarial gains or losses has been eliminated.
- Income from the plan assets is recognized in profit or loss based on the discount rate used to measure the employee benefit liabilities. The return on plan assets excluding the aforementioned income recognized in profit or loss is included in the remeasurement of the net defined benefit liability.
- The distinction between short-term employee benefits and long-term employee benefits is based on the expected settlement date and not on the date on which the employee first becomes entitled to the benefits.
- Past service cost arising from changes in the plan is recognized immediately.
- The standard is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013, or thereafter. Earlier application is permitted.
- We estimate that the standard is not expected to have a material impact on our financial statements.

IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosure

The IASB issued certain amendments to IAS 32 (“the amendments to IAS 32”) regarding the offsetting of financial assets and liabilities. The amendments to IAS 32 clarify, among others, the meaning of "currently has a legally enforceable right of set-off" (“the right of set-off”).

The IASB also issued amendments to IFRS 7 (“the amendments to IFRS 7”) regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter. Earlier application is permitted, but disclosure of early adoption is required as well as the disclosures required by the amendments to IFRS 7 as described above. The amendments to IFRS 7 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2013, or thereafter.

We estimate that the amendments to IAS 32 are not expected to have a material impact on our financial statements. The required disclosures pursuant to the amendments to IFRS 7 will be included in the Company's financial statements.

IFRS 9—Financial Instruments

In November 2009, the IASB issued the first part of Phase I of IFRS 9, “Financial Instruments”, as part of a project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 focuses mainly on the classification and measurement of financial assets and it applies to all financial assets within the scope of IAS 39. According to IFRS 9, upon initial recognition, all the financial instruments will be measured at fair value. In subsequent periods, all debt instruments and financial assets will be at fair value, except for debt instruments, which can be measured at amortized cost in certain conditions. Financial assets that are equity instruments will be measured in subsequent periods at fair value and the changes will be recognized in profit or loss or in other comprehensive income (loss), in accordance with the election of the accounting policy on an instrument-by-instrument basis. When a liability is measured at fair value, the amount of the fair value adjustment attributed to changes in credit risk will be carried to other comprehensive income. All other fair value adjustments will be carried to the statement of income. Liabilities in respect of certain unquoted equity instrument derivatives can no longer be measured at cost, but rather only at fair value. IFRS 9 will be effective starting January 1, 2015. Earlier adoption is permitted. We estimate that this standard is not expected to have a material impact on its financial statements.

IFRS 10—Consolidated Financial Statements

IFRS 10 supersedes IAS 27 regarding the accounting treatment of consolidated financial statements and includes the accounting treatment for the consolidation of structured entities previously accounted for under SIC 12, “Consolidation—Special Purpose Entities”. IFRS 10 does not prescribe changes to the consolidation procedures but rather modifies the definition of control for the purpose of consolidation and introduces a single consolidation model. According to IFRS 10, in order for an investor to control an investee, the investor must have power over the investee and exposure, or rights, to variable returns from the investee. Power is defined as the ability to influence and direct the investee’s activities that significantly affect the investor’s return. IFRS 10 is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013, or thereafter. We estimate that this standard is not expected to have a material impact on our financial statements.

IFRS 12—Disclosure of Interests in Other Entities

IFRS 12 prescribes disclosure requirements for our investees, including subsidiaries, joint arrangements, associates and structured entities. IFRS 12 expands the disclosure requirements to include the judgments and assumptions used by management in determining the existence of control, joint control or significant influence over investees, and in determining the type of joint arrangement. IFRS 12 also provides disclosure requirements for material investees. The required disclosures will be included in our financial statements upon initial adoption of IFRS 12.

IFRS 13—Fair Value Measurement

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required according to IFRS. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 also specifies the characteristics of market participants and determines that fair value is based on the assumptions that would have been used by market participants. According to IFRS 13, fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. IFRS 13 requires an entity to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. IFRS 13 also includes a fair value hierarchy based on the inputs used to determine fair value. IFRS 13 also prescribes certain specific disclosure requirements. The new disclosures, and the measurement of assets and liabilities pursuant to IFRS 13, are to be applied prospectively for periods commencing after the Standard's effective date, in financial statements for annual periods commencing on January 1, 2013 or thereafter. Earlier application is permitted. The new disclosures will not be required for comparative data.

A. Results of Operations

Revenues

We have set forth below a summary of our revenues generated by region for the years ended December 31, 2010, 2011 and 2012.

	Year ended December 31, (in thousands NIS)		
	2010	**2011**	**2012**
Japan	1,894	1,785	-
Korea	750	-	-
Total	2,644	1,785	-

For additional information with respect to our revenues, see "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements" and "Item 5. Operating and Financial Review and Prospects—Revenues."

Cost of revenues

Cost of revenues consists of royalty payments due to the licensors under our in-licensing agreements with the NIH and Leiden University. We did not record any cost of revenues during the year ended December 31, 2012.

Comparison of the Year Ended December 31, 2012 to Year Ended December 31, 2011

Research and development expenses

Research and development expenses for the year ended December 31, 2012 were NIS 13.16 million, an increase of NIS 0.19 million, or 1.5%, compared to NIS 12.97 million for the year ended December 31, 2011. The Company believes that the increase in research and development expenses is not material.

General and administrative expenses

General and administrative expenses were NIS 9.3 million for the year ended December 31, 2012 and NIS 7.1 million for year ended December 31, 2011. The increase resulted primarily from the growth in professional services, directors' fees and insurance.

Financial income, net

We recognized net financial income of NIS 0.51 million for year ended December 31, 2012, a decrease of NIS 0.93 million, or 65%, compared to net financial income of NIS 1.44 million for the year ended December 31, 2011. The decrease in net financial income resulted primarily from the net change in fair value of financial liabilities.

Comparison of the Year Ended December 31, 2011 to the Year Ended December 31, 2010

Research and development expenses

Research and development expenses for the year ended December 31, 2011 were NIS 12.97 million, an increase of NIS 2.97 million, or 30%, compared to NIS 10 million for the year ended December 31, 2010. The increase was due to the completion of Phase II/III psoriasis clinical trials and the preparation for a Phase III DES clinical trial.

General and administrative expenses

General and administrative expenses were NIS 7.1 million for the year ended December 31, 2011, an increase of NIS 1.1 million, or 18%, compared to NIS 6.0 million for the year ended December 31, 2010. The increase in general and administrative expenses resulted from the growth in professional services, payroll updates and travel.

Merging expenses

We recognized merging expenses of NIS 11.5 million for the year ended December 31, 2011, an increase of NIS 11.5 million, compared to NIS 0.0 million for the year ended December 31, 2010. The merging expenses resulted from the transaction in which OphthaliX become a subsidiary of the Company and Eye-Fite became a wholly-owned subsidiary of OphthaliX. See "Item 10. Additional Information—Material Contracts—OphthaliX Agreements".

Financial expense, net

We recognized net financial income of NIS 1.44 million for the year ended December 31, 2011, an increase of NIS 0.9 million, or 165%, compared to net financial income of NIS 0.54 million for the year ended December 31, 2010. The increase in net financial income resulted primarily from the decrease in fair value of options and from changes in exchange rates.

B. Liquidity and Capital Resources

Since inception, we have funded our operations primarily through public (in Israel) and private offerings of our equity securities and payments received under our strategic licensing arrangements. On February 5, 2013, we completed a public offering in which we issued ordinary shares, Series 10 and Series 11 Warrants and raised an aggregate of NIS 26,498,488. Since inception, we have raised approximately NIS 240 million in net proceeds from sales of our equity securities, including NIS 41.8 million, after deduction of offering expenses, from our initial public offering, or IPO, of our ordinary shares and warrants on the TASE in September 29, 2005, after deduction of offering expenses. In total, we have raised approximately NIS 92 million, after deduction of offering expenses, as a private company until the consummation of the IPO and approximately NIS 148 million, after deduction of offering expenses, as a public company since the completion of the IPO. At December 31, 2012, we held approximately NIS 4,278,000 in cash and cash equivalents, and have invested substantially all of our available cash funds in short-term bank deposits. We may be able to use U.S. taxes withheld as credits against Israeli corporate income tax when we have income, if at all, but there can be no assurance that we will be able to realize the credits. In addition, we believe that we may be entitled to a refund of such withholding tax from the U.S. government but there can be no assurance that we will be entitled to such a refund. For information regarding the revenues and expenses associated with our licensing agreements, see "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements", "Item 4. Information on the Company—Business Overview—In-Licensing Agreements" and "Item 5. Operating and Financial Review and Prospects—Revenues."

Net cash used in operating activities was NIS 16.2 million for the year ended December 31, 2012, compared with net cash used in operating activities of NIS 20.9 million and NIS 12.9 million for the years ended December 31, 2011 and 2010, respectively. The NIS 4.7 million decrease in the net cash used in operating activities during 2012, compared to 2011, was primarily the result of a decrease in accounts receivable, which had increased the year before. The NIS 8.0 million increase in net cash used in operating activities during 2011, compared to 2010, was primarily the result of an increase in accounts receivable and a decrease in the fair value of options exercisable into ordinary shares.

Net cash provided by investing activities for the year ended December 31, 2012 was NIS 0.07 million, compared to net cash provided by investing activities of NIS 0.08 million for the year ended December 31, 2011 and net cash provided by investing activities of NIS 0.1 for the year ended December 31, 2010. The changes in cash flows from investing activities relate to sales of fixed assets.

Net cash provided by financing activities was NIS 5.6 million for the year ended December 31, 2012, compared to net cash provided by financing activities of NIS 17.67 million for the year ended December 31, 2011 and net cash provided by financing activities of NIS 12 million for the year ended December 31, 2010. The changes in cash flows from financing activities relate to the capital raised by OphthaliX of NIS 11.5 million during 2011.

Developing drugs, conducting clinical trials and commercializing products is expensive and we will need to raise substantial additional funds to achieve our strategic objectives. Although we believe our existing cash resources will be sufficient to fund our projected cash requirements through December 31, 2013, we will require significant additional financing in after 2013 to fund our operations. Additional financing may not be available on acceptable terms, if at all. Our future capital requirements will depend on many factors, including:

- the progress and costs of our preclinical studies, clinical trials and other research and development activities;
- the scope, prioritization and number of our clinical trials and other research and development programs;
- the amount of revenues we receive under our licensing arrangements;
- the costs of the development and expansion of our operational infrastructure;
- the costs and timing of obtaining regulatory approval of our platform and products;
- the ability of us or our collaborators to achieve development milestones, marketing approval and other events or developments under our licensing agreements;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs and timing of securing manufacturing arrangements for clinical or commercial production;
- the costs of contracting with third parties to provide sales and marketing capabilities for us;
- the costs of acquiring or undertaking development and commercialization efforts for any future products or platforms;
- the magnitude of our general and administrative expenses;
- any cost that we may incur under current and future licensing arrangements relating to our platform and products; and
- payments to the OCS.

Until we can generate significant continuing revenues, we expect to satisfy our future cash needs through payments received under our license agreements, debt or equity financings, or by out-licensing other product candidates. We cannot be certain that additional funding will be available to us on acceptable terms, or at all. If funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or our commercialization efforts.

C. Research and Development, Patents and Licenses, Etc.

For information concerning our research and development policies and a description of the amount spent during each of the last three fiscal years on company-sponsored research and development activities, see "Item 5. Operating and Financial Review and Prospects—Operating Results."

D. Trend Information.

We are a development stage company and it is not possible for us to predict with any degree of accuracy the outcome of our research, development or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, commitments and events are identified in the preceding subsections of this Item 5.

E. Off-Balance Sheet Arrangements.

We have no off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F. Contractual Obligations.

The following table summarizes our significant contractual obligations in NIS at December 31, 2012:

	Total	Less than 1 year	1 – 3 years	More than 3 years
Contractual Obligations				
Car lease obligations	224,355	131,191	93,164	
Severance pay	68,000	-	-	68,000
Total	292,355	131,191	93,164	68,000

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management.

The following table sets forth the members of our senior management and Board of Directors [(1)] :

Member	Position	Age
Pnina Fishman, Ph.D.	Chief Executive Officer, Director	64
Motti Farbstein	Chief Operating and Financial Officer	49
Barak Singer	Vice President, Business Development	41
Ilan Cohn, Ph.D.	Vice Chairman of the Board	58
Guy Regev	Director	44
Liora Lev	Director, Audit Committee and Compensation Committee member	59
Avraham Sartani, M.D.	Director	66
Yechezkel Barenholz, Ph.D.	Director, Audit Committee and Compensation Committee member	71
Gil Oren	Director, Audit Committee and Compensation Committee member	60

(1) Avigdor Kaplan, our former Chairman of the Board, was not re-elected to the Board of Directors at the annual shareholders meeting held on May 2, 2013. The Company is in the process of appointing a new Chairman of the Board.

Pnina Fishman, Ph.D. Pnina Fishman, Ph.D. co-founded Can-Fite, has served as Chief Executive Officer of Can-Fite since September 2005 and is a Can-Fite board member. She has also served as the Chief Executive Officer of OphthaliX from November 21, 2011 through December 31, 2012 . Dr. Fishman is the scientific founder of Can-Fite and was previously a professor of Life Sciences and headed the Laboratory of Clinical and Tumor Immunology at the Felsenstein Medical Research Institute, Rabin Medical Center, Israel. Dr. Fishman has authored or co-authored over 150 publications and presented the findings of her research at many major scientific meetings. Her past managerial experience included seven years as Chief Executive Officer of Mor Research Application, the technology transfer arm of Clalit Health Services, the largest healthcare provider in Israel. Mor Research Application was also the first clinical research organization in Israel. Dr. Fishman currently also serves as a member of the board of directors of F.D Consulting Ltd., Ultratrend Ltd., EyeFite Ltd. and OphthaliX Inc.

Motti Farbstein. Motti Farbstein has been with Can-Fite since 2003 and currently serves as Chief Operating and Financial Officer. Mr. Farbstein's past managerial experience includes seven years as Vice President of Mor Research Application, a company that managed the commercialization of the intellectual property of all hospitals and research centers affiliated with Clalit Health Services, which is the largest healthcare provider in Israel and was Israel's first clinical CRO. Mr. Farbstein also has extensive experience in the data management of clinical trials.

Barak Singer. Barak Singer has more than ten years of experience in investment banking, venture capital and business development. Mr. Singer has been Vice President of Business Development at Can-Fite since 2011. Prior to joining Can-Fite, Mr. Singer was Vice President of Business Development at Xenia Venture Capital, or Xenia. Before joining Xenia and from 2001 to 2009, Mr. Singer was Managing Director and Co-Head of Investment Banking at Tamir Fishman & Co, the Israeli strategic affiliate of RBC Capital Markets. Mr. Singer focused on capital raising and mergers and acquisitions, and led Tamir Fishman investment banking activities in the life science field. Before joining Tamir Fishman, Mr. Singer was a paralegal at S. Horowitz & Co, a leading Israeli commercial law firm. Since February 28, 2013, Mr. Singer has also served as the Chief Executive Officer of OphthaliX.

Ilan Cohn, Ph.D. Ilan Cohn, Ph.D. is a patent attorney and senior partner at the patent attorney firm Reinhold Cohn and Partners, where he has been an attorney since 1986. Dr. Cohn co-founded Can-Fite, served as its Chief Executive Officer until September 2004 and is currently the Vice Chairman of the Can-Fite Board of Directors. Dr. Cohn has also been a director of OphthaliX since November 21, 2011. Dr. Cohn holds a Ph.D. in biology and is a patent attorney with many years of experience in the biopharmaceutical field. He has served on the board of directors of a number of life science companies, including Ansan Pharmaceuticals, a U.S. public company. Dr. Cohn has also been involved in the past in management of venture capital funds focused on investments in the life sciences industry. Dr. Cohn served a number of years as a co-chairman of the Biotech Committee of the US-Israeli Science and Technology Commission. Dr. Cohen is also currently a member of the board of directors of I.C.R.C Management Ltd, Famillion BVI Ltd. and Famillion Ltd. (a subsidiary of Famillion BVI Ltd.).

Guy Regev. Guy Regev is currently the Chief Executive Officer of Shaked Global Group, a privately-held equity investment firm that provides value added capital to environmental-related companies and technologies, or Shaked. Mr. Regev joined Shaked at the beginning of 2008. Shaked is a major shareholder in Can-Fite and Mr. Regev is a director of Can-Fite. Mr. Regev has also been a director of OphthaliX since November 21, 2011. Prior to joining Shaked, from 2001 to 2008, Mr. Regev was Vice President of Commercial Business at Housing & Construction Holding, or HCH, Israel's largest infrastructure company. His duties included being responsible for the consolidation and financial recovery of various business units within HCH. Prior to that, Mr. Regev carried several roles within the group including as a Chief Financial Officer and later the Chief Executive Officer of Blue-Green Ltd., the environmental services subsidiary of HCH. Between 1999 and 2001, Mr. Regev was a manager at Deloitte & Touche, Israel. Mr. Regev holds an LLB degree in Law (Israel) and is a licensed lawyer and has been a licensed CPA since 1999. Mr. Regev has over 12 years of experience in accounting, financial management and control and general management of commercial enterprises. Mr. Regev is also a director of Knollan Ltd, Lotus Bio, The Green Way Ltd, Shtang Construction and Engineering Ltd, MST Raviv Modolor Space Transportation 2002 Ltd., Aeronautics Ltd, Blue I Water Technologies, Ltd. and R.I.B.E. Ltd.

Liora Lev. Liora Lev is a co-founder and general partner of Ascend Technology Ventures, or Ascend, an investor in Can-Fite. She is an accomplished certified public accountant with over 20 years of experience in business management, information systems management and finance of public and private companies. From 2006 to 2009 she served as the Chief Executive Officer and as a board member at Advanced Technology Acquisition Corp. (AMEX: ATAC). Prior to founding Ascend, and from 1994 to 2000, Mrs. Lev served as the Commissioner at the Israeli Securities Authority. From 1992 to 1998, she worked at Ashtrom, a leading Israeli holding group, in several executive positions, including as Chief Financial Officer beginning in 1995. Mrs. Lev currently serves on the board of directors of IntellinX Ltd and several private companies.

Avraham Sartani, M.D. Avraham Sartani has over 30 years of experience in the pharmaceuticals industry. Dr. Sartani is a member of a number of scientific and management societies and the author or co-author of numerous publications and patents in the urology, pain treatment and hypertension fields. Dr. Sartani also currently serves on the board of directors of Akkadeas Pharma Srl. From 1985 until 2008, Dr. Sartani was the Vice-President of Pharmaceutical Research and Development, Licensing Division, of Recordati, a European specialty pharmaceutical company. Prior to joining Recordati, from 1980 until 1985, Dr. Sartani was employed at Farmitalia-Carlo Erba, serving in a number of capacities, including as the Medical Director for Europe.

Yechezkel (Chezi) Barenholz, Ph.D. Since 1978, Professor Emeritus Barenholz, the Daniel G. Miller Professor in Cancer Research, has been the head of the Liposome and Membrane Research Lab on the faculty of Hebrew University in Jerusalem, Israel, where has also been a professor since 1981. From 1973 to 2005, Professor Barenholz was a visiting professor in the Department of Biochemistry at the University of Virginia School of Medicine in Charlottesville, Virginia. Professor Barenholz was also a visiting professor at the following universities: the University of Utrecht in the Netherlands (1992); the University of Kyoto in Japan (1998); La Sapeinza University in Rome, Italy (2006); Jaiotung University in Shanghai, China (2006); Kings College, University of London in the UK (2006); and the Danish Technical University in Copenhagen, Denmark (2010). His current research focuses on the development of drugs based on drug delivery systems. In particular, Professor Barenholz assisted in the development of DOXIL™, the first FDA approved and globally-used anticancer nano-drug and liposomal. Professor Barenholz is also an author of more than 360 scientific publications, with an aggregate of more than 10,000 citations, and is a co-inventor of more than 30 approved patent families. He was an executive editor of *Progress in Lipid Research*, an editor of four special issues of the same publication and is on the editorial board of six other scientific journals. Professor Barenholz is a co-founder of NasVax LTD, Mobeius Medical LTD and Lipocure LTD, all of which are in the advanced stages of clinical development of liposomal drugs based on his inventions and knowhow. Professor Barenholz was awarded: the Donder's Chair and the Kaye award (both in 1995 and 1997); the Alec D. Bangham award (1998); the Teva Founders Prize (2001); an honorary doctorate degree from the Technical University of Denmark (2012); and the international Controlled Release Society's Founders Award (2012). In 2003, Professor Barenholz founded the Barenholz Prize to encourage excellence and innovation among Ph.D. students in Israel in the field of applied sciences. Professor Barenholz currently serves on the board of directors of Lipocure LTD and Moebius Medical LTD.

Gil Oren. Gil Oren is the founder of a private consulting firm he started in 2008. Mr. Oren has over 25 years of experience in top managerial positions in various public companies in Israel and the United States and currently serves on the board of directors of Pointer Telocation Ltd. From 1976 to 1992, Mr. Oren served in various positions within the Tadiran Group, including serving for five years as the Chief Financial Officer of Tadiran Electronic's U.S. subsidiary. After serving in such capacity, Mr. Oren returned to Israel and joined Cargal, first as Vice President of Finance and then as Chief Executive Officer and General Manager. From 2002 to 2007, Mr. Oren joined SFK, a leading Israeli investment group, and served in various capacities in its portfolio companies, including as the deputy chief executive office of Urdan Industries, the chief executive officer of Itong Industries and the chairman of the board of directors of Orlite Industries. Mr. Oren has also served, on behalf of SFK, on the board of directors of various other public and private companies, including Nirlat, Aloni and Scope. Mr. Oren currently serves as a member of the board of directors of Pointer Telocation Ltd.

B. Compensation.

The following table sets forth the annual compensation (excluding option grants) of members of our senior management and Board of Directors for the year ended December 31, 2012.

Name	Annual Compensation (excluding option grants)	
	Salary and related benefits	Bonus
	NIS	
Pnina Fishman	1,050,000 as management fees and 62,000 as reimbursement of expenses	-
Motti Farbstein	714,000 as salary	-
Barak Singer	506,000 as salary	-
Avigdor Kaplan (1)	180,000 as director fees (which includes consulting fees)	-
Yechezkel Barenholz	73,000 as director fees	-
Gil Oren	90,000 as director fees	-
Liora Lev	-	-
Avraham Sartani	43,000 as director fees (which includes consulting fees and reimbursement of travel expenses)	-

(1) Avigdor Kaplan, our former Chairman of the Board, was not re-elected to the Board of Directors at the annual shareholders meeting held on May 2, 2013. The Company is in the process of appointing a new Chairman of the Board.

The following table sets forth information with respect to the options granted to the members of our senior management and Board of Directors for the year ended December 31, 2012.

Name	Date of Grant	Purchase Price	Number of Options	Vesting Period	Expiration Date	Total Benefit (in NIS)	Benefit recognized in 2012 (in NIS)
Motti Farbstein	5/2/2012	0.385	100,000	1/16 per quarter	5/2/2022	21,500	4,000
Barak Singer	5/2/2012	0.385	100,000	1/16 per quarter	5/2/2022	21,500	11,000

We set aside or accrued approximately NIS 69,000, in the aggregate, for pension or other retirement benefits for the named executive officers in 2012.

Employment and Consulting Agreements

We have or have had written employment and non-competition agreements with each of Barak Singer, our Vice President of Business Development, Motti Farbstein, our Chief Operating and Financial Officer, Sari Furman, our Director of Clinical Operations and written consulting agreements with each of Reinhold Cohn and Partners, an Israeli partnership, through which Ilan Cohn, Ph.D., our Vice Chairman of the Board of Directors, is a partner, Avraham Sartani, one of our directors, Avigdor Kaplan, our former Chairman of the Board of Directors, and BioStrategies Consulting Ltd., a U.S. company, or BioStrategies, through its President Michael Silverman, our Medical Director. We have also entered into a service management agreement with F.D. Consulting International and Marketing Ltd., an Israeli limited company, or F.D. Consulting, which is partially owned by Pnina Fishman, Ph.D., our Chief Executive Officer and director, and master services agreement with Accellient Partners LLC, a Massachusetts limited liability company, or Accellient Partners, through its Chief Executive Officer William Kerns, our Vice President of Drug Development. As of May 9 , 2013, the foregoing agreements were still in full force and effect, with the exception of the consulting agreement with Reinhold Cohn and Partners, which expired by its terms in September 2011 and was not subsequently extended, the consulting agreement with Avraham Sartani, which we terminated in July 2011 , and the consulting agreement with Avigdor Kaplan, which was terminated in May 2013 .

All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of proprietary information and inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. The compensation payable under the foregoing agreements consists of share-based awards and/or an hourly rate for services rendered, reimbursement of certain expenses, and in the case of the employment and non-competition agreements, contributions to study funds.

The following are summary descriptions of each of the foregoing agreements to which we are a party. The descriptions provided below do not purport to be complete and are qualified in their entirety by the complete agreements, which are attached as exhibits to this Registration Statement on Form 20-F.

Employment and Non-Competition Agreement with Motti Farbstein: Motti Farbstein began serving as our Director of Clinical Operations and Administrative Affairs on September 1, 2003 and is currently serving as our Chief Operating and Financial Officer. Mr. Farbstein's current gross monthly salary is NIS 43,000. In accordance with his employment and non-competition agreement, Mr. Farbstein is entitled to an allocation to a manager's insurance policy equivalent to an amount up to 13-1/3% of his gross monthly salary, up to 2-1/2% of his gross monthly salary for disability insurance and 7-1/2% of his gross monthly salary for a study fund. The foregoing amounts are paid by the Company. Five percent of his gross monthly salary is deducted for the manager's insurance policy and 2-1/2% is deducted for the study fund. Mr. Farbstein is also entitled to reimbursement for reasonable out-of-pocket expenses, including travel expenses, and use of a company automobile and mobile phone.

In addition, pursuant to his employment and non-competition agreement, and in accordance with our 2003 Share Option Plan, Mr. Farbstein is also entitled to receive options exercisable into our ordinary shares from time to time. As of May 9 , 2013, we have granted him options to purchase 1,104,903 ordinary shares.

The term of Mr. Farbstein's employment and non-competition agreement is indefinite, unless earlier terminated (i) for just cause by either party, (ii) upon the death, disability or retirement age (as such term is defined in the Israeli Equal Retirement Age for the Employee Act – 1987, as amended from time to time), or (iii) without cause by either party, subject to 60 days' advanced notice.

Employment and Non-Competition Agreement with Barak Singer: Barak Singer began serving as our Vice President of Business Development on March 20, 2011. Mr. Singer's current gross monthly salary is NIS 45,000 (50% of this amount is consideration for services provided to the Company and 50% is for services provided to OphthaliX). In accordance with his employment and non-competition agreement, Mr. Singer is entitled to an allocation to a manager's insurance policy equivalent to an amount up to 13-1/3% of his gross monthly salary, up to 2-1/2% of his gross monthly salary for disability insurance and 7-1/2% of his gross monthly salary for a study fund. The foregoing amounts are paid by the Company. Five percent of his gross monthly salary is deducted for the manager's insurance policy and 2-1/2% is deducted for the study fund. Mr. Singer is also entitled to reimbursement for reasonable out-of-pocket expenses and use of a company automobile and mobile phone.

In addition, pursuant to his employment and non-competition agreement, and in accordance with our 2003 Share Option Plan**,** Mr. Singer is also entitled to receive options exercisable into our ordinary shares from time to time. As of May 9 , 2013, we have granted him options to purchase 430,000 ordinary shares.

The term of Mr. Singer's employment and non-competition agreement is indefinite, unless earlier terminated (i) for just cause by either party, (ii) upon the death, disability or retirement age, or (iii) without cause by either party, subject to 60 days' advanced notice.

Consulting Agreement with BioStrategies: Michael Silverman began serving as our Medical Director on September 27, 2005 pursuant to a consulting agreement with BioStrategies, a company for which Mr. Silverman serves as President. Dr. Silverman has extensive experience in clinical development acquired through his involvement in clinical development in large pharmaceutical and small biopharmaceutical companies. He was involved in international clinical research, market-oriented strategic planning, and the challenges of managing research and development portfolios in various capacities at Sterling Winthrop Research Institute and subsequently at Sandoz Research Institute.

BioStrategies' current fee is $325 per hour with a maximum daily fee of $2,600. In addition, BioStrategies is entitled to reimbursement for reasonable pre-approved expenses. The term of the consulting agreement is currently on a year-to-year basis, unless earlier terminated: (i) by either party upon 30 days' prior written notice or (ii) immediately by either party if such termination is for cause.

Service Management Agreement with F.D. Consulting: Pnina Fishman began serving as our Chief Scientific Officer on June 27, 2002 pursuant to a service management agreement with F.D. Consulting, a company wholly-owned by Dr. Fishman. Ms. Fishman is currently our Chief Executive Officer and is a member of our Board of Directors and continues to be employed through this service management agreement. F.D. Consulting's current gross monthly salary is NIS 75,000, which is linked to the Israeli CPI and fluctuates accordingly. Dr. Fishman, through F.D. Consulting, is also entitled to reimbursement for reasonable out-of-pocket expenses and use of a company automobile and mobile phone.

In addition, pursuant to the service management agreement, and in accordance with our 2003 Share Option Plan**,** Dr. Fishman is also entitled to receive options exercisable into our ordinary shares from time to time. As of May 9 , 2013, we have granted her options to purchase 13,611,093 ordinary shares.

The term of F.D. Consulting's service management agreement is indefinite, unless earlier terminated (i) for cause by the Company or (ii) without cause by either party, subject to three months' advanced notice.

Master Services Agreement with Accellient Partners: Accellient Partners became the Company's consultant on May 10, 2010. William Kerns, our current Vice President of Drug Development, serves as the current Chief Executive Officer of Accellient Partners. Dr. Kerns has over 20 years of experience in Pharmaceutical Research and Development at SmithKline Beecham and Eisai Pharmaceuticals. As a Senior Executive he has participated in the development of drugs for over 100 Phase I studies and 13 NDAs and/or Marketing Authorization Applications. Dr. Kerns has chaired a FDA committee on biomarkers and he is an expert in preclinical development and regulatory strategy.

According to the master services agreement, consulting services are provided by Accellient Partners' personnel in accordance with individual work orders that are executed from time to time. Each individual work order defines the scope of work to be provided and sets forth the fees to be paid to Accellient Partners.

As of May 10, 2012, the term of the master services agreement is on a month-to-month basis, unless terminated: (i) by the Company upon 30 days' prior written notice; (ii) by the Company at any time if Accellient Partners commit a breach and fails to cure; or (iii) by Accellient Partners upon 30 days' prior written notice if the Company commits a breach and fails to cure.

C. Board Practices

General

According to the Israeli Companies Law, the management of our business is vested in our Board of Directors. Our Board of Directors may exercise all powers and may take all actions that are not specifically granted to our shareholders. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our Board of Directors. Executive officers are appointed by and serve at the discretion of our Board of Directors, subject to any applicable employment agreements we have entered into with the executive officers. See "Item 6—Directors, Senior Management and Employees—Compensation—Employment and Consulting Agreements."

Election of Directors and Terms of Office

Our Board of Directors currently consists of seven members. Other than our two external directors, our directors are elected by an ordinary resolution at the annual general meeting of our shareholders. The nomination of our directors is proposed by the Board of Directors. Our board has the authority to add additional directors up to the maximum number of 12 directors allowed under our Articles. Such directors appointed by the board serve until the next annual general meeting of the shareholders. Unless they resign before the end of their term or are removed in accordance with our Articles of Association, all of our directors, other than our external directors, will serve as directors until our next annual general meeting of shareholders. On May 2, 2013 , at an annual general meeting of our shareholders, Pnina Fishman, Ilan Cohn, Liora Lev, Avi Sartani and Guy Regev were re-elected to serve as directors of our company. Yechezkel Barenholtz was re-elected to serve as an external director of our Company at the December 19, 2011 extraordinary general meeting. Gil Oren was re-elected to serve as an external director of our company at the July 3, 2011 extraordinary general meeting. Yechezkel Barenholtz and Gil Oren are serving as external directors pursuant to the provisions of the Israeli Companies Law, for a three-year term ending in December 25, 2014 and July 9, 2014, respectively. After these dates, Gil Oren's term as external director may be renewed for one additional three-year term. Yechezkel Barenholtz may not be re-elected to serve as an external director as he was elected for three terms, the maximum term according to the provisions of the Israeli Companies Law.

None of our directors or officers has any family relationship with any other director or officer. None of our directors have service contracts that provide for benefits upon termination of his or her directorship with the Company, other than the payment of salary due, accrued and unpaid as of and through the date of termination. See "Item 6—Directors, Senior Management and Employees—Compensation—Employment and Consulting Agreements."

Chairman of the Board. Under the Israeli Companies Law, without shareholder approval, a person cannot hold the role of both chairman of the board of directors and chief executive officer of a company. Furthermore, a person who is directly or indirectly subordinate to a chief executive officer of a company may not serve as the chairman of the board of directors of that company and the chairman of the board of directors may not otherwise serve in any other capacity in a company or in a subsidiary of that company other than as the chairman of the board of directors of such a subsidiary.

The Israeli Companies Law provides that an Israeli company may, under certain circumstances, exculpate an office holder from liability with respect to a breach of his duty of care toward the company if appropriate provisions allowing such exculpation are included in its articles of association. Our Articles of Association permit us to maintain directors' and officers' liability insurance and to indemnify our directors and officers for actions performed on behalf of us, subject to specified limitations. We maintain a directors and officers insurance policy which covers the liability of our directors and officers as allowed under the Israeli Companies Law.

The term office holder is defined in the Israeli Companies Law as a director, general manager, chief business manager, deputy general manager, vice general manager, executive vice president, vice president, any other manager directly subordinate to the general manager or any other person assuming the responsibilities of any of the foregoing positions, without regard to such person's title. Each person listed above in "Item 6—Directors, Senior Management and Employees—Directors and Senior Management" is an office holder, as defined in the Israeli Companies Law.

External and Independent Directors

Under the Israeli Companies Law, the boards of directors of companies whose shares are publicly traded, either within or outside of Israel, are required to include at least two members who qualify as external directors.

External directors must be elected by a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- the majority of the shares that are voted at the meeting, including at least a majority of the shares held by non-controlling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) who voted at the meeting, excluding abstentions, vote in favor of the election of the external director; or

- the total number of shares held by non-controlling, disinterested shareholders (as described in the preceding bullet point) that are voted against the election of the external director does not exceed 2% of the aggregate voting rights in the company.

A person may not serve as an external director of a company if (i) such person is a relative of a controlling shareholder of a company or (ii) at the date of such person's appointment or within the prior two years, such person, such person's relative, partner, employer or any entity under such person's control or anyone to whom such person is subordinate, whether directly or indirectly, has or had any affiliation with (a) the company, (b) the company's controlling shareholder at the time of such person's appointment or (c) any entity that is either controlled by the company or under common control with the company at the time of such appointment or during the prior two years. If a company does not have a controlling shareholder or a shareholder who holds company shares entitling him to vote at least 25% of the votes in a shareholders meeting, then a person may not serve as an external director if, such person or such person's relative, partner, employer or any entity under such person's control, has or had, on or within the two years preceding the date of the person's appointment to serve as an external director, any affiliation with the chairman of the company's board of directors, chief executive officer, a substantial shareholder who holds at least 5% of the issued and outstanding shares of the company or voting rights which entitle him to vote at least 5% of the votes in a shareholders meeting, or the chief financial officer of the company.

The term affiliation includes:

- an employment relationship;

- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);

- control; and

- service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an external director following the public offering.

The term relative is defined as a spouse, sibling, parent, grandparent or descendant; a spouse's sibling, parent or descendant; and the spouse of each of the foregoing persons.

In addition, no person may serve as an external director if that person's professional activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the ISA or of an Israeli stock exchange. Furthermore, a person may not continue to serve as an external director if he or she received direct or indirect compensation from the company for his or her role as a director. This prohibition does not apply to compensation paid or given in accordance with regulations promulgated under the Israeli Companies Law or amounts paid pursuant to indemnification and/or exculpation contracts or commitments and insurance coverage. If, at the time an external director is appointed, all current members of the board of directors not otherwise affiliated with the company are of the same gender, then that external director must be of the other gender. In addition, a director of a company may not be elected as an external director of another company if, at that time, a director of the other company is acting as an external director of the first company.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided with a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement to serve as an executive officer or director of the company or a company controlled by its controlling shareholder, or employment by, or providing services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director, for a period of two years (and for a period of one year with respect to relatives of the former external director).

The Israeli Companies Law provides that an external director must meet certain professional qualifications or have financial and accounting expertise and that at least one external director must have financial and accounting expertise. However, if at least one of our other directors (i) meets the independence requirements of the Securities Exchange Act of 1934, as amended, (ii) meets the standards of the NYSE MKT rules for membership on the audit committee and (iii) has financial and accounting expertise as defined in the Israeli Companies Law and applicable regulations, then neither of our external directors is required to possess financial and accounting expertise as long as both possess other requisite professional qualifications. Our Board of Directors is required to determine whether a director possesses financial and accounting expertise by examining whether, due to the director's education, experience and qualifications, the director is highly proficient and knowledgeable with regard to business-accounting issues and financial statements, to the extent that the director is able to engage in a discussion concerning the presentation of financial information in the company's financial statements, among others. The regulations define a director with the requisite professional qualifications as a director who satisfies one of the following requirements: (i) the director holds an academic degree in either economics, business administration, accounting, law or public administration; (ii) the director either holds an academic degree in any other field or has completed another form of higher education in the company's primary field of business or in an area which is relevant to the office of an external director; or (iii) the director has at least five years of experience serving in any one of the following, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a corporation with a substantial scope of business; (b) a senior position in the company's primary field of business; or (c) a senior position in public administration.

Yechezkel Barenholtz and Gil Oren serve as external directors on our Board of Directors pursuant to the provisions of the Israeli Companies Law. They both serve on our Audit Committee and our Compensation Committee. Our Board of Directors has determined that Gil Oren possesses accounting and financial expertise, and that both of our external directors possess the requisite professional qualifications.

Audit Committee

The Israeli Companies Law requires public companies to appoint an audit committee. The responsibilities of the audit committee include identifying irregularities in the management of the company's business and approving related party transactions as required by law. An audit committee must consist of at least three directors, including all of its external directors. The chairman of the board of directors, any director employed by or otherwise providing services to the company, and a controlling shareholder or any relative of a controlling shareholder, may not be a member of the audit committee. An audit committee may not approve an action or a transaction with a controlling shareholder, or with an office holder, unless at the time of approval two external directors are serving as members of the audit committee and at least one of the external directors was present at the meeting in which an approval was granted.

Our Audit Committee is currently comprised of three independent non-executive directors. The audit committee is chaired by Gil Oren, who serves as the audit committee financial expert, with Yechezkel Barenholtz and Liora Lev as members. Our Audit Committee meets at least four times a year and monitors the adequacy of our internal controls, accounting policies and financial reporting. It regularly reviews the results of the ongoing risk self-assessment process, which we undertake, and our interim and annual reports prior to their submission for approval by the full Board of Directors. The Audit Committee oversees the activities of the internal auditor, sets its annual tasks and goals and reviews its reports. The Audit Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees.

We have adopted a written charter for our Audit Committee, setting forth its responsibilities as outlined by the regulations of the SEC. In addition, our Audit Committee has adopted procedures for the receipt, retention and treatment of complaints we may receive regarding accounting, internal accounting controls or auditing matters and the submission by our employees of concerns regarding questionable accounting or auditing matters. In addition, SEC rules mandate that the audit committee of a listed issuer consist of at least three members, all of whom must be independent, as such term is defined by rules and regulations promulgated by the SEC. We are in compliance with the independence requirements of the SEC rules.

The Israeli Companies Law regulations require each public company to appoint a committee that examines the financial statements, which shall consist of at least three members, of which the majority among them shall be independent directors and such committee's chairman shall be an external director. The committee's duties are, among others, to examine the company's financial statements and to recommend and report to the board of directors of the company regarding any problem or defect found in such financial statements.

Any person who is not eligible to serve on the audit committee is further restricted from participating in its meetings and votes, unless the chairman of the audit committee determines that such person's presence is necessary in order to present a certain matter; provided, however, that company employees who are not controlling shareholders or relatives of such shareholders may be present in the meetings, but not for actual voting, and likewise, company counsel and secretary who are not controlling shareholders or relatives of such shareholders may be present in the meetings and for actual voting if such presence is requested by the audit committee.

In addition to the above, all such committee's members must apply with the following requirements:

- All members shall be members of the board of directors of the company.

- At least one of the committee's members shall have financial and accounting expertise and the rest of the committee's members must have the ability to read and understand financial statements.

The Company, through our Audit Committee, is in full compliance with the above requirements.

Financial Statement Examination Committee

Under the Israeli Companies Law, the board of directors of a public company must appoint a financial statement examination committee, which consists of members with accounting and financial expertise or the ability to read and understand financial statements. According to a resolution of our Board of Directors, the Audit Committee has been assigned the responsibilities and duties of a financial statements examination committee, as permitted under relevant regulations promulgated under the Companies Law. From time to time as necessary and required to approve our financial statements, the Audit Committee holds separate meetings, prior to the scheduled meetings of the entire Board of Directors regarding financial statement approval. The function of a financial statements examination committee is to discuss and provide recommendations to its board of directors (including the report of any deficiency found) with respect to the following issues: (i) estimations and assessments made in connection with the preparation of financial statements; (ii) internal controls related to the financial statements; (iii) completeness and propriety of the disclosure in the financial statements; (iv) the accounting policies adopted and the accounting treatments implemented in material matters of the company; (v) value evaluations, including the assumptions and assessments on which evaluations are based and the supporting data in the financial statements. Our independent auditors and our internal auditors are invited to attend all meetings of Audit Committee when it is acting in the role of the financial statements examination committee.

Compensation Committee

Amendment no. 20 to the Companies Law was published on November 12, 2012 and became effective on December 12, 2012 ("Amendment no. 20"). In general, Amendment no. 20 requires public companies to appoint a compensation committee and to adopt a compensation policy with respect to its officers (the "Compensation Policy"). In addition, Amendment no. 20 addresses the corporate approval process required for a public company's engagement with its officers (with specific reference to a director, a non-director officer, a chief executive officer and controlling shareholders and their relatives who are employed by the company).

The compensation committee shall be nominated by the board of directors and be comprised of its members. The compensation committee must consist of at least three members. All of the external directors must serve on the compensation committee and constitute a majority of its members. The remaining members of the compensation committee must be directors who qualify to serve as members of the audit committee (including the fact that they are independent) and their compensation should be identical to the compensation paid to the external directors of the company.

Amendment no. 20 does not set a date for the appointment of the compensation committee. However, the Compensation Policy should be approved by the general meeting of shareholders (after discussions and recommendation of the compensation committee and approval by the board of directors) by September 11, 2013. Moreover, the approval of the compensation committee is required in order to approve terms of office and/or employment of office holders.

Similar to the rules that apply to the audit committee, the compensation committee may not include the chairman of the board, or any director employed by the company, by a controlling shareholder or by any entity controlled by a controlling shareholder, or any director providing services to the company, to a controlling shareholder or to any entity controlled by a controlling shareholder on a regular basis, or any director whose primary income is dependent on a controlling shareholder, and may not include a controlling shareholder or any of its relatives. Individuals who are not permitted to be compensation committee members may not participate in the committee's meetings other than to present a particular issue; provided, however, that an employee that is not a controlling shareholder or relative may participate in the committee's discussions, but not in any vote, and the company's legal counsel and corporate secretary may participate in the committee's discussions and votes if requested by the committee.

The roles of the compensation committee are, among others, to: (i) recommend to the board of directors the Compensation Policy for office holders and recommend to the board once every three years the extension of a Compensation Policy that had been approved for a period of more than three years; (ii) recommend to the directors any update of the Compensation Policy, from time to time, and examine its implementation; (iii) decide whether to approve the terms of office and of employment of office holders that require approval of the compensation committee; and (iv) decide, in certain circumstances, whether to exempt the approval of terms of office of a chief executive officer from the requirement of shareholder approval.

The compensation policy requires the approval of the general meeting of shareholders with a "Special Majority", which requires a majority of the shareholders of the company who are not either a controlling shareholder or an "interested party" in the proposed resolution, or that shareholders holding less than 2% of the voting power in the company voted against the proposed resolution at such meeting. However, under special circumstances, the board of directors may approve the compensation policy without shareholder approval, if the compensation committee and thereafter the board of directors decided, based on substantiated reasons after they have reviewed the compensation policy again, that the compensation policy is in the best interest of the company.

Amendment no. 20 details the considerations that should be taken into account in determining the Compensation Policy and certain issues which the Compensation Policy should include.

Mr. Gil Oren is the chairman of our compensation committee. Mr. Chezy Barenholz and Mrs. Liora Lev serve as the other members of our compensation committee.

Approval of Related Party Transactions under the Israeli Companies Law

Fiduciary duties of the office holders

The Israeli Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company. The duty of care of an office holder is based on the duty of care set forth in connection with the tort of negligence under the Israeli Torts Ordinance (New Version) 5728-1968. This duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- All other important information pertaining to these actions.

The duty of loyalty requires an office holder to act in good faith and for the benefit of the company, and includes the duty to:

- refrain from any act involving a conflict of interest between the performance of his or her duties in the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

We may approve an act performed in breach of the duty of loyalty of an office holder provided that the office holder acted in good faith, the act or its approval does not harm the company, and the office holder discloses his or her personal interest, as described below.

Disclosure of personal interests of an office holder and approval of acts and transactions

The Israeli Companies Law requires that an office holder promptly disclose to the company any personal interest that he or she may have and all related material information or documents relating to any existing or proposed transaction by the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obligated to disclose such information if the personal interest of the office holder derives solely from the personal interest of his or her relative in a transaction that is not considered as an extraordinary transaction.

The term personal interest is defined under the Israeli Companies Law to include the personal interest of a person in an action or in the business of a company, including the personal interest of such person's relative or the interest of any corporation in which the person is an interested party, but excluding a personal interest stemming solely from the fact of holding shares in the company. A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the interest of the office holder with respect to his or her vote on behalf of the shareholder for whom he or she holds a proxy even if such shareholder itself has no personal interest in the approval of the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Israeli Companies Law, an extraordinary transaction which requires approval is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on the company's profitability, assets or liabilities.

Under the Israeli Companies Law, once an office holder has complied with the disclosure requirement described above, a company may approve a transaction between the company and the office holder or a third party in which the office holder has a personal interest, or approve an action by the office holder that would otherwise be deemed a breach of duty of loyalty. However, a company may not approve a transaction or action that is adverse to the company's interest or that is not performed by the office holder in good faith.

Under the Companies Law, unless the articles of association of a company provide otherwise, a transaction with an office holder, a transaction with a third party in which the office holder has a personal interest, and an action of an office holder that would otherwise be deemed a breach of duty of loyalty requires approval by the board of directors. Our Articles of Association do not provide otherwise. If the transaction or action considered is (i) an extraordinary transaction, (ii) an action of an office holder that would otherwise be deemed a breach of duty of loyalty and may have a material impact on a company's profitability, assets or liabilities, (iii) an undertaking to indemnify or insure an office holder who is not a director, or (iv) for matters considered an undertaking concerning the terms of compensation of an office holder who is not a director, including, an undertaking to indemnify or insure such office holder, then approval by the audit committee is required prior to approval by the board of directors. Arrangements regarding the compensation, indemnification or insurance of a director require the approval of the audit committee, board of directors and shareholders, in that order.

A director who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may generally not be present at the meeting or vote on the matter, unless a majority of the directors or members of the audit committee have a personal interest in the matter or the chairman of the audit committee or board of directors, as applicable, determines that he or she should be present to present the transaction that is subject to approval. If a majority of the directors have a personal interest in the matter, such matter would also require approval of the shareholders of the company.

Disclosure of personal interests of a controlling shareholder and approval of transactions

Under the Israeli Companies Law and a recent amendment thereto, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. See "— Audit Committee" for a definition of controlling shareholder. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, as well as transactions for the provision of services whether directly or indirectly by a controlling shareholder or his or her relative, or a company such controlling shareholder controls, and transactions concerning the terms of engagement of a controlling shareholder or a controlling shareholder's relative, whether as an office holder or an employee, require the approval of the audit committee, the board of directors and a majority of the shares voted by the shareholders of the company participating and voting on the matter in a shareholders' meeting. In addition, such shareholder approval must fulfill one of the following requirements:

- at least a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

Duties of shareholders

Under the Israeli Companies Law, a shareholder has a duty to refrain from abusing its power in the company and to act in good faith and in an acceptable manner in exercising its rights and performing its obligations to the company and other shareholders, including, among other things, voting at general meetings of shareholders on the following matters:

- an amendment to the articles of association;
- an increase in the company's authorized share capital;
- a merger;
- an increase in the company's authorized share capital; and
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders.

The remedies generally available upon a breach of contract will also apply to a breach of the above mentioned duties, and in the event of discrimination against other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or has another power with respect to a company, is under a duty to act with fairness towards the company. The Israeli Companies Law does not describe the substance of this duty except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness, taking the shareholder's position in the company into account.

Approval of Compensation to Our Officers

The Israeli Companies Law prescribes that compensation to officers must be approved by a company's Board of Directors.

As detailed above, our compensation committee consists of three independent directors: Yechezkel Barenholtz, Gil Oren and Liora Lev. The responsibilities of the compensation committee are to set our overall policy on executive remuneration and to decide the specific remuneration, benefits and terms of employment for directors, officers and the Chief Executive Officer.

The objectives of the compensation committee's policies are that such individuals should receive compensation which is appropriate given their performance, level of responsibility and experience. Compensation packages should also allow us to attract and retain executives of the necessary caliber while, at the same time, motivating them to achieve the highest level of corporate performance in line with the best interests of shareholders. In order to determine the elements and level of remuneration appropriate to each executive director, the compensation committee reviews surveys on executive pay, obtains external professional advice and considers individual performance.

Internal Auditor

Under the Israeli Companies Law, the board of directors must appoint an internal auditor, nominated by the audit committee. The role of the internal auditor is to examine, among other matters, whether the company's actions comply with the law and orderly business procedure. Under the Israeli Companies Law, an internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's shares;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an executive officer or director of the company; or
- a member of the company's independent accounting firm.

We comply with the requirement of the Israeli Companies Law relating to internal auditors. Our internal auditors examine whether our various activities comply with the law and orderly business procedure.

D. Employees.

As of December 31, 2011, we had 11 employees, three of whom were employed in management and administration and eight of whom were employed in research and development. All of these employees were located in Israel.

As of December 31, 2012, we had eight employees, four of whom were employed in management and administration and seven of whom were employed in research and development. All of these employees were located in Israel. The decrease in the number of employees from 2011 to 2012 was the result of a change in our activity from pre-clinical to clinical studies, which require less employees in research and development.

While none of our employees are party to any collective bargaining agreements, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our employees by order of the Israel Ministry of Labor. These provisions primarily concern the length of the workday, minimum daily wages for professional workers, pension fund benefits for all employees, insurance for work-related accidents, procedures for dismissing employees, determination of severance pay and other conditions of employment. We generally provide our employees with benefits and working conditions beyond the required minimums. We have never experienced any employment-related work stoppages and believe our relationship with our employees is good.

E. Share Ownership.

The following table sets forth information regarding the beneficial ownership of our outstanding ordinary shares as of May 9 , 2013 by the members of our senior management and Board of Directors, individually and as a group.

Name of Beneficial Owner	Number of Ordinary Shares	Percentage of Class*
Pnina Fishman, PhD. *Chief Executive Officer and Director*	14,306,604(1)	2.87
Motti Farbstein *Chief Operating Officer*	954,903(2)	0.19
Ilan Cohn, PhD. *Vice-Chairman of the Board*	5,063,320(3)	1.02
Guy Regev *Director*	1,306,625(4)	0.26
Liora Lev *Director*	1,114,743(5)	0.22
Avraham Sartani, Ph.D. *Director*	277,403(6)	0.05
Barak Singer *VP for Business Development*	179,375(7)	0.04
Directors and Executive Officers as a group (7 persons)	25,024,848	4.65

* Percentages and number of ordinary shares calculated in accordance with SEC rules and based upon and aggregate of 356,805,528 ordinary shares, 111,593,250 registered warrants, or warrants that are publicly traded on the TASE (which include our Series 6, 7, 8, 9, 10 and 11 Warrants), and 29,399,813 unregistered options, or options that are not publicly traded, outstanding as of May 9 , 2013. The exercise prices and expiration dates of the series included in this table are as follows: (i) Series 8 - NIS 0.55 per warrant, which expire on June 30 , 2013; (ii) Series 9 - NIS 0.85 per warrant, which expire on May 1, 2015; (iii) Series 10 - NIS 0.394 per warrant, which expire on October 31, 2015; and (iv) Series 11 - NIS 0.392 per warrant, which expire on April 30, 2016.

(1) Includes 6,585,843 ordinary shares, 60,000 registered warrants (Series 8), 90,000 registered warrants (Series 9) and 7,570,761 unregistered options, of which 4,890,760 options have an exercise price of NIS 0.50 per option and expire on August 23, 2016 and 2,680,000 options have an exercise price of NIS 0.644 per option and expire on January 13, 2021. All such options are vested.

(2) Includes 954,903 unregistered options, of which 28,341 have an exercise price of NIS 0.01 per option and expire on August 3, 2013, 322,175 have an exercise price of NIS 0.45 per option and expire on November 29, 2015, 554,387 have an exercise price of NIS 0.307 per option and expire on November 26, 2018 and 37,500 have an exercise price of NIS 0.385 per option and expire on May 2, 2022 and 12,500 have an exercise price of NIS 0.326 per option and expire on March 20, 2023. All such options are vested or will vest within 60 days.

(3) Includes 2,961,184 ordinary shares, 28,000 registered warrants (Series 8), 42,000 registered warrants (Series 9) and 2,032,136 unregistered options with an exercise price of NIS 1.247 per option. All such options are vested and expire on March 20, 2017.

(4) Includes 606,000 ordinary shares, 24,000 registered warrants (Series 8) and 36,000 registered warrants (Series 9), 250,000 registered warrants (Series 10) and 250,000 registered warrants (Series 11) and 140,625 have an exercise price of NIS 0.60 per option and expire on May 2, 2023 .

(5) Includes 874,118 ordinary shares and 240,625 unregistered options with an exercise price of NIS 0.60 per option. All such options are vested and expire on August 14, 2022.

(6) Includes 271,153 unregistered options, of which 15,348 have an exercise price of NIS 0.01 per option and expire on November 10, 2013, 193,305 have an exercise price of NIS 0.45 per option and expire on August 23, 2016 and 68,750 have an exercise price of NIS 0.60 per option and expire on August 14, 2022. All such options are vested.

(7) Includes 179,375 unregistered options, of which 129,375 have an exercise price of NIS 0.754 per option and expire on February 21, 2021 and 37,500 have an exercise price of NIS 0.385 per option and expire on May 2, 2022 and 12,500 have an exercise price of NIS 0.326 per option and expire on March 20, 2023 . All such options are vested or will vest within 60 days.

Share Option Plans

We maintain the following share option plans for our and our subsidiary's employees, directors and consultants. In addition to the discussion below, see Note 16b of our consolidated financial statements, included in "Item 18. Financial Statements."

Our Board of Directors administers our share option plans and has the authority to designate all terms of the options granted under our plans including the grantees, exercise prices, grant dates, vesting schedules and expiration dates, which may be no more than ten years after the grant date. Options may not be granted with an exercise price of less than the fair market value of our ordinary shares on the date of grant, unless otherwise determined by our Board of Directors.

As of December 31, 2012, we have granted to employees, directors and consultants options that are outstanding to purchase up to 25,232,024 ordinary shares, par value NIS 0.01, pursuant to the 2003 share option plan, or the 2003 Plan, and pursuant to certain grants apart from these plans also discussed below under Non-Plan Share Options.

2003 Share Option Plan

Under the 2003 Plan we granted options during the period between 2003 and 2012, at exercise prices between NIS 0.01 and NIS 1.247 per ordinary share, par value NIS 0.01. Options to purchase up to 27,484,168 ordinary shares, par value NIS 0.01, were available to be granted under the 2003 Plan. As of December 31, 2012, 25,377,488 options were outstanding. Options granted to Israeli employees were in accordance with section 102 of the Income Tax Ordinance, 1961, or the Tax Ordinance, under the capital gains option set forth in section 102(b)(2) of the Tax Ordinance. The options are non-transferable.

The option term is for a period of ten years from the grant date. The options were granted for no consideration. The options vest over a three or two year period. As of December 31, 2012, options to purchase 25,689,980 ordinary shares, par value NIS 0.01, were fully vested.

Non-Plan Share Options

In addition to the options granted under our share option plans, at December 31, 2012, there were outstanding and exercisable options to purchase 12,596,972 ordinary shares, par value NIS 0.01, which had been granted to consultants and members of our Scientific Advisory Board, not under the 2003 Plan. The options were granted at exercise prices of NIS 0.01 and NIS 0.6. As of December 31, 2012, options to purchase 12,596,972 ordinary shares, par value NIS 0.01, were fully vested.

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders.

The following table sets forth certain information regarding the beneficial ownership of our outstanding ordinary shares as of March 31, 2013, by each person who we know beneficially owns 5.0% or more of the outstanding ordinary shares. Each of our shareholders has identical voting rights with respect to its shares. All of the information with respect to beneficial ownership of the ordinary shares is given to the best of our knowledge.

Name of Beneficial Owner	Number of Ordinary Shares	Percentage of Class
Shaked Group (Tal Shaked & Haya Shaked)	30,594,910(1)	8.57
OphthaliX*	17,873,054(2)	5.01
IBI Investment House Ltd.	18,177,980	5.10

* OphthaliX is a U.S. corporation. OphthaliX obtained its shares in November 2011 pursuant to the Spin-Off Agreements. See "Item 10. Additional Information—Material Contracts—OphthaliX Agreements."

(1) Includes 9,315,551 ordinary shares held by Mrs. Haya Shaked and 21,279,359 ordinary shares held by her daughter, Mrs. Tal Shaked.

(2) The Company owns approximately 82% of the issued and outstanding share capital of OphthaliX.

B. Related Party Transactions.

The following is a description of some of the transactions with related parties to which we, or our subsidiaries, are party, and which were in effect within the past three fiscal years. The descriptions provided below are summaries of the terms of such agreements, do not purport to be complete and are qualified in their entirety by the complete agreements.

We believe that we have executed all of our transactions with related parties on terms no less favorable to us than those we could have obtained from unaffiliated third parties. We are required by Israeli law to ensure that all future transactions between us and our officers, directors and principal shareholders and their affiliates are approved by a majority of our Board of Directors, including a majority of the independent and disinterested members of our Board of Directors, and that they are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Employment and Consulting Agreements

We have or have had employment, consulting or related agreements with each member of our senior management. See "Item 6. Directors, Senior Management and Employees—Compensation—Employment and Consulting Agreements".

Indemnification Agreements

Our Articles of Association permit us to exculpate, indemnify and insure our directors and officeholders to the fullest extent permitted by the Israeli Companies Law. We have obtained directors' and officers' insurance for each of our officers and directors and have entered into indemnification agreements with all of our current officers and directors.

Agreements with Subsidiaries

See "Item 10. Additional Information—Material Contracts—OphthaliX Agreements" for a description of agreements with OphthaliX and Eye-Fite.

C. Interests of Experts and Counsel.

Not applicable.

ITEM 8. Financial Information

A. Consolidated Financial Statements and Other Financial Information

See "Item 18. Financial Statements" for a list of all financial statements filed as part of this Registration Statement on Form 20-F.

Legal Matters

We are not involved in any legal or arbitration proceedings that may have or have had in the recent past, significant effects on our financial position or profitability.

Dividend Policy

We have never declared or paid cash dividends to our shareholders. Currently we do not intend to pay cash dividends. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, applicable Israeli law and other factors our Board of Directors may deem relevant.

B. Significant Changes

On February 5, 2013, we completed a public offering in which we issued ordinary shares, Series 10 Warrants and Series 11 Warrants for aggregate proceeds of NIS 26,498,488. Other than such offering, no significant changes with respect to our consolidated financial statements have occurred since December 31, 2012. For other important events that have occurred since December 31, 2012, see "Item 3. Key Information" and "Item 4. Information on the Company".

ITEM 9. The Offer and Listing

A. Offer and Listing Details.

Our ordinary shares have been trading on the TASE under the symbol "CFBI" since October 2005 and our ADSs currently trade on the OTCBB in the United States under the symbol "CANFY" since October 2012. We intend to apply to have our ADSs, each of which will represent 50 of our ordinary shares, to be listed on the NYSE MKT under the symbol "CANFY". We make no representation that such application will be approved or that our ADSs will trade on such market either now or at any time in the future. The shares will be registered and the ADSs may be in certificated or uncertificated form, as more fully described in "Item 12—Description of Securities Other Than Equity Securities—American Depositary Shares." No new shares will be issued in connection with this Registration Statement on Form 20-F. As of May 9 , 2013 the Company had 356,805,528 ordinary shares issued and outstanding. The shares have a NIS 0.01 par value. See "Item 10—Additional Information—Memorandum and Articles of Association" for a detailed description of the rights attaching to the shares. Also see "Item 12—Description of Securities Other Than Equity Securities—American Depositary Shares" for a description of the rights attaching to the ADSs.

The following table sets forth, for the periods indicated, the reported high and low closing sale prices of our ordinary shares on the TASE in NIS and U.S. dollars. U.S. dollar per ordinary share amounts are calculated using the U.S. dollar representative rate of exchange on the date to which the high or low market price is applicable, as reported by the Bank of Israel.

	NIS Price Per Ordinary Share		U.S.$ Price Per Ordinary Share	
	High	**Low**	**High**	**Low**
Annual:				
2012	49.6	29.3	12.9	7.2
2011	92.0	36.5	25.4	9.8
2010	76.0	47.2	20.9	12.4
2009	161.0	26.4	38.5	6.9
2008	81.3	22.5	23.6	5.9
Quarterly:				
Fourth Quarter 2012	43.9	31.0	11.6	8.3
Third Quarter 2012	39.9	29.3	9.9	7.2
Second Quarter 2012	47.6	30.4	12.7	7.7
First Quarter 2012	49.6	37.8	12.9	10.2
Fourth Quarter 2011	59.8	39.6	16.4	10.5
Third Quarter 2011	70.8	36.5	20.8	9.8
Second Quarter 2011	84.8	64.4	24.5	18.7
First Quarter 2011	92.0	70.5	25.4	19.8
Fourth Quarter 2010	76.0	57.3	20.9	15.7
Third Quarter 2010	59.6	47.2	16.1	12.4
Second Quarter 2010	72.1	49.5	19.5	12.8
First Quarter 2010	73.6	60.8	19.8	16.5
Most Recent Six Months:				
March 2013	33.8	32.5	9.2	8.8
February 2013	42.5	32.0	11.5	8.7
January 2013	43.3	32.9	11.6	8.7
December 2012	37.6	31.0	9.9	8.3
November 2012	41.1	36.8	10.6	9.4
October 2012	43.9	37.7	11.6	9.7

On April 3, 2013, the last reported sales price of our ordinary shares on the TASE was NIS 0.338 per share, or $0.093 per share. On April 3, 2013, the exchange rate of the NIS to the dollar was $1.00 = NIS 3.618, as reported by the Bank of Israel. As an Israeli public company the information regarding the number of shareholders of record of our ordinary shares, warrants or options is not available.

For information with respect to our warrants, see "Item 5. Operating and Financial Review and Prospects—Warrants".

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ordinary shares have been trading on the TASE and our ADSs currently trade on the OTCBB. We intend to apply to have our ADSs listed on the NYSE MKT under the symbol "CANFY." We make no representation that such application will be approved or that our ADSs will trade on such market either now or at any time in the future.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

ITEM 10. Additional Information

A. Share Capital.

Through December 31, 2012, our authorized share capital was NIS 5,000,000 consisting of 500,000,000 ordinary shares, par value NIS 0.01 per share. Of such shares, the Company has issued and outstanding as of April 8, 2013, 273,379,902 ordinary shares (of which 17,873,054 are held by OphthaliX and are therefore without any voting rights); 4,953,750 Series 6 warrants; 9,907,500 Series 7 warrants; 8,112,000 Series 8 warrants; 12,168,000 Series 9 warrants, 37,385,000 Series 10 warrants, 37,385,000 Series 11 warrants and 38,055,439 unregistered options and warrants.

At December 31, 2012, our authorized share capital consisted of 500,000,000 ordinary shares, par value NIS 0.01 per share, of which 273,379,903 shares were issued and outstanding as of the date of this Registration Statement on Form 20-F. All of our outstanding ordinary shares have been validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and are not subject to any preemptive right.

At December 31, 2012, an additional 38,502,196 ordinary shares are issuable upon the exercise of outstanding options to purchase our ordinary shares. The exercise price of the options and warrants outstanding is between NIS 0.01 and NIS 1.247 per share. See "Item 6. Directors, Senior Management and Employees - Share Ownership - Share Option Plans" for a more detailed discussion on our outstanding options.

At December 31, 2012, an additional 4,953,750 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 6 Warrants. The Series 6 Warrants have an exercise price of NIS 0.63. The Series 6 Warrants were originally scheduled to expire on May 16, 2013. However, our Board of Directors has decided to extend the exercise period of the Series 6 Warrants until September 1, 2013, subject to court and other approvals.

At December 31, 2012, an additional 9,907,500 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 7 Warrants. The Series 7 Warrants have an exercise price of NIS 0.80. The Series 7 Warrants are scheduled to expire on November 16, 2013.

At December 31, 2012, an additional 8,112,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 8 Warrants. The Series 8 Warrants have an exercise price of NIS 0.55. The Series 8 Warrants were originally scheduled to expire on May 1, 2013. However, our Board of Directors has decided to extend the exercise period of the Series 8 Warrants until December 31, 2013, subject to court and other approvals.

At December 31, 2012, an additional 12,168,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 9 Warrants. The Series 9 Warrants have an exercise price of NIS 0.85. The Series 9 Warrants are scheduled to expire on May 1, 2015.

As of January 1, 2010, we had 213,260,312 ordinary shares issued and outstanding. During 2010, we issued an aggregate of 891,815 ordinary shares in connection with the exercise of warrants and share options. Total aggregate consideration received in consideration for these issuances was approximately NIS 1,075,500.

On October 28, 2010, we issued 18,000,000 shares in a shelf public offering to our shareholders by means of a shelf offering report published on October 28, 2010, under the shelf prospectus of May 27, 2010. The per share price at the issuance was NIS 0.60 per share.

As of January 1, 2011, we had 232,152,127 ordinary shares issued and outstanding. During 2011, we issued an aggregate of 653,000 ordinary shares in connection with the exercise of warrants and share options. Total aggregate consideration received in consideration for these issuances was approximately NIS 294,500.

On November 16, 2011, we issued 9,907,500 shares, Series 6 Warrants exercisable for 4,953,750 of our ordinary shares and Series 7 Warrants exercisable for 9,907,500 of our ordinary shares, in a public offering in Israel on TASE. The per share offering price at the issuance was NIS 0.50 per share, and the ordinary shares were offered in units consisting of 2,500 ordinary shares with 1,250 Series 6 Warrants and 2,500 Series 7 Warrants, which were offered for no further consideration. The ordinary shares and the Series 6 and 7 Warrants are all listed for trading on the TASE and the Series 6 and Series 7 Warrants trade separately from the ordinary shares. The exercise price of the Series 6 Warrants is NIS 0.63 per share and the exercise price of the Series 7 Warrants is NIS 0.80 per share.

On November 20, 2011, we issued 17,873,054 shares in a private placement in accordance with report published on November 21, 2011. The per share price at the issuance was NIS 0.501 per share.

As of January 1, 2012, we had 260,585,681 ordinary shares issued and outstanding. During 2012, we issued an aggregate of 626,222 ordinary shares in connection with the exercise of warrants and share options. Total aggregate consideration received in consideration for these issuances was approximately NIS 251,000.

On May 1, 2012, we issued 12,168,000 shares, Series 8 Warrants exercisable into 8,112,000 of our ordinary shares and Series 9 Warrants exercisable into 12,168,000 of our ordinary shares, in a public offering in Israel on TASE. The per share offering price at the issuance was NIS 0.477 per share, and the ordinary shares were offered in units consisting of 3,000 ordinary shares with 2,000 Series 8 Warrants and 3,000 Series 9 Warrants, which were offered for no further consideration. The ordinary shares and the Series 8 and 9 Warrants are all listed for trading on the TASE and the Series 8 and Series 9 Warrants trade separately from the ordinary shares. The exercise price of the Series 8 Warrants is NIS 0.55 per share and the exercise price of the Series 9 Warrants is NIS 0.85 per share.

As of January 1, 2013, we had 260,585,681 ordinary shares issued and outstanding. During 2013, we issued an aggregate of 8,655,626 ordinary shares in connection with the exercise of warrants and share options. Total aggregate consideration received in consideration for these issuances was approximately NIS 86,500.

On February 5, 2013, we issued 74,770,000 shares, Series 10 Warrants exercisable into 37,385,000 of our ordinary shares and Series 11 Warrants exercisable into 37,385,000 of our ordinary shares, in a public offering in Israel on TASE. The per share offering price at the issuance was NIS 0.3144 per share, and the ordinary shares were offered in units consisting of 10,000 ordinary shares with 5,000 Series 10 Warrants and 5,000 Series 11 Warrants, which were offered for no further consideration. The ordinary shares and the Series 10 and 11 Warrants are all listed for trading on the TASE and the Series 10 and Series 11 Warrants trade separately from the ordinary shares. The exercise price of the Series 10 Warrants is NIS 0.394 per share and the exercise price of the Series 11 Warrants is NIS 0.392 per share.

On of March 17, 2013, we issued Series 10 Warrants exercisable into 1,682,000 in a private placement in accordance with report published on February 21, 2013. The per share price at the issuance was NIS 0.394 per share.

On April 2, 2013, 80,979 exercisable options were cancelled from the outstanding option pool of the Company.

At April 12, 2013, our authorized share capital consisted of 500,000,000 ordinary shares, par value NIS 0.01 per share, of which 356,805,528 shares were issued and outstanding as of the date of this Registration Statement on Form 20-F. All of our outstanding ordinary shares have been validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and are not subject to any preemptive right.

At April 12, 2013, an additional 29,318,834 ordinary shares are issuable upon the exercise of outstanding options to purchase our ordinary shares. The exercise price of the options and warrants outstanding is between NIS 0.01 and NIS 1.247 per share. See "Item 6. Directors, Senior Management and Employees - Share Ownership - Share Option Plans" for a more detailed discussion on our outstanding options.

At April 12, 2013, an additional 4,953,750 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 6 Warrants. The Series 6 Warrants have an exercise price of NIS 0.63. The Series 6 Warrants were originally scheduled to expire on May 16, 2013. However, our Board of Directors has decided to extend the exercise period of the Series 6 Warrants until September 1, 2013, subject to court and other approvals.

At April 12, 2013, an additional 9,907,500 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 7 Warrants. The Series 7 Warrants have an exercise price of NIS 0.80. The Series 7 Warrants are scheduled to expire on November 16, 2013.

At April 12, 2013, an additional 8,112,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 8 Warrants. The Series 8 Warrants have an exercise price of NIS 0.55. The Series 8 Warrants were originally scheduled to expire on May 1, 2013. However, our Board of Directors has decided to extend the exercise period of the Series 8 Warrants until December 31, 2013, subject to court and other approvals.

At April 12, 2013, an additional 12,168,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 9 Warrants. The Series 9 Warrants have an exercise price of NIS 0.85. The Series 9 Warrants are scheduled to expire on May 1, 2015.

At April 12, 2013, an additional 39,067,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 10 Warrants. The Series 10 Warrants have an exercise price of NIS 0.394. The Series 10 Warrants are scheduled to expire on October 31, 2015.

At April 12, 2013, an additional 37,385,000 ordinary shares are issuable upon the exercise of outstanding warrants to purchase our ordinary shares. All of such warrants have been designated as our Series 11 Warrants. The Series 11 Warrants have an exercise price of NIS 0.392. The Series 11 Warrants are scheduled to expire on April 30, 2016.

B. Memorandum and Articles of Association.

Our number with the Israeli Registrar of Companies is 512022153. Our purpose is set forth in Section 3 of our Articles of Association and includes every lawful purpose.

Our ordinary shares that are fully paid for are issued in registered form and may be freely transferred under our Articles of Association, unless the transfer is restricted or prohibited by applicable law or the rules of a stock exchange on which the shares are traded. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our Articles of Association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Pursuant to the Israeli Companies Law and our Articles of Association, our Board of Directors may exercise all powers and take all actions that are not required under law or under our Articles of Association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Our Articles of Association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Israeli Companies Law and must be approved by a resolution duly passed by our shareholders at a general or special meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings and profits and an issuance of shares for less than their nominal value, require a resolution of our Board of Directors and court approval.

Dividends

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Israeli Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless such company's articles of association provide otherwise. Our Articles of Association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our Board of Directors.

Pursuant to the Israeli Companies Law, we may only distribute dividends from our profits accrued over the previous two years, as defined in the Israeli Companies Law, according to our then last reviewed or audited financial reports, or we may distribute dividends with court approval. In each case, we are only permitted to pay a dividend if there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

Election of Directors

Our ordinary shares do not have cumulative voting rights in the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors described under "Item 6. Directors, Senior Management and Employees — Board Practices — External Directors."

Pursuant to our Articles of Association, other than the external directors, for whom special election requirements apply under the Israeli Companies Law, our directors are elected at a general or special meeting of our shareholders and serve on the Board of Directors until the end of the next general meeting or they are removed by the majority of our shareholders at a general or special meeting of our shareholders or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our Articles of Association. In addition, our Articles of Association allow our Board of Directors to appoint directors to fill vacancies on the Board of Directors to serve until the next general meeting or special meeting, or earlier if required by our Articles of Association or applicable law. We have held elections for each of our non-external directors at each annual meeting of our shareholders since our initial public offering in Israel. External directors are elected for an initial term of three years and may be removed from office pursuant to the terms of the Israeli Companies Law. See "Item 6. Directors, Senior Management and Employees — Board Practices — External Directors."

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special meetings. Our Board of Directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Israeli Companies Law and our Articles of Association provide that our Board of Directors is required to convene a special meeting upon the written request of (i) any two of our directors or one quarter of our Board of Directors or (ii) one or more shareholders holding, in the aggregate, either (1) 5% of our outstanding shares and 1% of our outstanding voting power or (2) 5% of our outstanding voting power.

Subject to the provisions of the Israeli Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting. Furthermore, the Israeli Companies Law and our Articles of Association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our Articles of Association;
- appointment or termination of our auditors;
- appointment of directors and appointment and dismissal of external directors;
- approval of acts and transactions requiring general meeting approval pursuant to the Israeli Companies Law;
- director compensation, indemnification and change of the principal executive officer;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our Board of Director's powers by a general meeting, if our Board of Directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Israeli Companies Law requires that a notice of any annual or special shareholders meeting be provided at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

The Israeli Companies Law does not allow shareholders of publicly traded companies to approve corporate matters by written consent. Consequently, our Articles of Association does not allow shareholders to approve corporate matters by written consent.

Pursuant to our Articles of Association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting.

Quorum

The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights.

A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place or on a later date if so specified in the summons or notice of the meeting. At the reconvened meeting, any number of our shareholders present in person or by proxy shall constitute a lawful quorum.

Resolutions

Our Articles of Association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by applicable law.

Israeli law provides that a shareholder of a public company may vote in a meeting and in a class meeting by means of a written ballot in which the shareholder indicates how he or she votes on resolutions relating to the following matters:

- an appointment or removal of directors;
- an approval of transactions with office holders or interested or related parties;
- an approval of a merger or any other matter in respect of which there is a provision in the articles of association providing that decisions of the general meeting may also be passed by written ballot;
- authorizing the chairman of the board of directors or his relative to act as the company's chief executive officer or act with such authority; or authorize the company's chief executive officer or his relative to act as the chairman of the board of directors or act with such authority; and
- other matters which may be prescribed by Israel's Minister of Justice.

The provision allowing the vote by written ballot does not apply where the voting power of the controlling shareholder is sufficient to determine the vote. Our Articles of Association provides that our Board of Directors may prevent voting by means of a written ballot and this determination is required to be stated in the notice convening the general meeting.

The Israeli Companies Law provides that a shareholder, in exercising his or her rights and performing his or her obligations toward the company and its other shareholders, must act in good faith and in a customary manner, and avoid abusing his or her power. This is required when voting at general meetings on matters such as changes to the articles of association, increasing the company's registered capital, mergers and approval of related party transactions. A shareholder also has a general duty to refrain from depriving any other shareholder of its rights as a shareholder. In addition, any controlling shareholder, any shareholder who knows that its vote can determine the outcome of a shareholder vote and any shareholder who, under such company's articles of association, can appoint or prevent the appointment of an office holder, is required to act with fairness towards the company. The Israeli Companies Law does not describe the substance of this duty except to state that the remedies generally available upon a breach of contract will also apply to a breach of the duty to act with fairness, and, to the best of our knowledge, there is no binding case law that addresses this subject directly.

Under the Israeli Companies Law, unless provided otherwise in a company's articles of association, a resolution at a shareholders meeting requires approval by a simple majority of the voting rights represented at the meeting, in person, by proxy or written ballot, and voting on the resolution. A resolution for the voluntary winding up of the company requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by written ballot and voting on the resolution.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Access to Corporate Records

Under the Israeli Companies Law, all shareholders of a company generally have the right to review minutes of the company's general meetings, its shareholders register and principal shareholders register, articles of association, financial statements and any document it is required by law to file publicly with the Israeli Companies Registrar and the ISA. Any of our shareholders may request access to review any document in our possession that relates to any action or transaction with a related party, interested party or office holder that requires shareholder approval under the Israeli Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a commercial secret or a patent or that the document's disclosure may otherwise prejudice our interests.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Israeli Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the same class for the purchase of all of the issued and outstanding shares of the same class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law (provided that a majority of the offerees that do not have a personal interest in such tender offer shall have approved the tender offer except that if the total votes to reject the tender offer represent less than 2% of the company's issued and outstanding share capital, in the aggregate, approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer). However, a shareholder that had its shares so transferred may petition the court within six months from the date of acceptance of the full tender offer, whether or not such shareholder agreed to the tender or not, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court unless the acquirer stipulated in the tender offer that a shareholder that accepts the offer may not seek appraisal rights. If the shareholders who did not accept the tender offer hold 5% or more of the issued and outstanding share capital of the company or of the applicable class, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

Special Tender Offer

The Israeli Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law is met. This rule does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a holder of 45% or more of the voting rights in the company, if there is no other shareholder of the company who holds 45% or more of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law is met.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger

The Israeli Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Israeli Companies Law are met, a majority of each party's shares voted on the proposed merger at a shareholders' meeting called with at least 35 days' prior notice.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party, vote against the merger. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and 30 days have passed from the date the merger was approved by the shareholders of each party.

Antitakeover Measures

The Israeli Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights, distributions or other matters and shares having preemptive rights. As of the date of this annual report, we do not have any authorized or issued shares other than our ordinary shares. In the future, if we do create and issue a class of shares other than ordinary shares, such class of shares, depending on the specific rights that may be attached to them, may delay or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization of a new class of shares will require an amendment to our Articles of Association which requires the prior approval of the holders of a majority of our shares at a general meeting. In addition, the rules and regulations of the TASE also limit the terms permitted with respect to a new class of shares and prohibit any such new class of shares from having voting rights. Shareholders voting in such meeting will be subject to the restrictions provided in the Israeli Companies Law as described above.

C. Material Contracts.

The following are summary descriptions of certain material agreements to which we are a party. The descriptions provided below do not purport to be complete and are qualified in their entirety by the complete agreements, which are attached as exhibits to this Registration Statement on Form 20-F.

OphthaliX Agreements

On November 21, 2011, we consummated a series of transactions resulting in the acquisition of 82.3% of the issued and outstanding share capital of OphthaliX, Inc., a Delaware corporation (formerly, Denali Concrete Management Inc., a Nevada corporation), whose common shares are traded in the United States on the OTCBB under the symbol “OPLI”.

The transactions were consummated pursuant to a series of agreements that we executed on November 21, 2011 with OphthaliX to spin-off our activity in the ophthalmology field to OphthaliX, or the Spin-Off Agreements. Prior to entering into the Spin-Off Agreements, we obtained a pre-ruling from the Israeli Tax Authority which prohibits us from selling more than 10% of the OphthaliX common stock that we hold until at least November 21, 2013. If we sell any of such shares prior to such date, we will be subject to a significant tax by the Israeli Tax Authority.

Spin-Off Agreements

Pursuant to the Spin-Off Agreements, we formed Eye-Fite as a wholly-owned subsidiary of ours and transferred to all of the issued and outstanding share capital of Eye-Fite to OphthaliX, such that Eye-Fite became a wholly-owned subsidiary of OphthaliX. In consideration for the transfer of Eye-Fite, OphthaliX issued us 36,000,000 shares of OphthaliX common stock, which represented 86.7% of the issued and outstanding share capital of OphthaliX. In addition to the 36,000,000 shares of OphthaliX common stock that were issued to us in consideration for the transfer of Eye-Fite, we also acquired (i) 2,097,626 shares of OphthaliX common stock that were issued to us in exchange for 17,873,054 of our ordinary shares**,** which reflected a price of $1.144 per share of OphthaliX common stock, and (ii) 437,005 shares of OphthaliX common stock that were issued to us as consideration for our investment of $500,000 in OphthaliX, also at a price of $1.144 per share of OphthaliX common stock. We were also granted 1,267,316 warrants exercisable for the equivalent number of shares of OphthaliX common stock. Such warrants have an exercise price of US$1.72 per share and expire on November 20, 2016. As of May 9 , 2013, none of the warrants had been exercised.

As a result of the Spin-Off Agreements, we appointed all of the members of the OphthaliX board of directors. According to the terms of the Spin-Off Agreements, OphthaliX will continue the development processes, clinical trials and registration of the ophthalmic indications of CF101.

As part of the acquisition transactions, OphthaliX raised approximately $3.33 million from a group of investors in a private placement of 2,910,456 shares of OphthaliX common stock, which represented approximately 6.2% of the issued and outstanding share capital of OphthaliX. As part of the private placement, Pnina Fishman, our Chief Executive Officer, invested $50,000 in OphthaliX and Guy Regev purchased shares of OphthaliX common stock from former OphthaliX shareholders for $75,000, each after approval by our audit committee and Board of Directors.

The acquisition transactions valued OphthaliX at approximately $50 million.

In connection with the acquisition transactions, we agreed not to withdraw any money from Eye-Fite or OphthaliX, except for the payments under the Services Agreement pursuant to which we are reimbursed for our costs plus 15%. See "—OphthaliX Agreements—Service Agreement".

For additional information with respect to the Spin-Off Agreements, see "—OphthaliX Agreements—Service Agreement" and "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements—Eye-Fite Agreement".

Services Agreement

On November 21, 2011, we entered into a services agreement, or the Services Agreement, with OphthaliX and Eye-Fite, pursuant to which we provide management services to OphthaliX and Eye-Fite with respect to (i) all pre-clinical and clinical research studies of CF101 in the ophthalmic field, (ii) drug manufacturing and supply with respect to the compounds related to the Eye-Fite Agreement, (iii) QT studies in human beings, and (iv) payments to consultants that are listed in the Services Agreement for their involvement in the clinical trials and in all other activities necessary to launch CF101 for the treatment of ophthalmic diseases. As consideration for the foregoing services, we will be reimbursed by OphthaliX for our costs and expenses incurred in rendering such services plus 15% (not including VAT, if applicable) and in relation to expenses and costs of intellectual property maintenance, we will "pass through" any such payments and expenses made to third parties and will receive reimbursement for such costs and expenses from OphthaliX. In addition, OphthaliX must abide by all current ongoing clinical trial agreements that we are party to and OphthaliX must pay all payments under those agreements from November 21, 2011 onwards. Further, we are entitled to an additional payment of 2.5%, or the additional payment, of any revenues received by OphthaliX and Eye-Fite in connection with the use of CF101 in the ophthalmic field.

During the five-year period following the date of the execution of the Services Agreement, we are entitled to convert our right to the additional payment into 2,160,102 shares of OphthaliX common stock, representing approximately 5% of the shares of OphthaliX common stock on a fully diluted basis as of the date of closing of the Spin-Off Agreements and the Services Agreement. The Services Agreement is for an unlimited duration. However, following the first anniversary of the execution of the Services Agreement, each party is entitled to terminate the agreement if at least six months' prior notice, or less with respect to termination for "cause", as defined in the Services Agreement, is provided to the counterparty.

In February 2013, we sent a formal letter to OphthaliX agreeing to defer payments owed to us under the Services Agreement beginning on January 31, 2013 for the performance of the clinical trials of CF101 in ophthalmic indications until the completion of a fundraising by OphthaliX. Any such deferred payments will bear interest at a rate of 3% per annum from the due date of each invoice issued by us to OphthaliX until the time of payment by OphthaliX.

License Agreement

See "Item 4. Information on the Company—Business Overview—Out-Licensing Agreements—Eye-Fite Agreement".

Employment and Consulting Agreements

See "Item 6. Directors, Senior Management and Employees—Compensation—Employment and Consulting Agreements".

Other Material Contracts

Morningside Memorandum of Understanding

On January 19, 2010, we executed a memorandum of understanding with Morningside Asia Venture (HK) Limited, a Hong Kong limited company, or Morningside.

According to the memorandum of understanding, the parties will establish a joint venture with the exclusive right to develop and commercialize CF102 in the People's Republic of China, Hong Kong, Macau and Taiwan, or the territory. Morningside will provide the entire $7.5 million in financing necessary for the joint venture and the expertise and necessary intellectual resources and contacts needed to advance the development of CF102 towards conclusion of Phase II trials. We will provide all pertinent information in our possession that is relevant to CF102 in order to obtain regulatory permits for it in the territory.

Among other rights set forth in the memorandum of understanding, we will have access to all the clinical and pre-clinical results and data to be developed by the joint venture and will have the right to use all of such information for purposes outside the territory. On the other hand, Morningside will have a right of first offer with respect to the commercial rights, including an exclusive license, in the territory with respect to CF101. Also, prior to the successful commercialization of CF102 in the territory, Morningside will have a right of first refusal with respect to the transfer of any of our shares in the proposed joint venture to a third party.

The memorandum of understanding is subject to the execution and delivery of the appropriate definitive agreements, which are pending as of the date of this Registration Statement.

D. Exchange Controls

There are no Israeli government laws, decrees or regulations that restrict or that affect our export or import of capital or the remittance of dividends, interest or other payments to non-resident holders of our securities, including the availability of cash and cash equivalents for use by us and our wholly-owned subsidiaries, except or otherwise as set forth under "Item 10.E. Additional Information — Taxation."

E. Taxation

Certain Israeli Tax Considerations

The following is a summary of the material Israeli tax laws applicable to us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. Because certain parts of this discussion are based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax consequences.

You are urged to consult your own tax advisor as to the Israeli and other tax consequences of the purchase, ownership and disposition of our ADSs, including, in particular, the effect of any non-Israeli, state or local taxes.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to a corporate tax at the rate of 25% of their taxable income in 2012 and thereafter (24% in 2011 and 25% in 2010). Capital gains derived by an Israeli company are generally subject to tax at a rate of 25%, or at the prevailing corporate tax rate, whichever is lower.

In 2006, transfer pricing regulations came into force, following the introduction of Section 85A of the Israeli Tax Ordinance under Amendment 132. The transfer pricing rules require that cross-border transactions between related parties be carried out implementing an arms' length principle and reported and taxed accordingly.

In 2008, the Knesset passed an amendment to the Income Tax (Inflationary Adjustments) Law, 1985, which limits the scope of the law starting in 2008 and thereafter. Starting in 2008, the revenues for tax purposes are measured in nominal values, excluding certain adjustments for changes in the consumer price index carried out in the period up to December 31, 2007. The amended law includes, among other provisions, the elimination of the inflationary additions and deductions and the additional deduction for depreciation for the period starting in 2008.

Pre-Ruling from the Israeli Income Tax Authorities

In connection with the Spin-Off, the Company received a pre-ruling decision from the Israeli Income Tax Authority which confirms: (i) that the grant of the license to Eye-Fite is not liable for tax pursuant to the provisions of section 104a to the Income Tax Ordinance (New Version), 1961 ("the Ordinance"); (ii) that OphthaliX is considered the receiving company pursuant to section 103c(7)(b) to the Ordinance; (iii) that the sale of Eye-Fite shares to OphthaliX as consideration for OphthaliX shares does not create liability for tax pursuant to the provisions of section 103t to the Ordinance ("change in structure"); and (iv) the date for the change in structure was determined. According to the tax pre-ruling, the date of change in structure shall also be the date of exchange of shares with respect to the spin-off and notification to the tax assessor. The Company and Eye-Fite presented to the tax assessor and the merger and spin-off department of the tax assessor the forms required by the Ordinance and the regulations thereunder. The tax pre-ruling further provides that the grant of a license to Eye-Fite as consideration for the issuance of Eye-Fite shares to the Company does not create liability for tax pursuant to the provisions of section 104a to the Ordinance.

According to the pre-ruling, the Company must not sell more than 10% of its common stock holdings in OphthaliX issued in connection with the change in structure for at least two years from the date of the change (i.e., November 21, 2011), OphthaliX must not sell more than 10% of its ordinary share holdings in Eye-Fite received in connection with the change in structure for at least two years from the date of the change and Eye-Fite must retain the assets received from the Company in connection with the change in structure for at least two years from the date of the change.

The shares of Eye-Fite which were transferred to OphthaliX in connection with the change in structure will be held in escrow. The sale of these shares will be deemed as a sale by an Israeli company and will be taxed accordingly. The trustee will withhold tax at the source.

The shares of OphthaliX which were transferred to the Company in connection with the change in structure will be held in escrow. The sale of these shares will be deemed as a sale by an Israeli company and will be taxed accordingly. The trustee will withhold tax at the source.

Any dividend distributed by Eye-Fite to OphthaliX will be taxed in Israel in accordance with paragraph 125(b)5 of the Israeli Tax Ordinance.

A description of the terms of the pre-ruling is also included in the notes to the financial statements.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for research and development expenditures, including capital expenditures, for the year in which they are incurred. These expenses must relate to scientific research and development projects and must be approved by the Office of the Chief Scientist, or the OCS, of the relevant Israeli government ministry, determined by the field of research. Furthermore, the research and development must be for the promotion of the company and carried out by or on behalf of the company seeking such tax deduction. The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the funding of the scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Tax Ordinance. Expenditures not so approved are deductible in equal amounts over three years.

On a yearly basis, we evaluate the applicability of the above tax deduction for research and development expenditures and, based on our evaluation, determine whether to apply to the OCS for approval of a tax deduction. There can be no assurance that any application for a tax deduction will be accepted.

Taxation of our Shareholders

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders. Shareholders that are not Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our shares, provided that such shareholders did not acquire their shares prior to our initial public offering on the TASE and such gains were not derived from a permanent establishment or business activity of such shareholders in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident (i) has a controlling interest of 25% or more in such non-Israeli corporation or (ii) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, under the U.S.-Israel Income Tax Treaty, 1995, or the U.S.-Israel Tax Treaty, the sale, exchange or disposition of our shares by a shareholder who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) holding the shares as a capital asset is exempt from Israeli capital gains tax unless either (i) the shareholder holds, directly or indirectly, shares representing 10% or more of our voting capital during any part of the 12-month period preceding such sale, exchange or disposition or (ii) the capital gains arising from such sale are attributable to a permanent establishment of the shareholder located in Israel. In either case, the sale, exchange or disposition of the shares would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, the U.S. resident would be permitted to claim a credit for the tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to U.S. state or local taxes.

Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

Taxation of Non-Israeli Shareholders on Receipt of Dividends. Non-residents of Israel are generally subject to Israeli income tax on the receipt of dividends paid on our shares at the rate of 20%, which tax will be withheld at the source, unless a different rate is provided in a tax treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" at the time receiving the dividend or on any date in the 12 months preceding such date, the applicable tax rate is 25%. A "substantial shareholder" is generally a person who alone, or together with his relative or another person who collaborates with him on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, and all regardless of the source of such right. Under the U.S.-Israel Tax Treaty, the maximum rate of tax withheld in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) is 25%. However, generally, the maximum rate of withholding tax on dividends that are paid to a U.S. corporation holding 10% or more of our outstanding voting capital throughout the tax year in which the dividend is distributed as well as the previous tax year is 12.5%.

A non-resident of Israel who receives dividends from which tax was withheld is generally exempt from the duty to file returns in Israel in respect of such income, provided such income was not derived from a business conducted in Israel by the taxpayer, and the taxpayer has no other taxable sources of income in Israel.

Taxation of Israeli Shareholders on Receipt of Dividends

Residents of Israel are generally subject to Israeli income tax on the receipt of dividends paid on our shares at the rate of 25%, which tax will be withheld at the source. With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or on any date within the 12 months preceding such date, the applicable tax rate is 30%.

U.S. Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of our ordinary shares and ADSs by U.S. Investors (as defined below) that hold such shares or ADSs as capital assets. This summary is based on the Internal Revenue Code, or the Code, the regulations of the U.S. Department of the Treasury issued pursuant to the Code, or the Treasury Regulations, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. No ruling has been sought from the IRS with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This summary is for general information only and does not constitute tax advice. This summary does not address all of the tax considerations that may be relevant to specific U.S. Investors in light of their particular circumstances or to U.S. Investors subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, partnerships, dealers in securities, brokers, real estate investment trusts, certain former citizens or residents of the United States, persons who acquire our shares or ADSs as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a "functional currency" other than the U.S. dollar, persons that own (or are deemed to own, indirectly or by attribution) 10% or more of our shares or ADSs or persons that generally mark their securities to market for U.S. federal income tax purposes). This summary does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations or any U.S. federal tax consequences other than U.S. federal income tax consequences.

As used in this summary, the term "U.S. Investor" means a beneficial owner of our shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or that has a valid election in effect under applicable Treasury Regulations to be treated as a "United States person."

If an entity treated as a partnership for U.S. federal income tax purposes holds our shares or ADSs, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for U.S. federal income tax purposes should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of its shares or ADSs.

Prospective investors should be aware that this summary does not address the tax consequences to investors who are not U.S. Investors. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of their shares or ADSs, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Taxation of U.S. Investors

The discussions under "— Distributions" and under "— Sale, Exchange or Other Disposition of Ordinary Shares and ADSs" below assumes that we will not be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. However, we have not determined whether we will be a PFIC in 2013, and it is possible that we will be a PFIC in 2013 or in any subsequent year. For a discussion of the rules that would apply if we are treated as a PFIC, see the discussion under "— Passive Foreign Investment Company."

Distributions. We have no current plans to pay dividends. To the extent we pay any dividends, a U.S. Investor will be required to include in gross income as a taxable dividend the amount of any distributions made on the shares or ADSs, including the amount of any Israeli taxes withheld, to the extent that those distributions are paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distributions in excess of our earnings and profits will be applied against and will reduce the U.S. Investor's tax basis in its shares or ADSs and to the extent they exceed that tax basis, will be treated as gain from the sale or exchange of those shares or ADSs. If we were to pay dividends, we expect to pay such dividends in NIS with respect to the shares and in U.S. dollars with respect to ADSs . A dividend paid in NIS, including the amount of any Israeli taxes withheld, will be includible in a U.S. Investor's income as a U.S. dollar amount calculated by reference to the exchange rate in effect on the date such dividend is received, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. Investor generally will not recognize a foreign currency gain or loss. However, if the U.S. Investor converts the NIS into U.S. dollars on a later date, the U.S. Investor must include, in computing its income, any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the U.S. dollar value of the amount included in income when the dividend was received and (ii) the amount received on the conversion of the NIS into U.S. dollars. Such gain or loss will generally be ordinary income or loss and United States source for U.S. foreign tax credit purposes. U.S. Investors should consult their own tax advisors regarding the tax consequences to them if we pay dividends in NIS or any other non-U.S. currency.

Subject to certain significant conditions and limitations, including potential limitations under the U.S.-Israel Tax Treaty, any Israeli taxes paid on or withheld from distributions from us and not refundable to a U.S. Investor may be credited against the investor's U.S. federal income tax liability or, alternatively, may be deducted from the investor's taxable income. This election is made on a year-by-year basis and applies to all foreign taxes paid by a U.S. Investor or withheld from a U.S. Investor that year. Dividends paid on the shares generally will constitute income from sources outside the United States and be categorized as "passive category income" or, in the case of some U.S. Investors, as "general category income" for U.S. foreign tax credit purposes.

Because the rules governing foreign tax credits are complex, U.S. Investors should consult their own tax advisor regarding the availability of foreign tax credits in their particular circumstances. In addition, the U.S. Treasury Department has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Accordingly, the creditability of Israeli taxes could be affected by future actions that may be taken by the U.S. Treasury Department or parties to whom ADSs are pre-released.

Dividends paid on the shares and ADSs will not be eligible for the "dividends-received" deduction generally allowed to corporate U.S. Investors with respect to dividends received from U.S. corporations.

For taxable years beginning after December 31, 2012, certain distributions treated as dividends that are received by an individual U.S. Investor from "qualified foreign corporations" generally qualify for a 20% reduced maximum tax rate so long as certain holding period and other requirements are met. A non-US. corporation (other than a corporation that is treated as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. Dividends paid by us in a taxable year in which we are not a PFIC and with respect to which we were not a PFIC in the preceding taxable year are expected to be eligible for the 20% reduced maximum tax rate, although we can offer no assurances in this regard. However, any dividend paid by us in a taxable year in which we are a PFIC or were a PFIC in the preceding taxable year will be subject to tax at regular ordinary income rates. As mentioned above, we have not determined whether we are currently a PFIC or not.

Sale, Exchange or Other Disposition of Ordinary Shares and ADSs. Subject to the discussion under "— Passive Foreign Investment Company" below, a U.S. Investor generally will recognize capital gain or loss upon the sale, exchange or other disposition of our shares or ADSs in an amount equal to the difference between the amount realized on the sale, exchange or other disposition and the U.S. Investor's adjusted tax basis in such shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Investor's holding period in our shares exceeds one year. Preferential tax rates for long-term capital gain (currently, with a maximum rate of 20% for taxable years beginning after December 31, 2012) will apply to individual U.S. Investors. The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for U.S. foreign tax credit purposes, subject to certain exceptions in U.S.-Israel Tax Treaty.

U.S. Investors should consult their own tax advisors regarding the U.S. federal income tax consequences of receiving currency other than U.S. dollars upon the disposition of their shares or ADSs.

Passive Foreign Investment Company

In general, a corporation organized outside the United States will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of its assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in the public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Under the tests described above, whether or not we are a PFIC will be determined annually based upon the composition of our income and the composition and valuation of our assets, all of which are subject to change.

We have not determined whether we were a PFIC in 2012 or will be in 2013. Because the PFIC determination is highly fact intensive, there can be no assurance that we were not a PFIC in 2012 or will be in any subsequent year.

U.S. Investors should be aware of certain tax consequences of investing directly or indirectly in us if we are a PFIC. A U.S. Investor is subject to different rules depending on whether the U.S. Investor makes an election to treat us as a "qualified electing fund," known as a QEF election, for the first taxable year that the U.S. Investor holds shares or ADSs, which is referred to in this disclosure as a "timely QEF election," makes a "mark-to-market" election with respect to the shares or ADSs (if such election is available), or makes neither election.

QEF Election. A U.S. Investor who makes a timely QEF election, referred to in this disclosure as an "Electing U.S. Investor," with respect to us must report for U.S. federal income tax purposes his pro rata share of our ordinary earnings and net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing U.S. Investor. The "net capital gain" of a PFIC is the excess, if any, of the PFIC's net long-term capital gains over its net short-term capital losses. The amount so included in income generally will be treated as ordinary income to the extent of such Electing U.S. Investor's allocable share of the PFIC's ordinary earnings and as long-term capital gain to the extent of such Electing U.S. Investor's allocable share of the PFIC's net capital gains. Such Electing U.S. Investor generally will be required to translate such income into U.S. dollars based on the average exchange rate for the PFIC's taxable year with respect to the PFIC's functional currency. Such income generally will be treated as income from sources outside the United States for U.S. foreign tax credit purposes. Amounts previously included in income by such Electing U.S. Investor under the QEF rules generally will not be subject to tax when they are distributed to such Electing U.S. Investor. The Electing U.S. Investor's tax basis in our shares or ADSs generally will increase by any amounts so included under the QEF rules and decrease by any amounts not included in income when distributed.

An Electing U.S. Investor will be subject to U.S. federal income tax on such amounts for each taxable year in which we are a PFIC, regardless of whether such amounts are actually distributed to such Electing U.S. Investor. However, an Electing U.S. Investor may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If an Electing U.S. Investor is an individual, any such interest will be treated as non-deductible "personal interest."

Any net operating losses or net capital losses of a PFIC will not pass through to the Electing U.S. Investor and will not offset any ordinary earnings or net capital gain of a PFIC recognized by Electing U.S. Investors in subsequent years.

So long as an Electing U.S. Investor's QEF election with respect to us is in effect with respect to the entire holding period for our shares or ADSs, any gain or loss recognized by such Electing U.S. Investor on the sale, exchange or other disposition of such shares or ADSs generally will be long-term capital gain or loss if such Electing U.S. Investor has held such shares or ADSs for more than one year at the time of such sale, exchange or other disposition. Preferential tax rates for long-term capital gain (currently, a maximum rate of 20% for taxable years beginning after December 31, 2012) will apply to individual U.S. Investors. The deductibility of capital losses is subject to limitations.

In general, a U.S. Investor must make a QEF election on or before the due date for filing its income tax return for the first year to which the QEF election is to apply. A U.S. Investor makes a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. Upon request, we will annually furnish U.S. Investors with information needed in order to complete IRS Form 8621 (which form would be required to be filed with the IRS on an annual basis by the U.S. Investor) and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries that we control is a PFIC. There is no assurance, however, that we will have timely knowledge of our status as a PFIC, or that the information that we provide will be adequate to allow U.S. Investors to make a QEF election. A QEF election will not apply to any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Each U.S. Investor should consult its own tax advisor with respect to the advisability of, the tax consequences of, and the procedures for making a QEF election with respect to us.

Mark-to-Market Election. Alternatively, if our shares or ADSs are treated as "marketable stock," a U.S. Investor would be allowed to make a "mark-to-market" election with respect to our shares or ADSs, provided the U.S. Investor completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Investor generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of our shares or ADSs at the end of the taxable year over such holder's adjusted tax basis in such shares or ADSs. The U.S. Investor would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Investor's adjusted tax basis in our shares or ADSs over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Investor's tax basis in our shares or ADSs would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our shares or ADSs would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of our shares or ADSs would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Investor, and any loss in excess of such amount will be treated as capital loss. Amounts treated as ordinary income will not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains.

Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable Treasury Regulations. A class of stock is regularly traded on an exchange during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. To be marketable stock, our shares and ADSs must be regularly traded on a qualifying exchange (i) in the United States that is registered with the SEC or a national market system established pursuant to the Exchange Act. or (ii) outside the United States that is properly regulated and meets certain trading, listing, financial disclosure and other requirements. Our shares should constitute "marketable stock" as long as they remain listed on the OTCBB and/or the NYSE MKT and are regularly traded. Our ADSs will be listed on the OTCBB and/or the NYSE MKT. While we believe that our ADSs may be treated as marketable stock for purposes of the PFIC rules so long as they are listed on the OTCBB and/or the NYSE MKT and are regularly traded, the IRS has not provided a list of the exchanges that meet the foregoing requirements and thus no assurance can be provided that our ADSs will be (or will remain) treated as marketable stock for purposes of the PFIC rules.

A mark-to-market election will not apply to our shares or ADSs held by a U.S. Investor for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any PFIC subsidiary that we own. Each U.S. Investor is encouraged to consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to our shares and ADSs.

Default PFIC Rules. A U.S. Investor who does not make a timely QEF election or a mark-to-market election, referred to in this disclosure as a "Non-Electing U.S. Investor," will be subject to special rules with respect to (i) any "excess distribution" (generally, the portion of any distributions received by the Non-Electing U.S. Investor on the shares or ADSs in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing U.S. Investor in the three preceding taxable years, or, if shorter, the Non-Electing U.S. Investor's holding period for the shares or ADSs), and (ii) any gain realized on the sale or other disposition of such shares or ADSs. Under these rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing U.S. Investor's holding period for such shares or ADSs;
- the amount allocated to the current taxable year and any year prior to us becoming a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

If a Non-Electing U.S. Investor who is an individual dies while owning our shares or ADSs, the Non-Electing U.S. Investor's successor would be ineligible to receive a step-up in tax basis of such shares or ADSs. Non-Electing U.S. Investors should consult their tax advisors regarding the application of the PFIC rules to their specific situation.

A Non-Electing U.S. Investor who wishes to make a QEF election for a subsequent year may be able to make a special "purging election" pursuant to Section 1291(d) of the Code. Pursuant to this election, a Non-Electing U.S. Investor would be treated as selling his or her shares or ADSs for fair market value on the first day of the taxable year for which the QEF election is made. Any gain on such deemed sale would be subject to tax under the rules for Non-Electing U.S. Investors as discussed above. Non-Electing U.S. Investors should consult their tax advisors regarding the availability of a "purging election" as well as other available elections.

To the extent a distribution on our shares or ADSs does not constitute an excess distribution to a Non-Electing U.S. Investor, such Non-Electing U.S. Investor generally will be required to include the amount of such distribution in gross income as a dividend to the extent of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) that are not allocated to excess distributions. The tax consequences of such distributions are discussed above under "— Taxation of U.S. Investors — Distributions." Each U.S. Holder is encouraged to consult its own tax advisor with respect to the appropriate U.S. federal income tax treatment of any distribution on our shares.

If we are treated as a PFIC for any taxable year during the holding period of a Non-Electing U.S. Investor, we will continue to be treated as a PFIC for all succeeding years during which the Non-Electing U.S. Investor is treated as a direct or indirect Non-Electing U.S. Investor even if we are not a PFIC for such years. A U.S. Investor is encouraged to consult its tax advisor with respect to any available elections that may be applicable in such a situation, including the "deemed sale" election of Code Section 1298(b)(1) (which will be taxed under the adverse tax rules described above). In addition, U.S. Investors should consult their tax advisors regarding the IRS information reporting and filing obligations that may arise as a result of the ownership of shares in a PFIC.

We may invest in the equity of foreign corporations that are PFICs or may own subsidiaries that own PFICs. If we are classified as a PFIC, under attribution rules U.S. Investors will be subject to the PFIC rules with respect to their indirect ownership interests in such PFICs, such that a disposition of the shares of the PFIC or receipt by us of a distribution from the PFIC generally will be treated as a deemed disposition of such shares or the deemed receipt of such distribution by the U.S. Investor, subject to taxation under the PFIC rules. There can be no assurance that a U.S. Investor will be able to make a QEF election or a mark-to-market election with respect to PFICs in which we invest. Each U.S. Investor is encouraged to consult its own tax advisor with respect to tax consequences of an investment by us in a corporation that is a PFIC.

The U.S. federal income tax rules relating to PFICs, QEF elections, and mark-to market elections are complex. U.S. Investors are urged to consult their own tax advisors with respect to the purchase, ownership and disposition of our shares or ADSs, any elections available with respect to such shares or ADSs and the IRS information reporting obligations with respect to the purchase, ownership and disposition of our shares or ADSs.

Certain Reporting Requirements

Certain U.S. Investors are required to file IRS Form 926, Return by U.S. Transferor of Property to a Foreign Corporation, and certain U.S. Investors may be required to file IRS Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, reporting transfers of cash or other property to us and information relating to the U.S. Investor and us. Substantial penalties may be imposed upon a U.S. Investor that fails to comply.

In addition, recently enacted legislation requires certain U.S. Investors to report information on IRS Form 8938 with respect to their investments in certain "foreign financial assets," which under certain circumstances would include an investment in our shares and ADSs, to the IRS.

Investors who fail to report required information could become subject to substantial penalties. U.S. Investors should consult their tax advisors regarding the possible implications of these reporting requirements on their investment in our shares and ADSs.

Backup Withholding Tax and Information Reporting Requirements

Generally, information reporting requirements will apply to distributions on our shares or ADSs or proceeds on the disposition of our shares or ADSs paid within the United States (and, in certain cases, outside the United States) to U.S. Investors other than certain exempt recipients, such as corporations. Furthermore, backup withholding (currently at 28%) may apply to such amounts if the U.S. Investor fails to (i) provide a correct taxpayer identification number, (ii) report interest and dividends required to be shown on its U.S. federal income tax return, or (iii) make other appropriate certifications in the required manner. U.S. Investors who are required to establish their exempt status generally must provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding from a payment may be credited against a U.S. Investor's U.S. federal income tax liability and such U.S. Investor may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

New Legislative Developments

With respect to taxable years beginning after December 31, 2012, certain U.S. persons, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on unearned income. For individuals, the additional Medicare tax applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over $200,000 ($250,000 if married and filing jointly or $125,000 if married and filing separately). "Net investment income" generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as interest, dividends, annuities, royalties, rents, and capital gains. U.S. Investors are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from their ownership and disposition of our shares or ADSs.

U.S. Investors should consult their own tax advisors concerning the tax consequences relating to the purchase, ownership and disposition of our shares or ADSs.

F. Dividends and Paying Agents.

We have never declared or paid cash dividends to our shareholders. Currently we do not intend to pay cash dividends. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, applicable Israeli law and other factors our Board of Directors may deem relevant. Accordingly, we have not appointed any paying agent.

G. Statements by Experts.

The consolidated financial statements of Can-Fite BioPharma Ltd. and its subsidiaries as of December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012 appearing in this Registration Statement on Form 20-F have been audited by Kost, Forer, Gabbay & Kasserier, a member of Ernst &Young Global, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

H. Documents on Display.

When this Registration Statement on Form 20-F becomes effective, we will be subject to the information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements will file reports with the SEC. Those other reports or other information and this Registration Statement may be inspected without charge at 10 Bareket Street, Kiryat Matalon, Petah-Tikva 49170, Israel, and inspected and copied at the public reference facilities of the SEC located at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at *http://www.sec.gov* from which certain filings may be accessed.

As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

In addition, because our ordinary shares are traded on the TASE, we have filed Hebrew language periodic and immediate reports with, and furnish information to, the TASE and the ISA, as required under Chapter Six of the Israel Securities Law, 1968. Copies of our filings with the ISA can be retrieved electronically through the MAGNA distribution site of the ISA (*www.magna.isa.gov.il*) and the TASE website (*www.maya.tase.co.il*).

We maintain a corporate website at *www.canfite.com*. Information contained on, or that can be accessed through, our website does not constitute a part of this Registration Statement on Form 20-F. We have included our website address in this Registration Statement on Form 20-F solely as an inactive textual reference.

I. Subsidiary Information.

Not applicable.

ITEM 11. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss related to changes in market prices, including interest rates and foreign exchange rates, of financial instruments that may adversely impact our consolidated financial position, results of operations or cash flows.

Interest Rate Risk

Following the filing of this Registration Statement on Form 20-F, we do not anticipate undertaking any significant long-term borrowings. At present, our investments consist primarily of cash and cash equivalents. Following this filing, we may invest in investment-grade marketable securities with maturities of up to three years, including commercial paper, money market funds, and government/non-government debt securities. The primary objective of our investment activities is to preserve principal while maximizing the income that we receive from our investments without significantly increasing risk and loss. Our investments are exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair market value of our investments, if any. We manage this exposure by performing ongoing evaluations of our investments. Due to the short-term maturities, if any, of our investments to date, their carrying value has always approximated their fair value. If we decide to invest in investments other than cash and cash equivalents, it will be our policy to hold such investments to maturity in order to limit our exposure to interest rate fluctuations.

Foreign Currency Exchange Risk

Our foreign currency exposures give rise to market risk associated with exchange rate movements of the NIS, our functional and reporting currency, mainly against the dollar and the euro. Although the NIS is our functional currency, a significant portion of our expenses are denominated in both dollars and Euros and currently all of our revenues are denominated in dollars. Our U.S. dollar and euro expenses consist principally of payments made to sub-contractors and consultants for preclinical studies, clinical trials and other research and development activities. We anticipate that a sizable portion of our expenses will continue to be denominated in currencies other than the NIS. If the NIS fluctuates significantly against either the U.S. dollar or the euro, it may have a negative impact on our results of operations. To date, fluctuations in the exchange rates have not materially affected our results of operations or financial condition for the periods under review.

To date, we have not engaged in hedging transactions. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

ITEM 12. Description of Securities Other Than Equity Securities

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares

The Bank of New York Mellon, as Depositary, will register and deliver American Depositary Shares, or ADSs. Each ADS will represent 50 ordinary shares (or a right to receive 50 ordinary shares) deposited with the principal Tel Aviv office of Bank Hapoalim, as custodian for the Depositary. Each ADS will also represent any other securities, cash or other property which may be held by the Depositary. The Depositary's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (i) directly (a) by having an American Depositary Receipt, or an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having ADSs registered in your name in the Direct Registration System, or DRS, or (ii) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, or an ADS holder. The description in this section assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The DRS is a system administered by The Depository Trust Company, or DTC, pursuant to which the Depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the Depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The Depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. The Deposit Agreement, or the Deposit Agreement, among us, the Depositary and you, as an ADS holder, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the Depositary. New York law governs the Deposit Agreement and the ADSs.

The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the entire Deposit Agreement and the form of ADS. Directions on how to obtain copies of those documents are provided under "Item 10.H. Documents on Display".

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The Depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

- *Cash*. The Depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the Deposit Agreement allows the Depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Item 10 —Additional Information—Taxation—Certain Israeli Tax Considerations". It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the Depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

- *Shares*. The Depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The Depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the Depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The Depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.

- *Rights to purchase additional shares.* If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the Depositary may make these rights available to ADS holders. If the Depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the Depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The Depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

  If the Depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The Depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

  U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the Depositary may deliver restricted Depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

  - *Other Distributions.* The Depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practicable. If it cannot make the distribution in that way, the Depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the Depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The Depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The Depositary is not responsible if it decides that it is unlawful or impracticablele to make a distribution available to any ADS holders. **We have no obligation to register ADSs, shares, rights or other securities under the Securities Act of 1933, as amended . We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders.** ***This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impracticablele for us to make them available to you.***

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The Depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the Depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the Depositary will deliver the deposited securities at its corporate trust office, if feasible.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the Depositary for the purpose of exchanging your ADR for uncertificated ADSs. The Depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the Depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the Depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the Depositary to vote the number of deposited shares their ADSs represent. The Depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the Depositary how to vote. For instructions to be valid, they must reach the Depositary by a date set by the Depositary. *Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. To do so, however, you would need to know about the meeting sufficiently in advance to withdraw the shares.*

The Depositary will try, as far as practical, subject to the laws of Israel and of our Articles of Association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. The Depositary will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the Depositary to vote your shares. In addition, the Depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to deposited securities, if we request the Depositary to act, we agree to give the Depositary notice of any such meeting and details concerning the matters to be voted upon not less than 45 days in advance of the meeting date.

Fees and Expenses

***Persons depositing or withdrawing shares or ADS holders must pay*:**	***For*:**
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates
$.05 (or less) per ADS	• Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS holders
$.05 (or less) per ADSs per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the Depositary or its agent when you deposit or withdraw shares
Expenses of the Depositary	• Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the Depositary or its agents for servicing the deposited securities	• As necessary

The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deduction from cash distributions, by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the Depositary may make payments to us to reimburse us for expenses and/or share revenue with us from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of the establishment and maintenance of the ADS program. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees or commissions.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The Depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the Depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:	***Then:***
• Change the nominal or par value of our shares • Reclassify, split up or consolidate any of the deposited securities • Distribute securities on the shares that are not distributed to you • Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	The cash, shares or other securities received by the Depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities. The Depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also deliver new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment and Termination

How may the Deposit Agreement be amended?

We may agree with the Depositary to amend the Deposit Agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the Depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the Depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the Deposit Agreement, as amended.*

How may the Deposit Agreement be terminated?

The Depositary will terminate the Deposit Agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The Depositary may also terminate the Deposit Agreement by mailing notice of termination to us and the ADS holders if 60 days have passed since the Depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment.

After termination, the Depositary and its agents will do the following under the Deposit Agreement, but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Four months after termination, the Depositary may sell any remaining deposited securities by public or private sale. After that, the Depositary will hold the money it received on the sale, as well as any other cash it is holding under the Deposit Agreement for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The Depositary's only obligations will be to account for the money and other cash. After termination, our only obligations will be to indemnify the Depositary and to pay fees and expenses of the Depositary that we agreed to pay.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to ADS Holders

The Deposit Agreement expressly limits our obligations and the obligations of the Depositary. It also limits our liability and the liability of the Depositary. We and the Depositary:

- are only obligated to take the actions specifically set forth in the Deposit Agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our control from performing our or its obligations under the Deposit Agreement;
- are not liable if we or it exercises discretion permitted under the Deposit Agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the Deposit Agreement, or for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the Deposit Agreement on your behalf or on behalf of any other person; and
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the Deposit Agreement, we and the Depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the Depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the Depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the Deposit Agreement, including presentation of transfer documents.

The Depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the Depositary or our transfer books are closed or at any time if the Depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the Depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the Deposit Agreement.

Pre-release of ADSs

Subject to the provisions of the Deposit Agreement, the Depositary may issue ADSs before deposit of the underlying shares. This is called a pre-release of ADSs. The Depositary may also deliver shares prior to the receipt and cancellation of pre-released ADSs even if the ADSs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying shares are delivered to the Depositary. The Depositary may receive ADSs instead of shares to close out a pre-release. The Depositary may pre-release ADSs only under the following conditions:

- before or at the time of the pre-release, the person to whom the pre-release is being made must represent to the Depositary in writing that it or its customer, as the case may be,
    - owns the shares or ADSs to be remitted;
    - will assign all beneficial rights, title and interest in the ADSs or shares to the Depositary and for the benefit of the ADS holders; and
    - will not take any action with respect to the ADSs or shares that is inconsistent with the assignment of beneficial ownership (including, without the consent of the Depositary, disposing of the ADSs or shares) other than in satisfaction of the pre-release;
- the pre-release must be fully collateralized with cash or collateral that the Depositary considers appropriate; and
- the Depositary must be able to close out the pre-release on not more than five business days' notice.

The pre-release will be subject to whatever indemnities and credit regulations that the Depositary considers appropriate. In addition, the Depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the Depositary may disregard the limit from time to time, if it thinks it is appropriate to do so. At our instruction, a pre-release may be discontinued entirely.

Direct Registration System

In the Deposit Agreement, all parties to the Deposit Agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the Depositary may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the Depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the Depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the Deposit Agreement understand that the Depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the Deposit Agreement, the parties agree that the Depositary's reliance on and compliance with instructions received by the Depositary through the DRS/Profile and in accordance with the Deposit Agreement will not constitute negligence or bad faith on the part of the Depositary.

Shareholder Communications; Inspection of Register ADS Holders

The Depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The Depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Disclosure of Beneficial Ownership

The Company may from time to time request that ADS holders provide information as to the capacity in which they hold ADSs or a beneficial interest in such ADSs and regarding the identity of any other persons then or previously having a beneficial interest in ADSs, and the nature of such interest and various other matters. ADS holders agree to provide such information reasonably requested by the Company pursuant to the Deposit Agreement. The Depositary agrees to comply with reasonable written instructions received from time to time from the Company requesting that the Depositary forward any such written requests to the Owners and to forward to the Company any such responses to such requests received by the Depositary.

Each ADS holder agrees to comply with any applicable provision of Israeli law with regard to the notification to the Company of the holding or proposed holding of certain interests in the underlying ordinary shares and the obtaining of certain consents, to the same extent as if such ADS holder were a registered holder or beneficial owner of the underlying ordinary shares. The Depositary is not required to take any action with respect to such compliance on behalf of any ADS holder, including the provision of the notifications described below.

As of the date of the Deposit Agreement, under Israeli law, persons who hold a direct or indirect interest in 5% or more of the voting securities of the Company (including persons who hold such an interest through the holding of ADSs) are required to give written notice of their interest and any subsequent changes in their interest to the Company within the timeframes set forth in Israeli law. The foregoing is a summary of the relevant provision of Israeli law and does not purport to be a complete review of this or other provisions that may be applicable to ADS holders. The Company undertakes no obligation to update this summary in the future.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15. Controls and Procedures

Not applicable.

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert

Not applicable.

ITEM 16B. Code of Ethics

Not applicable.

ITEM 16C. Principal Accountant Fees and Services

Not applicable.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

ITEM 16F. Change in Registrant's Certifying Accountant

Not applicable.

ITEM 16G. Corporate Governance

Not applicable.

ITEM 16H. Mine Safety Disclosure

Not applicable.

PART III

ITEM 17. Financial Statements

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. Financial Statements

Please refer to the financial statements beginning on page F-1.

The following financial statements and financial statement schedules are filed as part of this Registration Statement on Form 20-F, together with the report of the independent registered public accounting firm.

ITEM 19. Exhibits

Index to Exhibits

Exhibit No.	Description
1.1	Amended and Restated Articles of Association of Can-Fite BioPharma Ltd.
2.1	Form of Deposit Agreement, by and among Can-Fite BioPharma Ltd., The Bank of New York Mellon and the Owners and Holders of American Depositary Shares, dated _____ (incorporated herein by reference, filed as Exhibit 1 to the Registration Statement on Form F-6 filed with the SEC on September 6, 2012) .*
4.1	Employment and Non-Competition Agreement with Barak Singer, dated February 22, 2011 (effective March 20, 2011). (1)
4.2	Amendment to Employment and Non-Competition Agreement with Barak Singer, dated February 28, 2013. (1)
4.3	Employment and Non-Competition Agreement with Motti Farbstein, dated June 10, 2003. (1)
4.4	Consulting Agreement with BioStrategies Consulting, Ltd, dated September 27, 2005.
4.5	Service Management Agreement with F.D. Consulting International and Marketing Ltd., dated June 27, 2002.
4.6	Master Services Agreement with Accellient Partners, dated May 10, 2010.
4.7	Patent License Agreement—*Exclusive*, by and between the U.S. Public Health Service and Can-Fite BioPharma Ltd., dated January 29, 2003.
4.8	First Amendment to Exclusive Patent License Agreement L-249-2001/0, by and between the National Institutes of Health and Can-Fite BioPharma Ltd., dated August 15, 2005.
4.9	Second Amendment to L-249-2001/0, by and between the National Institutes of Health and Can-Fite BioPharma Ltd., dated February 4, 2013.
4.10	License Agreement, by and between the University of Leiden and Can-Fite BioPharma Ltd., dated November 2, 2009.
4.11	License Agreement, by and between Seikagaku Corporation and Can-Fite BioPharma Ltd., dated September 22, 2006.
4.12	Addendum to License Agreement, by and between Seikagaku Corporation and Can-Fite BioPharma Ltd., dated December 11, 2006.
4.13	Representative Agreement, by and between Fuji Techno Interface Ltd. and Can-Fite BioPharma Ltd., dated September 22, 2006.
4.14	Letter Agreement, by and between Seikagaku Corporation and Can-Fite BioPharma Ltd., dated December 8, 2009.
4.15	License Agreement, by and between Kwang Dong Pharmaceutical Co., Ltd. and Can-Fite BioPharma Ltd., dated December 14, 2008.
4.16	License Agreement, by and between Eye-Fite, Ltd. and Can-Fite BioPharma Ltd., dated November 21, 2011.

Exhibit No.	Description
4.17	Services Agreement, by and among Denali Concrete Management Inc., Eye-Fite Ltd. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.18	Letter from Can-Fite BioPharma Ltd. Regarding "Reimbursement for the Costs of the Clinical Trial", dated February 24, 2013.
4.19	Agreement, by and between Denali Concrete Management Inc. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.20	Stock Purchase Agreement, by and between Denali Concrete Management Inc. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.21	Subscription Agreement, by and between Denali Concrete Management Inc. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.22	Subscription Agreement, by and between Denali Concrete Management Inc. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.23	Common Stock Purchase Warrant, by and between Denali Concrete Management Inc. and Can-Fite BioPharma Ltd., dated November 21, 2011.
4.24	Memorandum of Understanding, by and between Morningside Asia Venture (HK) Limited and Can-Fite BioPharma Ltd., dated January 19, 2010.
4.25	Can-Fite BioPharma Ltd. 2003 Share Option Plan.
8.1	List of Subsidiaries of Can-Fite BioPharma Ltd.
15.1	Consent of Kost Forer Gabbay & Kasierer, an independent registered public accounting firm and member firm of Ernst & Young Global Limited.

(1) Incorporated herein by reference to the Draft Registration Statement on Form 20-F filed with the SEC on April 15, 2013.
* To be amended and restated.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

CAN-FITE BIOPHARMA LTD.

By: /s/ Pnina Fishman, Ph.D.
Pnina Fishman, Ph.D.
Chief Executive Officer

Date: May 10 , 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Shareholders of

CAN-FITE BIOPHARMA LTD.

We have audited the accompanying consolidated statements of financial position of Can-Fite BioPharma Ltd. ("the Company") and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's and its subsidiary internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiary internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board .

/s/ KOST FORER GABBAY & KASIERER
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel-Aviv, Israel
April 15, 2013

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Convenience translation Into U.S. dollars. Note 2.c.1 Year ended December 31, 2012	December 31, 2012	December 31, 2011
		in thousands	NIS in thousands	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	5	1,146	4,278	14,622
Accounts receivable	6	448	1,672	3,760
		1,594	5,950	18,382
NON-CURRENT ASSETS:				
Property, plant and equipment, net	8	42	159	278
		1,636	6,109	18,660

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Convenience translation Into U.S. dollars Note 2.c.1 Year ended December 31, 2012	December 31, 2012	December 31, 2011
		in thousands	NIS in thousands	
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Trade payables	9	756	2,821	1,930
Other accounts payable	10	1,228	4,586	2,686
Warrants exercisable into shares (series 5)	15	-	-	138
Warrants exercisable into shares (series 6)	15	40	149	396
Warrants exercisable into shares (series 7)	15	207	773	-
Warrants exercisable into shares (series 8)	15	96	357	-
		2,327	8,686	5,150
NON-CURRENT LIABILITIES:				
Warrants exercisable into shares (series 7)	15	-	-	793
Employee benefit liabilities, net	12	18	68	190
		18	68	983
		2,345	8,754	6,133
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:	15			
Share capital		732	2,734	2,606
Share premium		62,618	233,754	229,299
Capital reserve from share-based payment transactions		4,093	15,279	14,670
Warrants exercisable into shares (series 9)		179	669	-
Treasury shares, at cost		(1,555)	(5,805)	(5,805)
Other comprehensive income		23	84	75
Accumulated deficit		(67,334)	(251,359)	(230,539)
		(1,244)	(4,644)	10,306
Non-controlling interests		535	1,999	2,221
Total deficit		(709)	(2,645)	12,527
		1,636	6,109	18,660

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Convenience translation Into U.S. dollars Note 2.c.1 Year ended December 31, 2012	Year ended December 31, 2012	2011	2010
		in thousands	NIS in thousands (except per share data)		
Revenues		-	-	1,785	2,644
Research and development expenses	17	3,525	13,160	12,969	9,993
General and administrative expenses	18	2,484	9,272	7,081	6,005
Other income	19	(11)	(42)	(88)	-
Operating loss		5,998	22,390	18,177	13,354
Expenses relating to the merger transaction		-	-	11,496	-
Finance expenses	20	7	27	232	356
Finance income	20	(145)	(541)	(1,669)	(897)
Loss before taxes on income		5,860	21,876	28,236	12,813
Taxes on income	13	3	11	191	235
Loss		5,863	21,887	28,427	13,048
Other comprehensive loss - Adjustments arising from translating financial statements of foreign operations		(2)	(7)	(92)	-
Total comprehensive loss		5,861	21,880	28,335	13,048
Loss Attributable to:					
Equity holders of the Company		5,577	20,820	25,499	-
Non-controlling interests		286	1,067	2,928	-
		5,863	21,887	28,427	-
Total comprehensive loss attributable to:					
Equity holders of the Company		5,574	20,811	25,424	-
Non-controlling interests		287	1,069	2,911	-
		5,861	21,880	28,335	-
Loss per share attributable to equity holders of the Company (in NIS):	21				
Basic and diluted loss per share		0.02	0.09	0.12	0.06

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve from share-based payment transactions	Warrants	Treasury shares	Adjustments arising from translating financial statements of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2012	2,606	229,299	14,670	-	(5,805)	75	(230,539)	10,306	2,221	12,527
Loss	-	-	-	-	-		(20,820)	(20,820)	(1,067)	(21,887)
Other comprehensive income	-	-	-	-	-	9	-	9	(2)	7
Total comprehensive loss	-	-	-	-	-	9	(20,820)	(20,811)	(1,069)	(21,880)
Exercise of unlisted share options	5	171	-	-	-	-	-	176	-	176
Exercise of warrants (series 5)	1	75	-	-	-	-	-	76	-	76
Issue of share capital and warrants (series 9) -(net of issue expenses of NIS 491 thousand)	122	4,209	-	669	-		-	5,000	-	5,000
Cost of share-based payment	-	-	609	-	-	-	-	609	847	1,456
Balance as of December 31, 2012	2,734	233,754	15,279	669	(5,805)	84	(251,359)	(4,644)	1,999	(2,645)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve from share-based payment transactions	Warrants	Treasury shares	Adjustments arising from translating financial statements of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2011	2,321	209,704	14,351	-	-	-	(213,304)	13,072	-	13,072
Loss	-	-	-	-	-	-	(25,499)	(25,499)	(2,928)	(28,427)
Other comprehensive income	-	-	-	-	-	75	-	75	17	92
Total comprehensive loss	-	-	-	-	-	75	(25,499)	(25,424)	(2,911)	(28,335)
Allocation of share capital to subsidiary	179	5,626	-	-	(5,805)	-	-	-	-	-
Cost of share-based payment	-	-	319	-	-	-	-	319	-	319
Issue of share capital (net of issue expenses of NIS 406 thousand)	99	4,611	-	-	-	-	-	4,710	-	4,710
Exercise of warrants	7	289	-	-	-	-	-	296	-	296
Expenses relating to the merger transaction	-	9,069	-	-	-	-	-	9,069	1,991	11,060
Recapitalization as a result of the merger transaction	-	-	-	-	-	-	8,264	8,264	3,141	11,405
Balance as of December 31, 2011	2,606	229,299	14,670	-	(5,805)	75	(230,539)	10,306	2,221	12,527

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve from share-based payment transactions	Warrants	Treasury shares	Adjustments arising from translating financial statements of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2010	2,132	194,925	13,723	2,962	-	-	(200,256)	13,486	-	13,486
Total comprehensive loss	-	-	-	-	-	-	(13,048)	(13,048)	-	(13,048)
Exercise of warrants (series 4)	8	1,046	-	-	-	-	-	1,054	-	1,054
Expiration of warrants (series 3)	-	2,962	-	(2,962)	-	-	-	-	-	-
Cost of share-based payment	-	-	628		-	-	-	628	-	628
Issue of share capital (net of issue expenses of NIS 49 thousand)	180	10,751	-	-	-	-	-	10,931	-	10,931
Exercise of warrants	1	20	-	-	-	-	-	21	-	21
Balance as of December 31, 2010	2,321	209,704	14,351	-	-	-	(213,304)	13,072	-	13,072

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company - Convenience translation see Note 2.c.1									
	Share capital	Share Premium	Capital reserve from share-based payment transactions	Warrants	Treasury shares	Adjustments arising from translating financial statements of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity
	Convenience translation into USD in thousands									
Balance as of January 1, 2012	699	61,424	3,930	-	(1,555)	20	(61,757)	2,761	595	3,356
Loss	-	-	-	-	-	-	(5,577)	(5,577)	(286)	(5,863)
Other comprehensive income	-	-	-	-	-	3	-	3	(1)	2
Total comprehensive loss	-	-	-	-	-	3	(5,577)	(5,574)	(287)	(5,861)
Exercise of unlisted share options	1	46	-	-	-	-	-	47	-	47
Exercise of warrants (series 5)	*) -	20	-	-	-	-	-	20	-	20
Issue of warrants (series 9) –(net of issue expenses of USD 131 thousand)	32	1,128	-	179	-	-	-	1,339	-	1,339
Cost of share-based payment	-	-	163	-	-	-	-	163	227	390
Balance as of December 31, 2012	732	62,618	4,093	179	(1,555)	23	(67,334)	(1,244)	535	(709)

*) Less than 1 thousand

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Convenience translation Into U.S. dollars Note 2.c.1	Year ended December 31,		
	2012	2012	2011	2010
	in thousands	NIS in thousands		
Cash flows from operating activities:				
Loss	(5,863)	(21,887)	(28,427)	(13,048)
Adjustments to reconcile loss to net cash used in operating activities:				
Adjustments to the profit or loss items:				
Depreciation of property, plant and equipment	23	86	218	279
Cost of share-based payment	390	1,456	319	628
Gain from sale of property, plant and equipment	(11)	(42)	(88)	-
Interest income on deposits	(13)	(50)	(89)	(110)
Increase (Decrease) in employee benefit assets, net	(33)	(122)	59	35
Taxes on income	3	11	191	224
Decrease in fair value of warrants exercisable into shares (series 4)	-	-	-	(387)
Decrease in fair value of warrants exercisable into shares (series 5)	(37)	(138)	(1,262)	(400)
Increase (decrease) in fair value of warrants exercisable into shares (series 6)	(66)	(247)	94	-
Decrease in fair value of warrants exercisable into shares (series 7)	(5)	(20)	(172)	-
Increase in fair value of warrants exercisable into shares (series 8)	2	8	-	-
Exchange differences on balances of cash and cash equivalents	(58)	(217)	(181)	417
Expenses relating to the merger transaction	-	-	11,060	-
	195	725	10,149	686
Changes in asset and liability items:				
Decrease (increase) in accounts receivable	559	2,088	(3,390)	(102)
Increase (decrease) in trade payable	239	891	1,414	(131)
Increase (decrease) in other accounts payable	509	1,900	(741)	(258)
	1,307	4,879	(2,717)	(491)
Cash paid and received during the year for:				
Interest received	13	50	89	110
Taxes paid	(3)	(11)	(11)	(224)
	10	39	78	(114)
Net cash used in operating activities	(4,351)	(16,244)	(20,917)	(12,967)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Convenience translation Into U.S. dollars Note 2.c.1	Year ended December 31,		
	2012	2012	2011	2010
	in thousands	NIS in thousands		
Cash flows from investing activities:				
Purchase of property, plant and equipment	(5)	(17)	(81)	(107)
Proceeds from sale of property, plant and equipment	25	92	163	-
Net cash provided by (used in) investing activities	20	75	82	(107)
Cash flows from financing activities:				
Issue of share capital (net of issue expenses)	1,160	4,331	4,710	10,931
Exercise of share warrants (series 4)	-	-	-	1,054
Exercise of share warrants (series 5)	20	76	-	-
Issue of share warrants (net of issue expenses)	-	-	1,266	-
Issue of share warrants (series 8 and 9) (net of issue expenses)	273	1,018	-	-
Exercise of warrants	47	176	296	21
Sale of shares to non-controlling interest shareholders	-	-	11,405	-
Net cash provided by financing activities	1,500	5,601	17,677	12,006
Exchange differences on balances of cash and cash equivalents	60	224	274	(417)
Decrease in cash and cash equivalents	(2,771)	(10,344)	(2,884)	(1,485)
Cash and cash equivalents at the beginning of the year	3,917	14,622	17,506	18,991
Cash and cash equivalents at the end of the year	1,146	4,278	14,622	17,506

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1:- GENERAL

a. Company description:

Can-Fite Biopharma Ltd. was incorporated and started to operate in September 1994 as a private Israeli company. The Company is engaged in the development of drugs and medical diagnosis tools and is in the development stage of its products and has no sales yet (except exclusive license agreements, see Notes 14c(2) and 14c(3)). On October 6, 2005, the Company conducted an initial offering of securities to the public in Israel pursuant to a prospectus which it had published.

On October 4, 2012, the Company announced the beginning of Level 1 OTC trading of its American Depository Receipts ("ADRs") in the U.S. (CANFY: OTC US). The trading in ADRs will be done by licensed U.S. brokers.

b. During 2006, the Company founded a subsidiary in the UK under the name of Ultratrend Limited whose main purpose is to focus on coordinating the logistics for the multi-national PHASE IIb clinical studies. As of the reporting date, Ultratrend Limited has not commenced its operation.

c. The Company has a subsidiary, OphthaliX Inc., owned 82% by the Company, which is developing the CF101 drug for treatment of ophthalmic indications. The license to develop this drug was transferred from the Company to OphthaliX Inc. in the context of the ophthalmic activity spinoff transaction, see Note 7 below. OphthaliX Inc. is traded over the counter (OTC) in the U.S.

d. In the year ended December 31, 2012, the Company incurred losses of NIS 20,820 thousand and it has negative cash flows from operating activities in the amount of NIS 5,810 thousand as well as accumulated losses from previous years. In addition, based on the decision of the Board, the Company has undertaken to finance the subsidiary's clinical development, including management fees, until the latter manages to raise capital. The Company has not yet generated any material revenues from the sale of its own developed products and has financed its activities by raising capital and by collaborating with multinational companies in the industry. On February 5, 2013, the Company raised a gross total of NIS 26,498 thousand (approximately $ 7,098 thousand), see Note 23e). Furthermore, the Company is acting to continue to finance its operating activities by raising capital and collaborating with multinational companies in the industry. The Company has other alternative plans for financing its ongoing activities, such as adding to the Company's existing flexibility in the progress of carrying out clinical trials and obtaining the Chief Scientist's approval for participation in financing the Company's research activities in 2013 for a total of approximately NIS 1,700 thousand. The Company's management and board of directors are of the opinion that these financial resources will be used for operating activities at least until the end of 2014.

NOTE 1:- GENERAL (Cont.)

e. Definitions:

In these consolidated financial statements:

The Company	- Can-Fite Biopharma Ltd.
The Group	- The Company and its subsidiaries (as defined below).
Subsidiaries	- Companies that are controlled by the Company (as defined in IAS 27 (2008)) and whose accounts are consolidated with those of the Company.
The subsidiary	- OphthaliX Inc. ("OphthaliX") (formerly: Denali Concrete Management, Inc.).
Related company	- Eye-Fite Ltd. (OphthaliX Inc.'s wholly owned subsidiary).
Related parties	- As defined in IAS 24.
Interested parties and controlling shareholder	- As defined in the Israeli Securities Regulations (Annual Financial Statements), 2010.
Dollar	- U.S. dollar.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board . Furthermore, the financial statements have been prepared in conformity with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010. The Company's financial statements have been prepared on a cost basis, except for financial assets and liabilities (including derivatives) which are presented at fair value through profit or loss. The Company has elected to present profit or loss items using the function of expense method.

The preparation of the financial statements requires management to make critical accounting estimates as well as exercise judgment in the process of adopting significant accounting policies. The matters which required the exercise of significant judgment and the use of estimates, which have a material effect on amounts recognized in the financial statements, are specified in Note 3 below.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (i.e., subsidiaries). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity. The effect of potential voting rights that are exercisable at the end of the reporting period is considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests of subsidiaries represent the non-controlling shareholders' share of the total comprehensive income of the subsidiaries and their share of the net assets. The non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

c. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The functional currency of the Company and presentation currency of the financial statements is the NIS.

The Group determines the functional currency of the group subsidiaries and this currency is used to separately measure each Group entity's financial position and operating results.

When a subsidiary’s functional currency differs from the Company's functional currency, the subsidiary financial statements are translated into the Company's functional currency so that they can be included in the consolidated financial statements.

Assets and liabilities are translated at the closing rate at the end of each reporting period.

Profit or loss items are translated at average exchange rates for all the relevant periods. All resulting translation differences are recognized as a separate component of other comprehensive income (loss) in equity under "adjustments arising from translating financial statements".

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Functional currency, presentation currency and foreign currency (Cont.)

1. Functional currency and presentation currency (Cont.)

For the convenience of the reader, the reported NIS amounts as of December 31, 2012 have been translated into U.S. dollars, at the representative rate of exchange on December 31, 2012 (U.S. $ 1 = NIS 3.733). The U.S. dollar amounts presented in these financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into U.S. dollars, unless otherwise indicated. The U.S. dollar amounts were rounded to whole numbers of convenience.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

3. Index-linked monetary items:

Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("Israeli CPI") are adjusted at the relevant index at the end of each reporting period according to the terms of the agreement. Linkage differences arising from the adjustment, as above, are recognized in profit or loss.

d. Cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the investment date.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Revenue recognition

The Company generates income from licensing agreements with pharmaceutical companies. These agreements usually comprise license fees, annual license fees, milestone payments and potential royalty payments.

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Arrangements with multiple elements:

Revenues from sale agreements that do not contain a general right of return and that are composed of multiple elements such as licenses and services are allocated to the various accounting units and recognized for each accounting unit separately. An element constitutes a separate accounting unit if and only if it has a separate value to the customer. Revenue from the various accounting units is recognized when the criteria for revenue recognition regarding the elements of that accounting unit have been met according to their type and only to the extent of the consideration that is not contingent upon completion or performance of the remaining elements in the contract.

Revenues from license fees:

As for revenues from preliminary license fees and annual license fees, the Company examines whether the license can be separated from the Company's other performance obligations, if at all:

a) If the Company has material performance obligations, it determines that the revenues from preliminary license fees and annual license fees will not be immediately recognized as a sale. Therefore, revenues from the license and the related obligations must be recognized on a cumulative basis according to the nature of the agreement, for example, according to the development terms.

b) When the Company has no material performance obligations, it determines that the revenues from license fees and annual license fees will be recognized in the period in which they are received.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Revenue recognition **(Cont.)**

Revenues from milestone payments:

Revenues which are contingent on compliance with milestones are recognized in profit or loss at the achievement of milestones, provided that the following criteria have been met:

a) The milestone payments are non-recoverable;
b) The achievement of a certain milestone involves a level of risk that is not reasonably secured at the inception of the agreement;
c) The achievement of the milestone involves exercising a real effort;
d) The milestone payments are reasonable in proportion to the efforts exercised or in proportion to the risk involving the achievement of the milestone;
e) The time that elapses between payments is equivalent to the effort required to achieve the milestone.

Revenues from royalties:

Revenues from royalties are recognized as they accrue in accordance with the terms of the relevant agreement.

f. Taxes on income

As it is not likely that taxable income will be generated in the foreseeable future, deferred tax assets due to accumulated losses is not recognized in the Group's financial statements (see also Note 13).

g. Property, plant and equipment

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%	**Mainly %**
Laboratory equipment and Leasehold improvements	10	
Computers, office furniture and equipment	6 - 33	33

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimates**.**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Property, plant and equipment (Cont.)

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. An asset is derecognized on disposal or when no further economic benefits are expected from its use. The gain or loss arising from the derecognition of the asset (determined as the difference between the net disposal proceeds and the carrying amount in the financial statements) is included in the statement of comprehensive income when the asset is derecognized.

h. Research and development expenditures

Research expenditures are recognized in the statement of comprehensive income when incurred.

i. Impairment of non-financial assets

The Group evaluates the need to record an impairment of the carrying amount of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of property, plant and equipment exceeds their recoverable amount, the property, plant and equipment are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset.

j. Financial instruments

1. Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as either financial liabilities at fair value through profit or loss.

The Group determines the classification of the liability on the date of initial recognition. All liabilities are initially recognized at fair value. After initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

A liability may be designated upon initial recognition at fair value through profit or loss, subject to the provisions of IAS 39.

Financial liabilities at amortized cost:

After initial recognition, payables and other payables , are measured based on their terms at amortized cost less directly attributable transaction costs using the effective interest method. The amortization of the effective interest is recognized in profit or loss in the line item, "financing".

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Fair value

The fair value of financial instruments that are traded in an active market is determined by reference to market prices at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow and other valuation models. A detailed analysis of the fair value measurement of financial instruments is provided in Note 11 below.

3. Issue of a unit of securities

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the components of the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities and compound instruments that are presented at amortized cost. The consideration allocated to the equity instruments is determined as the residual value. The issuance costs are allocated to each component based on the amounts allocated to each component in the unit.

4. Derecognition of financial instruments

Financial liabilities:

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, realized, cancelled or expires. A financial liability is extinguished when the debtor (i.e., the Group) discharges the liability by paying in cash, other financial assets, goods or services or shares, or is legally released from the liability.

When an existing financial liability is exchanged with another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amount of the above liabilities is recognized in profit or loss. If the exchange or modification is not substantial, it is accounted for as a change in the terms of the original liability and no gain or loss is recognized on the exchange.

k. Treasury shares

Company shares held by the subsidiary are recognized at cost and deducted from equity. Any gain or loss arising from a purchase, sale, issuance or cancellation of treasury shares is recognized directly in equity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects part or all of the expense to be reimbursed to the Company, such as in an insurance contract, the reimbursement is recognized as a separate asset only when it is virtually certain that it will be received by the Company. The expense is recognized in the income statement net of the reimbursed amount.

No provisions pursuant to IAS 37 have been identified.

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m. Employee benefit liabilities

The Group has several employee benefit plans:

1. Short-term employee benefits:

Short-term employee benefits include salaries and social security contributions are recognized as expenses as the services are rendered. A liability in respect of a cash bonus is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits:

The post-employment benefit plans are normally financed by contributions to insurance companies and classified as defined benefit plans.

The Company operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Severance Pay Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include rates of employee turnover and future salary increases based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to yields on government bonds with a term that matches the estimated term of the benefit obligation.

In respect of its severance pay obligation to certain of its employees, the Company makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Company's own creditors and cannot be returned directly to the Company.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. Employee benefit liabilities (Cont.)

2. Post-employment benefits (Cont.)

The liability for employee benefits shown in the statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets, less past service costs.

Actuarial gains and losses are recognized in profit or loss in the period in which they occur.

n. Share-based payment transactions

The Company's employees and other service providers are entitled to remuneration in the form of equity-settled share-based payment transactions and certain employee and other service providers are entitled to remuneration in the form of share-based payment transactions that are measured based on the increase in the Company's share price.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments. In cases where the fair value of the goods or services received as consideration of equity instruments cannot be measured, they are measured by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period which the performance and/or service conditions are to be satisfied, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income recognized in profit or loss represents the change between the cumulative expense recognized at the end of the reporting period and the cumulative expense recognized at the end of the previous reporting period.

If the Company modifies the conditions on which equity-instruments were granted, an additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee/other service provider at the modification date.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Loss per share

Losses per share are calculated by dividing the net loss attributable to equity holders of the Company by the weighted number of ordinary shares outstanding during the period. Potential ordinary shares (convertible securities such as convertible debentures, warrants and employee options) are only included in the computation of diluted loss per share when their conversion increases loss per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted loss per share only until the conversion date and from that date in basic loss per share. The Company's share of loss of subsidiary is included based on the loss per share of the subsidiary multiplied by the number of shares held by the Company.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

a. Judgments

Determining the fair value of share-based payment transactions

The fair value of share-based payment transactions is determined using an acceptable option-pricing model. The model includes data as to the share price and exercise price, and assumptions regarding expected volatility, expected life, expected dividend and risk-free interest rate.

b. Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses.

Changes in accounting estimates are reported in the period of the changes in estimates.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pensions and other post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. The carrying amount of the liability may be significantly affected by changes in such estimates.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

IAS 19 (Revised) - Employee Benefits

The IASB made several changes to IAS 19, the principal of which are as follows:

- The remeasurement of the net defined benefit liability (formerly - actuarial gains and losses) are recognized in other comprehensive income and not in profit or loss.

- The "corridor" approach which allowed the deferral of actuarial gains or losses has been eliminated.

- Income from the plan assets is recognized in profit or loss based on the discount rate used to measure the employee benefit liabilities. The return on plan assets excluding the aforementioned income recognized in profit or loss is included in the remeasurement of the net defined benefit liability.

- The distinction between short-term employee benefits and long-term employee benefits is based on the expected settlement date and not on the date on which the employee first becomes entitled to the benefits.

- Past service cost arising from changes in the plan is recognized immediately.

This standard is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013, or thereafter. Earlier application is permitted.

The Group estimates that this standard is not expected to have a material impact on its financial statements.

IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosure

The IASB issued certain amendments to IAS 32 ("the amendments to IAS 32") regarding the offsetting of financial assets and liabilities. The amendments to IAS 32 clarify, among others, the meaning of "currently has a legally enforceable right of set-off" ("the right of set-off").

The IASB also issued amendments to IFRS 7 ("the amendments to IFRS 7") regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter. Earlier application is permitted, but disclosure of early adoption is required, as well as the disclosures required by the amendments to IFRS 7 as described above. The amendments to IFRS 7 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2013, or thereafter.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)

The Group estimates that the amendments to IAS 32 are not expected to have a material impact on its financial statements. The required disclosures pursuant to the amendments to IFRS 7 will be included in the Group's financial statements.

IFRS 9 - Financial Instruments

1. The IASB issued IFRS 9, "Financial Instruments", the first part of Phase 1 of a project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 ("the Standard") focuses mainly on the classification and measurement of financial assets and it applies to all financial assets within the scope of IAS 39.

   According to this standard, all financial assets (including hybrid contracts with financial asset hosts) should be measured at fair value upon initial recognition. In subsequent periods, debt instruments should be measured at amortized cost only if both of the following conditions are met:

   - the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.

   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

     Notwithstanding the foregoing, upon initial recognition, the Company may designate a debt instrument that meets both of the abovementioned conditions as measured at fair value through profit or loss if this designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would have otherwise arisen.

     Subsequent measurement of all other debt instruments and financial assets should be at fair value.

     Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income, in accordance with the election by the Company on an instrument-by-instrument basis (amounts recognized in other comprehensive income cannot be subsequently reclassified to profit or loss). If equity instruments are held for trading, they should be measured at fair value through profit or loss.

     When an entity changes its business model for managing financial assets, it shall reclassify all affected financial assets. In all other circumstances, reclassification of financial instruments is not permitted.

     This standard is effective commencing from January 1, 2015. Earlier application is permitted. Upon initial application, this standard should be applied retrospectively by providing the required disclosure or restating comparative figures, except as specified in the standard.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)

2. The IASB issued certain amendments to the Standard regarding derecognition and financial liabilities. According to those amendments, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected (designated as measured at fair value through profit or loss); that is, the classification and measurement provisions of IAS 39 will continue to apply to financial liabilities held for trading and financial liabilities measured at amortized cost.

   Pursuant to the amendments, the amount of the adjustment to the liability's fair value that is attributable to changes in credit risk should be presented in other comprehensive income. All other fair value adjustments should be presented in profit or loss.

   If presenting the fair value adjustment of the liability arising from changes in credit risk in other comprehensive income creates an accounting mismatch in profit or loss, then that adjustment should also be presented in profit or loss rather than in other comprehensive income.

   The amendments are effective commencing from January 1, 2015. Earlier application is permitted provided that the Company also adopts the provisions of this standard regarding the classification and measurement of financial assets (the first part of Phase 1). Upon initial application, the amendments are to be applied retrospectively by providing the required disclosure or restating comparative figures, except as specified in the amendments.

   The Group estimates that this standard is not expected to have a material impact on its financial statements.

IFRS 10, IFRS 11, IFRS 12, IFRS 13 - Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities, Fair Value Measurement

The IASB issued four new standards: IFRS 10, "*Consolidated Financial Statements*", IFRS 11, "*Joint Arrangements*", IFRS 12, "*Disclosure of Interests in Other Entities*" ("the new Standards") and IFRS 13, "*Fair Value Measurement*", and amended two existing standards, IAS 27R (Revised 2011), "*Separate Financial Statements*", and IAS 28R (Revised 2011), "*Investments in Associates and Joint Ventures*".

The new standards IFRS 10,IFRS 12 and IFRS 13 are to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013 or thereafter. Earlier application is permitted. However, if the Company chooses earlier application, it must adopt all the new standards as a package (excluding the disclosure requirements of IFRS 12 which may be adopted separately). The standards prescribe transition provisions with certain modifications upon initial adoption.

The new IFRS 11"*Joint Arrangements*" standard is irrelevant to the Group.

The abovementioned standards that are expected to have an impact on the Group are as follows:

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)

IFRS 10 - Consolidated Financial Statements:

IFRS 10 supersedes IAS 27 regarding the accounting treatment in respect of consolidated financial statements and includes the accounting treatment for the consolidation of structured entities previously accounted for under SIC 12, "*Consolidation - Special Purpose Entities*".

According to IFRS 10, in order for an investor to control an investee, the investor must have power over the investee and exposure, or rights, to variable returns from the investee. Power is defined as the ability to influence and direct the investee's activities that significantly affect the investor's return. According to IFRS 10, when assessing the existence of control, potential voting rights should be considered only if they are substantive.

IFRS 10 also prescribes that an investor may have control even if it holds less than a majority of the investee's voting rights (de facto control), as opposed to the provisions of the existing IAS 27 which permits a choice between two consolidation models - the de facto control model and the legal control model.

IFRS 10 is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013, or thereafter.

The Group estimates that this standard is not expected to have a material impact on its financial statements.

IFRS 12 - Disclosure of Interests in Other Entities:

IFRS 12 prescribes disclosure requirements for the Company's investees, including subsidiaries, joint arrangements, associates and structured entities. IFRS 12 expands the disclosure requirements to include the judgments and assumptions used by management in determining the existence of control, joint control or significant influence over investees, and in determining the type of joint arrangement. IFRS 12 also provides disclosure requirements for material investees.

The required disclosures will be included in the Group's financial statements upon initial adoption of IFRS 12.

IFRS 13 - Fair Value Measurement:

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required according to IFRS. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 also specifies the characteristics of market participants and determines that fair value is based on the assumptions that would have been used by market participants. According to IFRS 13, fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The new disclosures are to be applied prospectively and they do not apply to comparative figures.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)

Amendments to IFRS 10, IFRS 11, IFRS 12 - Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities

In July 2012, the IASB issued certain amendments to the above standards ("the Amendments") which provide certain relief with respect to the transition provisions and allow restatement of comparative amounts for one year only. The restatement of comparative amounts for earlier periods is optional. The Amendments also eliminate the requirement to present comparative amounts for earlier periods regarding non-consolidated structured entities. The Amendments are effective starting from financial statements for annual periods commencing on January 1, 2013. Earlier adoption is permitted.

NOTE 5:- CASH AND CASH EQUIVALENTS

	December 31,	
	2012	2011
	NIS in thousands	
Cash for immediate withdrawal	3,718	466
Cash equivalents - short-term deposits	560	14,156
	4,278	14,622

NOTE 6:- ACCOUNTS RECEIVABLE

	December 31,	
	2012	2011
	NIS in thousands	
Government authorities	112	227
Prepaid expenses	1,551	3,386
Other receivables	9	147
	1,672	3,760

NOTE 7:- OPHTHALIX SPIN OFF

a. Purchase agreement

On November 21, 2011, ("the effective date"), the Company consummated the acquisition of 82% of the issued and outstanding share capital of OphthaliX Inc. ("the subsidiary" or "OphthaliX") (formerly: Denali Concrete Management Inc.) a U.S. public company whose shares are traded on the OTCBB (Over the Counter Bulletin Board) (symbol OTC BB: OPLI) ("the acquisition transaction").

The acquisition transaction was consummated pursuant to an agreement dated June 5, 2011 to spin-off the Company's activity in the ophthalmology field to OphthaliX and, based on its conditions, the following agreements were signed:

1. The spin-off agreement

According to the spin-off agreement, the Company transferred to OphthaliX 100% of the issued and outstanding capital of Eye-Fite ("Eye-Fite"), the Company's former wholly-owned subsidiary, such that Eye-Fite became the wholly-owned subsidiary of OphthaliX in exchange for 36,000,000 shares of OphthaliX common stock, representing 86.7% of OphthaliX's issued and outstanding capital. In addition, the Company received 2,097,626 shares of OphthaliX common stock in exchange for 17,873,054 ordinary shares of the Company pursuant to the terms of a material private placement that the Company effected on November 21, 2011 at a price of $1.144 per share, which reflected a value for OphthaliX of approximately $50 million before the transfer of the Company's ordinary shares, described above, and before the material private placement fundraising for OphthaliX (the key elements of which are described below). The Company purchased 437,005 shares of OphthaliX common stock in the same private placement at the same price per share, or an aggregate purchase price of $1.144 per share.

Upon the closing of the transactions contemplated by the spin-off agreement, the Company appointed all of the members of OphthaliX's board of directors (three members of which are also members of the Company's board of directors). According to the spin-off agreement, OphthaliX will, among other things, continue the development processes, clinical trials and registration of the ophthalmic indications for CF101. The Company will provide certain services to OphthaliX under the services agreement detailed below.

Since previously OphthaliX was a shell company, the transaction has been accounted for a reverse acquisition transaction in which the accounting acquire is not a business. Therefore the financial statements include a charge of NIS 11,060 thousand that represent the value of OphthaliX shares before the transaction. Additional issuance expense in an amount of NIS 436 thousand were recorded in the consolidated statements of comprehensive income report.

NOTE 7:- OPHTHALIX SPIN OFF(Cont.)

a. Purchase agreement (Cont.)

2. License agreement

A license agreement was entered into between the Company and Eye-Fite ("the license agreement") according to which the Company granted Eye-Fite a non-transferrable exclusive license, as set forth in the license agreement, for the use of the Company's know-how solely in the field of ophthalmic diseases for research, development, commercialization and marketing throughout the world. Eye-Fite is permitted to sublicense subject to the license agreement. As consideration for the grant of the license according to the license agreement, the Company received 1,000 ordinary shares of Eye-Fite, par value NIS 0.01 per share, representing 100% of the issued and outstanding share capital of Eye-Fite.

However, even if after such extensions the trial does not begin, due to circumstances that are not under Eye-Fite's control, it shall be considered a material breach of the license agreement. According to the license agreement with the U.S. National Institute of Health, the Centers for Disease Control and Prevention ("NIH"), Eye-Fite is obligated to make royalty payments to NIH.

All inventions resulting from the indication that is licensed thereunder shall belong to the Company whether it was invented solely by it, solely by Eye-Fite or by both in cooperation. However, the Company granted Eye-Fite an exclusive license to use these inventions in the field of ophthalmic diseases around the world at no consideration. The license will remain in effect until the expiration of the last patent licensed thereunder unless it is terminated sooner by a mutual agreement in writing or by one of the parties according to the clauses of the license agreement.

3. Services agreement

In addition to the license agreement, the Company, OphthaliX and Eye-Fite (OphthaliX and Eye-Fite are collectively referred to as "the Group") entered into a services agreement ("the services agreement") pursuant to which the Company provides management services to the Group with respect to all pre-clinical and clinical research studies, production and supply of the compounds related to the license agreement and payment for consultants that are listed in the agreement for their involvement in the clinical trials and in all the activities leading up to, and including, the commercialization of CF101 for ophthalmic indications.

NOTE 7:- OPHTHALIX SPIN OFF(Cont.)

a. Purchase agreement (Cont.)

As consideration for the rendering of services, as above, the Company will be paid only for its costs and expenses incurred in rendering the services plus 15%, as well as reimbursed for the expenses actually charged for the maintenance of patents underlying the license to Eye-Fite.

In February 2013, the Company's board of directors decided to defer the receipt of payments due to the Company according to the service agreement until Eye-Fite completed raising capital.

Further, the Company will be entitled to an additional payment of 2.5% of any revenues received by the Group for the rights to use the transferred know-how ("the additional payment").

The Company is entitled during a 5-year period from the date of the approval of the services agreement, to convert its right to the additional payment into 2,160,102 shares of OphthaliX (representing about 5% of OphthaliX shares on a fully diluted basis as of the date of closing the spin-off agreement) in consideration for the exercise price set forth in the services agreement. The services agreement shall remain in force for an unlimited period of time, however, following the first anniversary, each party is entitled to terminate the agreement upon six months' prior notice or, by special events, in an earlier notice as outlined in the services agreement.

4. Pre-ruling from the Income Tax

The Company received a pre-ruling decision from the Israeli Income Tax Authority which confirms (1) that the grant of the license to Eye-Fite is not liable for tax pursuant to the provisions of section 104a to the Income Tax Ordinance (New Version), 1961 ("the Ordinance"); (2) that OphthaliX is considered the receiving company pursuant to section 103c(7)(b) to the Ordinance; (3) that the sale of Eye-Fite shares to OphthaliX as consideration for OphthaliX shares does not create liability for tax pursuant to the provisions of section 103t to the Ordinance ("change in structure"); and (4) the date for the change in structure was determined. According to the tax pre-ruling, the date of change in structure shall also be the date of exchange of shares with respect to the spin-off and notification to the tax assessor. The Company and Eye-Fite presented to the tax assessor and the merger and spin-off department of the tax assessor the forms required by the Ordinance and the regulations thereunder. The tax pre-ruling further provides that the grant of a license to Eye-Fite as consideration for the issuance of Eye-Fite shares to the Company does not create liability for tax pursuant to the provisions of section 104a to the Ordinance.

NOTE 7:- OPHTHALIX SPIN OFF(Cont.)

b. Capital raising in OphthaliX

With the completion of the spin-off transaction, as above, OphthaliX raised from a group of investors under a private placement ("the group of investors") approximately $3,330 thousand in exchange for the sale of 2,910,455 shares of OphthaliX common stock, representing about 6.20% of OphthaliX's issued and outstanding share capital after the above purchase ("OphthaliX capital raise"). As part of the OphthaliX capital raise, the group of investors requested that the Company's board of directors approve the OphthaliX capital raise and also purchase shares from OphthaliX. Accordingly, the Company's CEO and director agreed to the request and invested $50 thousand after the audit committee and board of directors approved the transaction on November 21, 2011. In addition, another director in the Company purchased OphthaliX common stock from former OphthaliX shareholders for $75 thousand after the audit committee and board of directors approved the transaction on November 21, 2011.

The OphthaliX capital raise was made at share price of $1.144 per share, reflecting a value of approximately $50 million prior to closing. After the OphthaliX capital raise, the Company holds about 82.3% of OphthaliX's issued and outstanding share capital on a fully-diluted basis and OphthaliX's value was approximately $56.5 million. Under the OphthaliX capital raise, the Company agreed to carry out the following actions:

1. The rights under the license agreement for the CF101 drug solely in the field of ophthalmic diseases ("the drug") will be transferred only against the allocation of OphthaliX shares to the Company and without any commitment to pay for the past for any reason whatsoever, except as detailed in the license agreement and the services agreement. OphthaliX will not be required to make to the Company any retroactive payments for the drug, except for the trials in dry eye syndrome (Phase III) and glaucoma (Phase II), which will be transferred to the Company at cost.

2. The Company has undertaken not to withdraw any money from Eye-Fite and/or OphthaliX, except the payment for the services agreement entered into between the Company and OphthaliX under which the Company is reimbursed for its cost plus 15% (see above description of the services agreement).

NOTE 8:- PROPERTY, PLANT AND EQUIPMENT, NET

Composition and movement

2012:

	Laboratory equipment	Computers, office furniture and equipment	Leasehold improvements	Total
	NIS in thousands			
Cost:				
Balance at January 1, 2012	1,115	1,129	1,210	3,454
Purchases during the year	-	17	-	17
Disposals during the year	(185)	(120)	*) (564)	(869)
Balance at December 31, 2012	930	1,026	646	2,602
Accumulated depreciation:				
Balance at January 1, 2012	1,056	926	1,194	3,176
Depreciation during the year	28	56	2	86
Disposals during the year	(182)	(73)	*) (564)	(819)
Balance at December 31, 2012	902	909	632	2,443
Depreciated cost at December 31, 2012	28	117	14	159

*) The Company minimized the lab activity on the leased space in the beginning of the reporting year.

NOTE 8:- PROPERTY, PLANT AND EQUIPMENT, NET (Cont.)

2011:

	Laboratory equipment	Computers, office furniture and equipment	Leasehold improvements	Total
	NIS in thousands			
Cost:				
Balance at January 1, 2011	2,333	1,049	1,210	4,592
Purchases during the year	1	80	-	81
Disposals during the year	(1,219)	-	-	(1,219)
Balance at December 31, 2011	1,115	1,129	1,210	3,454
Accumulated depreciation:				
Balance at January 1, 2011	2,053	857	1,192	4,102
Depreciation during the year	147	69	2	218
Disposals during the year	(1,144)	-	-	(1,144)
Balance at December 31, 2011	1,056	926	1,194	3,176
Depreciated cost at December 31, 2011	59	203	16	278

NOTE 9:- TRADE PAYABLES

	December 31,	
	2012	2011
	NIS in thousands	
Open accounts	2,595	1,864
Checks payable	226	66
	2,821	1,930

NOTE 10:- OTHER ACCOUNTS PAYABLE

	December 31,	
	2012	2011
	NIS in thousands	
Employees and payroll accruals	582	599
Accrued expenses	4,004	2,087
	4,586	2,686

NOTE 11:- FINANCIAL INSTRUMENTS

a. Classification of financial assets and liabilities

The financial assets and financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IAS 39:

	December 31,	
	2012	2011
	NIS in thousands	
Financial assets:		
Receivables	121	374
Financial liabilities:		
Financial liabilities measured at amortized cost	7,407	4,616
Financial liabilities at fair value through profit or loss	1,279	1,327

b. Financial risks factors

The Group's activities expose it to foreign exchange risk. The Group's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance.

The Company's management identifies and manages financial risks.

Foreign exchange risk

The Group is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly the U.S. dollar. Foreign exchange risk arises on recognized assets and liabilities that are denominated in a foreign currency other than the functional currency.

The Group acts to reduce the foreign exchange risk by managing an adequate part of the available liquid sources in or linked to the dollar.

c. Fair value

The carrying amount of cash and cash equivalents, accounts receivable, trade payables and other accounts payable approximate their fair value.

Classification of financial instruments by fair value hierarchy

Financial liabilities at fair value through profit or loss are classified in the statement of financial position in Level 1 (quoted prices (unadjusted) in active markets for identical assets or liabilities).

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

d. Linkage terms of financial instruments

	December 31, 2012				
	In or linked to dollar	In or linked to Euro	Linked to Israeli CPI	Unlinked	Total
	NIS in thousands				
Assets:					
Cash and cash equivalents	3,952	6	-	320	4,278
Accounts receivable	-	-	30	91	121
	3,952	6	30	411	4,399
Liabilities:					
Trade payables	2,298	257	-	266	2,821
Other accounts payable	2,749	-	-	1,837	4,586
Warrants exercisable into shares (series 6)	-	-	149	-	149
Warrants exercisable into shares (series 7)	-	-	773	-	773
Warrants exercisable into shares (series 8)	-		357	-	357
	5,047	257	1,279	2,103	8,686

	December 31, 2011				
	In or linked to dollar	In or linked to Euro	Linked to Israeli CPI	Unlinked	Total
	NIS in thousands				
Assets:					
Cash and cash equivalents	14,089	65	-	468	14,622
Accounts receivable	-	-	-	374	374
	14,089	65	-	842	14,996
Liabilities:					
Trade payables	1,029	570	-	331	1,930
Other accounts payable	1,725	-	-	961	2,686
Warrants exercisable into shares (series 5)	-	-	138	-	138
Warrants exercisable into shares (series 6)	-	-	396	-	396
Warrants exercisable into shares (series 7)	-	-	793	-	793
	2,754	570	1,327	1,292	5,943

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

e. Sensitivity tests relating to changes in market factors

	December 31,	
	2012	2011
	NIS in thousands	
Sensitivity test to changes in the U.S. dollar exchange rate:		
Gain (loss) from the change:		
Increase of 10% in exchange rate	(110)	1,134
Decrease of 10% in exchange rate	110	(1,134)
Sensitivity test to changes in the market price of listed securities:		
Gain (loss) from the change:		
Increase of 10% in market price	(128)	(133)
Decrease of 10% in market price	128	133

Sensitivity tests and the main work assumptions:

The selected changes in the relevant risk variables were determined based on management's estimate as to reasonable possible changes in these risk variables.

The Group has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the profit or loss in respect of each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date. The test of risk factors was determined based on the materiality of the exposure of the operating results or financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant.

Based on the Group's policy, the Group generally mitigates the currency risk arising from recognized assets and recognized liabilities denominated in foreign currency other than the functional currency by maintaining part of the available liquid sources in deposits in foreign currency. Accordingly, the main currency exposures presented in the sensitivity tables are for those deposits.

NOTE 12:- EMPLOYEE BENEFIT LIABILITIES, NET

Employee benefits consist of short-term benefits and post-employment benefits.

Post-employment benefits

According to the labor laws and Severance Pay Law in Israel, the Company is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to section 14 to the Severance Pay Law, as specified below. The Company's liability is accounted for as a post-employment benefit. The computation of the Company's employee benefit liability is made in accordance with a valid employment contract based on the employee's salary and employment term which establish the entitlement to receive the compensation.

In 2009, management accepted a decision according to which although section 14 applies, as above, the Company would pay all compensation upon dismissal of employees pursuant to the conditions of the Severance Pay Law.

In accordance with the abovementioned, since 2009, the Group does not contribute to defined contribution plans, but only to defined benefit plans.

The post-employment employee benefits are financed by contributions classified as a defined benefit plan as follows:

A defined benefit plan:

The Company accounts for the part of the compensation payments as a defined benefit plan for which an employee benefit liability is recognized and for which the Company deposits amounts in qualifying insurance policies.

1. Expenses recognized in profit or loss:

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Current service cost	149	161	132
Interest cost on benefit obligation	36	47	44
Expected return on plan assets	(29)	(32)	(31)
Net actuarial loss (gain) recognized in the year	(42)	59	29
Total employee benefit expenses	114	235	174
Actual return on plan assets	98	(28)	76

NOTE 12:- EMPLOYEE BENEFIT LIABILITIES, NET (Cont.)

2. The plan liabilities, net:

	December 31,	
	2012	2011
	NIS in thousands	
Defined benefit obligation	(849)	(1,067)
Fair value of plan assets	781	877
Total liabilities, net	(68)	(190)

3. Changes in the present value of defined benefit obligation:

	2012	2011
	NIS in thousands	
Balance at January 1,	(1,067)	(1,004)
Interest cost	(36)	(47)
Current service cost	(149)	(161)
Benefits paid	430	144
Net actuarial gain (loss)	(27)	1
Balance at December 31,	(849)	(1,067)

4. Plan assets:

a) Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.
b) The movement in the fair value of the plan assets:

	2012	2011
	NIS in thousands	
Balance at January 1,	877	873
Expected return	29	32
Contributions by employer less withdrawals	123	169
Withdrawals from the plan	(317)	(137)
Net actuarial gain (loss)	69	(60)
Balance at December 31,	781	877

NOTE 12:- EMPLOYEE BENEFIT LIABILITIES, NET (Cont.)

5. The principal assumptions underlying the defined benefit plan:

	December 31,	
	2012	2011
	%	
Discount rate of the plan liability	3.77	3.75
Expected rate of return on plan assets	4.28	4.03
Future salary increases	3.50	3.50

NOTE 13:- TAXES ON INCOME

a. Tax laws applicable to the Company:

Income Tax (Inflationary Adjustments) Law, 1985:

According to the law, until 2007, the results for tax purposes were adjusted for the changes in the Israeli CPI.

In February 2008, the "Knesset" (Israeli parliament) passed an amendment to the Income Tax (Inflationary Adjustments) Law, 1985, which limits the scope of the law starting in2008 and thereafter. Since 2008, the results for tax purposes are measured in nominal values, excluding certain adjustments for changes in the Israeli CPI carried out in the period up to December 31, 2007. Adjustments relating to capital gains, such as for sale of property (betterment) and securities, continue to apply until disposal. Since 2008, the amendment to the law includes, among other things, the cancellation of the inflationary additions and deductions.

b. Tax rates applicable to the Group companies:

1. The Israeli corporate tax rate was 25% in 2010 and 24% in 2011.

A company is taxable on its real (non-inflationary) capital gains at the corporate tax rate in the year of sale. A temporary provision for 2006-2009 stipulates that the sale of an asset other than a quoted security (excluding goodwill that was not acquired) that had been purchased prior to January 1, 2003, and sold by December 31, 2009, is subject to corporate tax as follows: the part of the real capital gain that is linearly attributed to the period prior to December 31, 2002 is subject to the corporate tax rate in the year of sale as set forth in the Ordinance, and the part of the real capital gain that is linearly attributed to the period from January 1, 2003, through December 31, 2009, is subject to tax at a rate of 25%.

NOTE 13:- TAXES ON INCOME (Cont.)

b. Tax rates applicable to the Group companies (Cont.)

1. (Cont.)

On December 5, 2011, the Israeli Parliament (the Knesset) passed the Law for Tax Burden Reform (Legislative Amendments), 2011 ("the Law") which, among others, cancels effective from 2012, the scheduled progressive reduction in the corporate tax rate. The Law also increases the corporate tax rate to 25% in 2012. In view of this increase in the corporate tax rate to 25% in 2012, the real capital gains tax rate and the real betterment tax rate were also increased accordingly.

The above change had no effect on the financial statements.

2. The principal tax rate applicable to the subsidiary whose place of incorporation is the U.S. is a weighted tax at the rate of about 40% (Federal tax, State tax and City tax of the city where the subsidiary operates).

c. Final tax assessments:

The Company received final tax assessments through 2008.

The related companies, OphthaliX and Eye-Fite, have not received final tax assessments since its incorporation.

d. Carryforward losses for tax purposes and other temporary differences:

Carryforward operating tax losses of the Company total approximately NIS 236,117 thousand as of December 31, 2012.

A deferred tax asset relating to carryforward operating losses of approximately NIS 59,029 thousand was not recognized because its utilization in the foreseeable future is not probable.

e. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income and expenses, gains and losses in the statement of income were taxed at the statutory tax rate and the taxes on income recorded in profit or loss arising from carryforward tax losses for which the Company did not create a deferred tax asset since its utilization in the foreseeable future is not expected.

NOTE 14:- CONTINGENT LIABILITIES AND COMMITMENTS

a. Liabilities to pay royalties:

1. According to the license agreement signed on January 29, 2003 with the U.S. National Institute of Health ("NIH") (through the US Public Health Service, "PHS") ("the PHS agreement"), the Company is committed to pay royalties as follows:

   a) A minimum annual payment of $50 thousand, which is non-refundable.

   b) 4%-5.5% of the Company's total net revenues from sales of licensed products or from conducting tests, as defined in the PHS agreement, on a consolidated basis.

   c) Royalties in a total of up to $700 thousand, subject to meeting certain drug development milestones as defined in the PHS agreement.

   d) Additional payments totaling 20% of total payments received from any subcontractor,

   The agreement will remain in effect until the expiration of the last patent, unless it is terminated sooner by one of the parties, according to the PHS agreement.

   On August 4, 2005, a revised agreement was signed with the NIH which extends the milestone dates. On February 4, 2013, a second revised agreement was signed for updating the milestone dates. These revised agreements have no effect on the original license terms. In addition, CF101 and CF102 are defined in the agreements.

2. According to the research and license agreement signed with Aderis Pharmaceuticals Inc. ("Aderis") on May 6, 2002 (and its amendment of May 28, 2003), the Company is committed to pay royalties as follows:

   a) 1.75%-2.75% of total net sales (as this term is defined in the agreement).

   b) 2% of all payments received from the Company's subcontractors in connection with the agreement.

   The Company will be entitled to a reduction in the rate of royalties payable according to the PHS agreement in paragraph 2 above in an amount equivalent to the royalties payable under this agreement.

   The agreement will remain in effect until the expiration of the last patent, unless it is terminated sooner by one of the parties, according to the agreement.

NOTE 14:- CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

a. Liabilities to pay royalties (Cont.):

3. According to the patent license agreement signed on July 28, 2009 with the Leiden University in the Netherlands, which is affiliated with the NIH, the Company is committed to pay royalties as follows:

a) A one-time concession commission of € 25 thousand;

b) Annual royalties of € 10 thousand until the clinical trials commence;

c) 2%-3% of net sales (as defined in the agreement) received by the Company;

d) Royalties in a total of up to €850 thousand based on certain progress milestones in the license stages of the products, which are the subject of the patent under the agreement;

e) If the agreement is sublicensed to another company, the Company will provide the Leiden University royalties at a rate of 10%.

A merger, consolidation or any other change in ownership will not be viewed as an assignment of the agreement as discussed in this paragraph.

b. Commitments:

1. As for engagements with the Company's directors and CEO, see Note 22(c).

2. On September 22, 2006, the Company signed an exclusive license agreement regarding inflammatory indicators, including rheumatoid arthritis indicators (excluding eye disease indicators) with a public Japanese company, Seikagaku Corporation ("the Japanese corporation"), for the use, development and marketing of the Company's CF101 drug in Japan only.

According to the agreement, the Company is entitled to receive the following amounts:

a) A non-refundable amount of $ 3 million (gross) (NIS 12,909 thousand) paid immediately upon signing the agreement. This amount was included in the Company's revenues in its financial statements for 2006.

b) An amount of $ 500 thousand (gross) on January 1 of each year starting from January 1, 2007, until the earlier of the date of filing an application for a new drug with the Japanese regulatory authorities and the beginning of the fifth year from the date of signing (until January 1, 2011).

c) An amount of $ 12 million (gross) based on the Japanese corporation's progress milestones in the development of the CF101 for treating rheumatoid arthritis in Japan. In 2008, the Company received $ 1 million (NIS 3,494 thousand) following the commencement of a Phase I clinical trial in the CF101 drug by the Japanese corporation based on the milestones determined in the agreement, as discussed above. This amount was included in the Company's revenues in its financial statements for 2008.

NOTE 14:- CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d) An aggregate amount of $2 million (gross) received in 2006 and 2007 ($ 1 million each year) based on milestones underlying the Company's Phase IIb clinical trial in rheumatoid arthritis indicators. These amounts were included in the Company's financial statements for said years under participation in research and development expenses, based on the milestones met by the Company according to the agreement.

e) If the Japanese corporation decides to develop other indicators of the CF101 apart from rheumatoid arthritis indicators, the Company will be entitled to an additional $ 4 million (gross) based on milestones met in the development of the CF101 for the other indicators.

In addition to the amounts detailed above, the Company will be entitled to royalties of 7%-12% on sales of the CF101 marketed by the Japanese corporation according to the agreement and on additional revenues from sales of raw materials to the Japanese corporation for the purpose of the development, production and marketing of the CF101. If the Japanese corporation decides to produce the raw materials itself, the Company will be entitled to an additional $ 1 million (gross). Furthermore, according to the agreement, the Company will be entitled to receive additional amounts if the Japanese corporation requests information regarding the results of other clinical trials conducted by the Company in the future. The Company is committed to pay 5% of the above amounts as brokerage commission to a Japanese company which brokered the agreement. The agreement is for an indefinite period.

3. On December 22, 2008, the Company signed an agreement regarding the provision of a license for its CF101 drug with a Korean pharmaceutical company, Kwang Dong Pharmaceutical Co. Ltd. ("the license agreement" and "the Korean company", respectively). According to the license agreement, the Company granted the South Korean company a license to use, develop and market its CF101 drug for treating only rheumatoid arthritis only in Korea.

According to the license agreement, the Company is entitled to receive the following amounts:

a) An amount of up to $ 1.5 million (gross) based on the Company's compliance with certain milestones, including the signing of the license agreement, the conclusion of the Phase II clinical trial which the Company is conducting for the CF101 drug and the receipt of various regulatory permits. The Company included revenues of $ 200 thousand in respect of the license agreement in its financial statements for 2010. Total aggregate revenues recognized until December 31, 2012 are $ 548 thousand.

b) The Company will be entitled to annual royalties based on sales of CF101 in Korea as marketed by the Korean company according to the license agreement.

NOTE 14:- CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

4. On January 19, 2010, the Company signed a memorandum of understanding with Morningside Asia Venture (HK) Limited from Hong Kong ("the memorandum of understanding" and "MAV", respectively).

   According to the memorandum of understanding, the Company and MAV will establish a joint venture in Hong Kong ("the joint venture"), which will receive commercialization rights to the CF102 treatment in China, Hong Kong, Macau, and Taiwan ("the territory") and will have exclusive responsibility to develop the CF102 for these markets. MAV will inject all the $ 7.5 million in financing necessary for the preclinical and clinical development of CF102 through the Phase II clinical trial. The Company will provide all pertinent information in its possession relevant for CF102 in order to obtain regulatory permits for it in the territory. It is indicated that the Company indicated that it will have access to all the clinical and pre-clinical results and data to be developed by the joint venture and will have the right to use all this information for purposes outside the territory.

   The memorandum of understanding is not binding and the engagement is pending a final agreement. As of the date of the approval of the financial statements, a final agreement has not been signed.

NOTE 15:- EQUITY

a. Composition of share capital:

	December 31, 2012		December 31, 2011	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	NIS			
Ordinary shares of NIS 0.01 par value each	5,000,000	2,733,799	5,000,000	2,605,857

NOTE 15:- EQUITY (Cont.)

b. Movement in share capital:

Issued and outstanding capital:

	Number of shares	NIS par value
Balance at December 31, 2010	232,152,128	2,321,521
Movement during 2011:		
Issue of share capital	27,780,554	277,806
Exercise of unlisted share options (Note 16)	653,000	6,530
Balance at December 31, 2011	260,585,682	2,605,857
Movement during 2012:		
Issue of share capital	12,168,000	121,680
Exercise of warrants (series 5) (Note 16)	23,333	233
Exercise of unlisted share options	602,889	6,029
Balance at December 31, 2012	273,379,904	2,733,799

c. Rights attached to shares:

All ordinary shares have equal rights for all intent and purposes and each ordinary share confers its holder:

1. The right to be invited and participate in all the Company's general meetings, both annual and regular, and the right to one vote per ordinary share owned in all votes and in all Company's general meeting participated.

2. The right to receive dividends if and when declared and the right to receive bonus shares if and when distributed.

3. The right to participate in the distribution of the Company's assets upon liquidation.

4. Quoted on the Tel-Aviv Stock Exchange.

d. Capital management in the Company:

The Company's capital management objectives are to preserve the Group's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

The Company is not under any minimal equity requirements nor is it required to attain a certain level of capital return.

NOTE 15:- EQUITY (Cont.)

e. Issue of shares and warrants and changes in equity:

1. On November 16, 2011, the Company offered the public securities according to a shelf proposal report which was published on the basis of a shelf prospectus which the Company had published on May 27, 2010. The securities were offered to the public in 3,963 units ("the units") by a tender in unit's price of NIS 1.61 thousand per unit. Each unit comprises 2,500 ordinary shares of NIS 0.01 par value each at NIS 0.5 per share, 1,250 warrants (series 6) and 2,500 warrants (series 7) (both series at no consideration; See note (f) below). The total net proceeds amounted to approximately NIS 5,976 thousand (net of issuance expenses of approximately NIS 406 thousand). The shares were approved for listing on November 16, 2011. The issuance proceeds were received on November 22, 2011.

2. On March 26, 2012, 23,333 warrants (series 5) were exercised into 23,333 ordinary shares of the Company of NIS 0.01 par value each in consideration of an exercise increment of approximately NIS 76 thousand. The remaining 13,226,667 warrants (series 5) which had not been exercised expired on March 31, 2012.

3. On May 1, 2012, the Company offered the public securities according to a shelf proposal report which was published on the basis of a shelf prospectus which the Company published on May 27, 2010. The securities were offered to the public in 4,000 units ("the units") by a tender on the unit's price where the minimum price was NIS 1,431 per unit. Each unit comprises 3,000 ordinary shares at NIS 0.477 per share, 2,000 warrants (series 8) and 3,000 warrants (series 9). Both series of warrants are at no consideration.

   Each warrant(series 8) is exercisable into one ordinary share of NIS 0.01 par value in consideration of NIS 0.55, linked to the Israeli CPI with the base index being the CPI of March 2012. The exercise period of the warrants is until May 1, 2013.

   In addition, each warrants (series 9) is exercisable into one ordinary share of NIS 0.01 par value in consideration of NIS 0.85, unlinked. The exercise period of the warrants is until May 1, 2015.

   There was overwriting in the issuance and 4,056 units at NIS 1,440 per unit were sold. Total net issuance proceeds amounted to approximately NIS 5,349 thousand (net of issue expenses of approximately NIS 491 thousand). The issuance consideration was received on May 2, 2012. Until the issuance consideration is used, the issuance proceeds are held in the Company's accounts and invested by it consistently with the Company's investment policy as it will be from time to time provided that any investment, as above, shall be in solid channels, including and without derogating from the generality of the above an interest-bearing NIS deposit or interest-bearing deposit in foreign currency.

   The shares were admitted to trading on May 1, 2012.

NOTE 15:- EQUITY (Cont.)

f. Warrants classified as liability:

The Company has 4,953,750 registered warrants (series 6) that are exercisable into ordinary shares of the Company of NIS 0.01 par value each in every trading day except from the 12 to the 16 of each calendar month from their admission to trading through May 16, 2012 for the exercise price of NIS 0.63 per share, linked to the Israeli CPI published for October 2011.

On June 17, 2012, the Petach-Tikva District Court granted the Company's request to extend the exercise period of all the warrants (series 6) by December 31, 2012. On January 27, 2013, the Court granted the Company's additional request to extend the exercise period of all the warrants (series 6) by September 1, 2013.

These warrants are classified as a liability in the financial statements.

The Company has 9,907,500 registered warrants (series 7) that are exercisable into ordinary shares of the Company of NIS 0.01 par value each in every trading day except from the 12 to the 16 of each calendar month from their admission to trading through November 16, 2013 for the exercise price of NIS 0.80 per share, linked to the Israeli CPI for October 2011. Since exercise price is linked to the Israeli CPI, These warrants are classified as a liability in the financial statements which are measure at fair value through profit or loss.

The Company has 8,112,000 registered warrants (series 8) that are exercisable into ordinary shares of the Company of NIS 0.01 par value from their admission to trading through May 1, 2013 for the exercise price of NIS 0.55 per share, linked to the Israeli CPI for March 2012. Since exercise price is linked to the Israeli CPI, These warrants are classified as a liability in the financial statements which are measured at fair value through profit or loss.

g. Warrants classified as equity:

The Company has 12,168,000 registered warrants (series 9) that are exercisable into ordinary shares of the Company of NIS 0.01 par value from their admission to trading through May 1, 2013 for the exercise price of NIS 0.085 per share unlinked.

These warrants are classified as equity in the financial statements.

h. Unlisted share options:

On October 21, 2010 ("the Effective Date"), the Company entered into an investment with an investor ("the Investor"), according to which it granted the Company a put option that was expired on October 28, 2010 as a result of the investor’s participation in a financing round of the Company involving ordinary shares to be registered on the TASE.

As part of the arrangement, the Company issued to the Investor 12,550,644 unlisted share options which are exercisable into 12,550,644 Ordinary shares of NIS 0.01 par value each of the Company for an exercise price of NIS 0.6 per option. The share options are exercisable immediately for a period of 42 months from the effective date. The average fair value

NOTE 15:- EQUITY (Cont.)

h. Unlisted share options (Cont.):

of the investor's share options as of the effective date was NIS 0.399 per option. The share options are classified as an equity component in the financial statements.

The shares issuable upon the exercise of the unlisted share options were admitted to trading on January 26, 2011

i Treasury shares:

1. The Company's shares held by the Company and/or subsidiaries are recognized at cost and deducted from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

2. Treasury shares - Company's shares held by its subsidiary:

	December 31,		January 1,
	2012	2011	2011
		%	
Percentage of issued capital	6.54	6.86	-

NOTE 16:- SHARE-BASED PAYMENT TRANSACTIONS

a. Total share-based payment expenses recognized in 2012, 2011 and 2010:

The total expense related to share-based payment, for the years ended December 31, 2012, 2011 and 2010, was comprised as follows:

	Year ended December 31,		
	2012	2011	2010
Research and development expenses	$ 144	$ 144	$ 253
General and administrative expenses	1,312	175	375
	$ 1,456	$ 319	$ 628

There have been no modifications or cancellations to the benefit plans granted during 2011 or 2010. During 2012, the modifications made were as described in Note 15f(4) and Note 16b(6).

NOTE 16:- SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

b. Share-based payment transactions granted by the Company:

1. On May 27, 2010, the Company's board of directors approved a grant to a consultant of the Company of 145,464 unlisted share options that are exercisable into 145,464 ordinary shares of the Company of NIS 0.01 par value each. The exercise price is NIS 0.512 per each share option. These share options are exercisable in equal amounts each month over 12 months from the date of the grant. The contractual life of share options is 4 years from the grant date.

   The fair value of the options was determined at NIS 48 thousand at the grant date.

2. On February 15, 2011, the Company's board of directors approved the employment contract of a senior officer, as well as an immaterial grant to the officer ("the optionee"), subject to the approval of the employment contract by the parties. On February 22, 2011, the parties signed the employment contract.

   According to the agreement, the Company will grant to the optionee, at no consideration, 230,000 unlisted share options of the Company ("the options") that are exercisable into 230,000 ordinary shares of the Company of NIS 0.01 par value each ("the exercise shares"). The exercise price of the options is NIS 0.754 per option (the closing price of the Company's share on the day preceding the date of the approval of the Company's board of directors, namely February 14, 2011). The options vest quarterly over a period of four years (1/16 per quarter) from the date of grant. The contractual term of the options is ten years from the date of grant. The fair value on the grant date was approximately NIS 106 thousand.

3. As for the grant of additional share options to senior interested parties, see Note 22(c).

4. On January 2 2012, the subsidiary granted a member of the subsidiary's board of directors 235,000 options to purchase 235,000 shares of common stock of the subsidiary at the exercise price of $2 per share. The shares will vest at the earlier of a period of 36 months or until the termination of the director's service term in the subsidiary. The options will expire within ten years from the date of grant.

   The following inputs were used as a basis in determining the fair value of the share options using the binomial model: closing price of the subsidiary's shares, $ 2.11, average risk-free interest of 0.92%, life of the options of 10 years, volatility of 80%, and distribution of annual dividend of 0%. The expense recorded in the year totaled NIS 847 thousand.

5. On April 2, 2012, the Company's board of directors approved a grant to employees and senior employees in the Company ("the optionees") of 600,000 unlisted options of the Company that are exercisable into 600,000 ordinary shares of the Company of NIS 0.01 par value each. The exercise price of the options is NIS 0.385 per option (the closing price for the Company's shares on the trading day which preceded the receipt of the approval from the Company's board of directors). Nevertheless, the Company granted only 500,000 unlisted options based on the other terms above.

NOTE 16:- SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

b. Share-based payment transactions granted by the Company (Cont.)

5. (Cont.)

According to the binomial model, the fair value of the options for each of the employees on the date when the Company's board of directors accepted the decision was NIS 0.198 per option and a total of NIS 17,785 for all options, this based on the following inputs: closing price of the Company's shares, as above, ranges of risk-free interest of 2.61%-6.65%, life of options of 10 years, volatility range of 51.62%-74.12%, annual employee turnover of 5%, early exercise factor of 2 and distribution of annual dividend of 0%.

According to the binomial model, the fair value of the options for each of the senior employees on the date when the Company's board of directors accepted the decision was NIS 0.215 per option and a total of NIS 77,259 for all options, this based on the following inputs: closing price of the Company's share, as above, ranges of risk-free interest of 2.61%-6.65%, life of options of 10 years, annual standard deviation range of 51.62%-74.12%, annual employee turnover of 5%, early exercise factor of 2.5 and distribution of annual dividend of 0%.

The optionees are entitled to exercise the options over 48 months from the allocation date such that 1/16 of the number of options granted to each optionee, as above, is exercisable every quarter. The term of the options is 10 years from the grant date.

Assuming that the optionees exercise all options, the underlying shares will constitute 0.193% of the issued and outstanding share capital and 0.15% on a fully diluted basis. The shares were admitted to trading on May 2, 2012.

The fair value of the options was determined at NIS 95 thousand at the grant date.

6. On May 8, 2012, the general meeting approved the extension of the exercise period for 2,032,136 unlisted options of the Company originally granted in 2007 to a director in the Company for a period of five years at an exercise price of NIS 1.25 by another five years to a total exercise period of ten years from the date of grant (until May 9, 2017), similarly to the exercise period defined in the Company's option plan. Since the director is entitled to exercise all the options held by him, the Company recognized an immediate expense of approximately NIS 248 thousand in the financial statements.

NOTE 16:- SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

b. Share-based payment transactions granted by the Company (Cont.)

7. On July 30, 2012, according to the board of directors' decision of June 7, 2012, the Company's general meeting approved the grant to directors in the Company of 450,000 unlisted options which are exercisable into 450,000 ordinary shares of NIS 0.01 par value each of the Company for an exercise price of NIS 0.6 per option.

According to the binomial model, the economic value of the options for each of the directors as of the date of the board of directors' decision was NIS 0.17 per option and a total of NIS 72,831 for all the options based on the following assumptions: a closing price of the Company's share of NIS 0.365, a range of risk-free interests of 2.23%-6.95%, an option term of ten years, volatility of 55.13%-73.45%, annual turnover rate of 5%, early exercise factor of 2.5 and annual dividend distribution rate of 0%.

Each of the optionees will be entitled to exercise one half of the options granted to it immediately upon grant and the other half once a quarter over a period of two years. The 450,000 shares deriving from the exercise of the options represent about 0.1% of share capital on a fully diluted basis.

On August 20, 2012, the general director of the Tel Aviv Stock Exchange approved the listing of the options for trading. The fair value was NIS 73 thousand at the grant date.

In 2012, 602,889 unlisted options were exercised by employees into 602,889 ordinary shares of NIS 0.01 par value each of the Company for total proceeds of approximately NIS 176 thousand.

NOTE 16:- SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

c. Movement during the year:

The following table lists the number of share options, their weighted average exercise prices and modification in option plans of employees, directors and consultants during the current year:

	2012		2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		NIS		NIS		NIS
Share options at beginning of year	25,541,892	0.44	26,060,079	0.44	23,490,171	0.41
Share options granted during the year	950,000	0.49	230,000	0.75	2,825,464	0.64
Share options exercised during the year	(602,889)	0.29	(653,000)	0.45	(70,000)	0.31
Share options expired during the year	(384,208)	0.46	(95,187)	0.31	(185,556)	0.50
Share options at end of year	25,504,796	0.45	25,541,892	0.44	26,060,079	0.44
Share options exercisable at end of year	24,741,045	0.45	24,268,077	0.44	23,477,696	0.43

d. The weighted average remaining contractual life for the share options outstanding as of December 31, 2012, 2011 and 2010 was 4.01 years, 3.71 years and 4.72 years, respectively.

e. The range of exercise prices for share options outstanding as of December 31, 2012, 2011 and 2010 was between NIS 0.01 and NIS 1.247.

f. The weighted average fair value for the share options outstanding as of December 31, 2012, 2011 and 2010 was NIS 0.18, NIS 0.54 and NIS 0.39, respectively.

g. Measurement of the fair value of equity-settled share options:

The Company uses the binomial model when estimating the fair value of equity-settled share options with the assistance of an external valuer. The measurement was made at the grant date of equity-settled share options since the options were granted to employees.

For options granted to service providers, the fair value is remeasured as the services are received.

The expected life of the share options is based on historical data of the Company and is not necessarily indicative of the exercise patterns of share options that may occur in the future.

The expected volatility of the share price reflects the assumption that the historical volatility of the share price is reasonably indicative of expected future trend.

NOTE 17:- RESEARCH AND DEVELOPMENT EXPENSES

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Professional consulting - clinical trials	8,509	6,007	2,554
Salary and related expenses	877	1,972	1,749
Royalties	240	590	235
Patents	1,130	677	635
Professional consulting - research and development	652	650	724
Subcontractors	1,114	1,786	2,761
Materials	146	468	506
Rent	216	383	382
Depreciation	30	149	199
Miscellaneous	246	287	248
	13,160	12,969	9,993

NOTE 18:- GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Professional consulting - management	901	715	980
Professional services	3,356	2,023	1,505
Salary and related expenses	1,410	1,861	1,196
Directors' fee	1,290	410	426
Rent	165	108	110
Travel abroad	381	360	311
Office and computer maintenance	393	317	314
Vehicle maintenance	110	300	262
Insurance	410	154	153
Depreciation	56	69	80
Brokerage commissions	-	-	80
Other	800	764	588
	9,272	7,081	6,005

NOTE 19:- OTHER INCOME

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Gain from sale of property, plant and equipment, net	42	88	-
	42	88	-

NOTE 20:- FINANCE EXPENSES (INCOME)

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Finance expenses:			
Bank commissions	27	50	26
Net loss from exchange rate fluctuations	-	-	330
Issue expenses attributed to liabilities	-	182	-
	27	232	356
Finance income:			
Interest income on bank deposits	(50)	(89)	(110)
Net gain from exchange rate fluctuations	(62)	(10)	-
Net change in fair value of financial liabilities at fair value through profit or loss	(429)	(1,570)	(787)
	(541)	(1,669)	(897)

NOTE 21:- LOSS PER SHARE

a. Details of the number of shares and loss used in the computation of loss per share:

	Year ended December 31,					
	2012		2011		2010	
	Weighted number of shares	Loss	Weighted number of shares	Loss	Weighted number of shares	Loss
	In thousands	NIS in thousands	In thousands	NIS in thousands	In thousands	NIS in thousands
Number of shares and loss used in the computation of basic and diluted loss per share	255,507	20,820	242,713	25,499	217,183	13,048

NOTE 21:- LOSS PER SHARE (Cont.)

b. To compute diluted loss per share, the securities, detailed below, have not been taken into account since their conversion decreases the basic loss per share (anti-dilutive effect):

13,250,000 warrants exercisable into shares (series 5).Expired during 2012.
4,953,750 warrants exercisable into shares (series 6).
9,907,500 warrants exercisable into shares (series 7).
8,112,000 warrants exercisable into shares (series 8).
12,168,000 warrants exercisable into shares (series 9).
25,504,795 unlisted share options - share-based payment.
12,550,644 unlisted share options.

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND INTERESTED PARTIES

a. Benefits to related parties and interested parties:

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Management and consulting fees to interested parties (including bonuses) (1)	1,050	1,109	1,265
Other expenses relating to an interested party	63	78	95
Directors' fee (2)	398	400	406
(1) Number of interested parties	1	2	2
(2) Number of directors	5	4	4

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND INTERESTED PARTIES (Cont.)

b. Benefits to key management personnel:

	Year ended December 31,		
	2012	2011	2010
	NIS in thousands		
Share-based payment (1)	503	255	459
(1) Number of directors	2	1	2

c. Commitments:

1. Through September 21, 2005, the total outstanding share options granted to Dr. Ilan Cohen is 292,357 share options that are exercisable into 292,357 ordinary shares of the Company of NIS 0.01 par value each.

   On September 21, 2005, the meeting of the Company's shareholders approved another grant of 2,260,729 share options to Dr. Ilan Cohen as to compensate him for the ongoing provision of services. All of such granted share options are exercisable

   On March 21, 2007, the meeting of the Company's shareholders approved the Company's Board decision from November 29, 2006 regarding the grant with no consideration of 2,032,136 share options to Dr. Ilan Cohen ("the optionee") to purchase ordinary shares of the Company of NIS 0.01 par value each. All of such granted share options are exercisable.

   On May 8, 2012, the general meeting approved the extension of the exercise period for 2,032,136 unlisted options of the Company. (For any farther information see Note 16b(6))

   On August 17, 2010, the general meeting of the Company's shareholders approved the Company's engagement with Dr. Ilan Cohen in an agreement for providing business consulting services to the Company ("the consulting services") for a monthly fee in NIS calculated according to Dr. Cohen's actual work hours relating to the consulting services in a specific month multiplied by NIS 1,000 per hour. Dr. Cohen will also be entitled to reimbursement of travel expenses in connection with the consulting services in an amount of $2,000 for the first day and another $1,000 for each travel day.

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND INTERESTED PARTIES (Cont.)

c. Commitments: (Cont.)

2. On September 27, 2002, an agreement was signed between F.D. Consulting International and Marketing Ltd. ("FD"), a company wholly owned by Prof. Pnina Fishman, the Company's founder and its director at that time, according to which FD will render management services to the Company. On June 30, 2005, Prof. Pnina Fishman was appointed as the Company's CEO.

Through September 22, 2005, a total of 6,040,332 share options that are exercisable into 6,040,332 ordinary shares of the Company of NIS 0.01 par value each were granted to Prof. Pnina Fishman. The share options were exercisable after the reporting date (see also Note 23).

On July 4, 2006, the Company's board of directors accepted a decision which was later approved by the annual general meeting of the Company's shareholders which was convened on August 24, 2006, to grant to Prof. Pnina Fishman:

a) 4,890,760 share options to purchase for no consideration 4,890,760 ordinary shares of NIS 0.01 par value each.

The exercise price of these share options is equivalent to NIS 0.5 per option (subject to adjustments in cases of share dividend (bonus shares), share split and etc.). The Company's CEO is entitled to exercise the share options based on a vesting period of 1/48 each month starting in October 2005. The last date on which these share options may be exercised under the plan is 10 years from the date of their allocation.

b) Increase in the monthly salary from $13 thousand to NIS 75 thousand linked to the changes in the Israeli CPI.

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND INTERESTED PARTIES (Cont.)

c. Commitments (Cont.)

2. (Cont.)

On January 13, 2011, after the Company's board of directors decision from December 7, 2010 and after the approval of the Company's audit committee from November 23, 2010, the general meeting of shareholders approved the allocation for no consideration of 2,680,000 share options to the Company's CEO, a director and a shareholder to purchase ordinary shares of the Company of NIS 0.01 par value each ("the optionee").

The exercise price of the share options granted to the optionee is NIS 0.644 per each share option, representing the average share price in the 60 trading days which preceded the date of the board of directors' decision.

The optionee shall be entitled to receive the share options and to exercise them over a maximum period of 120 months from the date of their allocation, subject to the conditions outlined in this report and based on the periods detailed below:

a) 1,240,000 share options may be exercised by the optionee immediately after their grant.

b) 1,440,000 share options may be exercised by the optionee in 24 equal portions, namely 60,000 share options every month over a period of 24 months which started on the date of approval by the meeting.

The fair value of all the share options as of the date of the board of directors' decision is NIS 0.337 per option.

The shares deriving from the exercise of the unlisted share options were admitted to trading on January 6, 2011.

The fair value of the options was determined at NIS 854 thousand at the grant date.

3. On September 21, 2005, the Company's general meeting approved the employment conditions of the chairman of the Board Mr. Avigdor Kaplan as well as the grant of 2,000,000 share options to purchase 2,000,000 shares of the Company.

The exercise price of said share options is NIS 1.125 per option. All such share options have vested.

The last date on which these share options may be exercised under the plan is 10 years from the date of their allocation.

NOTE 23:- SUBSEQUENT EVENTS

a. On January 27, 2013, the Petach-Tikva District Court granted the Company's request to extend the exercise period of all the warrants (series 6) by September 1, 2013 according to the general meeting's decision of January 10, 2013.

b. On January 29, 2013, the subsidiary's board of directors approved the addendum to the 2012 option plan. On February 7, 2013, it was approved by the Israeli Tax Authority and on March 8, 2013 the plan came into effect.

c. On February 4, 2013, the Company signed a revised agreement with the NIH for updating the milestone dates. The revised agreement has no effect on the original license terms agreed with the NIH.

d. On February 5, 2013, the Company offered securities to the public based on a shelf offering report issued on July 26, 2012. 69,270,000 ordinary shares of NIS 1 par value each of the Company, representing 20.22% of the Company's issued and outstanding share capital and 14.21% on a fully-diluted basis, were offered to the public. In addition, 34,635,000 warrants (series 10) were offered ("warrants (series 10)"), representing 7.11% of the Company's issued and outstanding share capital on a fully-diluted basis, which are exercisable on each trading day, excluding on the 12 and 16 of each calendar month, starting from the date of their listing for trading through October 31, 2015, inclusive. Each warrant (series 10) is exercisable into one ordinary share of NIS 0.01 par value each, subject to the adjustments specified in item 3.15 to the shelf offering report, for a cash exercise price of NIS 0.394, linked to the Israeli CPI published on January 15, 2013 for December 2012. Any warrants (series 10) that are not exercised by October 31, 2015, inclusive, will expire and become null and void.

In addition, 34,635,000 warrants (series 11) were offered ("warrants (series 11)"), representing 7.11% of the Company's issued and outstanding share capital on a fully-diluted basis, which are exercisable on each trading day, excluding on the 12 and 16 of each calendar month, starting from the date of their listing for trading through April 30, 2016, inclusive. Each warrant (series 11) is exercisable into one ordinary share of NIS 0.01 par value each, subject to the adjustments specified in item 3.15 to the shelf offering report, for a cash exercise price of NIS 0.392, linked to the Israeli CPI published on January 15, 2013 for December 2012. Any warrants (series 11) that are not exercised by April 30, 2016, inclusive, will expire and become null and void. The shares, warrants (series 10) and warrants (series 11) were all offered to the public in 6,927 units by way of unit price bid with the minimum price being NIS 3,144 per unit.

The Company responded to the bid results by issuing 7,477 units at a price of NIS 3,544 per unit for total proceeds of NIS 23,959 thousand (net of issuance expenses of approximately NIS 2,539 thousand. The Company's issuance expenses include the grant of warrants to underwriters as a commission for handling the capital raising rounds (described in subparagraph c. above). The issuance proceeds were received on February 5, 2013. The issuance proceeds are held in the Company's accounts and will be invested by it in accordance with its investment policy, as it will be from time to time, until they are used and provided that each investment thereof will be in solid channels, including and without derogating from the general nature of the aforementioned, an interest-bearing NIS deposit or an interest-bearing foreign currency deposit.

The shares were listed for trading on February 5, 2013.

NOTE 23:- SUBSEQUENT EVENTS (Cont.)

e. On February 21, 2013, the Company's board of directors approved the private placement of 1,682,000 warrants (series 10) of the Company which are exercisable into 1,682,000 ordinary shares of NIS 0.01 par value each of the Company to the Company's external advisors. The placement was part of the issuance expenses accumulated in the Company in said capital raising round. The exercise price of the warrants is NIS 0.394 per warrant. The last exercise date of the warrants is October 31, 2015, inclusive. Assuming full exercise of all the warrants, they will represent about 0.47% of the Company's issued and outstanding share capital and about 0.34% on a fully-diluted basis. The total fair value of the warrants is approximately NIS 124 thousand.

f. In addition to the foregoing, on February 5, 2013, 6,040,332 unlisted options were exercised into 6,040,332 shares of NIS 0.01 par value each of the Company by an interested party in the Company in consideration of approximately NIS 60 thousand.

g. On February 28, 2013, the subsidiary's board of directors approved the appointment of the new CEO who had been appointed with such board of directors' approval in the meeting of December 12, 2012, in accordance with its decision to terminate the former CEO's service. Because the new CEO also acts as the Company's CBDO, his salary related expenses will be equally allocated between the Company and the subsidiary. The new CEO's appointment is effective from March 1, 2013.

h. On March 5, 2013, 143,187 unlisted options were exercised into 143,187 shares of NIS 0.01 par value each of the Company by an external advisor of the Company. The exercise proceeds are immaterial.

i. On March 21, 2013, the Company's board of directors approved a grant of 740,000 unlisted options which are exercisable into 740,000 ordinary shares of NIS 0.01 par value each of the Company to two employees of the Company, three senior officers and three advisors. The exercise price of the options is NIS 0.326 per option. The options can be exercised for a period of 48 months from the date of grant over eight quarters. The term of the options is ten years from the date of grant. Assuming full exercise of all the options, they will represent about 0.21% of the Company's issued and outstanding share capital and about 15% on a fully-diluted basis. The total fair value of the unlisted options is NIS 141 thousand.

NOTE 23:- SUBSEQUENT EVENTS (Cont.)

j. On March 28, 2013, 2,472,107 unlisted options were exercised into 2,472,107 shares of NIS 0.01 par value each of the Company by an interested party in the Company in consideration of approximately NIS 25 thousand.

k. On April 9, 2013, the Petach-Tikva District Court granted the Company's request to extend temporarily the exercise period of all share options (series 8) by June 30, 2013.

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Exhibit 1.1

Articles of Association
Pursuant to the Companies Law, 1999, of a Company Limited by Shares
CAN FITE BIOPHARMA LTD.

1. Interpretation

1.1. In these Articles, unless the wording demands a different interpretation, the following words and expressions shall bear the following meanings:

"**The Stock Exchange**" –	The Tel Aviv Stock Exchange Ltd.
"**The Board**" –	The Board of Directors duly elected pursuant to the provisions hereof.
"**Director**" –	A member of the Company's Board and any person who acts as a Director in actual fact, be his/her title what it may.
"**The Securities Law**" -	The Securities Law, 1968, as amended from time to time, and the regulations promulgated thereunder.
"**The Companies Law**" -	The Companies Law 1999, as amended from time to time, and the regulations promulgated thereunder.
"**The Law**" –	The Companies Law, the Securities Lawand any other legislation in effect, pertaining to companies, applicable to the Company at that time.
"**The Company**" –	The abovementioned Company.
"**The Ledger**" –	The members' ledger that must be kept pursuant to Section 127 of the Companies Law, the Material Shareholders Ledger that must be kept pursuant to Section 128 of the Companies Law, and in the event that the Company maintains an additional Ledger outside of Israel, any other Ledger, as the case may be.
"**The Office**" –	The Company's Registered Office, at any particular time.
"**Writing**" –	Printed matter, lithograph, photograph, telegram, telex, facsimile, email and any other form of imprint or formation of words in visible form.
"**Securities**" –	Including, Shares, Bonds, Capital Notes, other Certificates and Documents that bestow a right to sell, convert or sell any such.
"**The Companies Ordinance**" -	The Companies Ordinance [New Version], 1983, as periodically amended.
"**The Articles**" –	The Company's Articles of Association in its current version, or as shall be amended from time to time.

1.2. Sections 2, 3, 4, 5, 6, 7, 8, 10 of the Interpretation Law, 1981-5741, shall apply, *mutatis mutandis*, to the interpretation hereof, in the absence of any other provision relating to the subject matter, and in the absence of anything in the subject matter, or its context, that does not fit the said application.

1.3. Except as provided for herein this article, every word and expression in these Articles, shall bear the meaning ascribed to them in the Companies Law, unless such would contradict the subject matter or its contents.

1.4. Subject to this article, in these Articles – unless the wording demands a different interpretation, the phrases defined in the Companies Law, shall bear the meanings ascribed to them therein; and words put forth in the singular shall include the plural, and vice versa, and words in the masculine shall include the feminine, and words which mean individuals shall include corporations.

2. The Company Name

The Company's name is as follows:

In Hebrew: **כן-פייט ביופרמה בע"מ**

In English: **CAN FITE BIOPHARMA LTD.**

3. The Company Purposes

To carry out any lawful business

4. The Company Intent

The Company's intent is to Law pursuant to commercial considerations to maximise its profits, however, the Company is entitled to donate a reasonable sum for a worthy goal, even if the donation is otherwise than in the framework of said commercial considerations, and pursuant to the discretion of the Company Board.

5. The Authorised Share Capital

5.1. The Company's Authorised Share Capital is 5,000,000 NIS, divided into 500,000,000 ordinary shares of 0.01 NIS par value each (hereinafter: "**Ordinary Shares**").

5.2. All Ordinary Shares shall be of equal rights vis-à-vis each other for all intents and purposes, and each Ordinary Share shall bestow on its holder:

(1) The right to be invited to and participate in all the Company's General Meetings, both annual and regular, and a right to one vote on account of each Ordinary Share in his possession, at every ballot, in any General Meeting of the Company in which he participated;

(2) A right to receive Dividends, if and when such are distributed, and a right to receive Bonus Shares, if distributed;

(3) A right to participate in the distribution of the Company's assets upon liquidation.

6. Shareholder Liability

The liability of holders of Ordinary Shares shall be limited so that each Shareholder shall be liable to settle and pay exclusively the par value of his Shares. In the event that the Company allocates Shares at a discount from the par value thereof, pursuant to Section 304 of the Companies Law (hereinafter: "**Reduced Consideration**"), the liability of each Shareholder shall be limited to settlement of the sum of the Reduced Consideration on account of each Share thus allocated to him.

7. Public Company

Upon the registration of the Shares for trading on the Stock Exchange, the Company shall become a public company, and shall maintain a Ledger of Material Shareholders, as defined in the Companies Law, in addition to the Ledger.

8. Shares

8.1. Notwithstanding the previous privileges granted to shareholders of the Company , the Company is entitled to issue Shares with preferential rights or Shares with deferred rights or to issue, from the unissued Capital, Redeemable Securities, subject to Section 309a of the Companies Law, or to issue Shares with other special limited rights or upon limitations as to the distribution of Dividends, voting rights, or other matters, as the Company may from time to time decide by resolution adopted at a General Meeting by an ordinary majority of Shareholders.

8.2. If at any time the Share Capital is divided into different classes of Shares, the Company is entitled, by resolution adopted at a General Meeting by an ordinary majority of Shareholders, unless the terms and conditions of the issuance of that Class of Shares stipulates otherwise, to convert, expand, add or otherwise change the rights, privileges, advantages, limitations and provisions, related or unrelated at that time to one of the Classes, or as shall be resolved by resolution adopted at a General Meeting by an ordinary majority of Shareholders of that Class.

8.3. The special rights granted to shareholders or a Shares of different Class, including Shares with preference rights or other special rights, shall not be deemed altered in any way by the creation or issue of additional Shares of equal ranking thereto, unless the terms and conditions of the issue of those Shares stipulates otherwise.

The provisions hereof relating to General Meetings shall apply, *mutatis mutandis*, to any and every meeting of a said Class.

8.4. The Company's unissued Shares shall be under the supervision of the Board, which may allocate them, up to the limit of the Company's Authorised Share Capital, to such persons, in consideration of cash or non-cash consideration, on such terms and conditions and limitations, whether above their par value, whether at their par value and whether (subject to the provisions of the Companies Law) for consideration lower than their par value, and at such times and dates that the Board deems fit, and the Board shall have the authority to present any person with a Call on the Share for whichever such Shares, at their par value or above their par value or (subject to the provisions of the Companies Law) for consideration lower than their par value, for such times and for such consideration and terms and conditions as the Board deems fit.

8.5. Upon the allocation of Shares, the Board is entitled to differentiate as amongst Shareholders in relation to the amounts of the Call on the Share and/or times of settlement thereof.

8.6. If, according to the terms and conditions of the issuance of any Shares, payment of the consideration on account of such Shares, in whole or in part, is by instalments, then each instalment shall be paid to the Company at its time of settlement by that person who is the registered a shareholder at that time or by his administrators.

8.7. The Company is entitled to pay, at any time, a commission, to any person for his function as an underwriter or his consent to serve as an underwriter, conditionally or unconditionally, for any Security, including Bond Stock in the Company or his consent to underwrite, conditionally or unconditionally, any Security, Bond or Stock of Bonds in the Company. On each event the commission may be paid or settled in cash or Securities or Bonds or Stock of Bonds in the Company.

9. <u>Share Certificate; Share Warrant</u>

9.1. Subject to the provisions of the Companies Law and pursuant thereto, a Share Certificate shall bear the seal or stamp or the Company, and the signatures of two Directors, or as the Board may determine.

9.2. Any Shareholder registered in the Ledger of Members is entitled to receive one Share Certificate on account of the Shares registered to his name, or, if the Board approves (following payment of the sum determined by the Board from time to time), several Share Certificates, each for one or more such Shares; every Share Certificate shall mention the number of Shares on account of which it was issued and the serial numbers thereof.

A Share Certificate registered in the name of two or more persons, shall be handed over to that person, from amongst the joint owners, whose name appears first in the Ledger of Members.

9.3.

(a) The Company is entitled to deliver a Share Certificate on account of Shares that the full consideration of which was paid to the Company, which shall grant the holders thereof the rights to the Shares stipulated therein, and the right to transfer the same by handing over the Share, and the provisions hereof relating to transfer of Shares shall not apply to the Shares set forth in such Share Certificate.

(b) A Shareholder lawfully possessed of a Share Certificate is entitled to return it to the Company for cancellation and to turn it into a Share Registered to a Name; and entitled, in consideration of a fee to be determined by the Board, to have his name registered in the Ledger of Members on account of the Share mentioned in the Share Certificate, and that he be issued with a certificate of a Share Registered to a Name.

(c) A holder of a Share Certificate is entitled to deposit the Share Certificate at the Office, and for as long as it is so deposited, the depositor shall have the right to demand convening a meeting of the Company, subject and pursuant to the provisions of the Companies Law and these Articles, to be present at such meeting, to vote therein, and to make use of the remaining rights of a Shareholder at any Meeting convened upon his said demand within 30 days after said deposit, in the same manner as if his name was registered in the Ledger of Members as the holder of the Shares included in the Share Certificate. Only one person shall be recognised as the depositor of the Share, and the Company is obliged to return the Share Certificate to the depositor, should he request so in writing 30 days in advance.

In the event that a Share Certificate was not so deposited, its holder shall not have the rights set forth in this sub-Article (c), and he shall have, subject to the provisions of these Articles, all the remaining rights bestowed upon a Shareholder in the Company.

9.4. In the event that a Share Certificate is lost or destroyed, the Board is entitled to issue a new certificate or warrant instead, provided that the certificate or warrant was not rescinded by the Company, or it was proven, to the satisfaction of the Board, that the certificate or warrant were lost or destroyed, and received satisfactory sureties against any possible damages, and all in consideration of a payment, if the Board resolves to impose such.

10. <u>Call on Shares</u>

10.1. The Board may, from time to time, at its discretion, present the Shareholders with a Call on Shares to pay any outstanding consideration on account of the Shares held by each Shareholder, and which according to the terms and conditions of the allocation of the Shares they are not to be settled upon fixed times and dates, and each Shareholder is obliged to pay the Company the sum of the Call presented to him, at the time and place as determined by the Board. A Call on Shares may divide the payment into instalments. The date of the Call shall be the date of the Board's resolution pertaining to the Call.

10.2. A prior notice of fourteen (14) days shall be provided regarding each Call on Shares, which shall mention the rate of the payment, the place of payment, provided that prior to the time of settlement of such a Call on Shares the Board is entitled, by written notice to the Shareholders, to cancel the Call or extend its time for settlement, and provided that such resolution was adopted prior to the time of settlement of the Call.

10.3. Joint owners of a Share shall be jointly liable for payment of any instalment and Call on a Share due on account of such Share.

10.4. If, according to the terms and conditions of the allocation of any Share, or otherwise, any sum must be settled on a fixed date or by instalments on fixed dates, then any such sum or instalment shall be settled as if it were a Call on a Share duly presented by the Board, and for which notice was duly given, and to such sum or instalment all the provisions of these Articles pertaining to Calls on Shares shall apply.

10.5. In the event that the sum of a Call on Shares or instalment was not paid by or prior to its date of settlement, the person who is at that time the owner of the Share on account of which the Call was presented or for which the instalment was due, shall be obliged to pay interest on the said sum, at a rate to be determined by the Board from time to time, or at the rate permitted at that time by law, from the day fixed for such payment until payment in fact, however the Board is entitled to waive the payment of interest, in whole or in part.

10.6. Should the Board see fit, it is entitled to receive from a Shareholder who wishes to advance monies not yet Called or that the settlement of which is not yet due, and that have not yet been settled on account of his Shares, or any part thereof. The Board is entitled to pay the Shareholder for the monies advanced in the abovementioned manner, or for any part thereof, interest to the day the monies should have been settled had they not been so advanced, at a rate to be agreed upon between the Board and the Shareholder.

11. Share Forfeiture and Mortgage

11.1. In the event that a Shareholder fails to pay the consideration he committed to, in whole or in part, at the times and dates and on the terms and conditions determined, whether a Call on Share was issued or not, the Board may at any time provide notice to that Shareholder and demand he pay the unsettled sum, plus interest accrued and any other expense the Company was made to suffer on account of such non-settlement.

11.2. The notice shall set a date, at least fourteen (14) days after the date of the notice, and a place or places, in which the Call or abovementioned instalment must be paid, plus interest and the abovementioned expenses. The notice shall stipulate, that in the event of non-payment at the fixed time and date and the place set forth in the notice, the Company may forfeit the Shares on account of which the Call was made or on account of which the instalments have become conclusively due.

11.3. In the event of failure to fulfil the requirements included in the abovementioned notice, then at any time thereafter, prior to the payment of the Call on the Share or the instalment, interest and expenses due on account of those Shares, the Board may resolve to forfeit the Shares on account of which the said notice was provided. Such forfeiture shall include all the dividends declared in respect of the forfeit Shares which have not been distributed in fact prior to the forfeiture.

11.4. Any Share thus forfeit shall be deemed the property of the Company, and the Board may, taking account of the provisions hereof, sell it, reallocate it, or otherwise transfer it, as it deems fit.

11.5. Forfeit Shares that have not yet been sold shall be treasury stock in accordance with the Companies Law, and shall not grant any rights whatsoever for as long as they are the property of the Company.

11.6. The Board may at any time prior to the sale, reallocation or other transfer of any Share forfeited as abovementioned, rescind the forfeiture on such terms and conditions that the Board deems fit.

(a) Any Shareholder whose Share have been forfeit shall cease to be the owner of the said forfeit Shares, however he shall continue to be indebted to the Company for all Calls on Shares, payment instalments, interest and expenses due on account of those Shares or for them, at the time of forfeiture, plus interest at the maximum rate permissible at law at that time, unless the forfeit Shares have been sold and the Company has received the full consideration to which the Shareholder committed, plus the expenses accompanying the sale.

(b) In the event that the consideration received on account of the forfeit Shares was greater than the consideration to which the owner of the Shares thus forfeit was committed to, the Shareholder is entitled to recoup the partial consideration he gave for them, if any, subject to the terms and conditions of the allocation, and provided that the consideration remaining in the hands of the Company shall be no less than the full consideration committed to by the owner the Share thus forfeit, plus the expenses accompanying the sale.

11.7. The provisions hereof pertaining to forfeiture of Shares shall apply also to events of non-payment of a fixed consideration the time of settlement of which, according to the terms and conditions of the allocation of the Share, is due, as if it were a sum due for settlement by virtue of a Call on Shares presented and for which notice was given.

11.8. The Company shall have the right to a first ranking mortgage over any and all Shares registered to the name of any Shareholder, except for fully paid up Shares, and over the income from the sale of such Shares, for the settlement of the debts and liabilities of that Shareholder to the Company, whether individually or jointly with any other person, whether the time for settlement of such debts or fulfilment of such obligation is due or not, whatever the source of the debts may be, and no rights in Equity shall be created in any Share. The abovementioned lien and mortgage shall apply to all Dividends declared from time to time for such Shares. Unless resolved otherwise, registration by the Company of a transfer of Shares shall be deemed a waiver on behalf of the Company of such lien or mortgage (if any) over the Shares.

11.9. To realise the abovementioned mortgage, the Board shall be entitled to sell the Mortgaged Shares in a manner it deems fit, pursuant to it's discretion; however, no Share may be sold unless the period of time set forth in Article 11.2 above has passed, and the Shareholder (or such person entitled to be given notice following his death or insolvency or liquidation or the receivership of his assets) was provided written notice stipulating that the Company intends to sell the Share, and the Shareholder or person so entitled to the Share, has not paid the abovementioned debts or has not met the abovementioned obligations after the passing of fourteen (14) days from the date the said notice was sent.

11.10. The proceeds of any such sale, after the expenses of the sale have been settled, shall be used to settle the debts and fulfil the obligations of the owner of such a Share (including the debts, obligations and liabilities and contracts the time for settlement or fulfilment of which is not yet due) and the provisions of Article 11.6(b) shall apply, *mutatis mutandis*.

11.11. In the event of a sale following forfeiture or for the realisation of a mortgage under the powers and authorities granted above, the Board shall be entitled to appoint a person to sign a deed of transfer for the sold Shares and to register the purchaser in the Ledger of Members as the owner of the sold Shares, and the purchaser shall not be obliged to ensure theses actions were duly and properly taken, and it shall be none of his business what the proceeds of sale were used for, and following the registration of his name in the Ledger of Members on account of those Shares, the validity of the sale shall not be called into question, and the only remedy available to any person injured as a result of the sale, shall be suing the Company, and only the Company, for damages.

12. Share Transfer and Delivery

12.1. A Share transfer shall not be registered unless the Company was provided with the appropriate deed of transfer. A Company Share deed of transfer shall be signed by the transferor and transferee, and the transferor shall be deemed continuing to be the Shareholder until such a time as the name of the transferee is recorded in the Ledger of Members on account of the transferred Share.

A Share deed of transfer shall be drafted and filled out in the following form, or such similar form, or in the ordinary or customary way approved by the Board:

"I, _____, of _____ ("The Transferor"), in consideration of _____ NIS paid to me by _____, of _____ ("The Transferee"), do hereby transfer to the Transferee _____ shares _____ of _____ par value each, marked numbers _____ to _____ in _____ Ltd., to be in the hands of the Transferee, his executors, guardians, and attorneys, under all the terms and conditions on which I held them prior to the execution hereof, and I, the Transferee, do hereby agree to receive the said shares on the abovementioned terms and conditions.

And in Witness hereof we have signed our names this ____ Day of _____ in the year _____

_____	_____
Transferor	**Transferee**
_____	_____
Witness to Transferor's Signature	**Witness to Transferee's Signature"**

12.2. The Company is entitled to seal the Ledger of Members for such a time that the Board sees fit, provided that it is does not exceed thirty (30) days a year. The Company shall provide notice to the Shareholders of the sealing of the Ledger of Members pursuant to the provision hereof, for the purposes of providing notices to the Shareholders. The Company is entitled to fix a determining date for the purposes of the right to receive invitations to General Meetings, to participate and vote therein, and for the purposes of the right to receive a Dividend, provided that such date won't be more than seven (7) days prior to the date fixed for the convention of the General Meeting.

12.3.

(a) Any and every deed of transfer shall be handed in to the Office for recording. Deeds of transfer recorded shall remain in the possession of the Company, but any deed of transfer which the Board refuses to register, shall be, upon demand, returned to the person who delivered it, together with the Share Certificate (if handed in).

(b) The Company is entitled to demand payment of a fee for the registration of the transfer, which fee shall be fixed by the Company Board.

12.4. The administrators and executors of a deceased Shareholder, or, in the absence of administrators or executors, the persons entitled as the heirs of the deceased Shareholder, shall be the only individuals the Company shall recognise as owners of rights in the Share that was registered to the name of the deceased.

In the event that a Share is registered in the name of two or more owners, the Company shall exclusively recognise the surviving partner or partners as those persons who own the rights to the Share or any beneficial interest therein. In the event that a Share is registered in the name of several owners jointly as mentioned, each one of them shall be entitled to transfer his right.

12.5. The Company may recognise the receiver or liquidator of a Shareholder which is a corporation in liquidation or in the process of winding up or the trustee in bankruptcy or any receiver of a bankrupt Shareholder as owners of the rights in and to the Shares registered to the name of such Shareholder.

12.6. Any person who gains an interest in Shares owing to the death of a Shareholder, shall be entitled, on production of proof of probation of a will or the appointment of an administrator or the granting of an inheritance order, testifying that he has the right to the Shares of the deceased Shareholder, to be registered as the Shareholder on account of those Shares, or may, subject to the provisions hereof, transfer those Shares.

12.7. The receiver or liquidator of a Shareholder that is a corporation in liquidation or in the process of winding up, or the trustee in bankruptcy or any receiver of a bankrupt Shareholder, may, having produced such evidence the Board demands of him, testifying that he has the right to the Shares of the Shareholder in liquidation or winding up or bankruptcy, with the consent of the Board (which consent the Board may withhold without giving any reasons for its refusal) be registered as the Shareholder on account of those Shares, or he may, subject to the provisions hereof, transfer those Shares.

12.8. All the abovementioned pertaining to the transfer of Shares shall apply to the transfer of other Company Securities, *mutatis mutandis*.

13. Redeemable Shares

13.1. The right to redeem shall be limited to the eventuality of a winding up of the Company following the settlement of all the Company's obligations to its creditors at the time of winding up.

13.2. Redeemable Shares shall grant the holders thereof the following rights:

(a) Voting rights;

(b) Rights to participate in Dividends.

14. Recapitalisation

14.1. The Company is entitled, from time to time, by resolution of the General Assembly, passed by an ordinary majority of Shareholder votes, to increase the Company's Authorised Share Capital in Classes of Shares as it shall determine.

14.2. Unless stated otherwise in the resolution approving the said Capital increase, the provisions hereof shall apply to the New Shares.

14.3. By resolution of the General Meeting passed by an ordinary majority of Shareholder votes, the Company is entitled:

(a) To consolidate and distribute its Share Capital into Shares of higher par value than those extant, and in the event of no par value – to capital comprising a smaller number of Shares, provided that such will not alter the proportional respective holdings of the Shareholders in the issued capital.

For the purposes of carrying out any such resolution, the Board is entitled to settle in a manner it deems fit any difficulty arising, and *inter alia*, to issue Certificates for Share fractions or Certificates in the name of a number of Shareholders that shall include the fractions of Shares to which they are entitled.

Notwithstanding the foregoing authority of the Board, in the event that as a result of consolidation there shall be Shareholders, the consolidation of whose Shares leaves fractions, the Board is entitled, with the consent of the General Assembly passed by ordinary majority of Shareholder votes:

(1) To sell the total number of fractions and for such purposes to appoint a trustee in whose name the Share Certificates that include fractions shall be made, who shall sell them and the proceeds of sale, after deduction of commissions and expenses, shall be distributed amongst those entitled; or

(2) To allocate to each Shareholder who is left by the consolidation with fractions, Shares of the Class of Shares prior to the consolidation, fully paid up, at such a number that their consolidation with the fraction shall be sufficient for one complete Consolidated Share, and such allocation shall be deemed valid close in time prior to the consolidation; or

(3) Determine that Shareholders shall not be entitled to receive a Consolidated Share on account of a Consolidated Share fraction, arising from the consolidation of half or less of the number of Shares the consolidation of which created one Consolidated Share, and shall be entitled to receive one Consolidated Share on account of a fraction of a Consolidated Share arising from the consolidation of more than half the number of Shares the consolidation of which created one Consolidated Share;

In the event that actions pursuant to the foregoing paragraphs (2) or (3) shall necessitate issuing additional Shares, then the settlement of such shall be done in the same way as settlement on account of Bonus Shares. Such consolidation and division shall not be deemed an alteration of the rights of the Shares which are the subject matter of the consolidation and division.

(c) To distribute, by way of new distribution of existing Shares, all or part thereof, its Share Capital, in whole or in part, to Shares of lower par value than the existing Shares, and in the event that its Shares had no par value,to Share Capital comprising a larger number of Shares, provided that such will not alter the proportional respective holdings of the Shareholders in the issued Capital.

(d) To cancel any Authorised Share Capital which on the date of the resolution had yet to be allocated, provided that the Company has no obligations, including no conditional obligations, to allocate the Shares.

15. General Meetings

15.1. In addition to the resolutions the authority to adopt which is given to the General Assembly, and set forth herein these Articles and/or in the Companies Law, the decisions of the Company on the following matters shall be taken at General Meetings by ordinary majority of votes of participating Shareholders:

(a) Amendment of these Articles pursuant to Article 39 hereinafter.

(b) Exercising the powers and authorities of the Board in the event that the Assembly has determined that the Board is prevented from exercising its power and authorities, and that the exercise thereof is essential to the proper management of the Company pursuant to Section 52(a) of the Companies Law.

(c) Appointment of the Company's auditor, fixing his terms of employment and terminating his appointment pursuant to the provisions of Sections 154 through 167 of the Companies Law.

(d) Approval of actions and transactions which require the General Assembly's approval pursuant to the provisions of Sections 255, 270(1)-(3), 271 through 273 of the Companies Law.

(e) Increase the Share Capital and cancellation thereof, pursuant to the provisions of Section 286 & 287 of the Companies Law.

(f) A merger pursuant to Section 320(a) of the Companies Law, and subject to Section 320(A1) of the Companies Law.

15.2. The General Assembly is entitled to assume powers and authorities granted to another organ.

15.3. The Company shall hold an annual General Meeting every year, and no later than after fifteen (15) months following the preceding General Meeting. A General Meeting that is not an annual meeting shall be an Extraordinary Meeting.

15.4. The agenda at the annual General Meeting shall include the following subjects:

(a) Discussion of the Companies audited financial statements, with the enclosed Board report;

(b) Appointment of Directors pursuant to Article 19.1, and determining their remuneration as Directors;

(c) Appointment of a financial auditor;

(d) Matters for which an Extraordinary Meeting must be convened under Section 63 of the Companies Law;

(e) Matters that one or more Shareholders, representing at least five (5) percent of the issued Capital and at least one (1) percent of the voting rights in the Company, or one or more Shareholders, who have at least five (5) percent of the voting rights in the Company, have asked the Board to include, provided that they are matters to be properly discussed at a General Meeting.

15.5. Any time the Board deems fit, it is entitled to convene an Extraordinary Meeting by resolving to do so, and Extraordinary Meetings shall be convened pursuant to demands as set forth in the Companies Law.

15.6. Notice of a General Meeting, on the agenda of which there are no matters for which voting may be by written ballot under Section 87 of the Companies Law, shall be published up to at least fourteen (14) days prior to the Convention, and notice on the agenda of which there are such matters, shall be published at least twenty one (21) days before the Convention. Notice shall be published in no less than two daily newspapers, of wide circulation in Israel, published in Hebrew. In any event, no notice shall be sent to each one of the Shareholders registered on the Company's Ledger of Members.

The notice shall specify the type of meeting, the time and place of the meeting, a list of the items on the agenda, an extract of proposed resolutions, the required majority to adopt the resolutions and the date for the determination of entitlement of Shareholders to vote in the General Meeting, as set forth in Section 182 of the Companies Law. In the event that an adjourned Meeting is set for a date later than that stipulated for in Section 78(b) of the Companies Law, namely, more than seven (7) days, that date shall be specified in the notice.

16. **General Assembly Resolutions**

16.1. No discussion in General Assembly may be commenced unless a legal quorum is present within half an hour of the time scheduled for the meeting. Unless otherwise provided for by Companies Law or by these regulations, legal quorum will be present when at least two (2) shareholders holding together twenty five percent (25%) of company's votes are present in person or by their attorneys.

16.2. If half an hour after the time scheduled for the meeting legal quorum is not present, meeting shall be postponed to same day on following week, same time and place, or to a later date, if specified on notice as to meeting, and if the matters for which first meeting was called will be covered on postponed meeting. If no legal quorum is present on second meeting half an hour after the time scheduled for the meeting, then meeting shall take place with any number of attendees.

If general assembly was convened at shareholders' request as covered in Companies Law, postponed meeting will only be held if the minimum number of shareholders required for holding a meeting was present, as covered in Section 63 of Companies Law, i.e., one or more shareholders holding at least five (5) percent of issued capital and one (1) percent at least of the voing rights in the company, or one or more shareholders holding at least five (5) percent of the company's voting rights.

16.3. The chairman of the Board will chair every General Assembly. If there is no chairman or if he is not present within fifteen (15) minutes of the time scheduled for the meeting, or if he does not wish to chair the assembly, the shareholders present in the meeting will select one of them as chairman.

16.4. The General Assembly's chairman shall be permitted, with the consent of the assembly where a legal quorum is present, to postpone the meeting to another time and location, and must postpone it as above if the assembly instructs him to do so. At the postponed meeting, only matters on the agenda which discussion was not completed or commenced at the meeting where the postponement was resolved will be discussed.

16.5. Subject to the provisions of Companies Law and these Articles that require an extended majority of shareholders, any proposed resolution brought before the assembly shall be decided upon by simple majority of the votes of shareholders present and voting.

16.6. The General Assembly's chairman shall not have an additional or decisive vote.

16.7. The Chairman's announcement that a resolution was made unanimously or by certain majority or was rejected, and the meeting's minutes signed by the chairman, will serve as prima facie evidence of contents of minutes.

17. **Shareholders' Vote**

17.1. Subject to any special provisions, privileges and limitations as to the voting of shareholders involved at that time with any shares, when voting by counting votes or by secret ballot, every shareholder whether present himself or by attorney or proxy, will have one vote for each share he owns granting him a voting right.

17.2. A corporation constituting a company shareholder is permitted, by the decision of its Directors or another managing body, to authorize any person it may deem fit to serve as its representative at any general assembly. A person authorized as covered above will be permitted to use – on behalf of the corporation he represents – the same voting rights the corporation itself may have used were it an individual shareholder.

17.3. Subject to the provisions of Companies Law, general assembly resolutions on issues listed below will also be made by proxy:

(a) Appointing and dismissing Directors;
(b) Approving actions or transactions requiring General Assembly's approval as per Sections 255 and 268 to 275 of Companies Law;

(c) Approving merger as per Section 320 of Companies Law;
(d) Issues covered by the Ministry of Justice in the regulations that were set forth or will be set forth under Section 89 of Companies Law;

Subject to the provisions of Companies Law, proxy will be deposited in Office or any other location designated for convening the assembly at least forty eight (48) hours prior to the time scheduled for commencing the meeting where person specified in proxy is to vote. However, the General Assembly chairman is permitted to waive this requirement and accept proxy when meeting commences.

18. **Voting Rights**

18.1. Minor shareholders and shareholders who were declared by court to be incompetent, may vote only through their guardians, and each guardian as above may vote through an attorney.

18.2. In the event of co-owners of a share, the opinion of one co-owner will be accepted, whether given personally or by attorney – and the opinion of remaining co-owners will not be accepted. For this purpose, the co-owner whose opinion shall be heard shall be determined by the order their names are listed in the book of shareholders.

18.3. Shareholders can vote personally or by attorney, or in the case of a corporation, by representative as covered in Article 18.4 below or by attorney with proper power of attorney as covered below.

18.4. Any document appointing an attorney for voting (hereinafter **"Letter of Appointment"**) will be signed by the appointer or his attorney authorized in writing to do so, or if the appointer is a corporation, the appointment will be done in writing, signed as legally required and stamped with the corporation seal or signed by its authorized attorney.

18.5. Letter of appointment and power of attorney (if any) based on which letter of appointment was signed, or its copy approved to board's satisfaction, will be deposited in office or any other location designated for convening the assembly at least forty eight (48) hours prior to the time scheduled for commencing the meeting, in which the person specified in letter of appointment is supposed to vote. However, the General Assembly chairman is permitted to waive this requirement for all attendees of certain meeting and accept power of attorney when meeting commences.

18.6. A Shareholder holding more than one share will be entitled to appointing more than one attorney, subject to following provisions:

(a) Letter of appointment specifies type and number of shares for which it is granted;
(b) Should number of shares of any kind specified in letters of appointment granted by one shareholder exceed number of shares of that kind held by him, all Letters of Appointment granted by that shareholder for excessive shares shall be canceled, without detracting from the validity of the vote for shares held by him;

(c) in case that only an attorney is appointed by a shareholder, but the Letter of Appointment does not specify the number and type of shares for which it was granted, than such Letter of Appointment shall be deemed as granted for all shares held by the shareholder on date the letter of appointment was deposited with the company or handed to the General Assembly chairman, as the case may be. If the Letter of Appointment was granted for a number of shares smaller than number of shares held by shareholder, shareholder shall be deemed as refraining from voting for remaining shares he holds, and letter of appointment shall be valid only for the number of shares specified on it.

18.7. Any Letter of Appointment for an attorney, whether for a specifically named meeting or otherwise, will be made as follows, as far as circumstances permit:

"I, _____, of _____ shareholder of _____ Ltd. (hereinafter **"The Company"**) hereby appoint _____, whose ID is _____, of _____, or in his/her absence, _____, whose ID is _____, of _____, or in his/her absence, _____, whose ID is _____, of _____, to vote for me and on my behalf for ___ shares of type _____ held by me, at the company's annual / special general assembly / at a shareholder meeting of type _____ to be held on day _____ of month _____, year _____, and at any meeting postponed from that meeting.

In witness whereof I hereby sign on this ____ day of month _____ year _____. Signature"

18.8. Vote based on the provisions of a document appointing an attorney will be valid despite the appointer's decease or cancellation of the power of attorney or transferring the share for which voting was done as covered above, unless notice in writing of such decease, cancellation or transfer was received at the office or by the meeting's chairman prior to voting.

19. **Board of Directors**

19.1. The number of Board members for the Company shall be no more than thirteen (13) (hereinafter **"Normal Directors"**), plus the number of external Directors which appointment is legally required (hereinafter **"External Directors"**).

19.2.

(a) The Company Directors will be elected by resolution of Annual General Assembly, with the normal Directors appointed every Annual General Assembly, and External Directors appointed as legally required. Election of Board members as above will be done by shareholders present at the meeting, personally or by attorney, or, subject to the provisions of Companies Law, by proxy, by simple majority of shareholder votes.

(b) A Director's tenure will commence on the date of his appointment by the assembly as above. A Director appointed as above by general assembly shall serve until the end of the next annual assembly after the annual assembly when he was appointed.

(c) Notwithstanding the above, a general assembly may dismiss any Director at any time, by simple majority resolution, with the exception of an outside Director, prior to termination of his tenure, so long as the Director is given reasonable opportunity to voice his position before the general assembly. Additionally, any general assembly may appoint another person as Director by simple majority resolution in place of the dismissed Director. A Director appointed as above shall serve in such position only for the tenure of the Director in place of which he was appointed.

19.3.

(a) At any time, a Director may appoint a person to serve as his substitute Director, subject to the provisions of Companies Law (hereinafter **"Alternative Director"**). Any person disqualified to be appointed as Director, or serving as Director or alternative Director shall not be appointed as alternative Director. So long as the alternative Director's appointment is effective, he shall be entitled to be invited to all board meetings (without revoking the Director's right to be invited) and attend and vote at any board meeting from which appointing Director is absent.

(b) Alternative Director shall have, subject to the provisions of his Letter of Appointment, all rights held by the Director he substitutes, and he shall be treated as Director.

19.4.

(a) Director appointing Alternative Director shall be permitted to cancel appointment at any time. Alternative Director's tenure shall be terminated if the Director appointing him notifies the company in writing of his resignation or if his tenure as Director was otherwise terminated.

(b) Any appointment of an Alternative Director and cancellation of his appointment shall be done by notifying the company in writing.

19.5. A Director ceasing to serve in such position can be reappointed, but in the event of termination of his tenure due to being convicted of an offense as specified in Article 19.6 (c) below, he can be reappointed only if five (5) years have passed since the date of his conviction as covered in Section 226 of Companies Law.

19.6. A Director's position shall automatically become vacant under any one of the following conditions:

(a) If he resigns from his position as covered in Section 229 of Companies Law.
(b) If he is convicted of an offense as covered in Section 232 of Companies Law.
(c) If the court decides to direct his tenure to be terminated as covered in Section 233 of Companies Law.
(d) If he declares bankruptcy, and if a corporation, if it has decided on voluntary liquidation or liquidation order is issued on it.

(e) In event of his decease.
(f) If he becomes incompetent.

19.7. If no other Director is appointed in place of the Director whose tenure was terminated at the annual general assembly, then the Director whose tenure was ended shall be appointed to an additional tenure, or if notwithstanding the above no Director is appointed or a Director's office becomes vacant, then the remaining Directors shall be permitted to take any action, so long as their number is minimally three. Additionally, the remaining Directors shall be permitted to appoint a Director in place of the Director whose tenure was terminated, who will serve in his office until the next annual general assembly.

19.8. Directors shall not be paid wages with company funds, unless the company resolves as covered in Sections 270 (3) and 273 of Companies Law. A Director shall be entitled to have his reasonable transportation expenses reimbursed, as well as other expenses connected to his attending board meetings and fulfilling his duties as board member. Reward and expenses for outside Directors shall be paid according to Company Regulations (Rules for Reward and Expenses for Outside Director), 2000, or any other regulations replacing these in the future.

20. **Board's Authority**

20.1. In addition to the powers generated to the Board according to the Companies Law and these Articles, and without detracting from such, the Board shall outline the Company's policy and shall supervise the execution of the CEO's duties and actions, including:

(a) Determining the Company's plans, principles for their funding, and priorities among them;
(b) Reviewing the Company's financial condition and determining the limit for credit it may use;
(c) Determining organizational structure and wage policy;
(d) Being permitted to decide on issuing a series of bonds;
(e) Responsibility for preparing financial statements and for their approval as per Section 171 of the Companies Law;
(f) Appointing and dismissing CEO as covered in Section 250 of the Companies Law;
(g) Deciding on actions and transactions requiring his approval as per Sections 253 and 268 to 275 of the Companies Law and the provisions of these Articles;
(h) Being permitted to allocate shares and convertible securities up to the Company's registered share capital as per Section 288 of the Companies Law;
(i) Being permitted to distribute as covered in Sections 307 and 308 of the Companies Law;
(j) Voicing his opinion to the general assembly as to a special acquisition offer as per Section 329 of the Companies Law;
(k) Being permitted to determine, from time to time, who would be authorized to sign bills of exchange, promissory notes, invoices, acceptance documents, endorsements, checks, contracts and any kind of other documents on behalf of the company, but such authorized signatories would be obligated to sign with the company seal, or next to its printed or written name.

20.2. The board will act, on any of the matters listed in Article 20.1 above, according to the Companies Law and these Articles.

20.3. The Board's powers according to Article 20.1 (a) to (j) above cannot be delegated to the CEO, except as covered in Section 288 (b) (2) of the Companies Law.

20.4. Recommendations, reports and approvals to be given by the board as per regulation 20.1 above shall be accompanied by the Board's explanations to the recommendation, report or approval, as the case may be.

20.5. Chairman of the Board shall direct Board meetings. On first Board meeting after each annual general assembly, Board will elect one of its members to serve as chairman of the board. Appointment of chairman of the board shall remain in effect until first annual general assembly after his appointment.

21. **Board Meetings**

21.1. The Board shall convene for meetings as per Company's needs, and at least once every three (3) months.

21.2. The Chairman of the Board shall be permitted to convene the Board at any time. Additionally, any two Directors (and if number of board members does not exceed five (5) – any one Director) shall be permitted to demand a Board meeting on a specified subject.

21.3. Any notice of a board meeting can be communicated verbally, by telephone, in writing (including fax or e-mail) or by telegram, so long as notice is given at least 12 hours prior to the time established for the meeting, unless all board members or their replacements (if any) have agreed on shorter notice or on convening without notice. A Director travelling or staying outside of Israel at any time, shall not be entitled to be provided with notice of a board meeting for the length of his trip, so long as if he has appointed an alternative Director as per these regulations, such notice would be sent to that alternative Director.

21.4. Notice of a Board meeting shall specify its date and place and contain reasonable details of all issues on the agenda.

The agenda shall include all issues established as per Article 21.2 above, and any issue a Director or the CEO requested the chairman to add to the agenda within a reasonable period of the board meeting.

21.5. Until board resolves otherwise, most Board members for that time, who are not legally prevented from participating and voting at the Board meeting, shall constitute a legal quorum for Board meetings and its decisions. Legal quorum shall be examined when meeting commences and each time Board makes a resolution.

Notwithstanding the above, the legal quorum for the Board's resolution to terminate internal auditor's tenure shall not in any event be less than most Board members.

21.6. Board resolutions will be based on simple majority of attending, voting Directors. Each Director shall have one vote.

21.7. The chairman of the Board shall chair each Board meeting. If the chairman of Board is absent, within fifteen (15) minutes of time scheduled for meeting, or if he does not wish to chair the meeting, the Board members present at meeting shall elect one of them to serve as chairman, direct meeting and sign meeting minutes. However, when board votes, the person elected shall not have an additional or decisive vote.

21.8. Each Board meeting where a legal quorum is present shall be permitted to fulfil every authority, power of attorney and judgment that according to these regulations are given to board at that time or that are normally utilized by the Board.

21.9. The Board shall be permitted to make resolutions without actually convening, with the consent of all Directors entitled to participating in the discussion and voting as to the resolution. In such an event, the chairman of board shall prepare minutes and attach Directors' signatures.

21.10. Subject to the provisions of any law, all actions taken by board or under its decision, or by meeting of a board committee or by person serving as board member, shall be valid even if it is later discovered that there has been some flaw in electing these board members or the persons serving as above, or that all or one of them are invalid, just as though each of them were legally elected and had the necessary qualifications for becoming a member of the board or of said committee.

21.11. A resolution signed by all Directors (or their alternative Directors) or agreed to in writing (including fax) by all Directors (or their alternative Directors) who are not legally prevented from participating in such resolution; and resolutions made by using any means of communication that allow all Directors who are not legally prevented from participating in such resolution to hear the other Directors simultaneously – shall be valid for all intents just as though they had been made at a properly convened board meeting.

22. **Board Committee**

22.1. Board shall be permitted, by a resolution of the majority of Directors constituting Board at that time, to establish committees and appoint Board members as committee members. Subject to the provisions of Companies Law and these Articles, Board may delegate its powers or any part thereof to above committees, and for a special matter, can cancel such delegation from time to time. At least two (2) Directors shall serve on each committee. At least one (1) External Director shall serve on any committee permitted to utilize any of the Board's powers.

22.2. When using its powers, any committee established as covered in Article 22.1 above must fulfil all provisions established by the Board. Meetings and actions of each committee shall be conducted according to the provisions contained in these artciles as far as Board's meetings and actions, so long as they are suitable and so long as no provisions by the Board have replaced them.

22.3.

(a) A Resolution made or action taken by board committee according to a power delegated to it by the Board, shall be the same as a board's resolution or action.

(b) Notwithstanding this section, on the issues listed below a Board committee shall not be permitted to make resolutions but recommendations only:

(1) Establishing general Company policy;

(2) Distribution, with the exception of acquiring Company shares according to framework formerly outlined by Board;

(3) Establishing Board's postion as to an action requiring general assembly's approval, or as to providing an opinion as per Section 329 of Companies Law;

(4) Appointing Directors, if the Board is permitted to do so;

(5) Allocating shares or securities convertible to shares or which can be realized as shares – or a series of bonds – unless the share distribution is due to realizing or converting Company securities;

(6) Approving financial statements;

(7) Approving transactions and actions requiring Board's approval as per Sections 255 and 268 to 275 of Companies Law.

22.4. A Board committee shall report to board on ongoing basis of its resolutions or recommendations as determined by Board.

22.5. The Board may cancel resolution of committee appointed by it, but such cancellation shall not detract from the validity of a committee resolution acted upon by company towards another person not knowing of its cancellation.

However, all actions taken in good faith at board meeting or by a Board committee or by any person serving as Director shall be valid even it is later discovered that there has been some flaw in appointing such Director or person acting as above, or that all or one of them are invalid, just as though each of them were legally appointed and had the necessary qualifications for becoming a Director.

23. **Minutes**

23.1. The Company shall document minutes of general assemblies, class meetings, Board meetings and Board committee meetings, and shall keep them in its office for a period of seven (7) years of the assembly or meeting, as the case may be.

23.2. Minutes will always contain the following:

(a) Day and place where meeting or assembly took place;
(b) Names of attendees, and if they are attorneys or alternative participants, names of those granting power of attorney or appointing, and for a shareholders' meeting, number and types of shares based on which voting is conducted;

(c) Summary of discussions, course of discussions and resolutions made;
(d) Instructions given by board to board committees or CEO;
(e) Documents, reports, approvals, opinions, etc. presented, discussed and/or attached.

Such general assembly minutes signed by assembly chairman shall serve as prima facie proof of its contents, and such board or board committee meeting minutes approved and signed by meeting chairman or board chairman shall serve as prima facie proof of its contents.

Above provisions shall also apply to written resolutions.

24. **CEO**

24.1. The CEO shall be appointed, whether for a fixed or limited period, and dismissed by board through majority of board members.

24.2. The CEO shall be responsible for ongoing management of company's affairs as part of policy established by board and subject to its directions.

24.3.

(a) The CEO shall have all management and execution powers not granted by Companies Law or by these regulations to any other company agency, and shall be supervised by board.

(b) The CEO may delegate some of his powers, with board's approval, to anyone under him. Approval can be general and granted in advance.

24.4.

(a) The CEO shall notify the chairman of Board immediately of any exceptional matter meaningful to the Company, and shall submit to board reports on such matters, at such times and at such extent as the board sees fit. Should the Company not have a chairman of the Board, or should he be prevented from fulfilling his duties, CEO shall notify all Board members of such circumstance.

(b) The Chairman of Board shall be permitted, as his own initiative or at board's decision, to demand of CEO to report on the Company's affairs.

(c) Should such notice or report require board's action, chairman of board shall immediately summon a board meeting to discuss notice or resolve upon required action.

25. Local Management

25.1. The Board may arrange, from time to time, arrangements for the management of the Company's business in any specific location; whether in Israel or abroad, as it sees fit, and the provisions set forth in Article 25.2, below, shall not derogate from the general authorisations granted the Board under this Article.

25.2. The Board may, at any time and from time to time, establish any local management or local agency to manage the business of the Company in any specific location, in Israel or abroad and can appoint any person to be a member of said local management, or any manager or agent and may determine their salary. The Board may, from time to time, grant any person so appointed any power, authority and freedom of discretion that are granted at that time to the Board, and he may empower any person who is at that time serving as a local member of management to continue in his position even though a position has been vacated there, and any such appointment or such authorisation may be made under the same terms and conditions that the Board will see fit and the Board may at any time terminate the employment of any person who was so appointed and to cancel or amend any such authorisation.

26. <u>Registry of Shareholders</u>

26.1.

(a) The Company shall administer a registry of shareholders (the "**Primary Registry**") and will record in it the following details:

(1) For registered share -

(a) Name, I.D. number and address of every shareholder, all as was provided to the Company; and

(b) Amount of shares and types of shares held by each shareholder, listing their par value, if existent, and if any amount has yet to be paid in consideration for such shares - the amount yet to be paid; and

(c) Date of allocation of the shares or the date of transfer to the shareholders, whichever relevant; and

(d) If the shares have been marked with serial numbers, the Company shall note, next to the name of each shareholder, the serial numbers of the shares registered in the shareholder's name; and

(e) All other details that, by the Companies Law or these Articles of Association, are required or permitted to be registered in the Primary Registry.

(2) Bearer Shares -

(a) Notification of the facts that bearer shares have been allocated, their date of allocation and the amount of shares that have been allocated; and -

(b) The numbering of the bearer shares and of the share certificates.

If the share certificate is cancelled by request of the shareholder, the name of the shareholder and the number of shares registered in his name will be registered in the Primary Registry.

(3) Dormant Shares - Their numbers and the date they became dormant.

(a) The Company may, subject to and in accordance with the provisions of sections 138 and 139 of the Companies Law, maintain an additional shareholders registry outside of Israel.

27. Company Officers

27.1. The Company's CEO may, from time to time, appoint officers (except for Directors and a CEO) to the Company to permanent, temporary or special positions, as the CEO so decides from time to time, and similarly, the CEO may terminate the services of one or more of the aforementioned from time to time and at any time, in his absolute discretion.

27.2. The CEO can determine, subject to the provisions of the Companies Law, the authority and the role of each officer he so appoints, as well as the terms under which they will fulfil of their position and may demand collateral in the cases and in the amounts he deems necessary.

28. Distribution

28.1. Subject to all special rights or restrictions granted to particular shares, dividends or share dividends will be distributed and paid to the shareholders relative to the sum of capital paid-up against the par value of the shares held by them, and this without taking into account the premium paid on them.

28.2. Decisions on the distribution of dividends will be made by the Company Board. All profits made that are worthy of being distributed as dividends, subject to accepted accounting principles and to the provisions of the Companies Law, will be distributed by the Company to the shareholders, whether as a dividend or by means of the purchase of shares from all shareholders by the Company or a corporation in its control, and this with their being actually received by the Company, and subject to all applicable law.

28.3. The Board may delay any dividend, benefit, rights or sums about to be paid for shares in which the Company has a lien and/or charge, and to use any such amount or to realise any benefit and any right and to use the consideration from such realisation to pay off the debts for which the Company holds liens or charges.

28.4. The transfer of a share shall not entitle the recipient of the share the right to a dividend or to any other distribution that was decreed after the transfer but before the transfer was registered, however, if the transfer is subject to the Board’s approval, the date of approval shall be used instead of the date the transfer was registered.

28.5. In the event of a dividend whose payment is not demanded within seven (7) years from the date of the decision on its distribution, the person entitled to said payment will be deemed to have ceded same and it shall be returned to the Company’s ownership.

If not deemed otherwise, any dividend may be paid by cheque or payment order to be sent by mail to the registered address of the Company or individual thereto entitled or, in the event of registration of joint ownership, to that member whose name in the registry is registered first with respect the joint ownership. Any such cheque will be written to the order of the person to whom it is sent. The receipt of the person whose name, on the date of decree of dividend, is listed in the members' registry as a shareholder or, in the event of joint ownership, as one of the joint owners, will serve as release with respect to all the payments made in connection with that given share.

28.6. The Board is entitled to deduct from any dividend, grant or other distribution to be made in connection with shares held by a shareholder, whether held solely or jointly with another shareholder, any sum of money due from him which he must pay by himself or together with another to the Company, against demands for payment or similar.

28.7. Subject to Article 28.2, the Board may, in its own discretion, set aside in special funds any sum from the Company's profits, or the revaluation of its assets, or the relative portion of the assets of the companies connected with it, and to determine the designation of these funds.

29. The Internal Auditor

29.1. The Company's Board shall appoint an internal auditor, according to the recommendation of the auditing committee.

29.2. The organisational superior of the internal auditor shall be the Chairman of the Board.

29.3. The internal auditor shall submit, for the approval of the Board, a proposal for an annual, or periodic, work plan and the Board shall approve same with the amendments it sees fit.

29.4. The internal auditor shall operate in accordance with the provisions of the Companies Law.

30. The financial Auditor

30.1. A financial auditor shall be appointed in every annual meeting and shall serve in this position until the end of the following annual meeting. Notwithstanding the above, the General Assembly may, in a majority decision of the shareholders, appoint an financial auditor for a longer period that shall not exceed the end of the third annual meeting following the meeting in which he was appointed.

30.2. The General Assembly may terminate the appointment of the financial auditor .The fee of the financial auditor for auditing activity will be set by the General Assembly and in accordance with Section 165 of the Companies Law.

30.3. The fee of the accountant for additional services to the Company which are not auditing activities will be set by the Board.

31. Transactions Requiring Special Authorisation

31.1. A transaction of the Company with one of its officers and a transaction of the Company with another person with whom a Company Officer has a personal interest, and which is not an irregular transaction, requires authorisation of the Board alone, all subject to the fifth chapter of the sixth part of the Companies Law.

31.2. The Company is not allowed to enter into a transaction with related parties for a period of three years commencing on the date said related party became a controlling holder in the Company, this unless as a result of the completion of the transaction the related party becomes a controlling holder holding no less than 75% of the Company's share capital, and all subject to the fifth chapter of the sixth part of the Companies Law.

For this purpose, "Control" as defined in the Securities Law.

32. Merger

The authorisation of a merger requires a regular majority of shareholder votes and subject to the provisions of Section 320(A1) of the Companies Law.

33. Notices

33.1. Subject to the provisions of Article 15.6 of these Articles, a notice on the general assembly shall be given only to shareholders registered in the primary registry and entitled to participate in the general assemblies, who have provided addresses in Israel. Any other person shall not be entitled to receive notices about general assemblies.

33.2. When the Company has grounds to assume that the address provided by a shareholder is no longer his address, such a shareholder shall be deemed as not having provided an address to the Company, in each of the following cases:

(a) When the Company sent him to the address he provided a registered letter in which he was requested to either confirm that the said address is still his address or to notify the Company of a new address, and the Company did not receive a reply within thirty (30) days of the date the letter was posted by the Company at the post office.

(b) When the Company posted a registered letter to the address he provided and the Postal Authority, whether with or without the return of the letter, notified the Company that the letter was not delivered to the given address because he is unknown at that address or for any other reason.

33.3.

(a) The Company may deliver any notice and any document to a shareholder by hand delivery or by delivering via mail to the address provided to the Company. If a notice was sent by mail, the notice shall be deemed fully performed if the letter containing the notice bore the address provided to the Company and if it was sent with appropriate postage, and as long as the opposite has not been proved, it shall be deemed delivered within seventy-two (72) hours of posting at the post office by the Company when the address is in Israel, and when the address is abroad - within ten (10) days from posting at the post office by the Company.

(b) The Company may send notices to shareholders whether they are holders of registered shares and whether they are holders of bearer shares, by publication of the notice at least once in two daily newspapers of broad circulation in the Hebrew language as set forth in Article 15.6 above, and the date of publication in the newspaper shall be deemed the date the notice was received by the shareholders.

(c) Nothing in the above paragraphs (a) and (b) shall be deemed as imposing any obligation on the Company to give a notice to whoever did not provide the Company with an address in Israel.

33.4. The Company may give notice to partners in a share by sending the notice to the partner whose name first appears in the Shareholders Registry for that share.

33.5. Any and all documents or notices sent by the Company in accordance with the provisions of this article shall be deemed properly sent despite the death, bankruptcy or liquidation of said shareholder (whether or not the Company knew), as long as no other was registered as a shareholder in his place, and sending and delivery as set forth above shall for all purposes be deemed sufficient for all parties interested in those shares.

33.6. The unwitting failure to send notice to a shareholder, or the non-receipt of such a notice by a shareholder shall not derogate from the validity of any resolution accepted in such an assembly.

34. Liquidation of the Company

In the event of liquidation of the Company, whether willingly or otherwise, the following provisions shall apply, unless specifically set forth otherwise in these Articles or in the terms under which a given share was issued:

(a) The liquidator shall first use all of the Company's assets for the payment of its debts (the Company's remaining assets after the payment of its debts shall hereinafter be referred to as the "**Surplus Assets**").

(b) Subject to any special rights attached to shares, the liquidator shall distribute the Surplus Assets amongst the shareholders *pari passu* their par value.

(c) With the Company's permission by a resolution that was accepted in the General Assembly by a regular majority of shareholders' votes, the liquidator may distribute the Surplus Assets of the Company, or any portion thereof, in their original physical form amongst the shareholders, and may also transfer any asset of the Surplus Assets to a trustee in a trust for the benefit of the shareholders, all as the liquidator deems fit.

35. Exemption from Liability

The Company may, by resolution reached in the manner set forth in the Companies Law, exempt in advance any of its officers from all or part of their responsibilities due to breach of their duty of care to it, however, in accordance with Sections 259(b) and 311 of the Companies Law, the Company may not exempt in advance a Director from its responsibilities to it due to a breach of the duty of care in distribution.

36. Liability Insurance

Subject to the provisions of the Companies Law, the Company may, by resolution reached in the manner set forth in the Companies Law, obtain liability insurance for an officer of the Company due to liability he may incur as the result of an action performed in his position as an officer, entirely or partially, in each of the following:

(a) Breach of duty of care towards the Company or towards another person;

(b) Breach of his duty of trust to the Company, as long as the officer acted in good faith and had a reasonable basis to presume that his action will not be detrimental to the Company;

(c) A financial obligation that he will be subject to for the benefit of another person.

37. Indemnity

Subject to the provisions of the Companies Law, the Company may, by resolution reached in the way set forth in the Companies Law, indemnify an officer for a financial obligation or expense as set forth in paragraphs (a), (b) and (c) below, which the officer made or was subject to due to an action performed in his position as an officer:

(a) A financial obligation he was subjected to for the benefit of another person by court ruling, including court rulings made following a compromise or an arbitrator's ruling authorized by a court, as long as the commitment to indemnify be limited to events that, in the Board's opinion, are expected in light of the Company's actual activities when the commitment to indemnify was given, and to a sum or to a degree that the Board deemed reasonable under the circumstances, and that in the commitment to indemnify will be stated those events that in the Board's opinion are to be expected in light of the Company's actual activities at the time the commitment was made and also the sum or the degree which the Board deemed reasonable under the circumstances;

(b) Reasonable litigation expenses including lawyer's fees, which the officer incurred as a result of an investigation or a procedure held against him by an authority authorized to conduct such investigation or procedure, and that were concluded without the filing of an indictment against him but with the imposition of a financial liability instead of criminal procedures for offences that do not require proof of criminal intent;

In this article - the conclusion of procedures without the filing of an indictment in a matter for which a criminal investigation was opened - means the closing of a case in accordance with Section 62 of the Criminal Procedure Law (combined version), 1982 (hereinafter in this paragraph: the "**Criminal Procedure Law**") or stay of procedures by the Attorney General under Section 231 of the Criminal Procedure Law. "A financial liability instead of criminal proceedings" - A financial liability imposed by law as an alternative to criminal proceedings, including an administrative fine under the Administrative Offences Law, 1985, a fine for an offence deemed a finable offence under the provisions of the Criminal Procedure Law, a financial sanction or a financial penalty;

(c) Reasonable litigation expenses including lawyer's fees, which the officer incurred or that a court ruled he must pay, in a procedure instigated against him by the Company or in its name or by another person, or in a criminal charge from which he was found cleared, or in a criminal charge in which he was convicted for a crime that does not require proof of criminal intent.

38. Binding the Company

38.1. The signature of any person who has been appointed by the Board from time to time, either generally or for a specific case, whether by himself or together with additional persons, together with the Company's seal or stamp will bind the Company.

38.2. The Board may determine different signatory rights for different dealings of the Company and set the financial limitations for which each signatory is authorised to sign.

39. Amendment of these Articles of Association

These Articles of Association may be amended by resolution the shareholders in the general assembly, by regular majority of votes of the participating shareholders, and notwithstanding all of the above in these Articles of Association, the passing of a resolution that constitutes an amendment of a provision of these Articles of Association, directly or indirectly, will require the resolution of the shareholders in the general assembly, in a regular majority of the votes of the participating shareholders.

Exhibit 4. 4

CONSULTING AGREEMENT

CONSULTING AGREEMENT (the "Agreement"), dated as of September 27, 2005, by and between CAN-FITE BIOPHARMA LTD., an Israeli Company, whose address is 10 Bareket Street, Petach Tikva, Israel (the "Company"), and BioStrategics Consulting Ltd through its President, Dr. Michael H. Silverman, whose place of business is 9 Elizabeth Road, Marblehead, MA, USA (the "**CONSULTANT**").

WHEREAS, the Company is currently engaged in the research and development of therapeutics that function through binding to or interacting with adenosine receptors (the "**Field**");

WHEREAS, the CONSULTANT has the necessary know-how, qualifications and experience in the Field required in order to provide the consulting services as herein set forth;

WHEREAS, the Company desires to appoint the CONSULTANT as a Medical Director, and the CONSULTANT desires to be appointed by the Company, as a consultant to the Company in a role of Medical Director and in connection thereof, to provide to the Company with medical and clinical research and development consulting services in the Field (the "**Services**"), as hereinafter set forth.

NOW THEREFORE, in consideration of the mutual undertakings and premises herein contained, the parties hereto hereby agree as follows:

1. The Appointment

1.1 Subject to the terms hereof, the Company hereby appoints the CONSULTANT, and the CONSULTANT hereby agrees to be appointed by the Company as a CONSULTANT to the Company in connection with the Services to be provided by the CONSULTANT pursuant to Section 2 hereof. In rendering the Services hereunder, the CONSULTANT shall be deemed to be, and he is, an independent contractor, and neither this Agreement nor the performance of any of the terms hereof will or will be deemed to constitute or create any other relationship between the Company and the CONSULTANT.

1.2 Without derogating from any other provision herein, the CONSULTANT acknowledges and agrees that during the term hereof (a) the Company is free at all times to appoint other consultants, or to use its own employees, in connection with any of the services to be provided by the CONSULTANT pursuant to Section 2 hereof, and (b) the CONSULTANT will exercise reasonable care and diligence to prevent, and will not take, any action or condition which could result in a conflict with, or prejudicial to, the interests of the Company.

2. Representations of the CONSULTANT

The CONSULANT hereby represents to the Company that:

2.1 He has the know-how, experience, qualifications and capacity to provide the Services to the Company in the Field as set forth in this Agreement.

2.2 The execution, delivery and the terms of this Agreement (i) will not constitute a default or breach of any agreement or other instrument to which the CONSULTANT in party or by which he is bound, and (ii) does not require the consent of any person or entity.

2.3 In performing his Services hereunder, the CONSULTANT shall not utilize any proprietary information of any third party.

2.4 He is not employed, providing consulting services, has rights of representation, marketing agency or any other right whatsoever of any other company or entity which competes, directly or indirectly, with the Company and the business currently carried on by the Company.

2.5 He will not, now or in the future, have any claim or claims whatsoever to any right of any kind except as set forth in this Agreement.

2.6 To the best of his knowledge, this Agreement and the provision of the Services by the CONSULANT are not in conflict and do not breach any law, rule or regulation that govern the CONSULTANT.

3. Extent and Scope of Services

3.1 During the term hereof, the CONSULTANT shall provide the services to the Company, to the affairs and business of the Company and during such period will provide the Company with such consulting services as may be reasonably requested of it, from time to time, by the CEO of the Company or any other person or firm designated by the CEO. The consulting concerns clinical and medical research and development activities within the Field.

3.2 The CONSULTANT shall render the Services, as required by the Company, on such dates, at such time as shall be required by the Company, from his home office, and/or any other location agreed upon between the parties.

3.3 During the term hereof, the CONSULTANT shall keep the Company currently informed as to his activities hereunder and shall, periodically, provide the Company with written reports setting forth the Services provided by him.

3.4 The parties hereby agree that the CONSULTANT is not deemed to be an agent or a representative of the Company and therefore does not possess any authority, whether actual or apparent, to represent the Company or to contractually commit the Company in any way or manner.

4. Compensation

In consideration of the services provided to the Company by the CONSULTANT hereunder, the Company shall compensate the CONSULTANT as follows:

4.1 The Company agrees to pay the CONSULTANT a Consulting fee of three hundred twenty-five US dollars ($325) per hour. The aforementioned notwithstanding, the maximal pay for any single day's work, will not exceed US$ 2,600.

4.3 It is agreed by the parties hereto that reasonable pre-approved expenses in written incurred by the CONSULTANT in the discharge of his duties under this Agreement, including travel expenses will be borne by the Company, and reimbursed forthwith on request.

4.4 In calculating the time incurred by the CONSULTANT, traveling time shall not be included in the calculation. In the reimbursement of expenses as set forth in Section 4.3 above, it is agreed that the Company will reimburse CONSULTANT for air travel in a coach class or equivalent, unless agreed otherwise before a specific travel.

4.5 Payment and reimbursement shall be made to such bank account, as the CONSULTANT will indicate, within twenty-one (21) business days from the date of obtaining such invoices by the Company.

4.6 The payment provided by this Agreement shall be made to the CONSULTANT after deduction of all taxes and deductions at source required by law to be deducted. The parties hereto agree, that all taxes, social insurance payments, pension payments, health insurance and any other such payments, shall be borne solely by the CONSULTANT. The Company shall not pay nor be liable to pay any taxes upon the payment to the CONSULTANT of any remuneration as set forth in this Agreement. CONSULTANT hereby undertakes to indemnify and reimburse the Company for any amounts claimed or levied on the Company due to taxes, social insurance payments, pension payments, health insurance and any other such payments resulting from any payment made by the Company to the CONSULTANT under this Agreement

4.7 The Company shall not undertake any social insurance premiums, pension payment and health insurance on the name of the CONSULTANT.

4.8 The CONSULTANT shall undertake, at his own expense, sufficient insurance coverage against illness, injuries and/or damages incurred by him in connection of his render of services in accordance with this Agreement.

5. Confidential Information

5.1 In the course of providing services to the Company hereunder, The CONSULTANT may have access to, and become familiar with, "Confidential Information" of the Company (as hereinafter defined). The CONSULTANT shall at all times hereinafter maintain in the strictest confidence all such Confidential Information and shall not divulge any Confidential Information to any person, firm or corporation with the prior written consent of the Company. For purposes hereof, "**Confidential Information**" shall mean all information in any and all medium which is confidential by its nature, including, without limitation, data, technology, know-how, inventions, discoveries, designs, processes, formulations, models, and/or trade and business secrets relating to any line of business in which the Company is involved. Confidential Information will also include the Company's marketing and business plans relating to current, planned, old or future products.

5.2 The CONSULTANT shall not use Confidential Information for, or in connection with, the development, manufacture or the use of any product or for any other purpose whatsoever except as and to the extent provided in this Agreement or in any other subsequent agreement between the parties.

5.3 Notwithstanding the foregoing, Confidential Information shall not include information which the CONSULTANT can evidence to the Company by appropriate documentation; (i) is in, or enters the public domain otherwise than by reason of a breach hereof by the CONSULTANT; (ii) is known by The CONSULTANT at the time of disclosure thereof by the Company; (iii) is independently developed by the CONSULTANT without recourse to Confidential Information; or (iv) is rightfully transmitted or disclosed to the CONSULTANT by a third party which owes an obligation of confidentiality with respect to such information.

5.4 All Confidential Information made available to, or received by, the CONSULTANT shall remain the property of the company, and no license or other rights in or to the Confidential Information is granted hereby, the obligation of the CONSULTANT is not to use any Confidential Information disclosed pursuant to this Agreement except as provided in this Agreement, shall remain in effect indefinitely, and the CONSULTANT shall be prohibited from disclosing any such Confidential Information during the term of this Agreement thereafter.

5.5 All files, records, documents, drawings, specifications, equipment and similar items relating to the business of the Company, whether prepared by the CONSULTANT or otherwise coming into his possession, and whether classified as Confidential Information or not, shall remain the exclusive property of the Company. Upon termination or expiration of this Agreement, or upon request by the Company, the CONSULTANT shall promptly turn over to the Company all such files, records, reports analysis, documents and other material of any kind concerning the Company which the CONSULTANT obtained, received or prepared pursuant to this Agreement.

6. Proprietary Information

6.1 Definition of "Proprietary Information". Contractor understands that the Company possesses and will possess Proprietary Information which is important to its business or proposed business. In addition, Company frequently conducts business and receives information from other parties with which it has a business relationship (collectively, "Business Affiliates") that is confidential in nature. For purposes of this Agreement, "Proprietary Information" is all information, whether conveyed orally or in writing or in any other intangible or tangible form, that was or will be developed, created, or discovered by or on behalf of the Company, or which became or will become known by, or was or is conveyed to the Company (including, without limitation, "Results" as defined above), which has or may have commercial value to the Company or to the Company or to Business Affiliates. "Proprietary Information" may include, but is not limited to, patents, copyrights, trade secrets, techniques, data, databases, sketches, drawings, models, inventions (whether patentable or not), works of authorship, know-how, processes, apparatus, equipment, formulae and confidential information related to the current future and proposed products and services of the Company, and also includes, without limitation, Company's respective information concerning research, clinical studies, experimental work, development, design details and specifications, formulations, competitive analyses, chemical compounds and variations thereof, excipients and other ingredients, masking and flavoring strategies, clinical and product development plans, engineering, financial information, pricing, procurement requirements, purchasing, manufacturing, customer lists, business forecasts, sales and merchandising and marketing plants and information, the duties, salaries and terms of compensation of employees or Business Affiliates of the Company. "Proprietary Information" also includes proprietary or confidential information of any other third party who may disclose such information to Company or Contractor in the course of Company's business.

6.2 Ownership of Proprietary information; Assignment. All ownership rights in Proprietary Information and any other intellectual or industrial property of any sort anywhere in the world (collectively "Rights") shall be the sole and exclusive property of the Company. Contractor hereby assigns to the Company (and shall ensure any employees or agents of Contractor shall assign) any Rights Contractor may have or acquire in such Proprietary Information by performing the Services hereunder. At all times, both during the term of this Agreement and after its termination, Contractor will keep in confidence and trust and will not use or disclose any Proprietary Information or anything related to it without the prior written consent of an officer of the Company. Contractor shall take appropriate measures to ensure that its employees and agents, if any, arc bound to the requirements set forth in such a manner that such party and/or its successor(s) will be able to honor its/their confidentiality and nonuse obligations under this Agreement. Contractor acknowledges that any disclosure or unauthorized use of proprietary Information will constitute a material breach of this Agreement and cause substantial harm to the Company for which monetary damages would not be a fully adequate remedy and therefore, in the event of any such breach, in addition to any other available remedies, the Company shall have the right to seek injunctive relief without the need to secure a bond

7. Non-Competition

7.1 The CONSULTANT shall not at any time during the term of this Agreement, directly or indirectly, engage in (as owner, stockholder, partner, director, officer, employee, consultant or otherwise, except as an investor in a corporation whose stock is publicly traded and in which he holds less than 3% of the outstanding shares) any business, which competes in any way with the Company's business.

7.2 The CONSULTANT shall not at any time during the term of this Agreement and for two (2) years thereafter, solicit any employee, customer, or supplier of the Company to cease or change its legal or business relationship with the Company.

8. Terms and Termination

8.1 Subject to provisions of Section 7.3 of this Agreement shall take effect from the date set out above as of which this Agreement is deemed to be entered into and shall continue in full force and effect for a period of one (1) year from such dale, Unless terminated as provided herein, the Agreement will be automatically renewed for consecutive one year periods.

8.2 Notwithstanding Section 7.1 above, either party may given notice to the other party terminating this Agreement by providing the other party with thirty (30) days prior written notice. However, in accordance with the provisions of Section 7.3 hereof, either party may given notice to the other party terminating this Agreement immediately upon the occurrence of the events specified in Section 7.3 below.

8.3 (a) The Company shall have the right to terminate this Agreement "for cause", at any time, by giving the CONSULTANT notice of termination "for cause", slating the reasons constituting the "cause". In such event, this Agreement shall be terminated as to the lime of delivery of the said notice. For purposes hereof "cause" shall mean (a) a breach of trust by the CONSULTANT, including without limitation, acts of moral turpitude, theft, embezzlement or self-dealing; (b) the disclosure of Confidential Information of or in relation to the Company to any third party; or (c) material breach by the CONSULTANT of this Agreement, such breach not remedied within (30) thirty days after service of notice by the Company on the CONSULTANT specifying the breach complained or and (if remediable) requiring remedy of it.

(b) The CONSULTANT shall have the right to terminate this Agreement "for cause", at any lime, by giving to the Company notice of termination "for cause", stating specifically the reasons constituting the "cause", in such event, this Agreement shall be terminated as of the time of delivery of the said Notice. For the purposes hereof "cause" shall mean (a) a material breach by the Company of this Agreement which breach shall not have been remedied within (30) thirty days of service of a notice in writing by the CONSULTANT on the Company requiring remedy of such breach; or (b) the Company becoming bankrupt or insolvent or ceasing or threatening to cease to carry on business or being unable to pay its debts as they fall due or a receiver or other encumbrances being appointed to the undertaking and assets, or any material part thereof of the Company; or (c) a change in the controlling shareholders of the Company, such that persons not currently controlling the Company become controlling shareholders of the Company. For the purpose of this section, the term "control" means controlling the management of the Company by either (1) holding or owning more than 50% of the voting shares of the Company, or (2) having the right to designate more than 50% of the directors of the Company.

9. Miscellaneous

9.1 Any notice under this Agreement shall be in writing, to the addresses of the Company or the CONSULTANT as set out above, and shall be deemed to have been duly given for all purposes (ft) seven (7) days after delivery of documents to a courier such as FedEx for dispatch to either party; or (b) upon manual delivery, to the respective addresses or faxes set forth above or to such other address of which notice as aforesaid has actually been received.

9.2 This Agreement is the entire agreement between the parlies with respect to the subject matter hereof, and supersedes all prior understandings, agreements and discussions between them, either written or oral, with respect to such subject matter.

9.3 This Agreement shall not be modified or amended except by a written instrument signed by the parties hereto. No waiver or failure to act with respect to any breach or default hereunder, subsequent breach or default, whether of similar or of different nature.

9.4 This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Israel. The competent court in Tel Aviv, Israel shall have sole and exclusive jurisdiction regarding any dispute or claim arising hereunder.

9.5 Unless provided to the contrary in this Agreement, the CONSULTANT shall not assign this Agreement to any third party, in whole or in part. The Company may assign this Agreement to any of its affiliate, upon the provision of written notice to the CONSULTANT.

9.6 Any provision hereof which is found to be invalid, illegal or unenforceable under any applicable provision of valid laws, shall be amended to the extent required to render it valid, legal and enforceable under such laws (or deleted if no such amendment is feasible), and such amendment or deletion shall not effect the enforceability of the other provisions hereof.

9.7 The Parties agree that failure of either party at any time to require performance by the other Party of any of the provisions herein shall not operate as a waiver of the right of that party to request siriet performance of the same or like provisions, or any other provisions hereof, at a later time.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

CAN-FITE BIOPHARMA LTD.

By: /s/ Pnina Fishman
Dr. Pnina Fishman

The CONSULTANT

By: /s/ Michael H. Silverman
Dr. Michael H. Silverman

Exhibit 4. 5

SERVICE MANAGEMENT AGREEMENT

THIS AGREEMENT is between Can-Fite Biopharma Ltd., an Israeli company, whose address is 10 Bareket Street, Petach Tikva, Israel (the **"Company"**) and F.D. Consulting International and Marketing Ltd., an Israeli company, whose address is City Gate Building, Ben Gurion Street, Herzliya, Israel. **("Manager"),** for services as hereinafter provided is entered as of June 27 2002 **("Effective Date").**

1. **ENGAGEMENT OF SERVICES.**

The Company hereby retains Manager, and Manager hereby agrees to be retained by the Company on the terms and conditions contained herein in order to provide the Company with such services set forth herein (the **"Services").** Services will be rendered to the best of Manager's ability, in accordance with the terms of this Agreement. The Services will be performed by Prof. Pnina Fishman, who will serve as the Company's Chief Scientific Officer **("Pnina").** Pnina personally agrees to abide to all the terms and conditions hereto, including without limitation, the obligations of non competition, assignment of inventions and confidentiality. The Services are the active management of the Company's research and devlopment activites and such other actions as are associated with the role of CSO of a biotech company.

l.l. Manager shall perform such services and duties as are normally incident to the position of Chief Scientific Officer and are commensurate with Pnina's background, education and professional standing or as are requested of the Manager by the Board. In carrying out these functions, Manager shall work at the direction of and subject to the approval of, and shall report to, the Board of Directors of the Company.

1.2. Unless otherwise agreed between the parties, Manager shall perform its duties hereunder at the Company's facilities in Israel only, provided, however, that Manager acknowledges and agrees that the performance of its duties hereunder may require significant international travel.

Manager understands and acknowledges that its services to the Company are essential and that the business and affairs of the Company shall require dedication and all of Pnina's business time. It is agreed that Pnina is being engaged in a management position which requires a special degree of skill and devotion, and therefore Manager undertakes to perform the duties and assignments imposed in the scope of its Services to the Company with devotion, honesty and fidelity, subject to the Company's policy as amended from time to time, and to dedicate to the performance of the said Services all of Pnina's know-how, qualifications and experience and all the reasonable time, diligence and attention required for the performance thereof efficiently, with fidelity and in accordance with the requirements of this Agreement, and to use its best endeavors in order to advance the affairs and business of Company and the realization of its objectives.

1.3. Manager declares that it is not presently involved, and it undertakes not to become involved in the future, for so long as Pnina is providing Services hereunder to the Company, in any obligations towards any third party whatsoever which entail any form of conflict of interest with his Services to the Company.

2. **COMPENSATION.**

In consideration of the Services rendered and to be rendered by Manager in accordance with this Agreement, the Company hereby agrees to pay Manager a monthly amount of Thirteen Thousand Three hundred and Thirty Three US Dollars (US$13,333) (the **"Monthly Payment"**) which equals an annual compensation of One Hundred and Sixty Thousand US Dollars (US$160,000)(the **"Compensation"**). Such amount shall not include VAT which shall be added to each Monthly Payment.. Unless otherwise agreed between the parties hereto, the Board of Directors of the Company shall, on an annual basis, each year of the term hereof, review and consider an increase in the Compensation paid to the Manager for the next 12-month period based on the Manager's achievments in the preceding period.

Manager acknowledges and confirms that the Compensation includes remuneration for all its Service for the Company and it shall not be entitled to any further remuneration or payment whatsoever unless specifically agreed on in this Agreement. Further, Manager acknowledges that as of the date hereof Company has no debts or liabilities to it whatsoever including without limitation any debts or liabilities due to it for any prior Services provided to the Company before the date hereof.

The Company shall pay or reimburse Manager for all normal, usual and necessary expenses incurred or paid by Manager in the performance of its duties hereunder in accordance with such Expense Reimbursement Policy as may from time to time be adopted by the Board.

The Board will set for the Manager certain annual milestones to be achieved during each calendar year. Upon the fulfillment of such annual milestones, such fullfilment to be determined at the sole discretion of the Board of Directors of the Company, the Manager will be entitled to receive an annual bonus to be decided by the Board.

At the Board of Directors sole discretion, Manager shall be entitled to participate in a stock option plan approved by the Board. Any options to be issued as aforesaid, if at all, shall be issued under the Manager's name, it being clarified that the number of options to be issued to the Manager, if any, shall be decided by the Board of Directions at its sole discretion taking into account Pnina's position and contribution to the Company.

In addition, Manager shall be provided with a Company owned (or leased) automobile (the **"Car")** for the use of the Manager (or Pnina), the type and make as agreed between the Company and the Manager with an engine size not less than 1,600 cc. Any and all cost related to the purchase or lease of the Car shall be borne by the Company except that any taxes related thereto and traffic fines shall be paid solely by the Manager or Pnina, as applicable.

For the duration of this Agreement, the Manager shall be entitled to the use of a cellphone owned by the Company. The Company shall pay any and all expenses related to the use of such cellphone.

3. **INDEPENDENT MANAGER RELATIONSHIP**

3.1 Nature of Relationship. Manager's relationship with the Company will be that of an independent Manager and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Both parties hereby expressly state that employee-employer relationship does not exist between the Manager (or Pnina) and the Company. Notwithstanding the aforesaid, the Manager (or Pnina) may have fiduciary duties towards the Company due to other positions the Manager (or Pnina) may hold, such as directorship, appointment as Chief Scientific Officer e.t.c.Pnina shall sign and execute the Indemnification Letter attached hereto as Exhibit 3.1.

3.2 Manager Responsible for Taxes and Records. Manager will be solely responsible for all tax returns and payments required to be filed with or made to any, state or local tax authority with respect to Manager's performance of services and receipt of compensation under this Agreement.

4. **NON-COMPETITION**

4.1 The Manager understands and recognizes that its services to the Company are special and unique and agrees that during the term of this Agreement and for a period of twelve (12) months after the termination of this Agreement it shall not in any manner, directly or indirectly, on behalf of itself or any person, firm, partnership, joint venture, corporation or other business entity **("Person"),** either for its own account, or as an advisor, partner, joint venturer, executive, agent, consultant, licensor, licensee, salesperson, officer, director or shareholder or in any other capacity whatever of a Person, enter into or engage in any business which is engaged in any activities competing directly with products or services offered by the Company. Notwithstanding the aforesaid, after the termination of this Agreement, Manager (or Pnina) may be active and engage in research activities which may compete directly with the products or services offered by the Company provided that they are solely for pure academic purposes with no *a priori* intention to be commercialized.

4.2 During the period of this Agreement and for a period of twelve (12) months after the termination of this Agreement, the Manager shall not interfere directly or indirectly, including personally or in any business in which he is an officer, director or shareholder with or disrupt or attempt to disrupt the Company's business relationship with any of its customers, partners, shareholders or suppliers, or solicit any of the employees of the Company.

5. CONFIDENTIAL INFORMATION

5.1 The Manager agrees that during the course of its engagement or at any time after expiration or termination thereof, it will not disclose or make accessible to any Person, any information of the Company which is, by its nature, confidential, including, without limitation, information concerning products, services and technology, both current and under development, promotion and marketing programs, lists, trade secrets and other confidential and proprietary business information (collectively, **"Confidential Information"**) of the Company, except to the extent required by law. The Manager shall not use any such information, directly or indirectly, for itself or others except as required in connection with its duties to the Company. The Manager agrees to return all such material and reproductions thereof (whether or not merged with other works) in its possession to the Company promptly upon request and in any event immediately upon termination of this Agreement. For purposes of this Agreement, Confidential Information shall not include information which (i) is in, or enters the public domain otherwise than by reason of a breach of this Agreement by Manager; or (ii) is proved to have been known to Manager prior to the commencement of his association with the Company either as a service provider or a director.

5.2 The Manager understands that the Company is engaged in a continuous program of research, development, production and marketing in connection with its business and that, as an essential part of his service with the Company, it is expected to make new contributions to and create inventions of value for the Company. Manager agrees to share with the Company all its knowledge and experience.

5.3 From and after the date Manager first became associated with the Company; Manager undertakes and covenants that it will promptly disclose in confidence to the Company all inventions, improvements, designs, original works of authorship formulas, concepts, techniques, methods, systems, processes, compositions of matter, computer software programs, databases, mask works, and trade secrets, all which are related to the Company's business including current or anticipated research and development, whether or not patentable, copyrightable or protectable as trade secretes, that are made or conceived or first reduced to practice or created by it, either alone or jointly with others during the period of its engagement by the Company whether or not in the course of its service to the Company **("Inventions").**

5.4 The Manager hereby irrevocably assigns to the Company all right, title and interest it may have or acquire in all Inventions that (a) are or were developed, whole or in part on Company's time or with the use of any equipment, supplies, facilities or trade secrets of the Company, (b) result directly from any work performed by it for the Company, or (c) relate to the Company's business or current or anticipated research and development ("Company Inventions"), and agrees that all such Company Inventions shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, copyrights and other rights in connection therewith.

5.5 Manager further agrees to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights or other rights on said Company Inventions in any and all countries. Manager will execute any documents that the Company may reasonably request for use in obtaining or enforcing such patents, copyrights, mask work rights, trade secrets and other legal protections. Manager obligation under this Section 5.5 will continue beyond the termination of his Agreement with the Company, provided that the Company will compensate Manager at a reasonable rate after such termination for time or expenses actually spent by Manager at the Company's request on such assistance. The Manager hereby irrevocably appoints the Secretary of the Company as its attorney-in-fact to execute documents on its behalf for this purpose.

5.6 The Manager hereby irrevocably transfers and assigns and will transfer and assign in the future to the Company (a) all worldwide patents, patent applications, copyrights, mask works, trade secrets and other intellectual property rights in any Company Invention; and (b) any and all "Moral Rights" (as defmed below) that he may have in or with respect to any Company Invention. Manager also hereby forever waives and agrees never to assert any and all Moral Rights he may have in or with respect to any Company Invention, even after termination of its service for the Company. "**Moral Rights**" mean any rights to any Invention, other than that defined under subsection (a) of this Section 5.6.

5.7 Inventions, if any, patented or unpatented, which Manager made prior to the commencement of his engagment with the Company are excluded from the scope of this Agreement. To preclude any possible uncertainty, *Exhibit A* (Previous Inventions) attached hereto is a complete list of all Inventions that Manager have, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to the commencement of his engagment with the Company, (collectively referred to as "**Prior Inventions**"). If no such disclosure is attached, Manager represents that there are no Prior Inventions.

6. **TERM; TERMINATION**

The Manager shall commence providing the Services to the Company on the Effective Date and shall continue unless terminated by either party **("Termination Without Cause")** provided that the terminating party provided at least three (3) months advance written notice of such termination to the other party (the **"Notice Period"**). This Agreement shall terminate immediately upon the expiry of the Notice Period. Notwithstanding the aforesaid, the Company may terminate this Agreement immediatly without having to provide the Notice Period in any of the following events: (a) a serious breach of trust including but not limited to theft, embezzlement, self-dealing; (b) any willful failure to perform competently any of his fundamental functions or duties hereunder which is not remedied by Manager within a reasonable time of having been requested to do so by the Company; (c) Manager (or Pnina) is convicted by a competent court of law of a dishonorable criminal offence (עבירה שיש עמה קלון) or (d) without Company's prior approval, Pnina ceases to perform the services on behalf of the Manager.

In the event of Termination Without Cause by the Company, the period set out in Section 4.1 and 4.2 above shall be reduced to six (6) months.

7. **GENERAL PROVISIONS**

7.1 Cooperation. The parties will cooperate with each other in order to implement this Agreement in accordance with the intent of the parties thereof.

7.2 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Israel.

7.3 Entire Agreement. This agreement sets forth the entire understanding and agreement of the parties as the subject matter of this Agreement,. It may not be changed orally but only by a written document signed by both parties. The obligations set out in Sections 4 and 5 of this Agreement shall apply also with regard to the duration where Manager (or Pnina) was previously assoicated with the Company.

7.4 Severability: Waiver. If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force without being impaired or invalidated in any way. The Company and Manager agree to replace any invalid provision with a different provision, which most closely approximates the intent and economic effect of the invalid provision. The waiver of any breach by either party will not operate or be interpreted as a waiver of any other or subsequent breach by such party.

7.5 Successors and Assigns. Neither this Agreement nor any of the rights or obligations of each party hereto arising under this Agreement may be assigned or transferred without prior written consent from the other party hereto.

7.6 Headings. Titles or headings to the sections of this Agreement are not part of the terms of this Agreement, but are inserted solely for convenience.

7.7 Notices. All notices, requests and other communications under this Agreement must be in writing and must be mailed by registered or certified, postage prepaid and return receipt requested, or delivered by hand to the party to whom such notice is required or permitted to be given. If mailed, any such notice will be considered to have been given three business days after it was mailed, as evidenced by the postmark. If delivered by hand, any such notice will be considered to have been given when received by the party to whom notice is given, as evidenced by written and dated receipt of the receiving party. The mailing address for notice to either party will be the address shown on the signature page of this agreement. Either party may change its mailing address by notice as provided by this Section 7.7.

In Witness whereof the parties have executed this Agreement on the date above.

Can-Fite Biopharma Ltd.	F.D. Consulting International and Marketing Ltd.
/s/ Ilan Cohn	/s/ Pnina Fishman
By: Ilan Cohn	By: Prof. Pnina Fishman
Title: CEO	Title:

I hereby personally agree to abide to all the terms and conditions hereto.

/s/ Pnina Fishman
Pnina Fishman

Exhibit A

All patents and patent applications relating to the use of IVIG (Intravenous Gamma Globulin) or fractions thereof in cancer treatment that were assigned to ARP Biomed.

Master Services Agreement

Accellient Partners LLC

A Massachusetts Limited Liability Company

1000 Winter Street
Suite 2000
Waltham, Massachusetts 02451
USA

MASTER SERVICES AGREEMENT

Effective 10 May 2010 (the "Effective Date"), **Accellient Partners, LLC**, (“ACCELLIENT PARTNERS”) located at 1000 Winter St., Suite 2000, Waltham, MA 02451 and **Canfite BioPharma Ltd**. (“CLIENT”) located at 10 Bareket Street, Petach-Tivka, 49170, Israel, seek to enter into an agreement whereby ACCELLIENT PARTNERS shall provide consulting and project management services to CLIENT.

The scope of work and services shall be outlined in one or more Work Orders (each a “Work Order”). Upon agreement to the terms of such Work Order, ACCELLIENT PARTNERS shall perform the consulting services for CLIENT described in such Work Order (the “Services”). Each Work Order may but is not required to be attached hereto, from time to time, collectively, as Exhibits. Each Work Order which shall be subject to the provisions of this Agreement, is made fully a part hereof. Regardless of whether a Work Order is attached to a copy of this Agreement, it is understood and agreed that this Agreement shall control the relationship of CLIENT and ACCELLIENT PARTNERS with respect to any and all Work Orders.

Accordingly, ACCELLIENT PARTNERS and CLIENT agree as follows:

1. Services. CLIENT hereby retains ACCELLIENT PARTNERS and ACCELLIENT PARTNERS agrees to undertake and complete the consulting services (“Consulting Services”) as CLIENT may from time to time request.

a) ACCELLIENT PARTNERS’ Personnel. ACCELLIENT PARTNERS has, and if necessary will engage, employees, subcontractors and/or consultants (“ACCELLIENT PARTNERS’ Personnel”) with the proper skill, training and experience to provide the Consulting Services. Before providing Consulting Services, all ACCELLIENT PARTNERS’ Personnel must have agreed in writing to confidentiality obligations at least as stringent as those set forth in this Agreement. ACCELLIENT PARTNERS agrees to have an agreement in place with all ACCELLIENT PARTNERS’ Personnel that assigns and otherwise effectively vests in ACCELLIENT PARTNERS all rights to the products of their work.

b) Third Party Confidential Information. ACCELLIENT PARTNERS agrees not to disclose or incorporate confidential information of any other person, firm, corporation, institution or other entity in connection with any of the Consulting Services.

c) Subcontracting. ACCELLIENT PARTNERS may subcontract the performance of certain of its obligations hereunder to qualified third parties, provided that ACCELLIENT PARTNERS notifies CLIENT of the proposed subcontractor and identifies the specific Consulting Services to be performed by the subcontractor. At the request of CLIENT, ACCELLIENT PARTNERS agrees to provide CLIENT with a copy of ACCELLIENT PARTNERS' agreement with any subcontractors rendering Consulting Services, which copy may be redacted to eliminate any confidential information.

2. Payment. In consideration of CLIENT's acceptance of this AGREEMENT, CLIENT shall pay ACCELLIENT PARTNERS as specified in the Work Order for Consulting Services provided by ACCELLIENT PARTNERS.

3. Records. All papers, records, data, documents, and other materials, including copies, electronic and optical media, and computerized records that ACCELLIENT PARTNERS possesses or creates as a result of performing Consulting Services hereunder (collectively "Records") are the sole and exclusive property of CLIENT. ACCELLIENT PARTNERS shall use commercially reasonable efforts to maintain all Records in a safe and secure manner during the term of this Agreement and for one year after expiration or earlier termination of this AGREEMENT (or such shorter period specified by CLIENT), after which time ACCELLIENT PARTNERS may dispose of all non-original Records. Original GMP, GLP, GCP study Records and original regulatory submission documents will be returned to the CLIENT or sent to permanent secure off site storage at CLIENT'S expense. ACCELLIENT PARTNERS shall make any and all Records available for inspection or duplication by CLIENT's authorized representatives, with notice, and shall deliver the same at any time to a location specified by written instruction of CLIENT to ACCELLIENT PARTNERS.

4. Debarment. ACCELLIENT PARTNERS warrants and represents that neither ACCELLIENT PARTNERS nor, to its knowledge, any ACCELLIENT PARTNERS Personnel has ever been, nor is currently, debarred under the Federal Food, Drug and Cosmetic Act. ACCELLIENT PARTNERS further represents and warrants that it has not and shall not knowingly use in any capacity the services of any individual, corporation, partnership, or association that has been debarred under the Federal Food, Drug and Cosmetic Act. In the event ACCELLIENT PARTNERS or any ACCELLIENT PARTNERS personnel becomes debarred or receives a notice of an action or threat of an action with respect to debarment, ACCELLIENT PARTNERS shall immediately notify CLIENT, and CLIENT shall have the right to terminate this AGREEMENT immediately upon written notice to ACCELLIENT PARTNERS without any further obligation or liability hereunder.

5. Inventions. All inventions, (whether or not patentable), works of authorship, mask works, designations, designs, know-how, ideas, techniques and information in possession of ACCELLIENT PARTNERS on or before the Effective Date of this Agreement (collectively "ACCELLIENT PARTNERS INVENTIONS") shall be owned exclusively by ACCELLIENT PARTNERS. Any improvements to or developments of ACCELLIENT PARTNERS INVENTIONS made after the effective date of this Agreement shall belong exclusively to ACCELLIENT PARTNERS. Improvements to ACCELLIENT PARTNERS INVENTIONS made under the terms of this Agreement shall be made available to CLIENT by way of a nonexclusive worldwide royalty-free license which ACCELLIENT PARTNERS hereby grants to CLIENT. CLIENT shall own all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, *sui generis* database rights and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all deliverables, reports, inventions (whether or not patentable), works of authorship, mask works, designations, designs, know-how, ideas, techniques, improvements and information, other than ACCELLIENT PARTNERS INVENTIONS, made or conceived or reduced to practice, in whole or in part, by ACCELLIENT PARTNERS in connection with the Consulting Services or any Proprietary Information (as defined below) (collectively, “CLIENT Inventions”) and ACCELLIENT PARTNERS will promptly disclose and provide all CLIENT Inventions to CLIENT. ACCELLIENT PARTNERS hereby makes all assignments necessary to accomplish said assignment and will take such additional steps as reasonably necessary, at CLIENT's direction and expense (including ACCELLIENT PARTNERS' costs for ACCELLIENT PARTNERS' employees and consultants' time), to prepare necessary documents in connection with the assignment.

6. Confidentiality.

a) ACCELLIENT PARTNERS agrees that all Inventions and all other business, technical and financial information (including, without limitation, the identity of and information relating to customers or employees of CLIENT) ACCELLIENT PARTNERS learns, creates or obtains in connection with Services or that are received by or for CLIENT in connection with the Consulting Services, constitute “Client Proprietary Information” except as required or necessary by law or regulation. ACCELLIENT PARTNERS, however, shall not be obligated under this paragraph 6 with respect to information ACCELLIENT PARTNERS can document: (i) is or becomes readily publicly available without restriction through no fault of ACCELLIENT PARTNERS; (ii) was known to ACCELLIENT PARTNERS prior to the date of this Agreement and is not subject to another confidentiality obligation to Client; or (iii) was developed or discovered by ACCELLIENT PARTNERS without reference to CLIENT Proprietary Information.

b) Upon termination and as otherwise requested by CLIENT, ACCELLIENT PARTNERS will promptly return to CLIENT all items and copies containing or embodying CLIENT Proprietary Information, except that ACCELLIENT PARTNERS may keep copies of its own compensation records and CLIENT Proprietary information as may reasonably be required for ACCELLIENT PARTNERS to comply with law or regulation, and this Agreement.

7. Warranties and Representations. ACCELLIENT PARTNERS warrants and represents the following:

a) The Consulting Services will be performed in a professional and workmanlike manner consistent with the highest prevailing applicable industry standards.

b) Neither the Consulting Services nor any part of this Agreement is or will be inconsistent with any obligation ACCELLIENT PARTNERS may have to any other party.

c) THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT ARE THE SOLE AND EXCLUSIVE WARRANTIES MADE BY ACCELLIENT PARTNERS TO CLIENT. THERE ARE NO OTHER WARRANTIES, REPRESENTATIONS OR GUARANTEES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, REGARDING THE PRODUCTS, MATERIALS, OR SERVICES TO BE SUPPLIED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.

8. Termination. The term of this AGREEMENT shall begin on the Effective Date and shall remain in force until the conclusion of the project or for 2 (two) years whichever comes first (the “Initial Term”), and this AGREEMENT will automatically renew under the same terms on a month-to-month basis until the renewal is terminated by either party upon delivery to the other party of thirty (30) days written notice.

a) Termination by CLIENT: CLIENT may immediately terminate this Agreement at any time upon written notice to ACCELLIENT PARTNERS in the event of a breach of this Agreement by ACCELLIENT PARTNERS which cannot be cured (*e.g.,* breach of the confidentiality obligations). Further, following the expiration of the Initial Term, CLIENT may terminate this AGREEMENT without cause by giving thirty (30) days prior written notice to ACCELLIENT PARTNERS.

b) Termination by ACCELLIENT PARTNERS: ACCELLIENT PARTNERS may terminate this Agreement upon thirty (30) days prior written notice to CLIENT if CLIENT breaches this Agreement and such breach is not cured within the notice period.

c) Effect of Expiration or Termination. Upon expiration or termination of this Agreement, neither ACCELLIENT PARTNERS nor CLIENT will have any further obligations under this Agreement, except that (a) ACCELLIENT PARTNERS will terminate all Consulting Services in progress in an orderly manner as soon as practical and in accordance with a schedule agreed to by CLIENT, unless CLIENT specifies in the notice of termination that Consulting Services in progress should be completed, (b) ACCELLIENT PARTNERS will deliver to CLIENT any Records in its possession or control and all Inventions developed through expiration or termination, (c) CLIENT will pay ACCELLIENT PARTNERS any monies due and owing CLIENT, up to the time of termination or expiration, for Consulting Services actually performed and all authorized expenses actually incurred, (d) ACCELLIENT PARTNERS will promptly refund to CLIENT any monies paid by CLIENT in advance for Consulting Services not rendered, (e) ACCELLIENT PARTNERS will immediately return to CLIENT all Proprietary Information and copies thereof provided to ACCELLIENT PARTNERS under this Agreement except for one (1) copy which ACCELLIENT PARTNERS may retain solely to monitor ACCELLIENT PARTNERS' surviving obligations of confidentiality, and (f) the terms, conditions and obligations under Sections 2, 3, 4, 5, 7(c) and 10 through 15 will survive expiration or termination for any reason.

9. Relationship of the Parties. Notwithstanding any provision hereof, for all purposes of this Agreement each party shall be and act as an independent contractor and not as partner, joint venturer, or agent of the other and shall not bind nor attempt to bind the other to any contract. ACCELLIENT PARTNERS is an independent contractor and is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort.

10. Indemnification:
a) ACCELLIENT PARTNERS will indemnify and hold harmless CLIENT and its Affiliates and their officers, directors, employees and agents from and against any liability, loss, damage, action, claim or expense (including reasonable attorney's fees) (collectively, "Losses") actually incurred and arising from any third party claim relating to (a) a failure by ACCELLIENT PARTNERS to perform the Services materially in accordance with the terms of this Agreement or any such applicable law(s) or regulation(s); or (b) ACCELLIENT PARTNERS' gross negligence or willful misconduct; in each case save for any Losses for which CLIENT is obligated to indemnify ACCELLIENT PARTNERS hereunder.

b) CLIENT will indemnify and hold harmless ACCELLIENT PARTNERS and its Affiliates and their officers, directors, employees and agents from and against any Losses arising from any third party claim relating to (a) CLIENT's research, development, manufacturing, commercialization, exploitation, use or sale of a product; (b) the use or sale of or exposure to a product or any material provided to ACCELLIENT PARTNERS by CLIENT; (c) ACCELLIENT PARTNERS' or CLIENT's use of any of CLIENT's Intellectual Property Rights or any claims of infringement based on any materials or requests for Services provided by CLIENT to ACCELLIENT PARTNERS under this Agreement, or (d) ACCELLIENT PARTNERS' performance of the Services in compliance with this Agreement, in each case save for any Losses for which ACCELLIENT PARTNERS is obligated to indemnify CLIENT hereunder.

c) The indemnified party will notify the indemnifying party forthwith upon becoming aware of the claim, and take all action reasonably requested by the indemnifying party to avoid, compromise or defend the claim, and any proceedings in respect of the claim, subject to the indemnified party being indemnified by the indemnifying party as provided in this Section, and secured to its reasonable satisfaction against all costs and expenses which may be incurred by doing so. The indemnified party's failure to so notify the indemnifying party or take all action reasonably requested by the indemnifying party will not relieve the indemnifying party of its obligations under this Section unless the indemnifying party is materially prejudiced thereby.

11. Insurance. ACCELLIENT PARTNERS carries, with financially sound and reputable insurers, worker's compensation insurance with benefits determined by statute.

12. Limitation on Liability. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, ACCELLIENT PARTNERS'S LIABILITY TO CLIENT UNDER THIS AGREEMENT FOR ANY BREACH OF THIS AGREEMENT WILL NOT EXCEED AN AMOUNT EQUAL TO THE TOTAL AMOUNT ACTUALLY PAID BY CLIENT TO ACCELLIENT PARTNERS. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY OTHER PERSON FOR ANY SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES (INCLUDING LOST OR ANTICIPATED REVENUES OR PROFITS RELATING TO THE SAME), WHETHER OR NOT FORESEEABLE, ARISING FROM OR RELATING TO THIS AGREEMENT OR THE SUBJECT MATTER THEREOF.

13. Assignment. Except as provided in Section 1(c), this Agreement may not be assigned by ACCELLIENT PARTNERS without the prior written consent of CLIENT. No assignment will relieve either party of the performance of any accrued obligation that such party may then have under this Agreement.

14. Use of Name. Neither party may use the other party's name in any form of advertising, promotion or publicity, including press releases, without the prior written consent of the other party. ACCELLIENT PARTNERS, however, consents to the use by CLIENT of ACCELLIENT PARTNERS' name and likeness in written materials and oral presentations to current or prospective customers, partners, investors or others, provided that the materials or presentations accurately describe the nature of ACCELLIENT PARTNERS' relationship with or services to CLIENT. This section does not restrict a party's ability to use the other party's name in filings with the Securities and Exchange Commission, FDA, or other governmental agencies, when required to do so.

15. Notice. All notices under this Agreement shall be in writing, and shall be deemed given when personally delivered, or three (3) days after being sent by prepaid certified or registered U.S. mail to the address of the party to be noticed as set forth herein or such other address as such party last provided to the other by written notice.

16. Irreparable Injury: Any breach of Section 6 that may cause irreparable harm to CLIENT for which damages would not be an adequate remedy, and, therefore, CLIENT will be entitled to seek injunctive relief with respect thereto in addition to any other remedies.

17. Miscellaneous: The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. No changes or modifications or waivers to this Agreement will be effective unless in writing and signed by both parties. In the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. This Agreement shall be governed by and construed in accordance with the laws of Massachusetts without regard to the conflicts of laws provisions thereof. Headings herein are for convenience of reference only and shall in no way affect interpretation of the Agreement.

The duly authorized representatives of ACCELLIENT PARTNERS and CLIENT have executed this Consulting Agreement on the date first written above.

ACCELLIENT PARTNERS LLC

By: /s/ William Kerns
Name: William Kerns
Title: CEO
Tel: 978.456.9975
Email: bill.kerns@accellient.com

CANFITE BIOPHARMA LTD

By: /s/ Pnina Fishman
Name: Pnina Fishman
Title: CEO
Tel: +972-3-9241114
Email: pnina@canfite.co.il

Exhibit 1

WORK ORDER #1

Management of Drug Development Programs

Effective Date of Work Order: 10 May 2010

This Work Order ("Work Order") is between **ACCELLIENT PARTNERS Inc.** ("ACCELLIENT PARTNERS") located at 1000 Winter St., Suite 2000, Waltham, MA 02451 and **Canfite BioPharma Ltd.** ("CLIENT") located at 10 Bareket Street, Petach-Tivka, 49170, Israel and relates to the Consulting Services Agreement dated 10 May 2010 (the "CSA"), which is incorporated by reference herein. Pursuant to the CSA, ACCELLIENT PARTNERS has agreed to perform certain services in accordance with written work orders, such as this one, entered into from time-to-time.

SCOPE OF WORK

ACCELLIENT PARTNERS shall provide pharmaceutical and/or device consulting and project management services to CLIENT in the areas of:

Due diligence, investor support, discovery candidate selection, drug substance and drug product manufacturing, analytical chemistry, formulation development, pharmacology, metabolism, bioanalytical method development, pharmacokinetics, toxicology, regulatory submissions and/or clinical development (the "Field") in pursuit of therapeutic products and/or devices as well as providing services outside of the Field with mutual written agreement of the parties.

Specifically this project covers full development support for Canfite BioPharma.

FEES

In consideration of CLIENT's acceptance of this AGREEMENT, CLIENT shall pay ACCELLIENT PARTNERS at the rates specified below for Consulting Services provided by ACCELLIENT PARTNERS.

Table 1. ACCELLIENT PARTNERS' RATES

Consultant	Consulting Rate (/hr)	Travel Rate (/hr)
CEO	$ 350	$ 175
COO	$ 250	$ 125
Executive VP	$ 300	$ 150
Principal (eg. PhD)	$ 250-350	$ 137-175
Associate (eg. eCTD/Regulatory Docs/PM)	$ 150-200	$ 75-100
Clinician (eg., MD)	$ 400-450	$ 200-225

FIXED COST ACTIVITIES

APTUIT CONSULTING will invoice client $1200.00 monthly for US office support, (mail, phone, general administration), US agent fees, Sharepoint filing and document maintenance and retention.

Additional consulting services requested outside of those above may also be provided at the rates outlined in Table 1.

ACCELLIENT PARTNERS shall bill CLIENT monthly for all Consulting Services and each invoice shall provide a detailed accounting by project and tasks and the total hours spent working on each task. The invoice shall include all office meetings, conferences, phone discussions, email correspondence, research, and report preparation. Travel time between the hours of 1800 and 0800 will be billed at 50% of the regular consulting rate as specified in Table 1. Work performed outside ACCELLIENT PARTNERS' offices will be billed in 4 hour increments for site visits local to the consultant; additional time be billed in one hour increments; work performed at sites that require air/rail travel will be billed minimally at 8 hours per day with additional hours in 1 hour increments; work performed in ACCELLIENT PARTNERS' offices will be billed in 15 minute increments. ACCELLIENT PARTNERS' fee schedule is subject to change with sixty (60) day written notification. Changes in rates will be deemed accepted by the CLIENT thirty (30) days from the notice of such change.

In addition to its other duties of payment under this Agreement, CLIENT agrees to pay all fees incurred by ACCELLIENT PARTNERS including pass-through expenses, unless CLIENT provides written notice to ACCELLIENT PARTNERS to cease providing services. Upon receipt of such written notice, ACCELLIENT PARTNERS shall cease work for the CLIENT and invoice client for fees and pass through expenses incurred through the receipt of notice.

CLIENT shall pre-pay or reimburse ACCELLIENT PARTNERS for all out-of-pocket expenses incurred by ACCELLIENT PARTNERS in the performance of the Consulting Services. Such expenses include, but are not limited to, express mail delivery, travel, meals, taxis and lodging. Telephone calls are not reimbursable. All airline travel shall be via commercial airline at full refundable coach fare for travel less than 5 hours or full business (international) or first (North America) class fare for travel greater than 5 hours. Expenses will be itemized on each invoice.

INVOICES
Invoices should be sent to:

Client Name:	Canfite BioPharma, Ltd.
Contact Name:	Motti Farbstein
Address:	10 Bareket Street, Petach-Tivka, 49170, Israel
Email Address:	Motti@canfite.co.il
Telephone Number:	+972-3-9241114

Each invoice is payable upon presentation, net 30 days, unless disputed in writing. Undisputed amounts not paid within 30 days are subject to interest charges at a rate of 1.5% per month. Such interest will be accrued and added to subsequent billings. In the event that legal proceedings are required to collect fees and expenses owed, CLIENT shall pay all reasonable attorneys'fees and other costs of collection.

PAYMENTS
All payments must be made in US dollars drawn on a US Bank. It is preferred that CLIENTS remit payment by wire transfer, especially for international payments. Invoicing directions are stated on the invoice.

The duly authorized representatives of ACCELLIENT PARTNERS and CLIENT have executed this Work Order on the date first written above.

ACCELLIENT PARTNERS LLC

By: /s/ William Kerns
Name: William Kerns
Title: CEO
Tel: 978.456.9975
Email: bill.kerns@accellient.com

CANFITE BIOPHARMA LTD

By: /s/ Pnina Fishman
Name: Pnina Fishman
Title: CEO
Tel: +972-3-9241114
Email: pnina@canfite.co.il

Exhibit 4. 7

PUBLIC HEALTH SERVICE

PATENT LICENSE AGREEMENT—*EXCLUSIVE*

COVER PAGE

For PHS internal use only:

Patent License Number:

L-249-2001/0

Serial Number(s) of Licensed Patent(s) and/or Patent Application(s):

08/091.109: 08/163,324: 5,773,423

Licensee:

Can-Fite BioPharma, Ltd.

Cooperative Research and Development Agreement (CRADA) Number (if applicable):

Additional Remarks:

Public Benefit(s):

This Patent License Agreement, hereinafter referred to as the **"Agreement",** consists of this Cover Page, an attached **Agreement,** a Signature Page, Appendix A (List of Patent(s) and/or Patent Application(s)), Appendix B (Fields of Use and Territory), Appendix C (Royalties), Appendix D (Modifications), Appendix E (Benchmarks), and Appendix F (Commercial Development Plan). The Parties to this **Agreement** are:

1) The National Institutes of Health ("NIH"), the Centers for Disease Control and Prevention ("CDC"), or the Food and Drug Administration ("FDA"), hereinafter singly or collectively referred to as "**PHS**", agencies of the United States Public Health Service within the Department of Health and Human Services (**"DHHS"**); and

2) The person, corporation, or institution identified above and/or on the Signature Page, having offices at the address indicated on the Signature Page, hereinafter referred to as **"Licensee".**

PHS PATENT LICENSE AGREEMENT—*EXCLUSIVE*

PHS and **Licensee** agree as follows:

1. BACKGROUND

1.01 In the course of conducting biomedical and behavioral research, **PHS** investigators made inventions that may have commercial applicability.

1.02 By assignment of rights from **PHS** employees and other inventors, **DHHS**, on behalf of the United States Government, owns intellectual property rights claimed in any United States and/or foreign patent applications or patents corresponding to the assigned inventions. **DHHS** also owns any tangible embodiments of these inventions actually reduced to practice by **PHS**.

1.03 The Secretary of **DHHS** has delegated to **PHS** the authority to enter into this **Agreement** for the licensing of rights to these inventions.

1.04 **PHS** desires to transfer these inventions to the private sector through commercialization licenses to facilitate the commercial development of products and processes for public use and benefit.

1.05 **Licensee** desires to acquire commercialization rights to certain of these inventions in order to develop processes, methods, and/or marketable products for public use and benefit.

2. DEFINITIONS

2.01 **"Benchmarks"** mean the performance milestones that are set forth in Appendix E.

2.02 **"Commercial Development Plan"** means the written commercialization plan attached as Appendix F.

2.03 **"First Commercial Sale"** means the initial transfer by or on behalf of **Licensee** or its sublicensees of **Licensed Products** or the initial practice of a **Licensed Process** by or on behalf of **Licensee** or its sublicensees in exchange for cash or some equivalent to which value can be assigned for the purpose of determining **Net Sales**.

2.04 **"Government"** means the Government of the United States of America.

2.05 **"Licensed Fields of Use"** means the fields of use identified in Appendix B.

2.06 **"Licensed Patent Rights"** shall mean:

a) Patent applications (including provisional patent applications and PCT patent applications) and/or patents listed in Appendix A, all divisions and continuations of these applications, all patents issuing from such applications, divisions, and continuations, and any reissues, reexaminations, and extensions of all such patents;

b) to the extent that the following contain one or more claims directed to the invention or inventions disclosed in a) above: i) continuations-in-part of a) above; ii) all divisions and continuations of these continuations-in-part; iii) all patents issuing from such continuations-in-part, divisions, and continuations; iv) priority patent application(s) of a) above; and v) any reissues, reexaminations, **and extensions of all such patents;**

c) to the extent that the following contain one or more claims directed to the invention or inventions disclosed in a) above: all counterpart foreign and U.S. patent applications and patents to a) and b) above, including those listed in Appendix A.

Licensed Patent Rights shall *not* include b) or c) above to the extent that they contain one or more claims directed to new matter which is not the subject matter disclosed in a) above.

2.07 **"Licensed Process(es)"** means processes which, in the course of being practiced would be within the scope of one or more claims of the **Licensed Patent Rights** that have not been held unpatentable, invalid or unenforceable by an unappealed or unappealable judgment of a court of competent jurisdiction.

2.08 **"Licensed Product(s)"** means tangible materials which, in the course of manufacture, use, sale, or importation would be within the scope of one or more claims of the **Licensed Patent Rights** that have not been held unpatentable, invalid or unenforceable by an unappealed or unappealable judgment of a court of competent jurisdiction.

2.09 **"Licensed Territory"** means the geographical area identified in Appendix B.

2.10 **"Net Sales"** means the total gross receipts for sales of **Licensed Products** or practice of **Licensed Processes** by or on behalf of **Licensee** or its sublicensees, and from leasing, renting, or otherwise making **Licensed Products** available to others without sale or other dispositions, whether invoiced or not, less returns and allowances, packing costs, insurance costs, freight out, taxes or excise duties imposed on the transaction (if separately invoiced), and wholesaler and cash discounts in amounts customary in the trade to the extent actually granted. No deductions shall be made for commissions paid to individuals, whether they be with independent sales agencies or regularly employed by **Licensee,** or sublicensees, and on its payroll, or for the cost of collections.

2.11 **"Practical Application"** means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or **Government** regulations available to the public on reasonable terms.

2.12 **"Research License"** means a nontransferable, nonexclusive license to make and to use the **Licensed Products** or **Licensed Processes** as defined by the **Licensed Patent Rights** for purposes of research and not for purposes of commercial manufacture or distribution or in lieu of purchase.

3 GRANT OF RIGHTS

3.01 **PHS** hereby grants and **Licensee** accepts, subject to the terms and conditions of this **Agreement**, an exclusive license under the **Licensed Patent Rights** in the **Licensed Territory** to make and have made, to use and have used, to sell and have sold, to offer to sell, and to import any **Licensed Products** in the **Licensed Fields of Use** and to practice and have practiced any **Licensed Processes** in the **Licensed Fields of Use.**

3.02 This **Agreement** confers no license or rights by implication, estoppel, or otherwise under any patent applications or patents of **PHS** other than **Licensed Patent Rights** regardless of whether such patents are dominant or subordinate to **Licensed Patent Rights**.

4. SUBLICENSING

4.01 Upon written approval by **PHS**, which approval will not be unreasonably withheld, **Licensee** may enter into sublicensing agreements under the **Licensed Patent Rights**.

4.02 **Licensee** agrees that any sublicenses granted by it shall provide that the obligations to **PHS** of Paragraphs 5.01-5.04, 8.01, 10.01, 10.02, 12.05, and 13.07-13.09 of this **Agreement** shall be binding upon the sublicensee as if it were a party to this **Agreement**. **Licensee** further agrees to attach copies of these Paragraphs to all sublicense agreements.

4.03 Any sublicensee granted by **Licensee** shall provide for the termination of the sublicense, or the conversion to a license directly between such sublicensees and **PHS**, at the option of the sublicensee, upon termination of this **Agreement** under Article 13. Such conversion is subject to **PHS** approval and contingent upon acceptance by the sublicensee of the remaining provisions of this **Agreement**.

4.04 **Licensee** agrees to forward to **PHS** a copy of each fully executed sublicense agreement postmarked within thirty (30) days of the execution of such agreement. To the extent permitted law, **PHS** agrees to maintain each such sublicense agreement in confidence.

5. STATUTORY AND PHS REQUIREMENTS AND RESERVED GOVERNMENT RIGHTS

5.01 (a) **PHS** reserves on behalf of the Government an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of all inventions licensed under the **Licensed Patent Rights** throughout the world by or on behalf of the Government and on behalf of any foreign government or international organization pursuant to any existing or future treaty or agreement to which the Government is a signatory. Prior to the **First Commercial Sale**, **Licensee** agrees to provide **PHS** reasonable quantities of **Licensed Products** or materials made through the **Licensed Processes** for **PHS** research use.

(b) In the event that **Licensed Patent Rights** are Subject Inventions made under a Cooperative Research and Development Agreement (CRADA), **Licensee** grants to the Government, pursuant to 15 U.S.C. 3710a(b)(l)(A), a nonexclusive, nontransferable, irrevocable, paid-up license to practice **Licensed Patent Rights** or have **Licensed Patent Rights** practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of 5 U.S.C. 552(b)(4) or which would be considered as such if it had been obtained from a non-Federal party. Prior to the **First Commercial Sale, Licensee** agrees to provide **PHS** reasonable quantities of **Licensed Products** or materials made through the **Licensed Processes** for **PHS** research use.

5.02 **Licensee** agrees that products used or sold in the United States embodying **Licensed Products** or produced through use of **Licensed Processes** shall be manufactured substantially in the United States, unless a written waiver is obtained in advance from **PHS**.

5.03 **Licensee** acknowledges that **PHS** may enter into future Cooperative Research and Development Agreements (CRADAs) under the Federal Technology Transfer Act of 1986 that relate to the subject matter of this **Agreement**. **Licensee** agrees not to unreasonably deny requests for a **Research License** from such future collaborators with **PHS** when acquiring such rights is necessary in order to make a Cooperative Research and Development Agreement (CRADA) project feasible. **Licensee** may request an opportunity to join as a party to the proposed Cooperative Research and Development Agreement (CRADA).

5.04 (a) In addition to the reserved license of Paragraph 5.01 above, **PHS** reserves the right to grant nonexclusive Research Licenses directly or to require **Licensee** to grant nonexclusive Research Licenses on reasonable terms. The purpose of this Research License is to encourage basic research, whether conducted at an academic or corporate facility. In order to safeguard the **Licensed Patent Rights**, however, **PHS** shall consult with **Licensee** before granting to commercial entities a Research License or providing to them research samples of materials made through the **Licensed Processes**.

(b) In exceptional circumstances, and in the event that **Licensed Patent Rights** are Subject Inventions made under a Cooperative Research and Development Agreement (CRADA), the Government, pursuant to 15 U.S.C. 3710a(b)(1)(B), retains the right to require the **Licensee** to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive sublicense to use **Licensed Patent Rights** in **Licensee's** field of use on terms that are reasonable under the circumstances; or if **Licensee** fails to grant such a license, the Government retains the right to grant the license itself. The exercise of such rights by the Government shall only be in exceptional circumstances and only if the Government determines (i) the action is necessary to meet health or safety needs that are not reasonably satisfied by **Licensee**; (ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such requirements are not reasonably satisfied by the **Licensee**; or (iii) the **Licensee** has failed to comply with an agreement containing provisions described in 15 U.S.C. 37l0a(c)(4)(B). The determination made by the Government under this Article is subject to administrative appeal and judicial review under 35 U.S.C. 203(2).

6. ROYALTIES AND REIMBURSEMENT

6.01 **Licensee** agrees to pay to **PHS** a noncreditable, nonrefundable license issue royalty as set forth in Appendix C within thirty (30) days from the date that this **Agreement** becomes effective.

6.02 **Licensee** agrees to pay to **PHS** a nonrefundable minimum annual royalty as set forth in Appendix C. The minimum annual royalty is due and payable on January 1 of each calendar year and may be credited against any earned royalties due for sales made in that year. The minimum annual royalty for the first calendar year of this **Agreement** is due and payable within thirty (30) days of execution of this license and may be prorated according to the fraction of the calendar year remaining between the effective date of this **Agreement** and the next subsequent January 1.

6.03 **Licensee** agrees to pay **PHS** earned royalties as set forth in Appendix C.

6.04 **Licensee** agrees to pay **PHS** benchmark royalties as set forth in Appendix C.

6.05 **Licensee** agrees to pay **PHS** sublicensing royalties as set forth in Appendix C.

6.06 A patent or patent application licensed under this **Agreement** shall cease to fall within the **Licensed Patent Rights** for the purpose of computing earned royalty payments in any given country on the earliest of the dates that a) the application has been abandoned and not continued, b) the patent expires or irrevocably lapses, or c) the claim has been held to be invalid or unenforceable by an unappealed or unappealable decision of a court of competent jurisdiction or administrative agency.

6.07 No multiple royalties shall be payable because any **Licensed Products** or **Licensed Processes** are covered by more than one of the **Licensed Patent Rights**.

6.08 On sales of **Licensed Products** by **Licensee** to sublicensees or on sales made in other than an arm's -length transaction, the value of the **Net Sales** attributed under this Article 6 to such a transaction shall be that which would have been received in an arm's-length transaction, based on sales of like quantity and quality products on or about the time of such transaction.

6.09 With regard to expenses associated with the preparation, filing, prosecution, and maintenance of all patent applications and patents included within the **Licensed Patent Rights** incurred by **PHS** prior to the effective date of this **Agreement**, **Licensee** shall pay to **PHS**, as an additional royalty, within sixty (60) days of **PHS**'s submission of a statement and request for payment to **Licensee,** an amount equivalent to such patent expenses previously incurred by **PHS**.

6.10 With regard to expenses associated with the preparation, filing, prosecution, and maintenance of all patent applications and patents included within the **Licensed Patent Rights** incurred by **PHS** on or after the effective date of this **Agreement**, **PHS,** at its sole option, may require **Licensee:**

(a) to pay **PHS** on an annual basis, within sixty (60) days of **PHS**'s submission of a statement and request for payment, a royalty amount equivalent to all such patent expenses incurred during the previous calendar year(s); or

(b) to pay such expenses directly to the law firm employed by **PHS** to handle such functions. However, in such event, **PHS** and not **Licensee** shall be the client of such law firm.

In limited circumstances, **Licensee** may be given the right to assume responsibility for the preparation, filing, prosecution, or maintenance of any patent application or patent included with the **Licensed Patent Rights.** In that event, **Licensee** shall directly pay the attorneys or agents engaged to prepare, file, prosecute, or maintain such patent applications or patents and shall provide to **PHS** copies of each invoice associated with such services as well as documentation that such invoices have been paid.

6.11 **Licensee** may elect to surrender its rights in any country of the **Licensed Territory** under any **Licensed Patent Rights** upon ninety (90) days written notice to **PHS** and owe no payment obligation under Article 6.10 for patent-related expenses incurred in that country after ninety (90) days of the effective date of such written notice.

7. PATENT FILING, PROSECUTION, AND MAINTENANCE

7.01 Except as otherwise provided in this Article 7, **PHS** agrees to take responsibility for, but to consult with, the **Licensee** in the preparation, filing, prosecution, and maintenance of any and all patent applications or patents included in the **Licensed Patent Rights** and shall furnish copies of relevant patent-related documents to **Licensee**.

7.02 Upon **PHS's** written request, **Licensee** shall assume the responsibility for the preparation, filing, prosecution, and maintenance of any and all patent applications or patents included in the **Licensed Patent Rights** and shall on an ongoing basis promptly furnish copies of all patent-related documents to **PHS**. In such event, **Licensee** shall, subject to the prior approval of **PHS**, select registered patent attorneys or patent agents to provide such services on behalf of **Licensee** and **PHS**. **PHS** shall provide appropriate powers of attorney and other documents necessary to undertake such actions to the patent attorneys or patent agents providing such services. **Licensee** and its attorneys or agents shall consult with **PHS** in all aspects of the preparation, filing, prosecution and maintenance of patent applications and patents included within the **Licensed Patent Rights** and shall provide **PHS** sufficient opportunity to comment on any document that **Licensee** intends to file or to cause to be filed with the relevant intellectual property or patent office.

7.03 At any time, **PHS** may provide **Licensee** with written notice that **PHS** wishes to assume control of the preparation, filing, prosecution, and maintenance of any and all patent applications or patents included in the **Licensed Patent Rights**. If **PHS** elects to assume such responsibilities, **Licensee** agrees to cooperate fully with **PHS**, its attorneys, and agents in the preparation, filing, prosecution, and maintenance of any and all patent applications or patents included in the **Licensed Patent Rights** and to provide **PHS** with complete copies of any and all documents or other materials that **PHS** deems necessary to undertake such responsibilities. **Licensee** shall be responsible for all costs associated with transferring patent prosecution responsibilities to an attorney or agent of **PHS's** choice.

7.04 Each party shall promptly inform the other as to all matters that come to its attention that may affect the preparation, filing, prosecution, or maintenance of the **Licensed Patent Rights** and permit each other to provide comments and suggestions with respect to the preparation, Filing, prosecution, and maintenance of **Licensed Patent Rights,** which comments and suggestions shall be considered by the other party.

8. RECORD KEEPING

8.01 **Licensee** agrees to keep accurate and correct records of **Licensed Products** made, used, sold, or imported and **Licensed Processes** practiced under this **Agreement** appropriate to determine the amount of royalties due **PHS**. Such records shall be retained for at least five (5) years following a given reporting period and shall be available during normal business hours for inspection at the expense of **PHS** by an accountant or other designated auditor selected by **PHS** for the sole purpose of verifying reports and payments hereunder. The accountant or auditor shall only disclose to **PHS** information relating to the accuracy of reports and payments made under this **Agreement**. If an inspection shows an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then **Licensee** shall reimburse **PHS** for the cost of the inspection at the time **Licensee** pays the unreported royalties, including any late charges as required by Paragraph 9.08 of this **Agreement**. All payments required under this Paragraph shall be due within thirty (30) days of the date **PHS** provides **Licensee** notice of the payment due.

8.02 **Licensee** agrees to have an audit of sales and royalties conducted by an independent auditor at least every two (2) years if annual sales of the **Licensed Product** or **Licensed Processes** are over two (2) million dollars. The audit shall address, at a minimum, the amount of gross sales by or on behalf of **Licensee** during the audit period, terms of the license as to percentage or fixed royalty to be remitted to the **Government,** the amount of royalty funds owed to the **Government** under this **Agreement,** and whether the royalty amount owed has been paid to the **Government** and is reflected in the records of the **Licensee**. The audit shall also indicate the **PHS** license number, product, and the time period being audited. A report certified by the auditor shall be submitted promptly by the auditor directly to **PHS** on completion. **Licensee** shall pay for the entire cost of the audit.

9 REPORTS ON PROGRESS, BENCHMARKS, SALES, AND PAYMENTS

9.01 Prior to signing this **Agreement, Licensee** has provided to **PHS** the **Commercial Development Plan** at Appendix F, under which **Licensee** intends to bring the subject matter of the **Licensed Patent Rights** to the point of **Practical Application.** This **Commercial Development Plan** is hereby incorporated by reference into this **Agreement**. Based on this plan, performance **Benchmarks** are determined as specified in Appendix E.

9.02 **Licensee** shall provide written annual reports on its product development progress or efforts to commercialize under the **Commercial Development Plan** for each of the **Licensed Fields of Use** within sixty (60) days after December 31 of each calendar year. These progress reports shall include, but not be limited to; progress on research and development, status of applications for regulatory approvals, manufacturing, sublicensing, marketing, importing, and sales during the preceding calendar year, as well as plans for the present calendar year. **PHS** also encourages these reports to include information on any of **Licensee's** public service activities that relate to the **Licensed Patent Rights**. If reported progress differs from that projected in the **Commercial Development Plan** and **Benchmarks, Licensee** shall explain the reasons for such differences. In any such annual report, **Licensee** may propose amendments to the **Commercial Development Plan,** acceptance of which by **PHS** may not be denied unreasonably. **Licensee** agrees to provide any additional information reasonably required by **PHS** to evaluate **Licensee's** performance under this **Agreement**. **Licensee** may amend the Benchmarks at any time upon written consent by **PHS**. **PHS** shall not unreasonably withhold approval of any request of **Licensee** to extend the time periods of this schedule if such request is supported by a reasonable showing by **Licensee** of diligence in its performance under the **Commercial Development Plan** and toward bringing the **Licensed Products** to the point of **Practical Application** as defined in 37 CFR 404.3(d). **Licensee** shall amend the **Commercial Development Plan** and **Benchmarks** at the request of **PHS** to address any **Licensed Fields of Use** not specifically addressed in the plan originally submitted.

9.03 **Licensee** shall report to **PHS** the dates for achieving **Benchmarks** specified in Appendix E and the **First Commercial Sale** in each country in the **Licensed Territory** within thirty (30) days of such occurrences.

9.04 **Licensee** shall submit to **PHS** within sixty (60) days after each calendar half-year ending June 30 and December 31 a royalty report setting forth for the preceding half-year period the amount of the **Licensed Products** sold or **Licensed Processes** practiced by or on behalf of **Licensee** in each country within the **Licensed Territory,** the **Net Sales,** and the amount of royalty accordingly due. With each such royalty report, **Licensee** shall submit payment of the earned royalties due, If no earned royalties are due to **PHS** for any reporting period, the written report shall so state. The royalty report shall be certified as correct by an authorized officer of **Licensee** and shall include a detailed listing of all deductions made under Paragraph 2.10 to determine **Net Sales** made under Article 6 to determine royalties due.

9.05 **Licensee** agrees to forward semi-annually to **PHS** a copy of such reports received by **Licensee** from its sublicensees during the preceding half-year period as shall be pertinent to a royalty accounting to **PHS** by **Licensee** for activities under the sublicense.

9.06 Royalties due under Article 6 shall be paid in U.S. dollars. For conversion of foreign currency to U.S. dollars, the conversion rate shall be the New York foreign exchange rate quoted in *The Wall Street Journal* on the day that the payment is due. All checks and bank drafts shall be drawn on United States banks and shall be payable, as appropriate, to "NIH/Patent Licensing." All such payments shall be sent to the following address: NIH, P.O. Box 360120, Pittsburgh, PA 15251-6120. Any loss of exchange, value, taxes, or other expenses incurred in the transfer or conversion to U.S. dollars shall be paid entirely by **Licensee.** The royalty report required by Paragraph 9.04 of this **Agreement** shall accompany each such payment, and a copy of such report shall also be mailed to **PHS** at its address for notices indicated on the Signature Page of this **Agreement**.

9.07 **Licensee** shall be solely responsible for determining if any tax on royalty income is owed outside the United States and shall pay any such tax and be responsible for all filings with appropriate agencies of foreign governments,

9.08 Interest and penalties may be assessed by **PHS** on any overdue payments in accordance with the Federal Debt Collection Act. The payment of such late charges shall not prevent **PHS** from exercising any other rights it may have as a consequence of the lateness of any payment.

9.09 All plans and reports required by this Article 9 and marked "confidential" by **Licensee** shall, to the extent permitted by law, be treated by **PHS** as commercial and financial information obtained from a person and as privileged and confidential, and any proposed disclosure of such records by the **PHS** under the Freedom of Information Act (FOIA), 5 U.S.C. §552 shall be subject to the predisclosure notification requirements of 45 CFR §5.65(d).

9.10 **Licensee** shall submit to **PHS** a satisfactory clinical research and development plan for the non- prime indications listed in Appendix B within six (6) months from the date that this **Agreement** becomes effective. That development plan will include new Appendix E performance benchmarks and updating of the Appendix F Commercial Development Plan as necessary to encompass the clinical development of the non-prime indications. **PHS** will notify **Licensee** in writing as to whether the development plan submitted is satisfactory. If **PHS** determines the clinical research and development plan submitted by **Licensee** to be unsatisfactory, **Licensee** will be notified in writing of any deficiencies and **Licensee** will be provided with an additional ninety (90) days to remedy the deficiencies. Acceptance of said clinical research and development program for the non-prime indications shall not be unreasonably withheld and which shall take into account **Licensee's** ongoing efforts and normal drag development standards for obtaining **FDA** approval for multiple indication prophylactic and therapeutic products. If **PHS** reasonably determines that **Licensee** did not submit a satisfactory development plan during the ninety day period, **PHS** may withdraw the non-prime indications from the Appendix B **Licensed Fields of Use** upon written notification to the **Licensee. Licensee** agrees that withdrawal under this Paragraph of the non-prime indications is not subject to further remedies under Article 13. Withdrawal of the non-prime indications under this Paragraph by **PHS** shall not affect **Licensee** rights under the **Licensed Patent Rights** for the Appendix B prime **Licensed Fields of Use** indications.

9.11 **Licensee** agrees to use reasonable efforts to provide (itself or through a sublicensee) education programs and materials to the United States public with respect to the indications listed in the **Licensed Fields of Use.** Furthermore, following regulatory approval for marketing **Licensed Products** in the United States, **Licensee** agrees to establish or provide through a sublicensee an indigent patient access program for **Licensed Products** (or to include **Licensed Products** in an existing indigent patient access program), in accordance with customary and standard industry practice, such that reasonable quantities of **Licensed Products** may be provided to qualified indigent citizens of the United States who are not covered under any public or private health plan. **Licensee** further agrees, following regulatory approval for marketing **Licensed Products** in the United States, and as part of its marketing and product promotion, to develop (itself or through a sublicensee) written educational materials (including, for example brochures and advertisements) directed to patients and physicians detailing the **Licensed Products** and therapeutic uses thereof.

10 PERFORMANCE

10.01 **Licensee** shall use its reasonable best efforts to bring the **Licensed Products** and **Licensed Processes** to **Practical Application.** "Reasonable best efforts" for the purposes of this provision shall include adherence to the **Commercial Development Plan** at Appendix F and performance of the **Benchmarks** at Appendix E. The efforts of a sublicensee shall be considered the efforts of **Licensee**.

10.02 Upon the **First Commercial Sale,** until the expiration of this **Agreement, Licensee** shall use its reasonable best efforts to make **Licensed Products** and **Licensed Processes** reasonably accessible to the United States public.

11. INFRINGEMENT AND PATENT ENFORCEMENT

11.01 **PHS** and **Licensee** agree to notify each other promptly of each infringement or possible infringement of the **Licensed Patent Rights,** as well as any facts which may affect the validity, scope, or enforceability of the **Licensed Patent Rights** of which either Party becomes aware.

11.02 Pursuant to this **Agreement** and the provisions of Chapter 29 of title 35, United States Code, **Licensee** may: a) bring suit in its own name, at its own expense, and on its own behalf for infringement of presumably valid claims in the **Licensed Patent Rights;** b) in any such suit, enjoin infringement and collect for its use, damages, profits, and awards of whatever nature recoverable for such infringement; and c) settle any claim or suit for infringement of the **Licensed Patent Rights** provided, however, that **PHS** and appropriate **Government** authorities shall have the first right to take such actions. If **Licensee** desires to initiate a suit for patent infringement, **Licensee** shall notify **PHS** in writing. If **PHS** does not notify **Licensee** of its intent to pursue legal action within ninety (90) days, **Licensee** will be free to initiate suit. **PHS** shall have a continuing right to intervene in such suit. **Licensee** shall take no action to compel the **Government** either to initiate or to join in any such suit for patent infringement. **Licensee** may request the **Government** to initiate or join in any such suit if necessary to avoid dismissal of the suit. Should the **Government** be made a party to any such suit, **Licensee** shall reimburse the **Government** for any costs, expenses, or fees which the **Government** incurs as a result of such motion or other action, including any and all costs incurred by the **Government** in opposing any such motion or other action. In all cases, **Licensee** agrees to keep **PHS** reasonably apprised of the status and progress of any litigation. Before **Licensee** commences an infringement action, **Licensee** shall notify **PHS** and give careful consideration to the views of **PHS** and to any potential effects of the litigation on the public health in deciding whether to bring suit.

11.03 In the event that a declaratory judgment action alleging invalidity or non-infringement of any of the **Licensed Patent Rights** shall be brought against **Licensee** or raised by way of counterclaim or affirmative defense in an infringement suit brought by **Licensee** under Paragraph 11.02, pursuant to this **Agreement** and the provisions of Chapter 29 of Title 35, United States Code or other statutes, **Licensee** may: a) defend the suit in its own name, at its own expense, and on its own behalf for presumably valid claims in the **Licensed Patent Rights;** b) in any such suit, ultimately to enjoin infringement and to collect for its use, damages, profits, and awards of whatever nature recoverable for such infringement; and c) settle any claim or suit for declaratory judgment involving the **Licensed Patent Rights**-provided, however, that **PHS** and appropriate **Government** authorities shall have the first right to take such actions and shall have a continuing right to intervene in such suit. If **PHS** does not notify **Licensee** of its intent to respond to the legal action within a reasonable time, **Licensee** will be free to do so. **Licensee** shall take no action to compel the **Government** either to initiate or to join in any such declaratory judgment action. **Licensee** may request the **Government** to initiate or to join any such suit if necessary to avoid dismissal of the suit. Should the **Government** be made a party to any such suit by motion or any other, action of **Licensee, Licensee** shall reimburse the **Government** for any costs, expenses, or fees which the **Government** incurs as a result of such motion or other action. If **Licensee** elects not to defend against such declaratory judgment action, **PHS,** at its option, may do so at its own expense. In all cases, **Licensee** agrees to keep **PHS** reasonably apprised of the status and progress of any litigation. Before **Licensee** commences an infringement action. **Licensee** shall notify **PHS** and give careful consideration to the views of **PHS** and to any potential effects of the litigation on the public health in deciding whether to bring suit.

11.04 In any action under Paragraphs 11.02 or 11.03, the expenses including costs, fees, attorney fees, and disbursements (**Action-related Expenses**) shall be paid by **Licensee.** The value of any recovery less **Action-elated Expenses** made by **Licensee** through court judgment or settlement shall be treated as **Net Sales** and subject to earned royalties.

11.05 **PHS** shall cooperate fully with **Licensee** in connection with any action under Paragraphs 11.02 or 11.03. **PHS** agrees promptly to provide access to all necessary documents and to render reasonable assistance in response to a request by **Licensee**.

12. NEGATION OF WARRANTIES AND INDEMNIFICATION

12.01 **PHS** offers no warranties other than those specified in Article 1.

12.02 **PHS** does not warrant the validity of the **Licensed Patent Rights** and makes no representations whatsoever with regard to the scope of the **Licensed Patent Rights,** or that the **Licensed Patent Rights** may be exploited without infringing other patents or other intellectual property rights of third parties.

12.03 **PHS** MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY SUBJECT MATTER DEFINED BY THE CLAIMS OF THE **LICENSED PATENT RIGHTS** OR TANGIBLE MATERIALS RELATED THERETO.

12.04 **PHS** does not represent that it will commence legal actions against third parties infringing the **Licensed Patent Rights**.

12.05 **Licensee** shall indemnify and hold **PHS,** its employees, students, fellows, agents, and consultants harmless from and against all liability, demands, damages, expenses, and losses, including but not limited to death, personal injury, illness, or property damage in connection with or arising out of; a) the use by or on behalf of **Licensee,** its sublicensees, directors, employees, or third parties of any **Licensed Patent Rights;** or b) the design, manufacture, distribution, or use of any **Licensed Products, Licensed Processes** or materials by **Licensee**, or other products or processes developed in connection with or arising out of the **Licensed Patent Rights**. **Licensee** agrees to maintain a liability insurance program consistent with sound business practice.

13. TERM, TERMINATION; AND MODIFICATION OF RIGHTS

13.01 This **Agreement** is effective when signed by all parties and shall extend to the expiration of the last to expire of the **Licensed Patent Rights** unless sooner terminated as provided in this Article 13.

13.02 In the event that **Licensee** is in default in the performance of any material obligations under this **Agreement**, including but not limited to the obligations listed in Article 13.05, and if the default has not been remedied within ninety (90) days after the date of notice in writing of such default, **PHS** may terminate this **Agreement** by written notice and pursue outstanding amounts owed through procedures provided by the Federal Debt Collection Act.

13.03 In the event that **Licensee** becomes insolvent, files a petition in bankruptcy, has such a petition filed against it, determines to file a petition in bankruptcy, or receives notice of a third party's intention to file an involuntary petition in bankruptcy, **Licensee** shall immediately notify **PHS** in writing. Furthermore, **PHS** shall have the right to terminate this **Agreement** immediately upon **Licensee's** receipt of written notice.

13.04 **Licensee** shall have a unilateral right to terminate this **Agreement** and/or any licenses in any country or territory by giving **PHS** sixty (60) days written notice to that effect.

13.05 **PHS** shall specifically have the right to terminate or modify, at its option, this **Agreement,** if **PHS** determines that the **Licensee:** 1) is not executing the **Commercial Development Plan** submitted with its request for a license and the **Licensee** cannot otherwise demonstrate to **PHS's** satisfaction that the **Licensee** has taken, or can be expected to take within a reasonable time, effective steps to achieve **Practical Application** of the **Licensed Products** or **Licensed Processes;** 2) has not achieved the **Benchmarks** as may be modified under Paragraph 9.02; 3) has willfully made a false statement of, or willfully omitted, a material fact in the license application or in any report required by the license **Agreement**; 4) has committed a material breach of a covenant or agreement contained in the license; 5) is not keeping **Licensed Products** or **Licensed Processes** reasonably available to the public after commercial use commences; 6) cannot reasonably satisfy unmet health and safety needs; or 7) cannot reasonably justify a failure to comply with the domestic production requirement of Paragraph 5.02 unless waived. In making this determination, **PHS** will take into account the normal course of such commercial development programs conducted with sound and reasonable business practices and judgment and the annual reports submitted by **Licensee** under Paragraph 9.02. Prior to invoking this right, **PHS** shall give written notice to **Licensee** providing **Licensee** specific notice of, and a ninety (90) day opportunity to respond to, **PHS's** concerns as to the previous items 1) to 7). If **Licensee** fails to alleviate **PHS's** concerns as to the previous items 1) to 7) or fails to initiate corrective action to **PHS's** satisfaction, **PHS** may terminate this **Agreement.**

13.06 When the public health and safety so require, and after written notice to **Licensee** providing **Licensee** a sixty (60) day opportunity to respond, **PHS** shall have the right to require **Licensee** to grant sublicenses to responsible applicants, on reasonable terms, in any **Licensed Fields** of Use under the **Licensed Patent Rights,** unless **Licensee** can reasonably demonstrate that the granting of the sublicense would not materially increase the availability to the public of the subject matter of the **Licensed Patent Rights. PHS** will not require the granting of a sublicense unless the responsible applicant has first negotiated in good faith with **Licensee**.

13.07 **PHS** reserves the right according to 35 U.S.C. §209(f)(4) to terminate or modify this **Agreement** if it is determined that such action is necessary to meet requirements for public use specified by federal regulations issued after the date of the license and such requirements are not reasonably satisfied by **Licensee.**

13.08 Within thirty (30) days of receipt of written notice of **PHS's** unilateral decision to modify or terminate this **Agreement, Licensee** may, consistent with the provisions of 37 CFR 404.11, appeal the decision by written submission to the designated **PHS** official. The decision of the designated **PHS** official shall be the final agency decision. **Licensee** may thereafter exercise any and all administrative or judicial remedies that may be available.

13.09 Within ninety (90) days of expiration or termination of this **Agreement** under this Article 13, a final report shall be submitted by **Licensee**. Any royalty payments, including those incurred but not yet paid (such as the full minimum annual royalty), and those related to patent expense, due to **PHS** shall become immediately due and payable upon termination or expiration. If terminated under this Article 13, sublicenses may elect to convert their sublicensees to direct licenses with **PHS** pursuant to Paragraph 4.03. Unless otherwise specifically provided for under this **Agreement**, upon termination or expiration of this **Agreement, Licensee** shall return all **Licensed Products** or other materials included Within the **Licensed Patent Rights** to **PHS** or provide **PHS** with certification of the destruction thereof.

13.10 Non-exclusive License Agreement L-042-00/0 between **Licensee** and **PHS** shall terminate on the date that this **Agreement** becomes effective.

14. GENERAL PROVISIONS

14.01 Neither Party may waive or release any of its rights or interests in this **Agreement** except in writing. The failure of the **Government** to assert a right hereunder or to insist upon compliance with any term or condition of this **Agreement** shall not constitute a waiver of that right by the **Government** or excuse a similar subsequent failure to perform any such term or condition by **Licensee**.

14.02 This **Agreement** constitutes the entire agreement between the Parties relating to the subject matter of the **Licensed Patent Rights,** and all prior negotiations, representations, agreements, and understandings are merged into, extinguished by, and completely expressed by this **Agreement.**

14.03 The provisions of this **Agreement** are severable, and in the event that any provision of this **Agreement** shall be determined to be invalid or unenforceable under any controlling body of law, such determination shall not in any way affect the validity or enforceability of the remaining provisions of this **Agreement.**

14.04 If either Party desires a modification to this **Agreement,** the Parties shall, upon reasonable notice of the proposed modification by the Party desiring the change, confer in good faith to determine the desirability of such modification. No modification will be effective until a written amendment is signed by the signatories to this **Agreement** or their designees.

14.05 The construction, validity, performance, and effect of this **Agreement** shall be governed by Federal law as applied by the Federal courts in the District of Columbia.

14.06 All notices required or permitted by this **Agreement** shall be given by prepaid, first class, registered or certified mail or by an express/overnight delivery service provided by a commercial carrier, properly addressed to the other Party at the address designated on the following Signature Page, or to such other address as may be designated in writing by such other Party. Notices shall be considered timely if such notices are received on or before the established deadline date or sent on or before the deadline date as verifiable by U.S. Postal Service postmark or dated receipt from a commercial carrier. Parties should request a legibly dated U.S. Postal Service postmark or obtain a dated receipt from a commercial carrier or the U.S. Postal Service. Private metered postmarks shall not be acceptable as proof of timely mailing,

14.07 This **Agreement** shall not be assigned by **Licensee** except: a) with the prior written consent of **PHS,** such consent not to be withheld unreasonably; or b) as part of a sale or transfer of substantially the entire business of **Licensee** relating to operations which concern this **Agreement. Licensee** shall notify **PHS** within ten (10) days of any assignment of this **Agreement** by **Licensee,** and **Licensee** shall pay **PHS,** as an additional royalty, one percent (1 %) of the fair market value of any consideration received for any assignment of this **Agreement** within thirty (30) days of such assignment.

14.08 **Licensee** agrees in its use of any **PHS**-supplied materials to comply with all applicable statutes, regulations, and guidelines, including **PHS** and **DHHS** regulations and guidelines. **Licensee** agrees not to use the materials for research involving human subjects or clinical trials in the United States without complying with 21 CFR Part 50 and 45 CFR Part 46. **Licensee** agrees not to use the materials for research involving human subjects or clinical trials outside of the United States without notifying **PHS,** in writing, of such research or trials and complying with the applicable regulations of the appropriate national control authorities. Written notification to **PHS** of research involving human subjects or clinical trials outside of the United States shall be given no later than sixty (60) days prior to commencement of such research or trials.

14.09 **Licensee** acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Control Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of such items may require a license from the cognizant Agency of the **U.S. Government** or written assurances by **Licensee** that it shall not export such items to certain foreign countries without prior approval of such agency. **PHS** neither represents that a license is or is not required or that, if required, it shall be issued.

14.10 **Licensee** agrees to mark the **Licensed Products** or their packaging sold in the United States with all applicable U.S. patent numbers and similarly to indicate "Patent Pending" status. All **Licensed Products** manufactured in, shipped to, or sold in other countries shall be marked in such a manner as to preserve **PHS** patent rights in such countries.

14.11 By entering into this **Agreement, PHS** does not directly or indirectly endorse any product or service provided, or to be provided, by **Licensee** whether directly or indirectly related to this **Agreement**. **Licensee** shall not state or imply that this **Agreement** is an endorsement by the **Government, PHS,** any other **Government** organizational unit, or any **Government** employee. Additionally, **Licensee** shall not use the names of NIH, CDC, **PHS,** or **DHHS** or the **Government** or their employees in any advertising, promotional, or sales literature without the prior written consent of **PHS.**

14.12 The Parties agree to attempt to settle amicably any controversy or claim arising under this **Agreement** or a breach of this **Agreement,** except for appeals of modifications or termination decisions provided for in Article 13. **Licensee** agrees first to appeal any such unsettled claims or controversies to the designated **PHS** official, or designee, whose decision shall be considered the final agency decision. Thereafter, **Licensee** may exercise any administrative or judicial remedies that may be available,

14.13 Nothing relating to the grant of a license, nor the grant itself, shall be construed to confer upon any person any immunity from or defenses under the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to 37 CFR Part 404 shall not be immunized from the operation of state or Federal law by reason of the source of the grant.

14.14 Paragraphs 4.03, 8.01, 9.05-9.07, 12.01-12.05, 13.08, 13.09, and 14.12 of this **Agreement** shall survive termination of this **Agreement**.

SIGNATURES BEGIN ON NEXT PAGE

PHS PATENT LICENSE AGREEMENT—*EXCLUSIVE*

SIGNATURE PAGE

For **PHS:**

/s/ Jack Spiegel — 12/31/2002
Jack Spiegel, Ph.D. — Date
Director, Division of Technology Development and Transfer
Office of Technology Transfer
National Institutes of Health

Mailing Address for Notices:

Office of Technology Transfer
National Institutes of Health
6011 Executive Boulevard, Suite 325
Rockville, Maryland 20852-3804 U.S.A.

For **Licensee** (Upon, information and belief, the undersigned expressly certifies or affirms that the contents of any statements of **Licensee** made or referred to in this document are truthful and accurate.):

by:

/s/ Ilan Cohn — 1/29/2003
Signature of Authorized Official — Date

ILAN COHN, Ph.D.
Printed Name

President & CEO
Title

Official and Mailing Address for Notices:

P.O. Box 7537
Petach Tikva 49170
ISRAEL

Any false or misleading statements made, presented, or submitted to the **Government**, including any relevant omissions, under this **Agreement** and during the course of negotiation of this **Agreement** are subject to all applicable civil and criminal statutes including Federal statutes 31 U.S.C. § 3801-3812 (civil liability) and 18 U.S.C. § 1001 (criminal liability including fine(s) and/or imprisonment).

APPENDIX A—Patent(s) or Patent Application(s)

Patent(s) or Patent Application(s):

U.S.P.A. 08/091.109 filed July 13, 1993
U.S.P.A. 08/163,324 filed December 6, 1993 which a continuation-in-part of 08/091,109
U.S.P.A. 08/274,628 filed July 13, 1994 which is a continuation-in-part of 08/163,324 and which issued June 30, 1998 as U.S. Patent 5,773,423
PCT/US94/07835, based on 08/274,628 and filed July 13, 1994
European patent application 94923445.4 with priority to PCT/US94/07835
National patents in Europe based on said European application.

APPENDIX B—Licensed Fields of Use and Territory

Licensed Fields of Use:

I. Any A3 agonist falling within the **Licensed Patent Rights** for the therapeutic treatment of the following indications:

a. Clinical indication that are of prime interest to **Licensee** ("*the Prime Indications*") and for which there are specific benchmarks for performance under Appendix F:

1. **Myeloprotection** - an adjunctive treatment to chemotherapy for the purpose of reducing myelotoxicity;
2. **Anti-cancer** - a treatment intended to inhibit growth of cancer cells;
3. **Stem cell mobilization** - to induce migration of progenitor cells to the peripheral blood system for their harvesting and subsequent engraftment in a recipient (typically an autologous engraftment);

b. Other clinical indications ("*the non-prime indications*") for which specific benchmarks for performance will be submitted as required by **licensee**:

1. **Treatment of viral infections –**a treatment intended to alleviate viral infections or the symptoms associated therewith;
2. **Arthritis –** a treatment intended to alleviate the disease or the symptoms associated therewith.

II. The following A3 agonist compounds falling within the **Licensed Patent Rights**: N6 -(3-iodobenzyl)-adenosine- 5'-N-methyluronamide (IB-MECA) and 2-Cl-N6-(3-iodobenzyl)-adenosine-5'-N-methyluronamide (C1-IB-MECA) for all therapeutic uses.

Licensed Territory: Worldwide

APPENDIX C—Royalties

Pursuant to Section 6.01, **Licensee** agrees to pay to **PHS** a noncreditable, nonrefundable license issue royalty in the amount of Two Hundred Twenty-Five Thousand Dollars ($225,000). The license issue royalty shall be payable according to the following schedule:

A first payment of Fifty Thousand Dollars ($50,000) shall become due and payable within 30 days of execution of this license.

A second payment of Seventy Five Thousand Dollars ($75,000) shall become due and payable on the six month anniversary date of execution this license.

A third and final payment of One Hundred Thousand Dollars ($100,000) shall become due and payable on the one-year anniversary date of the execution of this license.

Pursuant to Section 6.02, **Licensee** agrees to pay to **PHS** a nonrefundable minimum annual royalty in the amount of fifty thousand dollars ($50,000).

Pursuant to Section 6.03, **Licensee** agrees to pay **PHS** earned royalties on Net Sales by or on behalf of **Licensee** and its sublicensees, calculated on an annual basis in each calendar year and graded as follows:

Royalties of five and one half percent (5.5%) on an amount of annual **Net Sales of Licensed Products** or on practice of **Licensed Processes** in the **Licensed Territory** of up to and including twenty-five million U.S. dollars ($25,000,000);

Royalties of four and one half percent (4.5%) on an amount of annual **Net Sales of Licensed Products** or on practice of **Licensed Processes** in the **Licensed Territory** between twenty five million U.S. dollars ($25,000,000) and one hundred million US Dollars ($ 100,000,000);

Royalties of four percent (4.0%) on an amount of annual **Net Sales of Licensed Products** or on practice of **Licensed Processes** in the **Licensed Territory** of greater than and including one hundred million U.S. dollars ($100,000,000).

Licensee shall be entitled to a reduction in the earned royalty rate to be paid to **PHS** in an amount equal to the earned royally rate **Licensee** must pay to Aderis Pharmaceuticals Inc. under the agreement which became effective May 6, 2002 for the manufacture and sale of **Licensed Products** or practice of **Licensed Processes** in the **Licensed Territory**.

Pursuant to Section 6.04, **Licensee** agrees to pay **PHS** benchmark royalties as follows:

Twenty Five Thousand ($25,000) Dollars payable within sixty (60) days after the initiation of the first Phase I clinical trials (or its equivalent) per indication.

Seventy Five Thousand ($75,000) Dollars payable within sixty (60) days after the initiation of the first Phase II clinical trials (or its equivalent) per indication.

One Hundred Thousand ($100,000) Dollars payable within sixty (60) days after the initiation of the first Phase III clinical trials (or its equivalent) per indication.

Five Hundred Thousand ($500,000) Dollars payable within ninety (90) days after each FDA (or its equivalent) approval in each major market area (U.S.A., Europe, or Japan) per indication.

Pursuant to Section 6.05, **Licensee** agrees to pay **PHS** sublicensing royalties as follows;

Twenty percent (20%) of any monetary consideration received from each sublicense, but not including royalties on **Net Sales** for which royalties will only be due under Section 6.03. **Licensee** may credit benchmark royalties due under Section 6.04 against sublicensing royalties due on consideration received by **Licensee** from sublicensee for milestones achieved by a sublicensee when such milestones are substantially similar to the benchmarks described above for Section 6.04.

APPENDIX D—Modifications

PHS and **Licensee** agree to the following modifications to the Articles and Paragraphs of this **Agreement**:

None

APPENDIX F—Commercial Development Plan

See "Business Plan" dated November 11, 2001 included with Application. Benchmarks for performance specifically listed in Appendix E are controlling if in conflict with this or any other "Business Plan".

APPENDIX E—Benchmarks and Performance

Licensee agrees to the following **Benchmarks** for its performance under this **Agreement** and, within thirty (30) days of achieving a **Benchmark**, shall notify **PHS** that the **Benchmark** has been achieved.

Regulatory Benchmarks for the *Prime Indications*

I. For the **Stem cell mobilization** therapeutic indication (pre-clinical and Phase I studies using IB-MECA have already been accomplished)

1. Initiate FDA Phase II/III clinical trials or foreign equivalent clinical trials by the end of the fourth quarter of 2003.
2. Submission of a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of the fourth quarter of 2004.

II. For the **Myeloprotection** therapeutic indication (pre-clinical and Phase I studies using IB-MECA have already been accomplished):

1. Initiate FDA Phase II clinical trials or foreign equivalent clinical trials by the end of the fourth quarter of 2003.
2. Initiate FDA Phase III clinical trials or foreign equivalent clinical trials by the end of the fourth quarter of 2004.
3. Submission of a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of the second quarter of 2006.

III. For the **Anti-cancer** therapeutic indication (pre-clinical and Phase I studies using IB-MECA have already been accomplished):

1. Initiate FDA Phase II clinical trials or foreign equivalent clinical trials by the end of the first quarter of 2003.
2. Initiate FDA Phase III clinical trials or foreign equivalent clinical trials by the end of the third quarter of 2004.
3. Submission of a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of the first quarter of 2006.

Exhibit 4. 8

PUBLIC HEALTH SERVICE

FIRST AMENDMENT TO EXCLUSIVE PATENT LICENSE AGREEMENT - L-249-2001/0

AMENDMENT L-249-2001/1

This **Amendment,** L-249-2001/1, **("First Amendment")** of the Exclusive Patent License L-249-2001/0 **("Agreement")** is made between the National Institutes of Health ("NTH"), the Centers for Disease Control and Prevention ("CDC"), or the Food and Drug Administration ("FDA"), hereinafter singly or collectively referred to as ("PHS"), agencies of the United States Public Health Service within the Department of Health and Human Services **("DHHS")** through the Office of Technology Transfer, **NIH,** having an address at 6011 Executive Boulevard, Suite 325, Rockville, Maryland 20852-3804, U.S.A. and Can-Fite BioPharma, Ltd. having offices at the address indicated on the Signature Page, hereinafter referred to as **"Licensee".**

Whereas, **Licensee** desires to add an option to discontinue or drop development of a **Licensed Field of Use** without penalty upon written notification of **PHS** of a decision to do so;

Whereas, **Licensee** desires to amend the existing Benchmarks included in **Appendix E - Benchmarks and Performance** of the **Agreement.**

Whereas, **Licensee** desires to add Benchmarks for "Non-prime" Indications to **Appendix E** of the **Agreement.**

Whereas, **PHS** and **Licensee** are mutually willing to amend the **Agreement** to accommodate the desire for providing an option to discontinue or drop a **Licensed Field of Use** without penalty and for modifying **Appendix E - Benchmarks and Performance.**

Now therefore, **PHS** and Licensee, intending to be bound, hereby mutually agree to the following:

A. The **Agreement** shall be modified as follows:

1. Paragraph 9.02 shall have added the following two sentences:

Licensee may discontinue or drop commercial development of any **Licensed Field of Use** identified in **Appendix B** provided that **Licensee** notifies **PHS** in writing within thirty (30) days of making such a decision, and provided that one or more of the remaining **Licensed Fields of Use** continues to be developed. Upon such notification, **PHS** will amend the **Agreement** to reflect this removal from the **Licensed Fields of Use** and **Benchmarks.**

2. Appendix E - Benchmarks and Performance shall be deleted in its entirety and be replaced with a new **Appendix E - Benchmarks and Performance** that shall now read:

APPENDIX E -Benchmarks and Performance

Licensee agrees to the following **Benchmarks** for its performance under this **Agreement** and, within thirty (30) days of achieving a **Benchmark,** shall notify **PHS** that the **Benchmark** has been achieved.

Regulatory Benchmarks for the *Prime Indications*

I. For the **Myeloprotection** therapeutic indication:

1. Initiate FDA Phase I or Phase I/II clinical trial or foreign equivalent by the end of third quarter 2006.

2. Initiate FDA Phase lib clinical efficacy trial or foreign equivalent by the end of fourth quarter 2007.

3. Initiate FDA Phase III clinical trial or foreign equivalent by the end of second quarter 2009.

4. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of fourth quarter 2010.

II. For the **Stem Cell Immobilization** therapeutic indication:

1. Initiate FDA Phase I clinical trial or foreign equivalent by the end of second quarter 2007.
2. Initiate FDA Phase II clinical efficacy trial or foreign equivalent by the end of first quarter 2008.
3. Initiate FDA Phase II clinical trial or foreign equivalent by the end of second quarter 2009.
4. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of fourth quarter 2010.

III. For the **Anti-cancer** therapeutic indication (for Cl-IB-MECA):

1. Initiate FDA Phase I or Phase I7II clinical trial or foreign equivalent by the end of third quarter 2006.
2. Initiate FDA Phase lib clinical efficacy trial or foreign equivalent by the end of second quarter 2007.
3. Initiate FDA Phase III clinical trial or foreign equivalent by the end of second quarter 2008.
4. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of second quarter 2010.

Regulatory Benchmarks for the *Non-Prime Indications*

I. For the **Anti-viral** therapeutic indication:

1. Initiate FDA Phase I clinical trials or foreign equivalent by the end of second quarter 2007.
2. Initiate FDA Phase II clinical trials or foreign equivalent by the end of fourth quarter 2008.
3. Initiate FDA Phase III clinical trials or foreign equivalent by the end of second quarter 2010.
4. Submit a New Drug Application (NDA) by the end of fourth quarter 2012.

II. For the **Arthritis** therapeutic indication: (Phase I and II studies using IB-MECA have already been accomplished for this indication):

1. Initiate FDA Phase lib clinical efficacy trials or foreign equivalent in rheumatoid arthritis by the end of second quarter of 2006.
2. Initiate FDA Phase III clinical trials or foreign equivalent by the end of fourth quarter of 2007.
3. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of fourth quarter 2009.

B. **Licensee** agrees to pay **PHS** a nonrefundable **First Amendment** execution fee in the amount of twenty five thousand ($25,000) dollars. This First Amendment Execution Fee will be payable within thirty (30) days of conclusion of an equity or debt financing from non-affiliated third parties or a merger with or an acquisition by another corporation.

C. All terms and conditions of the **Agreement** not herein amended remain binding and in effect;

D. The execution date of this **First Amendment** shall be the date when it has been signed by all parties; and

B. The **Agreement,** and this **First Amendment** constitute the entire understanding between **PHS** and **Licensee** and supersede all prior agreements and understandings with respect to **Materials** and **Licensed Products.**

SIGNATURES BEGIN ON THE NEXT PAGE
FIRST AMENDMENT TO PHS LICENSE AGREEMENT L-249-2001/0

SIGNATURE PAGE

For **PHS**:

/s/ Steven M. Ferguson — 8/4/05

Steven M. Ferguson — **Date**
Director, Division of Technology Development and Transfer
Office of Technology Transfer
National Institute of Health

Mailing Address for Notices:

Chief, License Monitoring & Enforcement Branch
Office of Technology Transfer
National Institutes of Health
6011 Executive Boulevard, Suite 325
Rockville, Maryland 20852-3804 U.S.A.

For **Licensee** (Upon, information and belief, the undersigned expressly certify or affirm that the contents of any statements of **Licensee** made or referred to in this document are truthful and accurate.):

By:

/s/ Pnina Fishman — August 15, 2005

Pnina Fishman — **Date**
Chief Executive Officer

Official and Mailing Address for Notices:

Can-Fite BioPharma, Ltd.
10 Bareket Street
Kiryat Matalon, P.O. Box 7537
PetachTikva 49170
ISRAEL

NATIONAL INSTITUTES OF HEALTH

SECOND AMENDMENT TO L-249-2001/0

This is the second amendment ("**Second Amendment**") of the agreement by and between the National Institutes of Health ("**NIH**") or within the Department of Health and Human Services ("**HHS**"), and Can-Fite BioPharma, Ltd. having an effective date of January 29, 2003 and having **NIH** Reference Number L-249-2000/0, as amended by the first amendment to the agreement, having an effective date of August 15,2005, and having **NIH** reference Number L-249-2000/1 ("**First Amendment**") (hereinafter collectively referred to as the "**Agreement**"). This **Second Amendment**, having **NIH** Reference Number L-249-2001/2, is made between the **NIH** through the Office of Technology Transfer, **NIH**, having an address at 6011 Executive Boulevard, Suite 325, Rockville, Maryland 20852-3804, U.S.A., and Can-Fite BioPharma, Ltd. ("Can-Fite"), having an office at 10 Bareket Street, Kiryat Matalon, P.O.Box 7537, Petach Tikva 49170, Israel, the ("**Licensee**"). This **second Amendment** includes, in addition to the amendments made below, 1) a Signature Page and 2) Attachment 1 (Royalty Payment Information).

Whereas, the **NIH** and the **Licensee** desire that the **Agreement** be amended a second time as set forth below in order to accommodate the desire to discontinue or drop **Licensed Fields of Use** and for modifying **Appendix E - Benchmarks and Performance.**

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the **NIH** and the **Licensee**, intending to be bound, hereby mutually agree to the following:

Appendix E - Benchmarks and Performance shall be deleted in its entirety and be replaced with a new **Appendix E - Benchmarks and Performance** that shall now read:

APPENDIX E –Benchmarks and Performance

Licensee agrees to the following **Benchmarks** for its performance under this **Agreement** and, within thirty (30) days of achieving a **Benchmark**, shall notify **PHS** that the **Benchmark** has been achieved.

Regulatory Benchmarks for the *Prime Indications*

For the **Anti-cancer** therapeutic indication (for C1-IB-MECA):

1. Initiate FDA Phase I clinical trial or foreign equivalent by the end of first quarter 2008.

2. Initiate FDA Phase I/II clinical trial or foreign equivalent by the end of third quarter 2009.

3. Initiate FDA Phase II clinical efficacy trial or foreign equivalent by the end of the second half of 2013. (Anti-viral indication will also be evaluated as part of this study where patients with Liver Cancer and infected with Hepatitis B and C will be enrolled. The plan is to follow the viral load in each patient all along the study period).

4. Initiate FDA Phase III clinical trial or foreign equivalent by the end of the first quarter of 2015.

5. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of second quarter 2017.

Regulatory Benchmarks for the *Non-Prime Indications*

I. For the **Arthritis** therapeutic indication: (Phase I and I I studies using IB-MECA have already been accomplished for this indication):

1. Initiate FDA Phase IIb clinical efficacy trials or foreign equivalent in rheumatoid arthritis by the end of second quarter of 2006.
2. Initiate FDA Phase III clinical trials or foreign equivalent by the end of second half of 2013.
3. Submit a New Drug Application (NDA) (or its equivalent) to the FDA (or its foreign equivalent) for a Licensed Product or Process by the end of fourth quarter 2016.

1) Within sixty (60) days of the execution of this **Second Amendment,** the **Licensee** shall pay the **NIH** an amendment issue royalty in the sum of Twenty Five Thousand US Dollars ($25,000), and payment options may be found in Attachment 1.

2) In the event any provision(s) of the **Agreement** is/are inconsistent with Attachment 1, such provision(s) is/are hereby amended to the extent required to avoid such inconsistency and to give effect to the payment information in such Attachment 1.

3) All terms and conditions of the **Agreement** not herein amended remain binding and in effect.

4) The terms and conditions of this **Second Amendment** shall, at the **NIH'** sole option, be considered by the **NIH** to be withdrawn from **Licensee's** consideration and the terms and conditions of this **Second Amendment,** and the **Second Amendment** itself, to be null and void, unless this **Second Amendment** is executed by the **Licensee** and a fully executed original is received by the **NIH** within sixty (60) days from the date of the **NIH's** signature found at the Signature Page.

5) This **Second Amendment** is effective upon execution by all parties.

SIGNATURES BEGIN ON NEXT PAGE

SECOND AMENDMENT TO L-249-2001/0

SIGNATURE PAGE

In Witness Whereof, the parties have executed this **Second Amendment** on the dates set forth below. Any communication or notice to be given shall be forwarded to the respective addresses listed below.

For the **NIH**:

/s/ Richard U. Rodriguez — 1-11-13

Richard U. Rodriguez — Date
Director, Division of Technology Development and Transfer
Office of Technology Transfer
National Institutes of Health

Mailing Address or E-mail Address for **Agreement** notices and reports:

Chief, Monitoring & Enforcement Branch, DTDT
Office of Technology Transfer
National institutes of Health
6011 Executive Boulevard, Suite 325
Rockville, Maryland 20852-3804 U.S.A.

E-mail: LicenseNotices_Reports@mail.nih.gov

For the **Licensee** (Upon information and belief, the undersigned expressly certifies or affirms that the contents of any statements of the **Licensee** made or referred to in this document are truthful and accurate.);

/s/ Pnina Fishman — 2-4-13

Signature of Authorized Offical — Date

Name: Pnina Fishman
Title: CEO

I. Official and Mailing Address for **Agreement** notices:

Pnina Fishman
Name

CEO
Title

A-182-2007

CONFIDENTIAL

Mailing Address:

Can-Fite BioPharma, Ltd.

10 Bareket Street

P.O.Box 7537

Petach Tikva 49170, Israel

Email Address: pnina@canfite.co.il

Phone: +972-3-9241114

Fax: +972-3-9249378

II. Official and Mailing Address for Financial notices (the **Licensee**'s contact person for royalty payments):

Motti Farbstein
Name

CFO
Title

Mailing Address:

Can-Fite BioPharma, Ltd.

10 Bareket Street

P.O.Box 7537

Petach Tikva 49170, Israel

Email Address: motti@canfite.co.il

Phone: +972-3-9241114

Fax: +972-3-9249378

Any false or misleading statements made, presented, or submitted to the **Government,** including any relevant omissions, under this **Agreement** and during the course of negotiation of this **Agreement** are subject to all applicable civil and criminal statutes including Federal statutes 31 U.S.C. §§3801-3812 (civil liability) and 18 U.S.C. *§* 1001 (criminal liability including fine(s) or imprisonment).

A-182-2007

ATTACHMENT 1-ROYALTY PAYMENT OPTIONS

The OTT License Number MUST appear on payments, reports and correspondence.

Automated Clearing Honse (ACH) for payments through U.S. banks only

The **NIH** encourages its licensees to submit electronic funds transfer payments through the Automated Clearing House (ACH). Submit your ACH payment through the U.S. Treasury web site located at: **https://www.pay.gov.** Locate the "**NIH** Agency Form" through the Pay.gov "Agency List".

Electronic Funds Wire Transfers

The following account information is provided for wire payments. In order to process payment via Electronic Funds Wire Transfer sender MUST supply the following information within the transmission:

Drawn on a **U.S. bank account** via FEDWIRE should be sent directly to the following account:

Beneficiary Account:	Federal Reserve Bank of New York or TREAS NYC
Bank:	Federal Reserve Bank of New York
ABA#	021030004
Account Number:	75080031
Bank Address:	33 Liberty Street, New York, NY 10045
Payment Details:	License Number (L-XXX-XXXX) Name of the Licensee

Drawn on a **foreign bank account** should be sent directly to the following account. Payment must be sent in **U.S. Dollars (USD)** using the following instructions:

Beneficiary Account:	Federal Reserve Bank of New York/ITS or FRBNY/ITS
Bank:	Citibank N.A. (New York)
SWIFT Code:	CITIUS33
Account Number:	36838868
Bank Address:	388 Greenwich Street, New York, NY 10013
Payment Details (Line 70):	**NIH** 75080031 License Number (L-XXX-XXXX) Name of the Licensee
Detail of Charges (line 7la):	Charge Our

A-182-2007

Checks

All checks should be made payable to "**NIH** Patent Licensing"

Checks drawn on a **U.S. bank account** and sent by US Postal Service should be sent directly to the following address:

National Institutes of Health (**NIH**)
P.O. Box 979071
St. Louis, MO 63197-9000

Checks drawn on a U.S. bank account and sent by **overnight or courier** should be sent to the following address:

US Bank
Government Lockbox SL-MO-C2GL
1005 Convention Plaza
St. Louis, MO 63101
Phone: 314-418-4087

Checks drawn on a **foreign bank account** should be sent directly to the following address:

National Institutes of Health (**NIH**)
Office of Technology Transfer
Royalties Administration Unit
6011 Executive Boulevard
Suite 325, MSC 7660
Rockville, Maryland 20852

A-182-2007

Exhibit 4. 10

LICENCE AGREEMENT

between

THE UNIVERSITY OF LEIDEN

And

CAN-FITE

Index to Clauses

LICENCE AGREEMENT

Among

Leiden University, having its administrative office at Rapenburg 70, 2333 RA Leiden, The Netherlands ("Leiden")
Hereinafter also referred to as "the Licensor"
And
Can-Fite Biopharma, Ltd. of 10 Bareket Street, Petach-Tikva, Israel
incorporated under the laws of the State of Israel **("Can-Fite")**

WHEREAS:

1. Leiden is the joint owner along with the National Institutes of Health of the Patent Rights (more fully defined below) and both are entitled to the benefit of the applications for patents. Pursuant to the terms of a separate inter-institutional agreement between Leiden and the National Institutes of Health, Leiden hereby enters into this licence agreement on behalf of both joint owners. [ ]

3. Can-Fite is a biopharmaceutical company with expertise and capability to further develop the Patent Rights and wishes to have the exclusive right to do so in return for entering the following obligations.

4. The Licensor has agreed to grant the following licence to Can-Fite, all as subject to the terms hereinafter specified.

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:-

1. **Definitions**

In this Agreement the following terms shall have the following meanings unless the context otherwise requires:

"Commencement Date "	means the date of final signature of this Agreement by all parties;
"Effective Date"	means the priority filing date of the first of the Patent Rights;
"Net Sales Value"	means the invoiced sales value of the Products in an arm's length transaction exclusively for money after deduction of normal trade discounts actually granted and of any credits actually given by Can-Fite for defective goods and excluding or making proper deductions for any costs of packing, insurance, carriage and freight and Value Added Tax or other sales tax and, in the case of export orders, any import duties or similar applicable governmental levies or export insurance costs subject in all cases to the same being separately charged on customer invoices. In any sale or other disposal of any Products or part thereof otherwise than in any arm's length transaction exclusively for money, the fair market price (if higher) in the relevant country of disposal shall be substituted for the Net Sales Value;

"Patent Rights"	means (i) the patents and applications, short particulars whereof are set out in Part 1 of the Schedule hereto; (ii) all patent applications that may hereafter be filed in the Territory by or on behalf of The Licensor which either are based on or claim priority from any of the foregoing patents and applications; and (iii) all patents which may be granted pursuant to any of the foregoing patent applications;
"Inventors"	means Prof. Adriaan Ijzerman, Zhan-Guo Gao, Aniko Goblyos, Johannes Brussee and Prof. Kenneth Jacobson;
"Practical Application"	means to manufacture, in the case of a composition or product, under such conditions as to establish that the invention is being utilized;
"Products"	means all therapeutic or diagnostic agents whose manufacture, development or use is covered by the Patent Rights;
"Schedule"	means the Schedule annexed hereto;
"Technical Information"	means all know-how, experience, drawings, designs, circuit diagrams, computer programs and all other technical information relating to the Products and which might reasonably be of commercial interest to either party in the design, manufacture or supply of the Products ;
"Territory"	means the countries of the world where Patent Rights are pending or subsist;
"Agreement Date"	The last of the dates in which this Agreement was signed by Licensor or Can-Fite.

2. **Duration**

2.1 This Agreement shall commence on the Commencement Date and shall continue in force in each country of the Territory until the expiry of the last to expire of the Patent Rights in such country unless earlier terminated in accordance with the later provisions of this Agreement..

3. **Transfer of Technical Information**

3.1 Upon specific request made by Can-Fite to Leiden, at any time during the pendency of this agreement, Leiden will provide all Technical Information that has not previously been disclosed and that is reasonably necessary or desirable to enable Can-Fite to exercise its rights under this Agreement or will cause the Inventors to provide such Technical Information. Can-Fite can also approach the Inventors directly for such Technical Information.

4. **Grant of Rights**

4.1 Subject to Articles 4.4-4.6 below, the Licensor hereby grants to Can-Fite:

4.1.1 an exclusive licence under the Patent Rights to develop and manufacture Products; and

4.1.2 an exclusive licence to use, sell or otherwise deal in Products manufactured under the licence of Clause 4.1.1 anywhere in the Territory.

4.2 If requested by Can-Fite, the parties hereto agree to execute a formal licence agreement for the purposes of registering any patent licence granted pursuant to Clause 4.1 above in the respective official register of one or more patents or patent applications within the Patent Rights.

4.3 Can-Fite shall be entitled to sub-license to third parties under the rights granted provided that any such third party will execute an undertaking by which he shall abide by all terms and conditions as stipulated herein . Can-Fite shall notify the Licensor of any sub-licence granted within thirty days of entering such a sub-licence and shall send a copy of all such sub-licences entered into, which copy shall be held in confidence. In addition, Can-Fite shall share revenue with the Licensor from such sub-licensing activity in accordance with Clause 5 below.

4.4 The parties acknowledge that the United States Government shall have the irrevocable, royalty-free, paid-up right to practice and have practiced the Patent Rights throughout the Territory by or on behalf of the United States Government and on behalf of any foreign government or international organization pursuant to any existing or future treaty or agreement to which the United States Government is a signatory. Any license granted by the Licensor under the terms of this Agreement shall be subject to this right of the United States Government.

4.5 The Parties acknowledge that the United States Government (acting through its agent National Institutes of Health) reserves the right to require the Licensor, or Can-Fite, to grant sublicenses to responsible applicants, on terms that are reasonable under the circumstances when necessary to fulfill health or safety needs or when necessary to meet requirements for public use specified by United States Federal regulations.

4.6 For the avoidance of doubt, the Licensor reserves the right to grant research licenses on reasonable terms and conditions. The purpose of these research licenses is to encourage basic research, whether conducted at an academic or corporate facility.

4.7 Can-Fite acknowledges that its licence granted hereunder for the Patent Rights is subject to the provisions of 37 C.F.R. Part 401 and the rights retained by the United States Government, including the requirement for substantial manufacture in the United States as stated in Paragraph 11.1 of 37 C.F.R Part 401.

5. **Payment**

5.1 Within thirty (30) days of the Commencement Date, Can-Fite shall pay to the Licensor a license signing fee ("Signing Fee") of twenty five thousand Euros (Euro 25,000).

5.2 In addition, as of the year of 2009, Can-Fite shall pay to the Licensor an annual non-refundable minimum royalty of ten thousand Euros (Euro 1 0,000) ("Minimum Annual Royalty") within sixty (60) days of the start of each calendar year.

5.3 Can-Fite agrees to pay to the Licensor a royalty of three percent (3%) on Net Sales Value provided that Can-Fite shall be entitled to a credit of one-half percent (0.5%) against the royalty rate for each percent point in excess of two percent (2.0%) that Can-Fite must pay to an unaffiliated licensor for the manufacture and sale of Products. Said credit, however, shall not reduce the earned royalty due to the Licensor below two percent (2.0%) of Net Sales value.

Can-Fite agrees to pay the Licensor milestone payments in relation to the undernoted key milestones being achieved by Can-Fite or a sublicensee as follows:

1. Start of Phase I studies	EURO 50,000
2. Start of Phase II studies	EURO 100,000
3. Upon initiation of Phase III studies	EURO 200,000
4. Upon marketing approval	EURO 500,000

Each of these milestone payments will be due only once per patent contained in the Patent Rights.

5.4 Can-Fite agrees to pay the Licensor sublicensing royalties as follows:

(a) Two percent (2%) of the Net Sales Value generated by a sublicensee;

(b) Ten percent (10%) of all non-creditable and non-refundable consideration received for granting a sublicense. Fees paid expressly for research and development of Products and Processes, such as clinical trial support, shall be excluded.

5.5 In the event that Can-Fite shall transfer to a transferee that aspect of its business involving this agreement, Can-Fite agrees to pay the Licensor an assignment royalty of ten percent 10%) of all payments received *for such a transfer of this agreement,* provided, however, that no such royalty shall be owed to the Licensores in the event that the foregoing transfer is part of or results from a merger, consolidation or other reorganization of the Can-Fite or from a sale, exchange or other transfer of all or substantially all of its assets. For the removal of any doubt, for any transaction in which an assignment royalty as stipulated in this clause 5.5 will be due, no sublicensing royalty will be payable, as set out in Clause 5.4; and vice versa. Further Can-Fite will ensure that the transferee will be bound by the terms of this agreement, including, but not limited to, the payment of royalties set out in Clauses 5.1 to 5.4 above as well as that set out in this clause 5.5..

5.7 Payments due under Clauses 5.3 and 5.5 shall be made to Leiden within [30] days of the end of each calendar year in respect of royalties accruing on Products invoiced in that calendar year failing which interest shall be payable at the rate of three per centum above the Base Lending Rate.

5.8 All sums due under this Agreement shall be made in full without deduction of taxes, charges and other duties that may be imposed except in so far as any such deduction may be credited in full by the Licensor against the Licensor's own tax liabilities. The parties agree to cooperate in all respects necessary to take advantage of such double taxation agreements as may be available.

5.9 For the avoidance of doubt, Leiden shall make arrangements to share the revenue received under this Clause 5 with National Institutes of Health, all in accordance with the terms of a separate interinstitutional agreement.

6. Records and Reports

6.1 Can-Fite agrees to keep true and accurate records and books of account containing all data necessary for the determination of sums payable under Clause 5 which records and books of account shall upon reasonable notice by the Licensor be open at all reasonable times during business hours for inspection by the Licensor or their duly authorised agent for the purpose of verifying the accuracy of Can-Fite's reports hereunder. The accountant may take copies of the records and books of account but shall not disclose to the Licensor any information relating to the business or affairs of Can-Fite other than such information as properly should have been contained in any statement required to be furnished by Can-Fite to the Licensor. The Licensor shall be solely responsible for the costs of the accountant unless he certifies that any reports are inaccurate in any material respect in which event Can-Fite shall reimburse the Licensor for all his costs.

6.2 Can-Fite shall submit to Leiden within [30] days of the end of each calendar year a statement setting forth the quantity of Products made, used or sold, the Net Sales Value of Products and all income associated with sublicensing activity, for the immediately preceding calendar year.

6.3 The Licensor agree to maintain confidential all commercially sensitive information received with respect to Can-Fite's operations pursuant to the foregoing Clauses 6.1 and 6.2, while reserving the right to publicly disclose all sums due and/or payable under Clause 5.

7. Confidentiality

7.1 Each party agrees to maintain secret and confidential all Technical Information obtained from the others pursuant to this Agreement, to respect the other's proprietary rights therein, to use the same exclusively for the purposes of this Agreement, and to disclose the same only to those of its employees and sub-licensees pursuant to this Agreement (if any) to whom and to the extent that such disclosure is reasonably necessary for the purpose of this Agreement.

7.2 The foregoing obligations of Clause 7.1 above shall not apply to Technical Information or other information which:

(1) prior to receipt thereof from one party was in the possession of the other and at its free disposal;

(2) is subsequently disclosed to the recipient party without any obligations of confidence by a third party who has not derived it directly or indirectly from the other parties;

(3) is or becomes generally available to the public in printed publications in general circulation through no act or default of the recipient party or its agents or employees.

7.3 Notwithstanding the foregoing provisions, the parties and any sub-licensees pursuant to this Agreement shall be entitled to disclose Technical Information of the other to actual or potential customers for Products in so far as such disclosure is reasonably necessary to promote the sale or use of Products.

7.4 Each party shall procure that all its employees and sub-licensees pursuant to this Agreement (if any) who have access to any information of the other to which the obligations of Clause 7 apply shall be made aware of and subject to these obligations.

8. Indemnities

8.1 The Licensor warrant that at the Commencement Date all Technical Information disclosed or to be disclosed to Can-Fite hereunder is or will be, to the best of the Licensor's knowledge and belief, accurate (provided always that the Licensor will promptly correct any significant errors in the Technical Information subsequently discovered by the Licensor), but subject the Licensor shall be under no further liability to Can-Fite in respect of the Technical Information or of the manufacture, use, sale or other disposition of Products.

8.2 Can-Fite shall be exclusively responsible for the technical and commercial development of the Products and for incorporating any modifications or developments thereto that might be necessary or desirable and for all Products sold or supplied by Can-Fite and accordingly Can-Fite shall indemnify each of the joint owners in respect of all costs, damages and expenses incurred as a result of use by Can-Fite, its employees, agents or sub-licensees of the Patent Rights or any claims by third parties in tort or otherwise against either or both the joint owners or arising in any way out of the use of any of the Technical Information or Products by Can-Fite.

8.3 Can-Fite hereby undertakes and agrees to be solely responsible at its own cost and expense for dealing with and for any liability arising from any contractual, tort or other claims or proceedings concerning the Products or their development, production, marketing, distribution or sale in particular product liability claims or proceedings.

9. **Performance**

9.1 During the continuance of this Agreement:

9.1.1 Can-Fite shall use its reasonable commercial efforts to develop the Products. Can-Fite will submit a commercial development plan within 12 months from the Agreement Date. The commercial development plan will then be incorporated into this Agreement as Part 2 of the Schedule. I t is understood that it is within the nature of research and development that development route and the expected timelines may change and that the commercial development plan may have to be modified. Accordingly, Can-Fite may request Licensor from time to time to amend the commercial development plan, a request which will not be unreasonable denied.

9.1.2 Can-Fite shall use its best endeavours to implement the commercial development plan submitted under Art 9 .1.1 above , and to implement Parctical Application of the Patent Rights failing which the provisions of Art 11.3 shall apply;

9.1.3 Can-Fite shall not act as agent of The Licensor and specifically not give any indication that it is acting otherwise than as principal and in advertising or selling Products not make any representation or give any warranty on behalf of The Licensor.

9.1.4 Any sublicenses granted by Can-Fite shall provide for the termination of the sublicense, or the conversion to a license directly between the sublicensees and Leiden, at the option of the sublicensee, upon termination of this agreement.

9.1.5 Can-Fite agrees that Products used or sold in the United States shall be manufactured substantially in the United States, unless a written waiver is obtained in advance from National Insitutes of Health

9.1.6 Prior to the first commercial sale, Can-Fite agrees to provide the Licensor with reasonable quantities of Products for research use by each of the Licensor and National Institutes of health. In order to safeguard the Patent Rights, however, each of the joint owners shall consult with Can-Fite before providing to commercial entities research samples of Products.

10. **Patents**

10.1 It is acknowledged by all parties that Can-Fite has borne all costs associated with the prosecution of the Patent Rights since the Effective Date. In addition it is now agreed that this responsibility shall continue from the Commencement Date such that for the duration of this Agreement, Can-Fite shall at its own cost diligently prosecute to grant all subsisting patent applications within the Patent Rights in at least the Primary Territories, as defined below, so as to secure the broadest monopoly reasonably obtainable consistent with avoiding serious prejudice to the validity of such granted patents and shall maintain all patents within the Patent Rights in force for the full terms thereof. ***Said Primary Territories include the US, UK, France, Germany, Italy, Switzerland, Japan, Canada and Australia.***

10.2 In the event of any infringement by a third party of any of the Patent Rights in the Territory on such a scale as to affect prejudicially Can-Fite's business in the Products to a substantial extent, Can-Fite may take all legitimate steps to halt such infringement. Can-Fite may request the Licensor ***or any of the Inventors or*** any other inventor of the Patent Rights to lend its names to such proceedings and provide reasonable assistance subject to Can-Fite giving them an indemnity in respect of all costs, damages and expenses that they may incur including any award of costs against them [in so far as the aggregate of all such costs and damages may exceed that recoverable under the next following provisions]. Where such infringement proceedings are conducted by Can-Fite under the name of the Licensor, Can-Fite may apply all royalties due under Clauses 5.2 and 5.3 subsequent to the date of notification by Can-Fite to the Licensor of the relevant infringement to defray any costs directly incurred by Can-Fite (excluding award of costs in favour of third parties) provided however that the total liabilities or waiver of royalties of the Licensor hereunder shall in no circumstances exceed the sum of all royalties due subsequent to that date and up to the date of the delivery of the final decision in the relevant infringement proceedings and provided further that this provision shall only apply subject to Can-Fite exercising all due diligence in pursuing the proceedings to a conclusion. Any damages recovered shall be dealt with in a manner which shall be fair and reasonable as between the Licensor and Can-Fite.

10.3 As at the Commencement Date, to the best of the Licensor's knowledge and belief the exercise of the rights granted or to be granted to Can-Fite hereunder will not result in the infringement of valid patents of third parties. Subject thereto, the Licensor gives no warranty in this respect and do not give Can-Fite any indemnity against costs, damages, expenses or royalties arising out of proceedings brought against Can-Fite or any customer of Can-Fite by any third party. Should Can-Fite be sued for infringement of any patent or patents of the third party by reason of its operation of the Process or manufacture, use or sale of the Products, the Licensor shall, on request, assist Can-Fite in its defence to such action to the extent that in all the circumstances it is reasonable to do so but shall otherwise be under no obligations in respect thereof. All costs of any such action shall be borne by Can-Fite to whom shall belong all sums that may be recovered from the third party.

10.4 If at any time during this Agreement Can-Fite directly or indirectly opposes or assists any third party to oppose the grant of letters patent on any patent application within the Patent Rights or disputes or directly or indirectly assists any third party to dispute the validity of any patent within the Patent Rights or any of the claims thereof, the Licensor shall be entitled at any time thereafter to terminate all or any of the licences granted hereunder forthwith by notice thereof to Can-Fite.

11. **Termination**

11.1 If any party is in breach of any of its obligations and, in the case of a breach capable of remedy, it shall not have been remedied by the defaulting party within 90 days of written notice specifying the breach and requiring its remedy, or if Can-Fite becomes apparently insolvent, has a receiver or administrator appointed over the whole or any part of its assets, enters into any compound with creditors, or has an order made or resolution passed for it to be wound up (otherwise than in furtherance of a scheme for amalgamation or reconstruction) then the Licensor or, in the case of breach, the party not in breach of the obligation or condition, may forthwith terminate this Agreement by written notice without prejudice to the accrued rights of either party.

11.2 On termination of this Agreement for any reason, Can-Fite shall continue to have the right for a period of twelve (12) months from the date of termination to complete deliveries on contracts in force at that date and to dispose of Products already manufactured subject to payment to the Licensor of royalties thereon in accordance with Clause 5 above.

11.3

11.3 .1 During the term of this Agreement, the Licensor may terminate this Agreement when:

(a) it is determined by the Licensor in discussion with National Institutes of Health Office of Technology Transfer that:

(i) Termination is necessary to alleviate health or safety needs which are not reasonably satisfied by Can-Fite;

(ii) Termination is necessary to meet requirements for public use specified by Federal law or regulations and these requirements are not reasonably satisfied by Can-Fite; or

(iii) Termination is necessary because the requirements of 35 U.S.C. §204 have not been satisfied or waived or because a licensee of the exclusive right to use or sell the Patent Rights in the United States is in breach of its agreement obtained pursuant to Section 204; and

(b) Can-Fite has been notified of this determination and has been given at least ninety (90) days to provide a response to this determination, and the response is deemed to be unsatisfactory by the Licensor, in consultation with National Institutes of Health.

11.4 A copy of the fully executed inter-institutional agreement between the Licensor and the National Institutes of Health shall be sent to Can-Fite no later than six months from the Agreement Date, failing which Can-Fite shall be entitled to terminate the Licence Agreement with immediate effect on giving written notice to the Licensor and thus will transfer all management of the Patent Rights to the Licensor, for the future expense of the Licensor. Patent costs incurred by Can-Fite prior to termination under this Article 11.4 shall be promptly reimbursed by the Licensor.

12. **General**

12.1 This Agreement shall be binding upon and ensure to the benefit of the parties hereto and their respective legal successors but shall not otherwise be assignable by Can-Fite without the written consent of the Licensor, which consent shall not be unreasonably withheld.

12.3 Each and every provision of this Agreement shall be read (where possible) as entirely independent and severable from the other provisions. In all cases where a provision of this Agreement is reducible, invalid or unenforceable in terms of any legislation or other legal authority, such provision shall not affect the validity of the remaining portion of this Agreement which shall remain in force and effect as if this Agreement had been granted with no such provision and it is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such provisions.

12.4 A failure by a party to exercise or enforce any rights conferred upon it by this Agreement shall not be deemed to be a waiver of any such rights or operate so as to bar the exercise or enforcement thereof at any subsequent time or times.

12.7 The text of any press release or other communication to be published by or in the media concerning the subject matter of this Agreement shall require the approval of each party.

13. **Notices**

13.1 Any notice required to be given hereunder by any party shall be in writing and shall be served by sending the same by registered post to the address of the other party as given herein.

13.2 Any notice to the Licensor shall be sufficiently served if addressed to:

Leiden, marked for the attention of the Director of Research & Innovation Services, LURIS, Poortgebouw Noord, Rijnsburgerweg 10, 2333A Leiden , The Netherlands; and

13.3 Any notice to Can-Fite shall be sufficiently served if addressed to Can-Fite Biopharma, Ltd., P.O. Box 7537, Petach-Tikva 49170, Israel and marked for the attention of Chief Operating Officer.

14. **Governing Law**

This Agreement and all matters relating thereto shall be governed by the laws of the Netherlands.

Signed on behalf of the Licensor

Signed	/s/ H. Wite Best	Date	11/02/2009
Name	H. Wite Best		
Designation	Vice Chair Executive Board		

SIGNED on behalf of Can Fite

Signed	/s/ Pnina Fishman	Date	30.12.08
Name	Pnina Fishman, Ilan Cohn		
Designation	CEO, Vice Chairman		

This is the Schedule referred to in the foregoing Agreement

Part 1 - Patent Rights

1. PCT/US2007/001930, entitled “A3 Adenosine Receptor Allosteric Modulators”

Priority Date 26 January 2006

Part 2 Commercial Development Plan

To be submitted to Licensor within 12 months of the Agreement Date.

Exhibit 4. 11

Execution Copy
Confidential

LICENSE AGREEMENT

BETWEEN

CAN-FITE BIOPHARMA, LTD.

AND

SEIKAGAKU CORPORATION

DATED September 22, 2006

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Execution Copy
Confidential

LICENSE AGREEMENT

This License Agreement (this **"Agreement"**), dated as of September 22, 2006 (the **"Effective Date"**), is made by and between Can-Fite BioPharma, Ltd., having its principal place of business at 10 Bareket St. Petach Tikva, Israel (**"Can-Fite"**), and Seikagaku Corporation, having its principal place of business 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan (**"SKK"**). Can-Fite and SKK may be referred to herein individually as a **"Party"** and collectively as the **"Parties."**

RECITALS

WHEREAS, Can-Fite is developing an adenosine A3 receptor agonist known as CF101 (as more fully described below, the **"Ingredient"**) for treating inflammatory diseases; and

WHEREAS, Can-Fite has initiated Can-Fite's Phase II Clinical Trial (as defined below) of the product containing the Ingredient as the active pharmaceutical ingredient (as more fully described below, the **"Product"**), as described in the Existing Filing Document (as defined below); and

WHEREAS, Can-Fite owns certain intellectual property right(s) covering the therapeutic use of the Ingredient; and

WHEREAS, Can-Fite currently plans to change the dosage form of the Product from capsule to tablet; and

WHEREAS, Can-Fite desires to grant, and SKK desires to obtain, certain exclusive rights and licenses regarding the Ingredient and Product (as more specifically provided in Section 2.1 herein) within the Territory (as defined below), together with other related rights and an option to manufacture Ingredient in the Territory, all in accordance with the terms and conditions of this Agreement;

NOW THEREFORE, for and in consideration of the covenants, conditions, and undertakings hereinafter set forth, it is agreed by and between the Parties as follows:

ARTICLE 1.
DEFINITIONS

As used in this Agreement, (i) neutral pronouns and any derivations thereof shall be deemed to include the feminine and masculine and all terms used in the singular shall be deemed to include the plural and vice versa, as the context may require; (ii) the words **"hereof"** and **"hereunder"** and other words of similar import refer to this Agreement as a whole, including all exhibits, as the same may be amended from time to time, and not to any subdivision of this Agreement; (iii) the word **"including"** is not intended to be exclusive and means "including without limitation"; (iv) the word **"days"** means "calendar days," unless otherwise stated; (iv) **"Section"** refers to sections and subsections in this Agreement; (iv) descriptive headings are inserted for convenience of reference only and do not constitute a part of and shall not be used in interpreting this Agreement; and the following capitalized terms shall have the following meanings:

1.1 **"Affiliate"** shall mean a corporation, partnership, trust, limited liability company or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a Party, but only for so long as such relationship exists. For such purposes, "control" or "controlled by" and "under common control with" shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock or partnership interest, by contract or otherwise. In the case of a corporation, the direct or indirect ownership of more than fifty percent (50%) of its outstanding voting shares shall in any event be deemed to confer control, it being understood that the direct or indirect ownership of a lesser percentage shall not necessarily preclude the existence of control.

1.2 **"Bridging Strategy"** shall mean the strategy for submission of a New Drug Application to the Regulatory Authority in Japan that involves use of results from Clinical Studies conducted outside Japan as indicated in ICH-E5.

1.3 **"Can-Fite's Other Licensee(s)"** shall mean companies, firms, corporations, partnerships or other Third Party entities, to whom Can-Fite has granted a right to develop and commercialize the Product in the Field but outside the Territory.

1.4 **"CDA"** shall mean the Mutual Confidential Disclosure Agreement between the Parties dated as of April 27, 2004.

1.5 **"Clinical Study/Studies"** shall mean such clinical studies in human beings, including Phase II Clinical Trials and Phase III Clinical Trials as may be required to be conducted and/or produced by or on behalf of either Party, and (if applicable) by Sublicensee(s) or Can-Fite's Other Licensee(s), in connection with obtaining Marketing Authorization for the Product either inside or outside of the Territory.

1.6 **"Clinical Study Costs"** shall mean the entire costs (including reasonable overhead) relating to the performance of a Clinical Study/Studies, including (i) payments made to contract research organizations (**"CROs"**), clinical trial sites, laboratories, physicians, investigators, clinical research associates (**"CRAs"**), consultants and other personnel directly related to the performance of a Clinical Study, (ii) costs of Ingredient and Product used in the Clinical Study, (iii) costs associated with the preparation of a final report of the Clinical Study, (iv) costs of investigator and CRA meetings relating to the Clinical Study, and (v) reasonable internal costs relating to the Clinical Study.

1.7 **"Commercial Launch"** shall mean the first shipping by SKK, its Affiliate, its distributor or Sublicensee of the Product following Marketing Authorization to its or their wholesalers or other Third Party purchasers in the Territory, in such commercial quantities of the Product as may reasonably be appropriate to establish the Product, as applicable, throughout the Territory.

1.8 **"Commercially Reasonable Efforts"** shall mean continuous and diligent efforts of a degree and kind, including the level of attention and care and providing of funding and manpower, as are consistent with industry custom and practice and with the then current stage of product life cycle, which efforts shall in no event be less than the efforts that a Party applies with respect to its other programs and products of similar commercial potential consistent with the exercise of good business judgment for the maximization of profits.

1.9 **"Confidential Information"** shall mean any and all inventions, ideas, discoveries, data, instructions, designs, information, components, methods, tools, developments, innovations, techniques, materials, technology, protocols, procedures, results, formulae, trade secrets, know-how and other non-public and proprietary materials, products, processes or information, including research, product plans, manufacturing processes, manufacturing or operating costs, services, software, hardware, customer lists, price lists, business plans, marketing plans or financial information, that is or was disclosed or supplied by a Party (the **"Disclosing Party"**) to the other Party (the **"Receiving Party"**) in connection with this Agreement or the CDA. Disclosures by a Party's Affiliate shall be deemed disclosures by that Party, and disclosures to a Party's Affiliate shall be deemed disclosures to that Party.

Notwithstanding the foregoing, Confidential Information shall not include any part of the foregoing that the Receiving Party can prove:

1.9.1 Was already known to the Receiving Party as evidenced by the Receiving Party's competent, contemporaneous written records, other than any portion of such information that was under an obligation of confidentiality at the time of its disclosure;

1.9.2 Became generally available to the public or otherwise becomes part of the public domain after disclosure of such information to the Receiving Party, other than by breach of this Agreement by the Receiving Party or by anyone to whom the Receiving Party disclosed such information;

1.9.3 Was subsequently lawfully without any restriction on disclosure disclosed to the Receiving Party by a Third Party other than in breach of a confidentiality obligation of such Third Party to the Disclosing Party; or

1.9.4 Was independently developed or discovered by employees of the Receiving Party who had no access to the Confidential Information of the Disclosing Party and did not make use of the Confidential Information of the Disclosing Party, as demonstrated by competent, contemporaneous written records.

1.10 **"Controlled"** or **"Controls"**, when used in reference to intellectual property, shall mean the legal authority or right of a Party (or any of its Affiliates) to grant a license or sublicense of intellectual property rights to the other Party, or to otherwise disclose proprietary or trade secret information to the other Party, without breaching the terms of any agreement with a Third Party, infringing upon the intellectual property rights of a Third Party, or misappropriating the proprietary or trade secret information of a Third Party. This term may be used herein as a noun.

1.11 **"Data"** shall mean any and all data from research and development work, including but not limited to all data from Clinical Studies or Non-Clinical Studies and regulatory submissions, related to the Ingredient or Product, including but not limited to data related to metabolites, degradation substances and impurities.

1.12 **"Development Plan"** shall mean the written document prepared and determined by SKK that describes the overall program for development of the Product in the Field in the Territory. The Development Plan shall include, among other things, estimated budgets, activities and timelines for pre-clinical studies and Clinical Studies for the Product, including toxicology, pharmacology and efficacy studies in humans, planned to be conducted to achieve each step towards procurement of Marketing Authorization. The Development Plan also shall forecast the initial Ingredient and/or Product supply requirements for such development activities.

1.13 **"Existing Filing Document"** shall mean the document(s) submitted by Can-Fite to FDA to enable Can-Fite to lawfully initiate a Phase II Clinical Trial (as defined below) with respect to the Product.

1.14 **"FDA"** shall mean the United States Food and Drug Administration, or any successor entity thereto.

1.15 **"Field"** shall mean systemic use (oral and injectable) of the Product for the therapeutic treatment of inflammatory diseases in humans; provided, however, that notwithstanding the foregoing, SKK shall not sell Product that is labeled for ophthalmic use.

1.16 **"Ingredient"** shall mean an adenosine A3 receptor agonist designated by Can-Fite as CF101, and known generically as IB-MECA (Methyl 1-[N6-(3-iodobenzyl)-adenin-9-y1]-β-D-Ibofuronamid), the chemical structure of which is illustrated in Exhibit A.

1.17 **"Knowledge"** shall mean, with respect to a Party, the good faith understanding of the facts and information in the possession of an officer of such Party, or any in-house legal counsel of such Party, without any duty to conduct any additional investigation with respect to such facts and information by reason of the execution of this Agreement. For purposes of this definition, an "officer" shall mean any person in the position of senior vice president, president, chief operating officer or chief executive officer of a Party.

1.18 **"Licensed Know-How"** shall mean all ideas, data, instructions, discoveries, inventions, processes, formulae, techniques, procedures, designs, sketches, records, components, methods, tools, developments, innovations, materials, technology, protocols, results, expert opinions and other information Controlled by Can-Fite as of the Effective Date and during the term of this Agreement relating to the Ingredient and/or the Product that are not in the public domain and that are necessary for the development, use, manufacture (as authorized under this Agreement) or sale of the Ingredient and/or Product in the Territory. Licensed Know-How shall expressly exclude Licensed Patents.

1.19 **"Licensed Patents"** shall mean the patents and patent applications Controlled by Can-Fite as of the Effective Date and during the term of this Agreement relating to the Ingredient and/or the Product and/or the use of the Ingredient or the Product for treatment of a disease within the Field and having one or more Valid Claims within the Territory. The Licensed Patents are identified in Exhibit B, attached hereto and incorporated herein, as it may be amended by the Parties from time to time.

1.20 **"Licensed Technology"** shall mean the Licensed Know-How and the Licensed Patents.

1.21 **"Manufacturing Cost"** shall mean all costs for the Ingredient, calculated by using Can-Fite's standard accounting procedures. Such costs shall include, but not be limited to, the fully burdened costs of all raw materials, labor and reasonable overhead for the synthesis, formulation, filling, finishing, labeling, packaging, storing, quality control and assurance activities and procurement costs associated with the Ingredient.

1.22 **"Marketing Authorization"** shall mean all approvals (including labeling, price and reimbursement approvals, if applicable), licenses, registrations or authorizations of any Regulatory Authority necessary for the commercial marketing, sale and use of the Product, as the case may be, in the Territory.

1.23 **"MHLW"** shall mean (i) the Ministry of Health, Labour and Welfare, the Japanese drug regulatory authority, and (ii) the Pharmaceuticals and Medical Devices Agency, an incorporated administrative agency who is the contractor of said Ministry (a) to provide guidance and advice on clinical trials, (b) to review and assess the Regulatory Filings, (c) to assess compliance with the GLP and GCP requirements, and to make GMP audits, and (d) to manage the safety and efficacy information during pre- and post-marketing phases, or any successor of their functions.

1.24 **"NDA"** or **"New Drug Application"** shall mean a new drug application filed with a Regulatory Authority, wherein NDA approval shall permit marketing of the applicable Product.

1.25 **"Net Sales"** shall mean the total amount invoiced to Third Parties in connection with sales of the Product by SKK, its Affiliates, its distributors and its Sublicensees to wholesalers or other Third-Party purchasers, less the following items to the extent actually paid or allowed and specified on any documents related to such sales:

1.25.1 Packaging, transportation and prepaid insurance charges on shipments or deliveries of Product;

1.25.2 Credit or refund actually allowed for any returned Product;

1.25.3 Reasonable and customary rebates, actually granted or given to wholesalers or other distributors; and

1.25.4 Sales or value added taxes actually incurred and paid by SKK, its Affiliates or Sublicensees in connection with the sale or delivery of the Product.

No deductions shall be made for cost of collections or for commissions paid to individuals, whether they be with independent sales agencies or regularly employed by SKK, and/or its Affiliates and on its or their payroll. Product shall be considered "sold" when billed out or invoiced. Sale or transfer to an Affiliate for resale by such Affiliate shall not be considered a sale for the purpose of this provision, but the resale by such Affiliate to a Third Party shall be a sale for such purpose.

No multiple royalties shall be payable to Can-Fite because the manufacture, use, sale, offer for sale or importation of any Product is covered by more than one of the Licensed Patents.

1.26 **"Non-Clinical Study/Studies"** shall mean any and all pre-clinical studies and non-clinical studies as may be required to be conducted and/or produced by or on behalf of either Party, and (if applicable) by Sublicensee(s) or Can-Fite's Other Licensee(s), in connection with obtaining Marketing Authorization for the Product either inside or outside of the Territory. Non-Clinical Studies shall include any research and development conducted by either Party on the dosage form of the Product.

1.27 **"Non-Clinical Study Costs"** shall mean the entire costs (including reasonable overhead) relating to the performance of a Non-Clinical Study/Studies, including (i) payments made to CROs, laboratories, physicians, investigators, consultants and other personnel directly related to the performance of a Non-Clinical Study, (ii) costs of Ingredient and Product used in the Non-Clinical Study, (iii) costs associated with the preparation of a final report of the Non-Clinical Study, and (iv) reasonable internal costs relating to the Non-Clinical Study.

1.28 **"Phase II Clinical Trial"** shall mean a human clinical trial of the Product, the principal purpose of which is a determination of safety and efficacy of the Product in the target patient population, or a similar clinical study prescribed by the Regulatory Authority in the Territory. The term "Phase II Clinical Trial" shall expressly include both or either Phase IIa Clinical Trials and Phase IIb Clinical Trials. A Phase II Clinical Trial shall be deemed to have commenced when the first patient or subject in such study has been enrolled.

1.29 **"Phase III Clinical Trial"** shall mean a human clinical trial of the Product, on a sufficient number of subjects that is designed to establish that the Product is safe and efficacious for its intended use, and to determine warnings, precautions, and adverse reactions that are associated with the Ingredient or Product in the dosage range to be prescribed, which trial is intended to support Marketing Authorization for the Product, as the case may be. A Phase III Clinical Trial shall be deemed to have commenced when the first patient or subject in such study has been enrolled.

1.30 **"Product"** shall mean a pharmaceutical product intended for use or sale in the Field, wherein such product (i) contains the Ingredient as the active pharmaceutical ingredient, (ii) meets the applicable Specifications, and (iii) is in a form appropriate for systemic administration to a recipient.

1.31 **"Regulatory Authority"** shall mean, with respect to any particular country, territory or union, the governmental authority, body, commission, agency or other instrumentality of such country, territory or union with the primary responsibility for the evaluation or approval of pharmaceutical products before such pharmaceutical product may be tested, marketed, promoted, distributed or sold in such country, including such governmental bodies that have jurisdiction over the pricing of such pharmaceutical product. The term "Regulatory Authority" includes the MHLW, the FDA, and the European Agency for the Evaluation of Medicinal Products (**"EMEA"**).

1.32 **"Regulatory Filing"** shall mean all filings with the applicable Regulatory Authority for registrations, permits, licenses, authorizations, approvals, or notifications that are required to develop, make, use, sell, import or export the Product, as the case may be, and shall include a New Drug Application.

1.33 **"Reimbursement Price"** shall mean the price that may be charged for the Product in the Territory, as determined by the Regulatory Authority or the health authorities or any other authority that controls or regulates drug prices in the Territory.

1.34 **"Sublicensee"** shall mean an Affiliate of SKK or a Third Party to whom SKK has granted a right to manufacture, market, promote, distribute, and/or sell the Product (and/or to manufacture Ingredient, but only if SKK exercises its option to manufacture Ingredient in accordance with Section 7.7) within the Territory in accordance with Section 2.3. Notwithstanding the foregoing sentence, it is understood that, unless applicable laws and/or regulations require SKK to grant a sublicense to a Third Party distributor(s) of the Product in the Territory, who will be appointed by SKK for the specific purpose of marketing, promoting, distributing and/or selling Product in the Territory, such Third Party distributor(s) shall not be deemed to be a Sublicensee(s) for purposes of this definition.

1.35 **"Territory"** shall mean Japan.

1.36 **"Third Party"** shall mean any person or entity other than the Parties or their Affiliates.

1.37 **"Trademarks"** shall mean, as of the Effective Date and during the term of this Agreement, the Ingredient-specific and/or Product-specific trademarks that are used, or are intended to be used, by Can-Fite or SKK, or by any of their Affiliates or contractually bound Third Parties, in conjunction with distribution, promotion, marketing, sales, offers to sell, import, export or other exploitation of Product. The Trademarks licensed for use in the Territory are identified in Exhibit C, attached hereto and incorporated herein, as it may be amended by the Parties from time to time. All such Trademarks, whether in the English language or any other language, shall be owned by Can-Fite.

1.38 **"Valid Claim"** shall mean (i) a composition of matter claim, a method claim, a use claim, a pharmaceutical composition claim or an equivalent claim of an issued and unexpired patent (including a use patent) in the Territory covering the Ingredient, the Product or its pharmaceutical use, or (ii) a composition of matter claim, a method claim, a use claim, a pharmaceutical composition claim or an equivalent claim of a pending patent application in the Territory covering the Ingredient, the Product or its pharmaceutical use, but only if such claim within such pending patent application is being diligently prosecuted, and only if such claim has not been revoked or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction from which no appeal can be taken, or with respect to which an appeal is not taken within the time allowed for appeal, and that has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise, and that has not been lost through an interference proceeding or by abandonment.

1.39 **Additional Definitions**:

Defined Term	Section in which Defined
Actual Cost	7.4.2
Agreement	Preamble
Bankrupt Party	14.3
Breaching Party	14.2
Can-Fite	Preamble
Can-Fite Indemnitees	12.2
Can-Fite Invention	10.2.2
Can-Fite's Facility	7.6.1
CGL	12.4
CRAs	1.6
CROs	1.6
Disclosing Party	1.9
Dispute	15.1
Dosage Form Development	5.1
Effective Date	Preamble
EMEA	1.31
ICC	15.2
Indemnified Party	12.3

Defined Term	Section in which Defined
Indemnifying Party	12.3
Inventions	10.2.1
Joint Committee or JC	3.1
List of Can-Fite Studies	4.1
Losses	12.1
Manufacturing Process	11.1
Marketing Plans	8.2
Non-Breaching Party	14.2
Parties	Preamble
Party	Preamble
Receiving Party	1.9
Senior Executives	15.1
SKK	Preamble
SKK Indemnitees	12.1
SKK Invention	10.2.2
Specifications	7.3
Supply Agreement	7.3
Withholding Tax	9.8

ARTICLE 2.
LICENSE

2.1 License Grant. Subject to the terms and conditions of this Agreement, Can-Fite hereby grants to SKK during the term of this Agreement a sole and exclusive license, even as against Can-Fite, under the Licensed Technology (i) to develop, import and use the Ingredient in the Field in the Territory, and (ii) to develop, have developed, register, market, have marketed, produce, have produced, distribute, have distributed, sell, have sold, offer for sale and import the Product in the Field in the Territory, and (iii) to have produced the Product outside the Territory for sale of such Product in the Field in the Territory. Such right granted to SKK pursuant to this Section 2.1 shall include SKK's right under the Licensed Technology to conduct research on doses, formulations and dosage forms of the Product.

2.2 Trademark License. Subject to the terms and conditions of this Agreement, Can-Fite hereby grants to SKK an exclusive, royalty-free, fully paid-up license to use the Trademarks in connection with the distribution, marketing, promotion and sale of Product in the Field in the Territory, subject to quality control conditions established by Can-Fite, for so long as SKK is distributing, marketing, promoting and selling the Product in accordance with this Agreement. SKK is entitled to sublicense the Trademarks on a royalty-free basis within the above scope to Sublicensee(s).

2.3 Sublicenses. SKK shall have the right to grant sublicenses under the licenses set forth in Sections 2.1 and 2.2 to Sublicensees, subject to the following conditions: (i) the execution of an agreement between SKK and any Sublicensee shall not in any way diminish, reduce or eliminate any of SKK's obligations under this Agreement, and SKK shall remain primarily liable for such obligations; (ii) SKK shall require each Sublicensee to agree in writing in its sublicense agreement to be bound by and comply with all the provisions and limitations of this Agreement applicable to SKK that are applicable to the rights sublicensed therein; (iii) SKK shall discuss such proposed sublicense with Can-Fite prior to SKK's commitment to such Sublicensee; (iv) SKK shall provide Can-Fite a copy of any such proposed sublicense agreement (with financial and confidential information redacted); and (v) Can-Fite shall have approved the Sublicensee and the sublicense agreement in writing before the execution of any such sublicense, which approval shall not be unreasonably delayed or withheld. Without limiting the foregoing, SKK shall remain responsible to Can-Fite for payment of royalties due under this Agreement on the Net Sales of each such Sublicensee and for each Sublicensee's adverse event reporting, pharmacovigilance and product complaint obligations under this Agreement. The permitted Sublicensees may not further sublicense any rights granted hereunder without the prior written consent of Can-Fite.

2.4 Right of Negotiation for Additional Exclusive License(s) within Asia. Upon SKK's request at any time during the term of this Agreement, Can-Fite will enter into good faith negotiations for a period of ninety (90) days with SKK for the grant to SKK of an exclusive Product license(s) outside of the Territory but within Asia (excluding China and India) that may be requested by SKK. Upon mutual agreement between the Parties regarding the terms and conditions of such Product license, the Parties will enter into a separate license agreement therefor; provided, however, that Can-Fite shall not have any obligation to enter into such negotiations if Can-Fite is negotiating with or has entered into an agreement in respect of such Product license with a Third Party under the Licensed Technology for use in the Field in the particular country or territory which is the subject of SKK's request; and provided further that, upon expiration of the above-mentioned ninety (90)-day negotiation period without a written agreement between the Parties, neither Party shall have any further obligation of any kind regarding such additional Product license(s).

2.5 Restrictions. During the term of this Agreement and as partial consideration for the licenses and rights granted hereunder, SKK shall not directly or indirectly, through one or more Affiliates or Third Parties, conduct, fund, license or participate in the development, distribution or commercialization in the Territory, in the Field, of any product containing an adenosine A3 receptor agonist as an active ingredient for use in the Field, other than the Product or as the Parties expressly agree in writing, regardless of whether such product is to be used for the same indication(s) as the Product. If SKK breaches its obligation under this Section 2.5, Can-Fite may convert the exclusive license granted in Section 2.1 to a non-exclusive license or may immediately terminate this Agreement, in Can-Fite's sole discretion.

2.6 Retained Rights. Can-Fite retains all rights to research, develop, have developed, commercialize, use, market, have marketed, distribute, have distributed, sell, have sold, offer for sale, make, have made, import, export and otherwise exploit the Ingredient, the Product and the Licensed Technology outside the Field in the Territory and in the Field outside the Territory. For the sake of clarity, the exclusive license granted to SKK under Section 2.1 shall not preclude Can-Fite from conducting research with academic investigators in Japan. Subject to Section 7.7, Can-Fite shall have the sole and exclusive right (itself or through a Third Party) to manufacture or have manufactured the Ingredient and to supply the same to SKK as described herein.

2.7 No Implied Licenses. SKK acknowledges that the commercialization licenses granted by Can-Fite herein are limited to the Product in the Field in the Territory. No rights or licenses, including any research or development rights, with respect to products (other than the Product), the Licensed Technology or other intellectual property Controlled by Can-Fite are granted or shall be deemed granted hereunder or in connection herewith, other than those rights expressly granted in this Agreement.

ARTICLE 3.
JOINT COMMITTEE

3.1 Joint Committee. The Parties have a common understanding that it is necessary and desirous to harmonize and make consistent SKK's activities related to the development of the Product in the Field in the Territory hereunder, and Can-Fite's independent activities pertaining to development of the Product in the Field outside the Territory. To realize such harmonization and consistency, Can-Fite and SKK shall establish a joint committee (the **"Joint Committee"** or **"JC"**) to facilitate communication and coordination between the Parties in this regard. The Joint Committee shall facilitate the assistance provided by Can-Fite to SKK in order to achieve the mutually desired objective of speed, efficiency and coordination regarding SKK's Product development activities hereunder. The Joint Committee's responsibilities shall include review and discussion of: (i) the Development Plan, SKK's progress with respect to the Development Plan's activities and objectives, and the results and other outcomes of the development of the Product under the Development Plan in the Field; (ii) the strategic and operational issues identified by SKK in connection with Product development in the Field in the Territory by or on behalf of SKK; (iii) the plan and the protocols for pertinent Non-Clinical Studies and Clinical Studies to be conducted by or on behalf of Can-Fite with respect to the Product in the Field outside the Territory; (iv) Can-Fite's general progress, results and other outcomes of development of Product in the Field outside the Territory; and (v) the strategic and operational issues identified by Can-Fite in connection with Product development in the Field outside the Territory by or on behalf of Can-Fite. Both Parties will freely and candidly exchange views and opinions, and offer advice, recommendations or suggestions to the other Party, in order to foster harmonization and consistency with respect to global Product development. Each Party shall respect and reasonably consider the other Party's view, opinion, advice, recommendation and suggestion. The JC meetings may serve as a meeting of the Parties for information exchange purposes, as set forth herein. The Joint Committee shall cease to function, and this Article 3 shall have no further force and effect, upon the date that SKK is no longer pursuing clinical development (including post-marketing development and studies) of the Product in the Field in the Territory.

3.1.1 Membership. The JC shall be comprised of four (4) members, with two (2) members appointed by Can-Fite and two (2) members appointed by SKK. Each Party shall at all times have at least one (1) representative on the JC that is at a function head level. Each Party may replace one or more of its JC representatives at any time, with prior written notice to the other Party. With the consent of the JC members, other representatives of Can-Fite or SKK may attend JC meetings as non-voting observers.

3.1.2 JC Meetings. Except as otherwise expressly and mutually agreed by the Parties' lead representatives on the JC, the JC shall meet at least once each calendar quarter, and at such other times and at places as are agreed to by both Parties. Half of the meetings shall take place in person; the other half may take place either in person or via tele-or video-conference. Each Party shall bear its own personnel and travel costs and expenses relating to JC meetings. Each Party's lead representative shall co-chair meetings of the JC, and both co-chairs (or one of them, as may be agreed between them) shall be responsible for preparing the meeting agendas and minutes in turn. JC meeting minutes shall be distributed in draft form not later than thirty (30) days following each JC meeting, and shall be deemed accepted and effective unless an authorized representative of either Party has objected to the same in writing within thirty (30) days of the Parties' receipt of such minutes. Final minutes of each JC meeting shall be promptly distributed to the Parties.

3.2 No Committee Amendments; Authority. Notwithstanding the creation of the JC, each Party to this Agreement shall retain the rights, powers, and discretion granted to it hereunder, and the JC shall not be delegated or vested with any such rights, powers, or discretion unless such delegation or vesting is expressly provided for herein or the Parties expressly so agree in writing. The JC shall have no power to amend or modify this Agreement, which may be amended or modified only as provided in Section 16.6.

ARTICLE 4.
EXCHANGE OF INFORMATION

4.1 Information Disclosure by Can-Fite Prior to the Effective Date. Prior to the Effective Date, Can-Fite has used Commercially Reasonable Efforts to disclose to SKK the Existing Filing Document and Licensed Technology. SKK acknowledges Can-Fite's delivery, prior to the Effective Date, of a list indicating the title and study number of the Non-Clinical Studies, Clinical Studies and tests contained in the Existing Filing Document, as well as other Non-Clinical Studies, Clinical Studies and tests related to the Product that have been initiated as of the Effective Date (**"List of Can-Fite Studies"**). Such List of Can-Fite Studies includes a notation as to (i) whether or not such Non-Clinical Studies, Clinical Studies and/or tests were/ are being conducted in compliance with "Good Laboratory Practice" (for Non-Clinical Studies) and in compliance with "Good Clinical Practice" (for Clinical Studies), and (ii) whether such Non-Clinical Studies, Clinical Studies and/or tests were completed or are "on-going" (which indicates that a study or test has been initiated, but not yet been completed).

4.2 Disclosure of Intellectual Property by the Parties During the Term. During the term of this Agreement, Can-Fite shall use Commercially Reasonable Efforts to disclose to SKK Licensed Technology that is necessary to SKK's full enjoyment of the license rights granted to SKK hereunder. During the term of this Agreement, SKK shall use Commercially Reasonable Efforts to disclose to Can-Fite intellectual property (including patent rights and know-how) that is necessary to Can-Fite's full enjoyment of its retained rights hereunder.

4.3 Information Exchange. In addition to disclosure to the Joint Committee of the progress and results of pertinent Non-Clinical Studies and Clinical Studies regarding the Product which were not disclosed prior to the Effective Date, each of Can-Fite and SKK shall provide to the other summary reports generated in the conduct of pertinent Clinical Studies and Non-Clinical Studies of the Product, as well as written summaries of the Regulatory Filings regarding the Product, upon completion of each phase of such Clinical Studies or completion of tests within such Non-Clinical Studies; in all cases subject to Third-Party confidentiality restrictions as may exist. All such Product-related information exchanged hereunder (including such summary reports and written summaries, which shall include sufficient information to enable the recipient to understand each study and its results) shall be written in the English language. In addition, upon reasonable request by a Party in writing in advance, the other Party shall provide access at its facility(ies) to the extent necessary to enable the requesting Party to review on-site the study-specific portions of detailed Product-related analyses, Data, written Product-related reports, and Regulatory Filings that are made a part of, are related to, or are quoted in such summary reports or such written summaries. Except as provided in the following sentences of this Section 4.3, the requesting Party shall not make or remove any copies of any documentation to which the requesting Party was given access. Any out-of-pocket costs that are incurred by the Party granting such access to the requesting Party shall be fully reimbursed by the requesting Party promptly after receipt of invoice(s) for such out-of-pocket costs. If the requesting Party decides that it wishes to obtain a copy of the full report regarding such Clinical Studies, Non-Clinical Studies and/or Regulatory Filings of the Product, the requesting Party shall provide written notice of such decision to the other Party. The Parties will discuss the manner in which such full report copy will be produced and provided to the requesting Party, at the requesting Party's sole expense (and such provision of a full copy is subject to the providing Party's prior receipt of the cost-sharing payment(s) and amounts set forth in Section 9.3 or 9.4, as applicable). Subject to the terms and conditions of this Agreement (including Sections 9.3 and 9.4), after receipt of such full report copy the requesting Party may (i) reprint such Product-related analyses, Data, Product-related reports and Regulatory Filings of the other Party for use and/or incorporation into Product Regulatory Filings of the requesting Party; and (ii) quote or describe data and information contained in such Product-related analyses, Data, Product-related reports and Regulatory Filings of the other Party in Product Regulatory Filings of the requesting Party; in all cases subject to Third-Party confidentiality restrictions as may exist; provided, however, that SKK's right to receive and use such full report and portions thereof (for example, analyses, Data, reports and Regulatory Filings of Can-Fite) shall be contingent on SKK's payment of Clinical Study Costs and Non-Clinical Study Costs and other amounts set forth in Section 9.3, and Can-Fite's right to receive and use such full report and portions thereof (for example, analyses, Data, reports and Regulatory Filings of SKK) shall be contingent on Can-Fite's payment of Clinical Study Costs and Non-Clinical Study Costs and other amounts set forth in Section 9.4. In addition to the foregoing, and to the extent permitted by Third Party confidentiality obligations and applicable laws and regulations, each Party shall use Commercially Reasonable Efforts to disclose to the Joint Committee in good faith any findings of which it becomes aware regarding adenosine receptor expression in humans, and each Party may use such findings regarding adenosine receptor expression in humans to support Product Regulatory Filings, and for marketing and other commercialization activities pertaining to the Product.

4.4 Can-Fite's Other Licensee(s). If Can-Fite's Other Licensee(s) conducts Non-Clinical Studies in the Field outside of the Territory, then with respect to Data obtained in such Non-Clinical Studies only, Can-Fite agrees to cause Can-Fite's Other Licensee(s) to accept the conditions provided in this Article 4 and to undertake to disclose such Data to SKK directly or through Can-Fite. If Can-Fite possesses and Controls information and/or Data obtained from Can-Fite's Other Licensee(s) regarding Clinical Studies performed by Can-Fite's Other Licensee(s) in the Field outside of the Territory, then to the extent that Can-Fite has the right, under its contractual agreement(s) with such Can-Fite's Other Licensee(s), to disclose such information and/or Data to SKK, Can-Fite will disclose to SKK such information and/or Data of Can-Fite's Other Licensee(s). Can-Fite will use good faith efforts to include in its agreements with Can-Fite's Other Licensee(s) the right to disclose Data to SKK and to grant a right to SKK to incorporate the same into the Regulatory Filing that Can-Fite obtains from Can-Fite's Other Licensee(s). If, after using such good faith efforts, Can-Fite does not have the right to disclose to SKK the Data obtained from such Can-Fite's Other Licensee(s), then Can-Fite will use good faith efforts to facilitate a direct interaction between SKK and such Can-Fite's Other Licensee(s), so that SKK may seek to obtain such Data directly from such Can-Fite's Other Licensee(s).

ARTICLE 5.
DEVELOPMENT; REGULATORY

5.1 Dosage Form Development. Can-Fite will conduct and complete research and development on change of the dosage form of the Product from capsule to tablet (**"Dosage Form Development"**) six (6) months prior to commencement of Phase I Clinical Trial by SKK; as of the Effective Date, the anticipated date for such commencement by SKK is July 1, 2008. Can-Fite will invite SKK's input on Dosage Form Development, and will use good faith efforts to meet the needs of SKK in this regard, but Can-Fite shall have final decision-making authority regarding the tablet dosage form of the Product to be used outside of the Territory. The results of Dosage Form Development shall be disclosed to SKK promptly after completion of Dosage Form Development in writing and incorporated into the Licensed Technology or Data respectively.

5.2 Development Plan. SKK understands and agrees that the Development Plan may not contain elements that materially and adversely affect, or may otherwise have the effect of materially and adversely affecting, Can-Fite's ability to conduct development, commercialization or other exploitation of the Ingredient and the Product outside of the Field and/or outside the Territory. Based on the above, SKK shall prepare the final draft of the Development Plan and submit it to Can-Fite for review promptly after its preparation. The Development Plan shall set forth in reasonable detail SKK's development activities to be conducted to develop the Product and receive Marketing Authorization in the Field in the Territory. Such review of and comment on the draft Development Plan will be conducted by Can-Fite in good faith. SKK shall respect and take into consideration the views, opinions, advice, recommendations and/or suggestions advanced by Can-Fite with respect to the draft Development Plan, and, if necessary, if Can-Fite's proposed revisions were given timely, and if SKK accepts the revisions proposed by Can-Fite, SKK will incorporate such revisions into the Development Plan; provided, however, SKK shall have the sole and exclusive discretion to finalize the Development Plan. Subject to the first sentence of this Section 5.2 and the other terms and conditions of this Agreement, SKK may modify or add any test or study within the finalized Development Plan at its sole discretion, upon prompt notification to Can-Fite. Notwithstanding anything to the contrary herein, SKK shall have the sole and exclusive discretion and decision-making authority to determine whether or not to employ the Bridging Strategy in the development of the Product in the Field in the Territory and, if SKK determines that the Bridging Strategy will be employed, SKK shall have the exclusive right to conduct such Bridging Strategy in the Field in the Territory using the Data disclosed by Can-Fite hereunder.

5.3 Protocol of Non-Clinical Studies by Can-Fite. Can-Fite shall make the draft protocols for the Non-Clinical Studies conducted by or on behalf of Can-Fite available to SKK in the English language for review and comment by SKK. SKK shall deliver its comments (if any) to Can-Fite within fifteen (15) days after SKK's receipt of the draft protocols, which comments Can-Fite shall take into account in good faith in finalizing such protocols, but Can-Fite is entitled to finalize such protocols at its sole discretion.

5.4 Development Conduct and Costs. SKK shall be responsible for conducting all development activities under the Development Plan, including submission of all Regulatory Filings for the Product in the Territory and all Clinical Studies in the Territory under the Development Plan, if the results of such Clinical Studies support such Regulatory Filing submission, in SKK's judgment. SKK shall, subject to Section 9.4, bear all costs it incurs in conducting such development, including expenses SKK incurs in conducting Clinical Studies and in preparing for the same, as well for all regulatory activities in the Territory, including preparation of regulatory documents or any supplemental studies necessary to achieve Marketing Authorization for the Product in the Territory. Prior to initiation by SKK, the protocols of all Clinical Studies and Non-Clinical Studies shall be submitted to Can-Fite for review and comment by Can-Fite. Such review and comment regarding the protocols of all Clinical Studies and the related Non-Clinical Studies will be conducted by Can-Fite in good faith, and Can-Fite's comments regarding such protocols and Non-Clinical Studies (as applicable) shall be respected and reasonably considered by SKK. SKK agrees to use its Commercially Reasonable Efforts to submit Regulatory Filings and obtain Marketing Authorization for the Product as soon as possible in accordance with the Development Plan.

5.5 Failure to Develop. Should SKK fail to proceed with development of the Product in accordance with the Development Plan, and/or if SKK has not submitted a Regulatory Filing for Marketing Authorization of the Product in the Field in the Territory within twelve (12) months after the date specified for such filing in the Development Plan (as it may be amended from time to time), other than for good faith reasons, such as but not limited to force majeure (as described in Section 16.1), Can-Fite will have the right (either itself or through a Third Party), exercisable upon written notice to SKK following the expiration of a ninety (90)-day cure period (or, if it is not practicable to complete the cure of such failure within such 90-day period, following the expiration of an extended period of time to be determined upon mutual written agreement of the Parties), to develop the Product (either itself or through a Third Party) in the Territory, and thereafter all rights to develop and commercialize the Product in the Territory shall revert to Can-Fite. This Section 5.5 shall not limit any other remedies Can-Fite may have under this Agreement or applicable law. Notwithstanding the foregoing provisions of this Section 5.5, Can-Fite is not entitled to forward the aforementioned notice to SKK, or, if forwarded by Can-Fite, such notice shall have no effect and force as specified above, in the following instances:

(i) If such failure was caused solely by an act or omission of Can-Fite or a Third Party contracted or designated by Can-Fite in connection with this Agreement;

(ii) If such failure was noticed by SKK to Can-Fite in writing in a timely manner, together with a written plan for SKK's practicably prompt cure or recovery, and such plan is accepted by Can-Fite in writing; provided that such acceptance of such plan by Can-Fite shall not be unreasonably withheld; and provided further that if SKK fails to achieve such cure or recovery in accordance with such plan, Can-Fite may deliver the aforementioned notice to SKK;

(iii) If such failure was reasonably attributed to a lack of clinical efficacy and/or safety with respect to a Product, and SKK provides a written plan for continued development of such Product; or

(iv) If such failure was caused by or resulted from events beyond the reasonable control of SKK, including but not limited to enactment, revision or repeal of a law, regulation, rule, guideline or the like, and/or a decree, order, instruction, guidance, warning or the like of the relevant Regulatory Authority or a court having jurisdiction, wherein such event precludes SKK from developing or obtaining Marketing Authorization for the Product as it is then configured; provided that SKK will prepare and provide to Can-Fite SKK's written plan regarding other, lawful means whereby SKK would be likely to obtain Marketing Authorization for the Product within reasonable time.

5.6 Reference Rights; Information and Data Used for Regulatory Purposes. Each Party shall have the right to refer to and cross reference, in their respective territories, regulatory dossiers and filings of the other Party pertaining to the Product (and to the extent permitted and applicable, regulatory dossiers and filings of Can-Fite's Other Licensee(s) and/or Sublicensee(s)), for the purpose of supporting Regulatory Filings for the Product in the Field (such right includes a right to incorporate the summary received pursuant to Section 4.3 into the Regulatory Filings), and to receive a written right of reference thereto for filing with Regulatory Authorities free of charge. Subject, among other things, to the provisions of Sections 4.3, 9.3 and 9.4, as applicable, each Party will be entitled to receive, keep and use for regulatory purposes (i) information and Data pertaining to the Product in the Field provided by the other Party pursuant to Article 4 in the form of full copy of the report regarding the relevant Clinical Studies, Non-Clinical Studies or Regulatory Filings, and (ii) to the extent required by applicable Regulatory Authorities and/or applicable laws, rules and regulations in each Party's respective territory, other documents relating to the Product in the Field filed by the other Party with Regulatory Authorities in its territory, and any written communications to and with any Regulatory Authority by the other Party pertaining to the Product in the Field, and other findings and information additionally provided pursuant to Article 4; provided that any out-of-pocket expenses incurred by the providing Party related to the provision of copies of such information, Data or documents shall be borne by the accessing Party.

5.7 Manufacturing Documents. In order to help preserve the proprietary nature of Can-Fite's manufacturing information relating to the Ingredient and/or the Product (e.g., the respective CMC section contained in any Regulatory Filings), Can-Fite will have the right, to the extent permitted by Regulatory Authorities, to file a drug master file with a Regulatory Authority to make the information regarding such manufacturing information available directly to the Regulatory Authority; provided, however, for the Territory, SKK will have the right to access and reference the drug master file registration number in its Regulatory Filing for the Product, including said CMC section and documentation, to the extent required by law, rule, regulation or a Regulatory Authority having jurisdiction in the Territory. Notwithstanding anything to the contrary herein, SKK will only be entitled to use the manufacturing information relating to the Ingredient, to the extent reasonably required by local or national law, rule, regulation or Regulatory Authority and to carry out its development and commercialization activities hereunder. If SKK exercises its option to manufacture the Ingredient in accordance with Section 7.7, SKK's use of Can-Fite's proprietary manufacturing information after such exercise of such option shall be mutually agreed by the Parties in writing.

5.8 Regulatory Filings. The harmonization and coordination of Regulatory Filings for the Product by both Parties shall be discussed at the JC. SKK shall make a summary report of each draft Regulatory Filing (wherein such summary report will include sufficient information to enable Can-Fite to understand the studies and results contained therein; however, its content shall be discussed and agreed at the JC) available to Can-Fite with English translation thirty (30) days prior to the meeting with the MHLW to be held in advance of the submission thereof to the MHLW, for review and comment by Can-Fite within fifteen (15) days after Can-Fite's receipt of such summary report, which comments SKK shall take into account in good faith in finalizing such Regulatory Filing submission, but SKK is entitled to finalize it at its sole discretion. If SKK should make any material changes to such draft Regulatory Filing in producing the final Regulatory Filing, then, SKK shall inform Can-Fite of all such material changes as soon as practicable. All Regulatory Filings filed by SKK in the Territory shall be in the name of and owned by SKK, except those facility descriptions equivalent to those customarily found in a MHLW application relating to manufacturing of the Ingredient, which is owned by Can-Fite or its designee. SKK shall promptly notify Can-Fite in writing upon receiving Marketing Authorization in the Territory for the Product. When Can-Fite determines the anticipated date when Can-Fite will submit a Product Regulatory Filing to the Regulatory Authority outside the Territory, Can-Fite shall provide advance written notice to SKK informing SKK of such anticipated date of submission.

5.9 Regulatory Communications. SKK shall inform Can-Fite of the outline of all discussion and development at any and all meetings between SKK (or its designee) and Regulatory Authorities related to the Product. If and to the extent that discussions and/or developments at meetings between Can-Fite (or its designee) and Regulatory Authorities related to the Product should have a material impact on SKK's development of Product in the Field in the Territory, Can-Fite shall inform SKK of the outline of such portions of such discussions and developments which result in such material impact.

5.10 Product Complaints, Pharmacovigilance and Adverse Event Reporting. Prior to commencement by SKK of the first Clinical Study of the Product in the Field in the Territory, the Parties shall discuss and agree upon a written standard operating procedure for reporting any adverse events and Product complaints, and for coordinating the collection, investigation, reporting, and exchange of information concerning any such adverse events or complaints. Such procedure shall be sufficient to permit each Party to comply with all applicable laws, regulations and guidelines and with its internal pharmacovigilance practices. The standard operating procedure will be promptly updated if required by changes in legal requirements. Each Party shall ensure that its Affiliates, Can-Fite's Other Licensee(s) and Sublicensees comply with the standard operating procedure (or an equivalent procedure). Each Party will designate a liaison to be responsible for communicating with the other Party regarding the reporting of adverse events and complaints in connection with the Product. Information and/or Data pertaining to adverse events and/or safety data that are obtained from any Clinical Studies and Non-Clinical Studies performed by a Party shall be provided to the applicable Regulatory Authority, and promptly thereafter to the other Party; provided that the content of such disclosure to the other Party shall be the same as that provided to the applicable Regulatory Authority, as required by applicable regulatory requirements. The Parties will share any resultant regulatory action plans that may result therefrom. All adverse event reports and other safety data and information shall be provided to the other Party in English. Notwithstanding anything to the contrary in Section 4.3, the Parties will comply with all mandatory reporting requirements regarding safety data and adverse event reporting.

5.11 Compliance with Laws and Regulatory Requirements. SKK shall be responsible for ensuring that all Third Parties, Affiliates, and Sublicensees which manufacture, purchase, distribute or otherwise transfer the Ingredient and/or Product comply with the requirements of this Agreement and any and all requirements of the Regulatory Authorities regarding the Product including the development and/or commercialization of the Product. Each Party agrees to promptly inform the other Party of all MHLW, FDA or other Regulatory Authority regulations, notices, circulars or warnings applicable to the Product of which it becomes aware. Each Party shall perform its obligations under this Agreement and in the case of SKK, its responsibilities and rights under the Development Plan in connection with the development and commercialization of the Product in accordance with all applicable laws, rules and regulations, including those of all Regulatory Authorities in the Territory, applicable reporting obligations, and applicable import and export laws and regulations.

5.12 Applications for Regulatory Exclusivity. The Parties recognize the commercial value of exclusivity rights to Product granted or provided for under laws and regulations in the Territory. To the extent permitted by law, SKK will have the exclusive right to file for, request and maintain any regulatory exclusivity rights for Product in the Territory (including regulatory exclusivity rights based upon an orphan drug designation of Product) and to conduct and prosecute any proceedings or actions to enforce the regulatory exclusivity rights.

5.13 Protocols and Regulatory Communications Obtained from Can-Fite's Other Licensee(s). If Can-Fite possesses and Controls any protocols for Non-Clinical Studies or pertinent regulatory communications obtained from Can-Fite's Other Licensee(s) in the Field outside of the Territory, then to the extent that Can-Fite has the right, under its contractual agreement(s) with such Can-Fite's Other Licensee(s), to disclose such protocols and/or regulatory communications to SKK, Can-Fite will disclose to SKK such protocols and/or regulatory communications of Can-Fite's Other Licensee(s). Can-Fite will use good faith efforts to include in its agreements with Can-Fite's Other Licensee(s) the right to disclose protocols and regulatory communications to SKK that Can-Fite obtains from Can-Fite's Other Licensee(s). If, after using such good faith efforts, Can-Fite does not have the right to disclose to SKK the protocols and regulatory communications obtained from such Can-Fite's Other Licensee(s), then Can-Fite will use good faith efforts to facilitate a direct interaction between SKK and such Can-Fite's Other Licensee(s), so that SKK may seek to obtain such protocols and/or regulatory communications directly from such Can-Fite's Other Licensee(s).

ARTICLE 6.
LABELING; TRADEMARKS

6.1 Labeling. SKK shall be responsible for the labeling of the Product in the Territory and for ensuring that such labeling is in compliance with all applicable laws in the Territory and rules and regulations of all Regulatory Authorities in the Territory.

6.2 Trademarks. Can-Fite shall be responsible for filing, registering and maintaining worldwide Trademarks for the Product, including in the Territory. Can-Fite will consult with SKK regarding the selection and registration of the Trademarks within the Territory. Can-Fite will register SKK as a registered user of the Trademarks, if required under the applicable law in the Territory.

6.3 Display. All packaging materials, labels, inserts and promotional materials for the Product sold in the Territory shall display: (i) the Trademarks, (ii) the trade name of SKK in the context of the Product as manufactured and distributed by SKK, and (iii) the trade name of Can-Fite in the context of the Product as manufactured by or for Can-Fite (whether in English or in the local language). The manner of use of the Trademarks, including typeface and size, representations of the Trademarks, as well as promotional material bearing the Trademarks, will be jointly agreed by the Parties. If a given Trademark is not applicable in the Territory, other trademarks, which shall be mutually approved by the Parties, shall be displayed on the label of the Product in the Territory. All representations of the Trademarks that SKK intends to use shall first be submitted to Can-Fite for approval of design, color, and other details or shall be exact copies of those used by Can-Fite, and shall in any event comply with Can-Fite's usage and quality control guidelines as established from time to time. SKK shall submit representative promotional materials, packaging, labels and the Product using any Trademarks to Can-Fite for Can-Fite's review and comment prior to their first use and prior to any subsequent change or addition to such materials. All approvals to be required under this Article 6 shall not be unreasonably withheld or delayed.

6.4 Ownership. SKK acknowledges that: (i) the Trademarks are owned exclusively by Can-Fite; (ii) that SKK has no right, title or interest in and to the Trademarks, except the rights conferred by this Agreement; and (iii) that all goodwill associated with the Trademarks vests in and inures to the benefit of Can-Fite. In acknowledgement of Can-Fite's exclusive ownership rights in the Trademarks, SKK agrees at no time during or after the term of this Agreement to challenge or assist others to challenge the Trademarks or the registration thereof or attempt to register any trademarks, marks or trade names confusingly similar to any Trademarks for the use in pharmaceutical products. SKK's use of the Trademarks shall inure to the benefit of Can-Fite.

6.5 Termination of Use of Trademarks. Upon termination of this Agreement, SKK shall discontinue all use of the Trademarks, terminate all sublicenses to the Trademarks and shall not thereafter adopt or attempt to register a mark that is confusingly similar to any of the Trademarks for the use in pharmaceutical products; provided, however, that upon expiration of this Agreement and SKK's payment of all royalty amounts due under this Agreement, SKK's and its Sublicensee(s)' right to use the Trademarks in conjunction with the Product shall be converted to a paid-up license.

ARTICLE 7.
MANUFACTURE AND SUPPLY OF INGREDIENT

7.1 Generally. Subject to the terms and conditions of this Article 7 and a separate Supply Agreement for the Ingredient to be negotiated by the Parties, Can-Fite shall supply SKK (and through SKK, shall supply SKK's Sublicensees) with all of their requirements for the Ingredient. Subject to Section 7.7, Can-Fite shall be SKK's (and its Affiliates' and Sublicensees') exclusive supplier of the Ingredient during the term of this Agreement hereunder. It is understood that, subject to Section 7.7, SKK shall not have the right to manufacture, or to authorize any Affiliate, any Sublicensee or other Third Party to manufacture, the Ingredient, except as may be expressly provided in the Supply Agreement. For the sake of clarity, Can-Fite shall not sell Ingredient to any Third Party in the Territory.

7.2 Supply for Development Activities.

7.2.1 Obligations of the Parties. Can-Fite shall use Commercially Reasonable Efforts to timely supply the Ingredient, at SKK's option, to SKK as necessary for SKK to carry out development, including Clinical Studies and Non-Clinical Studies (as applicable), of the Product in the Field in the Territory in accordance with the Development Plan. The Ingredient supplied to SKK for development, including incorporation into Product for Clinical Studies and Non-Clinical Studies (as applicable), in the Territory shall be supplied by Can-Fite to SKK in accordance with the form, quantities and schedule to be agreed upon in writing by the Parties. SKK shall present to Can-Fite its Ingredient supply requirements for Clinical Studies or Non-Clinical Studies (as applicable) in good time prior to initiating such studies, and Can-Fite will supply the Ingredient accordingly. SKK shall not sell Ingredient supplied under this Section 7.2 to a Third Party for commercial purposes. The terms and conditions for the Ingredient Supply Agreement not provided herein, but necessary for the supply of the Ingredient for development purposes, shall be negotiated between the Parties as soon as practicably possible.

7.2.2 Third Party Manufacturer of Product. Can-Fite shall use Commercially Reasonable Efforts to facilitate SKK in establishing a relationship with Can-Fite's Third Party manufacturer of Product, with the objective that SKK would establish a direct relationship with such Third Party manufacturer of Product in respect of procurement of Product from such manufacturer. In the event that SKK establishes a direct relationship with such Third Party manufacturer, Can-Fite will assist SKK in management of its Product supply process and arrangements concerning such Third Party manufacturer.

7.3 Commercial Supply of the Ingredient. After the completion of the Phase II Clinical Trial of the Product in the Territory, the Parties shall negotiate in good faith and finalize the terms of a manufacturing, supply and quality agreement for commercial supply to SKK (and through SKK, to SKK's Sublicensee(s)) of Ingredient, which shall set forth the terms and conditions set forth in this Article 7, and other mutually acceptable terms and conditions not inconsistent with this Agreement, including representations, warranties, limitations of liability and indemnities of the type and scope customary in the industry (the **"Supply Agreement"**). During the course of such negotiations, the Parties shall agree upon written specifications for the Ingredient (**"Specifications"**) which shall be attached to and incorporated in the Supply Agreement. Among other items, the Supply Agreement will include the following provisions:

7.3.1 Supply Agreement. Can-Fite will supply SKK with Ingredient in accordance with such forecasting and other supply requirements as are set forth in the Supply Agreement. Can-Fite may select a contract manufacturer to manufacture the Ingredient for SKK and its Affiliates and its Sublicensees under the Supply Agreement. All Ingredient manufactured by Can-Fite or its contract manufacturers for SKK under the Supply Agreement will be manufactured in accordance with the Specifications (which will include reference to the then-current good manufacturing practices under the rules and regulations of the FDA or such other rules as updated by ICH GMP Guidelines and regulations in the Territory).

7.3.2 Can-Fite's Rights and Obligations. Except as otherwise provided herein, Can-Fite will have the right to make all decisions with respect to manufacturing in its sole discretion, including decisions relating to process development and manufacturing procedures, work to support quality control and quality assurance, improving manufacturing/cost efficiency and commercial scale-up manufacturing; provided that Can-Fite will manufacture or have the Ingredient manufactured in conformity with the Specifications and all applicable laws and regulations in the Territory. Can-Fite shall timely notify SKK of any manufacturing change that may have an impact on SKK's ability to timely receive Marketing Authorization or jeopardize the current status of the Product in the Territory.

7.3.3 SKK's Rights and Obligations. Unless otherwise agreed by the Parties, SKK will have final decision-making authority to fulfill all regulatory responsibilities over all subsequent steps of the Product manufacturing process that incorporate Ingredient into Product in the Territory (including finish and fill, labeling and packaging, lot release, and management of permitted subcontractors).

7.3.4 Other Terms and Conditions. The Supply Agreement will also set forth all other terms and conditions applicable to the manufacture, distribution, forecast, acceptance, rejection, supply, delivery, quality testing, quality control and quality assurance, third party liabilities, record keeping, audit and the like of Ingredient provided to SKK by Can-Fite.

7.4 Transfer Price; Taxes; Shipping.

7.4.1 Transfer Price for Development Purposes. The transfer price payable by SKK to Can-Fite for quantities of the Ingredient to be used for development purposes, including Clinical Studies and Non-Clinical Studies using the Product, shall be equal to Can-Fite's Manufacturing Cost for such quantities of Ingredient plus transportation costs incurred by Can-Fite in connection therewith.

7.4.2 Transfer Price for Commercial Purposes. The transfer price payable by SKK to Can-Fite for quantities of the Ingredient to be incorporated into the Product and used for the sale, promotion, marketing, distribution or other commercialization of Product in the Territory shall be set at a price equal to seven percent (7%) of the Reimbursement Price for the Product; provided that, in no event shall the transfer price of the Ingredient calculated under this Section 7.4.2 be less than the actual Manufacturing Cost that corresponds to the final packaged unit of such Product (**"Actual Cost"**). If the Actual Cost exceeds seven percent (7%) of the Reimbursement Price for the Product, then SKK may elect from the following alternatives: (i) to purchase the Ingredient from Can-Fite at the Actual Cost, or (ii) to obtain a right to manufacture the Ingredient as provided in Section 7.7 without paying the option exercise fee of One Million U.S. Dollars ($1,000,000), but subject to the royalty payment pursuant to Section 7.7.2. Prior to Commercial Launch, SKK shall and can purchase, at Can-Fite's Manufacturing Cost plus transportation costs, quantities of the Ingredient to be incorporated into the Product intended for Commercial Launch (plus Product intended for sale for a reasonable period of time thereafter). All Product produced from such pre-Commercial Launch quantities of Ingredient shall be sold first. To avoid double payments by SKK under Section 7.5.2, SKK shall document the units of Products sold that were produced from such pre-Commercial Launch quantities of Ingredient purchased at Can-Fite's Manufacturing Cost plus transportation costs. With respect to the total of such commercialized Products so produced, the difference between the calculation set forth in Section 7.5.2 and the purchase price of such pre-Commercial Launch quantities of Ingredient incorporated into such commercialized Product will be determined and paid to Can-Fite.

7.4.3 Delivery of Ingredient. All Ingredient, whether for development or commercial purposes, shall be deemed to be delivered to SKK (or to SKK's designee) at the point where Can-Fite delivers such Ingredient to the carrier selected by SKK, and the title and risk thereto shall be simultaneously transferred to SKK. SKK shall be responsible for all costs of transportation, freight, insurance, customs and import formalities pertaining to shipment of Ingredient to SKK (or to SKK's designee).

7.5 Payments. Payments due to Can-Fite under Section 7.4 above shall be made in accordance with the applicable provisions of Sections 9.6 through 9.10, and a more specific payment method shall be provided in the Supply Agreement.

7.5.1 Development Supply. Can-Fite shall transmit to SKK an invoice detailing the Manufacturing Cost for the Ingredient delivered to SKK (or to SKK's designee) hereunder for development purposes, including Non-Clinical Studies and Clinical Studies, and SKK shall make payment to Can-Fite within thirty (30) days after receipt of each such invoice.

7.5.2 Commercial Supply; Calculation of Ingredient Price. SKK shall forecast its projected Product sales in the Territory on a quarterly basis. The Parties will determine a reasonable and practicable mechanism for the payment of the price of the Ingredient by SKK to Can-Fite, which will be provided in the Supply Agreement. Unless otherwise agreed by the Parties in the Supply Agreement, the price for Ingredient shall be seven percent (7%) of the Reimbursement Price in effect at the time of SKK's order, calculated as follows:

(i) [Number of kilograms of Ingredient ordered by SKK] times [#] = Anticipated Product Unit Equivalents; then

(ii) [Anticipated Product Unit Equivalents] times [Reimbursement Price] times [7%] = price for Ingredient ordered by SKK,

where "[#]" represents the net number of Product units manufactured for commercialization in the Territory that are derived from a kilogram of Ingredient, wherein such net number of Product units (i) shall be mutually agreed by the Parties prior to the first order by SKK pursuant to this Section 7.5.2, and (ii) shall be based initially upon historical production data provided by Can-Fite, taking into account the requirements for manufacture of Product for the Territory and commercialization of Product in the Territory, and (iii) may be revised from time-to-time upon written mutual agreement of the Parties, based on the actual Product production results obtained by or on behalf of SKK, and

where "Reimbursement Price" shall be the then-current Reimbursement Price at the time the order is placed by SKK, except that if the Reimbursement Price is not yet finalized (i.e., at the time of the initial SKK orders), then the Reimbursement Price shall be based on SKK's good faith estimate. The Supply Agreement will provide for an appropriate adjustment if the actual Reimbursement Price (at the time that the Product is first sold in the Territory) differs from this good faith estimate.

7.6 Other Terms and Conditions for Supply Agreement.

7.6.1 Warranty. Can-Fite shall warrant that all Ingredient manufactured by it or Can-Fite's Third Party manufacturer(s) and supplied to SKK shall be manufactured, stored and otherwise handled in compliance with the applicable ICH and Japanese governmental requirements; provided that SKK shall be fully responsible for informing Can-Fite of all such applicable Japanese governmental requirements. Further Can-Fite warrants that the production facility of Can-Fite and Can-Fite's Third Party manufacturer(s) used for manufacturing the Ingredient supplied to SKK (jointly or separately, **"Can-Fite's Facility"**) shall comply with all applicable laws and other regulatory requirements, including but not limited to cGMP and GMP.

7.6.2 Audit by SKK. During the term in which Can-Fite supplies the Ingredient to SKK, and one time prior to the commencement of such Ingredient supply as well, SKK is entitled to audit Can-Fite's facility (and if Can-Fite is using a Third Party manufacturer to produce the Ingredient, SKK is entitled to require Can-Fite to audit such Third Party manufacturer's facility on behalf of SKK), at SKK's sole cost, to confirm that the requirements set forth in Section 7.6.1 are satisfied. Such audit may be conducted only upon at least thirty (30) days prior written notice to Can-Fite, and Can-Fite agrees to accept SKK's representatives at Can-Fite's Ingredient manufacturing facility for such audit purpose. If SKK's representatives that are assigned to perform such audit are not SKK's employees, officers or directors, then any permitted access to Can-Fite's Facility by such SKK representatives shall be subject to Can-Fite's (and/or its Third Party manufacturer(s)' (if applicable)) prior consent, which consent by Can-Fite shall not be unreasonably withheld or delayed. If MHLW requirements do not permit SKK to delegate Ingredient manufacturing facility audits to Can-Fite in accordance with this Section 7.6.2, the Parties shall promptly meet to discuss and determine reasonable and practicable means to enable SKK's compliance with such requirements (through the Parties' collaborative efforts in this regard).

7.6.3 Audit by MHLW. If Can-Fite is requested by agents of the MHLW to accept an audit of Can-Fite's or its Third Party manufacturer's Ingredient manufacturing facility (such request may be intermediated by SKK), which audit is permitted by Japanese law, Can-Fite agrees to accept such audit.

7.6.4 Japanese Laws and Regulations. SKK will assist Can-Fite to be familiarized with Japanese laws and regulations, since Can-Fite will be accredited as an "overseas manufacturer" and will be governed by those laws and regulations to the extent that Can-Fite exports a pharmaceutical product or an ingredient thereof into Japan. Can-Fite agrees to cause its Third Party manufacturer(s) to agree to take steps to register as an "overseas manufacturer" at the Japanese government with SKK's assistance.

7.7 Option to Manufacture. Notwithstanding anything to the contrary herein, Can-Fite hereby grants SKK an option to manufacture or have a Third Party manufacture on SKK's behalf (provided such Third Party contract manufacturer is approved in advance by Can-Fite, such approval not to be unreasonably withheld or delayed) the Ingredient solely for incorporation into the Product for development hereunder and/or for Product sale, promotion, distribution, use and other commercial purposes in the Field in the Territory.

7.7.1 Exercise of Option. SKK may exercise such option at any time during the term hereof upon giving Can-Fite one hundred twenty (120) days' prior written notice of its intent to exercise the option and paying Can-Fite an option exercise fee of One Million U.S. Dollars ($1,000,000) within thirty (30) days after sending such notice to Can-Fite. Upon exercise of such option (i.e., upon SKK's delivery of both the written notice and the option exercise fee), Can-Fite will grant to SKK a non-exclusive license to manufacture or have manufactured Ingredient in the Territory (and to manufacture or have manufactured Ingredient outside the Territory solely for incorporation into Product, for Product sale, promotion, distribution, use and other commercial purposes in the Field in the Territory) to meet all or a portion of the requirements of SKK and its Sublicensees for Ingredient in the Territory. Within the 120-day period after receipt of such written notice and payment, Can-Fite will use Commercially Reasonable Efforts to support the transfer of relevant Ingredient manufacturing information to SKK or its approved contract manufacturer, including transfer of the then-current manufacturing technology with respect to Ingredient, including but not limited to relevant know-how relating to the Ingredient manufacturing process, pertinent aspects of Can-Fite's Ingredient manufacturing facility and raw material source (subject to confidentiality and use restrictions). SKK shall pay Can-Fite all costs associated with such technology and information transfer within thirty (30) days after the date of invoice(s) therefor submitted to SKK by Can-Fite.

7.7.2 Manufacturing Royalty. Upon the manufacture of Ingredient by or on behalf of SKK following exercise of the option hereunder, SKK shall pay to Can-Fite, in addition to all other amounts payable hereunder, including royalty payments under Section 9.5, a manufacturing royalty equal to two and one-half percent (2.5%) of the Reimbursement Price for the units of Product that contain Ingredient manufactured by or on behalf of SKK, to be paid quarterly in accordance with the applicable provisions of Sections 9.5 through 9.10.

ARTICLE 8.
SALES AND MARKETING

8.1 Marketing Efforts. SKK agrees to use its Commercially Reasonable Efforts to (i) launch commercial sales of the Product in the Territory as soon as possible after receipt of the Marketing Authorization for the Product in the Territory; and (ii) after Commercial Launch of the Product in the Territory, maximize the Net Sales in the Territory.

8.2 Marketing Plans. SKK shall prepare marketing plans for the Territory (the **"Marketing Plans"),** which shall include plans related to the pre-launch, launch, promotion and sale of the Product in the Territory. SKK shall share with Can-Fite the Marketing Plans on a regular basis, but no less frequently than annually. In addition, SKK shall keep Can-Fite informed, as requested by Can-Fite, with respect to the marketing, sales and promotion of the Product in the Territory. SKK shall have full control and authority over of the day-to-day commercialization of the Product in the Territory and implementation of the corresponding Marketing Plans, at SKK's sole expense.

8.3 Marketing Materials. For purposes of harmonization and coordination of global commercialization of the Product, each Party shall keep the other Party informed regarding the preparation of promotional materials, samples, advertising and materials for training sales representatives with respect to the Product. Upon reasonable request of a Party, the other Party shall provide copies of such Product-related written materials. SKK shall have sole responsibility for the Product marketing materials used in the Territory.

ARTICLE 9.
MILESTONES, ROYALTIES AND OTHER PAYMENTS

9.1 Upfront and Annual Payments.

9.1.1 Upfront Payment. Within seven (7) business days after the Effective Date, SKK shall pay to Can-Fite the non-refundable, non-creditable amount of Three Million U.S. Dollars ($3,000,000).

9.1.2 Annual Payment. Commencing January 1, 2007 and on January 1 of each year thereafter until the earlier of (i) the filing by SKK of a New Drug Application with a Regulatory Authority in Japan for the first indication or (ii) the sixth (6th) anniversary of the Effective Date, SKK shall pay to Can-Fite the non-refundable, non-creditable amount of Five Hundred Thousand U.S. Dollars ($500,000).

9.2 Milestone Payments. Within thirty (30) days following the first achievement or occurrence of each of the following milestone events by performance of SKK or an Affiliate or Sublicensee of SKK, SKK shall pay to Can-Fite the corresponding one-time, non-creditable, non-refundable milestone payments set forth herein:

	Milestone Event	Milestone Payment
(i)	Upon Marketing Authorization in Japan for rheumatoid arthritis or other first indication	Five Million U.S. Dollars ($5,000,000)
(ii)	Upon Marketing Authorization in Japan for the second indication	Three Million U.S. Dollars ($3,000,000)
(iii)	Upon commencement of first Clinical Study in Japan, whether or not SKK employs Bridging Strategy	One Million U.S. Dollars ($1,000,000)
(iv)	Upon commencement of Phase II Clinical Trial in Japan for the first indication, whether or not SKK employs Bridging Strategy	One and One-Half Million U.S. Dollars ($1,500,000)
(v)	Upon submission of NDA to Regulatory Authority in Japan for first indication, whether or not SKK employs bridging strategy	Two and One-Half Million U.S. Dollars ($2,500,000)
(vi)	If SKK does not employ Bridging Strategy: upon commencement of Phase III Clinical Trial in Japan for first indication	Two Million U.S. Dollars ($2,000,000)
(vii)	Commencement of each Phase III Clinical Trial in Japan for each indication after first indication	One Million U.S. Dollars ($1,000,000)

For the avoidance of doubt, each milestone payment will be nonrefundable and noncreditable against royalties payable pursuant to Section 9.5 and any other fees or other payments due Can-Fite under this Agreement or under the Supply Agreement.

9.3 Participation in Development Costs. In addition to all milestone payments and royalties hereunder, SKK shall pay Can-Fite the following:

9.3.1 Development Milestones. SKK shall pay to Can-Fite Two Million U.S. Dollars ($2,000,000) toward the costs of Can-Fite's Phase IIb Clinical Trial of the Ingredient for rheumatoid arthritis (Protocol Number CF101-202RA) in accordance with the following schedule: (i) Five Hundred Thousand U.S. Dollars ($500,000) upon commencement of such Phase IIb Clinical Trial; (ii) Five Hundred Thousand U.S. Dollars ($500,000) upon enrollment of fifty percent (50%) of the patients or subjects to be enrolled in such Phase IIb Clinical Trial; (iii) Five Hundred Thousand U.S. Dollars ($500,000) upon enrollment of one hundred percent (100%) of the patients or subjects to be enrolled in such Phase IIb Clinical Trial; and (iv) Five Hundred Thousand U.S. Dollars ($500,000) upon SKK's receipt of a copy of the final report of such Phase IIb Clinical Trial. Can-Fite shall notify SKK in writing upon the occurrence of each of the foregoing payment trigger events and SKK shall pay Can-Fite within thirty (30) days of such notice.

9.3.2 Phase III Clinical Trial Full Reports and Cost-Sharing. In accordance with Section 4.3, if SKK requests a copy of the full report of any Phase III Clinical Trial performed by Can-Fite for the purpose of Can-Fite's filing a New Drug Application in the United States for marketing the Product for rheumatoid arthritis, Can-Fite shall forward to SKK the a copy of the full report of such Phase III Clinical Study. If the Japanese Regulatory Authority accepts the Bridging Strategy and SKK decides to employ the Bridging Strategy, SKK shall so notify Can-Fite in writing and shall reimburse Can-Fite for thirty percent (30%) of the Clinical Study Costs of Can-Fite's Phase III Clinical Trial performed by Can-Fite for the purpose of Can-Fite's filing a New Drug Application in the United States for marketing the Product for rheumatoid arthritis. SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK, which invoice shall set forth in reasonable detail various categories and amounts within such Clinical Study Costs (provided that such categories will be consistent with Can-Fite's standard internal accounting procedures).

9.3.3 Clinical Study Full Reports and Cost-Sharing. For any Clinical Study commenced by or on behalf of Can-Fite after the Effective Date for which SKK does not pay a portion of costs pursuant to Section 9.3.1 or 9.3.2, if SKK requests a copy of the full report of such Clinical Study in accordance with Section 4.3, Can-Fite shall forward to SKK a copy of the full report of such Clinical Study. SKK shall reimburse Can-Fite for twenty-five percent (25%) of the Clinical Study Costs incurred in connection with each such Clinical Study for which SKK has requested a copy of the corresponding full report. SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK, which invoice shall set forth in reasonable detail various categories and amounts within such Clinical Study Costs (provided that such categories will be consistent with Can-Fite's standard internal accounting procedures).

9.3.4 Non-Clinical Study Full Reports and Cost-Sharing. For any Non-Clinical Studies commenced by or on behalf of Can-Fite after the Effective Date, if SKK requests a copy of the full report of a given Non-Clinical Study in accordance with Section 4.3, Can-Fite shall forward to SKK a copy of the full report of such Non-Clinical Study. SKK shall reimburse Can-Fite for twenty percent (20%) of Can-Fite's Non-Clinical Study Costs incurred in connection with each such Non-Clinical Study for which SKK has requested a copy of the corresponding full report (wherein such Non-Clinical Study Costs shall be determined in a manner that is analogous to determination of Clinical Study Costs hereunder). SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK, which invoice shall set forth in reasonable detail various categories and amounts within such Non-Clinical Study Costs (provided that such categories will be consistent with Can-Fite's standard internal accounting procedures).

9.4 SKK's Data and Cost-Sharing. If, in accordance with Section 4.3, Can-Fite requests a copy of the full report of a given Clinical Study or a given Non-Clinical Study performed by or on behalf of SKK, SKK shall forward to Can-Fite a copy of the full report of such requested Clinical Study or Non-Clinical Study, as the case may be. Can-Fite shall reimburse SKK for eighty percent (80%) of SKK's Non-Clinical Study Costs incurred in connection with such Non-Clinical Study for which Can-Fite has requested a copy of the corresponding full report (wherein such Non-Clinical Study Costs shall be determined in a manner that is analogous to determination of Clinical Study Costs hereunder), and Can-Fite shall reimburse SKK for seventy-five percent (75%) of SKK's Clinical Study Costs incurred in connection with such Clinical Study for which Can-Fite has requested a copy of the corresponding full report. Can-Fite shall make such payment within thirty (30) days after SKK (or its Affiliate, Sublicensee or agent, on behalf of SKK) delivers an invoice therefor to Can-Fite, which invoice shall set forth in reasonable detail various categories and amounts within such Non-Clinical Study Costs or Clinical Study Costs, as the case may be (provided that such categories will be consistent with SKK's standard internal accounting procedures).

9.5 Royalties.

9.5.1 Royalty Rates. Subject to Section 9.5.2, SKK shall pay to Can-Fite a royalty, based on the following royalty rates, for annual Net Sales in the Territory: (i) seven percent (7%) of that portion of annual Net Sales in the Territory that is less than or equal to Seventy Million U.S. Dollars ($70,000,000) and (ii) twelve percent (12%) of that portion of annual Net Sales in the Territory that is greater than Seventy Million U.S. Dollars ($70,000,000).

9.5.2 Can-Fite's Right to Receive Section 9.5.1 Royalties; Reduced Royalty Rate. Can-Fite's right to receive royalties at the rates set forth in Section 9.5.1 will be in effect until the later of: (i) the first six (6) year period during which a generic product incorporating the Ingredient is prevented by law, rules or regulations in the Territory from being launched in the Territory, or (ii) the date of expiration of the last-to-expire of the Licensed Patents containing a Valid Claim that, but for the license granted by Can-Fite to SKK hereunder, would be directly or contributorily infringed by the use or sale of the Product in the Territory. After such time and until ten (10) years after the date of Commercial Launch of Product in the Territory, SKK shall pay to Can-Fite a royalty based on a royalty rate of four percent (4%) of annual Net Sales.

9.5.3 Paid-Up License. Upon expiration of this Agreement, and SKK's payment in full of the royalty amounts due and owing under this Section 9.5, SKK shall acquire a fully paid-up license under the Licensed Technology and Data to continue commercialization activities relating to the Product, without making any further payment to Can-Fite. SKK is entitled to extend such fully paid-up license to its Sublicensees.

9.5.4 Timing of Royalty Payments. All royalties payable to Can-Fite under this Agreement will be paid by SKK within sixty (60) days of the end of each calendar quarter.

9.6 Payment Method; Currency Conversion. All payments under this Agreement shall be made by wire transfer or other means acceptable to Can-Fite, as specified by Can-Fite. All dollar amounts specified in this Agreement, and all payments made hereunder, are and shall be made in U.S. dollars. Royalties, and any other payments due under this Agreement that are calculated based on amounts received by SKK or its Affiliates or Sublicensees in currencies other than U.S. dollars will be converted into the U.S. dollar equivalent using the applicable conversion rate as reported in the Exchange Rates set forth in Japanese version of *The Wall Street Journal* for the last Business Day of the calendar quarter to which such payments relate.

9.7 Late Payments. Any payments due under this Agreement that are not paid by the date such payments are due shall bear interest at the lesser of: (i) the average one-month *London Interbank Offering Rate* for the United States Dollar as reported from time to time in *The Wall Street Journal,* effective for the first date on which payment was delinquent and calculated on the number of days such payment is overdue or, if such rate is not regularly published, as published in such source as the Parties agree plus three (3) percentage points per annum, or (ii) the maximum amount permitted by law, calculated from the date payment was initially due. The foregoing interest shall be due from SKK without any special notice and shall be in addition to any other remedies that Can-Fite may have pursuant to this Agreement.

9.8 Withholding Tax. If any payment due to Can-Fite hereunder is subject to withholding taxes or similar governmental charge (**"Withholding Tax"**) required to be paid or withheld thereon by applicable law in Japan and such Withholding Tax is creditable against income taxes required to be paid in Israel by Can-Fite in its nature, then SKK shall deduct such Withholding Tax from such payment due Can-Fite hereunder at a rate not to exceed the then-prevailing rate provided for in applicable provisions of the Conventions between the Governments of Israel and Japan for the Avoidance of Double Taxation and the Evasion of Taxes dated March 3, 1993 (effective January 1, 1994). SKK shall provide Can-Fite, as soon as possible, a certificate evidencing withholding or payment of any such Withholding Tax by SKK, its Affiliates or its Sublicensees for the benefit of Can-Fite. Any other duty, tax, charge levied thereon outside Israel shall be borne and paid by SKK without deduction from such payment due Can-Fite.

9.9 Reports and Records. During the term of this Agreement, SKK shall furnish to Can-Fite a written quarterly report showing: (i) the amount of gross sales of Product by SKK, its Affiliates, its distributors and Sublicensees to wholesalers and other Third-Party purchasers, and an itemized calculation of Net Sales of each Product during such calendar quarter by SKK, its Affiliates, its distributors and Sublicensees, (ii) the amounts payable in United States dollars which shall have accrued in respect of such Net Sales and the calculation thereof; (iii) Withholding Tax, if any; and (iv) the exchange rates used in determining the conversion to and amount of United States dollars. The foregoing quarterly report shall be certified by an executive officer of SKK as consistent with SKK's standard practices in performing such computations and in accordance with SKK's standard internal accounting procedures. SKK will keep or cause to be kept such records as are required in sufficient detail to track and determine (in accordance with SKK's standard internal accounting procedures) the accuracy of calculations of all sums due under this Agreement and to accurately account for the calculations of all royalties due under this Agreement. Such records will be retained for a period of the longer of (xi) a three (3) year period following the year in which any payments were made hereunder and (xii) the expiration of the applicable tax statute of limitations (or any extensions thereof), or such longer period as may be required by law.

9.10 Records; Audit by Can-Fite. Once per calendar year and within three (3) years from Can-Fite's receipt of each royalty payment, and for each Clinical Study or Non-Clinical Study for which Can-Fite reimburses SKK a portion of Clinical Study Costs or Non-Clinical Study Costs pursuant to Section 9.4, within three (3) years from the completion of such Clinical Study or Non-Clinical Study (as applicable), Can-Fite will have the option to engage (at its own expense) an independent certified public accountant, appointed by Can-Fite and reasonably acceptable to SKK, to examine in confidence the books and records of SKK as may be necessary to determine, with respect to any calendar year, the correctness or completeness of any report or payment required to be made under this Agreement; provided however, that the books and records for any particular calendar year will only be subject to one audit. The report of such accountant will be limited to a certificate verifying any report made or payment submitted by SKK during such period or identifying any over-payment or under-payment made by SKK, and/or any amount of Clinical Study Costs or Non-Clinical Study Costs (as applicable), accompanied by an explanation of the basis for its determination of such over-payment or under-payment and/or such over-charging or under-charging. In addition, if the accountant is unable to verify the correctness of any such payment, the accountant's report may include information relating to why such payment is unverifiable. If the audit reveals any underpayment by SKK to Can-Fite or any over-charging of Clinical Study Costs or Non-Clinical Study Costs (as applicable) reimbursed by Can-Fite to SKK, then SKK will pay any underpayment to Can-Fite and/or refund any overcharged amount to Can-Fite, together with all interest accrued thereon, within thirty (30) days after SKK's receipt of the audit report. If any audit performed under this Section 9.10 discloses a deficiency of more than five percent (5%) from the amount of the original report showing the calculation of a royalty under Section 9.5 and/or an overpayment of Clinical Study Costs or Non-Clinical Study Costs (as applicable) by Can-Fite of more than five percent (5%) from the amount of the original report showing the calculation of an amount payable under Section 9.4, SKK will bear the full cost of the performance of such audit. The result of the audit and the audit report shall be subject to Article 13.

9.11 Audit by SKK. For each Clinical Study and Non-Clinical Study for which SKK reimburses Can-Fite a portion of Clinical Study Costs or Non-Clinical Study Costs pursuant to Section 9.3.2, 9.3.3 or 9.3.4, and within three (3) years from the completion of such Clinical Study or Non-Clinical Study (as applicable), SKK will have the option to engage (at its own expense) an independent certified public accountant, appointed by SKK and reasonably acceptable to Can-Fite, to examine in confidence the books and records of Can-Fite as may be necessary to determine the correctness or completeness of any amount of Clinical Study Costs or Non-Clinical Study Costs. The report of such accountant will be limited to a certificate verifying any amount of Clinical Study Costs or Non-Clinical Study Costs, accompanied by an explanation of the basis for its determination of such over-charging or under-charging. In addition, if the accountant is unable to verify the correctness of any such payment, the accountant's report may include information relating to why such payment is unverifiable. If the audit reveals any over charging of Clinical Study Costs or Non-Clinical Study Costs reimbursed by SKK to Can-Fite, then Can-Fite will refund any over-charged amount to SKK, together with all interest accrued thereon, within thirty (30) days after Can-Fite's receipt of the audit report. If any audit performed under this Section 9.11 discloses an overpayment of Clinical Study Costs or Non-Clinical Study Costs by SKK of more than five percent (5%) from the amount of the original report showing the calculation of an amount payable under Section 9.3.2, 9.3.3 or 9.3.4, Can-Fite will bear the full cost of the performance of such audit. The result of the audit and the audit report shall be subject to Article 13.

ARTICLE 10.
INTELLECTUAL PROPERTY

10.1 Prosecution and Maintenance. Can-Fite shall own or Control (as applicable), be responsible for, and shall diligently carry out and shall bear all costs (including attorneys' fees) for the preparation, filing, prosecution, maintenance, and extensions, if any, of all patents or patent applications within the Licensed Patents in the Territory. Can-Fite shall have the right, after consultation with SKK, and upon no less than thirty (30) days' notice, to abandon any of the Licensed Patents in the Territory. After good faith consideration of Can-Fite's reasons for such abandonment of a patent and/or patent application within the Licensed Patents in the Territory, as well as due consideration of any actual or potential adverse effects on Licensed Patents within or outside of the Territory that would or may result from continuation of such patent or patent application, SKK shall have the right to direct Can-Fite to continue the prosecution or maintenance of any patent or patent application that Can-Fite wishes to abandon, in Can-Fite's name and at SKK's sole cost and expense. For the avoidance of doubt, Can-Fite may take ministerial and non-material procedural actions regarding the Licensed Patents in the Territory without obtaining prior input from SKK.

10.2 Inventions.

10.2.1 Inventorship. Inventorship of information, know-how, data, discoveries, developments, designs, inventions, methods, processes, techniques, materials, formulae, trade secrets, trademarks, copyrights, patents and patent applications and other proprietary information conceived and/or reduced to practice in connection with, or as a result of, SKK's activities hereunder and that are related to Ingredient and/or Product (**"Inventions"**) shall be determined in accordance with the patent laws of the country in which such invention occurred.

10.2.2 Ownership of Inventions; Royalty-Free Licenses; Responsibility for Patent Procurement. If an Invention is made solely by employees, officers, directors, agents or consultants of SKK, and such Invention specifically relates to development of the Product by or on behalf of SKK, the ownership of such Invention shall be vested solely in SKK (each an **"SKK Invention"**). SKK hereby grants to Can-Fite a royalty-free, non-exclusive license to use and exploit SKK Inventions in connection with the Ingredient and Product outside of the Territory. All other Inventions (whether invented solely by Can-Fite or jointly by Can-Fite and SKK) shall belong to Can-Fite (each a **"Can-Fite Invention"**). Can-Fite hereby grants to SKK a royalty-free, non-exclusive license to use and exploit Can-Fite Inventions in connection with the Ingredient and Product in accordance with this Agreement. SKK shall prepare, file, prosecute and maintain any and all patents and patent applications related to SKK Inventions; Can-Fite shall prepare, file, prosecute and maintain any and all patents and patent applications related to Can-Fite Inventions.

10.3 Enforcement of Licensed Technology. If either Can-Fite or SKK has knowledge of any infringement or likely infringement of the Licensed Patents or unauthorized use of the Licensed Know-How in the Territory, then the Party having such knowledge shall promptly inform the other Party in writing, and the Parties shall promptly consult with one another regarding the action to be taken. Unless the Parties otherwise mutually agree, Can-Fite shall have the initial right, using counsel of its choice, to enforce such Licensed Technology or defend any declaratory action with respect thereto, at its sole expense, and SKK shall give all reasonable assistance to Can-Fite in such action. If Can-Fite exercises such right, then Can-Fite shall control the strategy of such action and, provided that Can-Fite either receives SKK's consent or is required by law, Can-Fite may use SKK's name in connection with such action. If the infringement or likely infringement of the Licensed Patents would be the basis of a potential action solely within the Field in the Territory, and if Can-Fite declines to commence such action, then SKK shall have the right, but not the obligation, to commence such declined action with respect to such infringement within the Field in the Territory; provided that, prior to SKK's commencement of any such declined action, SKK shall reasonably consider Can-Fite's reasons for declining to commence the action. In the event that SKK elects, in its sole discretion and at SKK's sole expense, to commence such declined action, (i) SKK shall reasonably consider Can-Fite's input with respect to such declined action; (ii) Can-Fite shall give all reasonable assistance to SKK in such action; and (iii) SKK may use Can-Fite's name in connection with such action. SKK shall keep Can-Fite reasonably apprised of the progress of any such action commenced by SKK.

10.4 Infringement of Third Party Patents. If SKK, or any of its Affiliates or Sublicensees, is sued by a Third Party for infringement of a Third Party's patent rights in the Territory because of the manufacture, use or sale of the Product in the Territory, SKK shall promptly notify Can-Fite in writing of such suit, and the Parties shall consult each other to agree upon the course of action to be taken. Unless otherwise agreed in writing by the Parties, Can-Fite shall have the first right, but not the obligation, to control the defense of such suit in the Territory with counsel of its choice, at its own expense, in which event SKK shall have the right to be represented by advisory counsel of its own selection at its own expense, and SKK shall reasonably cooperate in the defense of such suit and furnish to Can-Fite all pertinent evidence and reasonable assistance in SKK's control. The Party that is not controlling the defense of such suit shall cooperate with the Party that is controlling the defense of such suit in connection with any such claim, suit or proceeding, and each Party shall keep the other Party reasonably informed of all material developments in connection with any such claim, suit or proceeding.

10.5 Recoveries; Settlement. In the event that either Party recovers any amounts from any litigation or settlement under Section 10.3 or 10.4, such amounts shall first be applied to reimburse Can-Fite and SKK for their respective actual out-of-pocket expenses, or equitable proportions thereof. Any remaining amount shall be retained by the Party that controlled such litigation or entered into such settlement; provided, however, that if SKK is the Party retaining any such remaining amount, then such remaining amount shall be deemed to be Product sales hereunder, and shall be subject to the royalty payments set forth in Section 9.5. The Parties shall keep one another informed of their respective activities concerning, and the status of, any litigation or settlement thereof concerning an Invention, the Licensed Technology, the Ingredient or the Product; provided, however, that no settlement or consent judgment or other voluntary final disposition of any suit defended or action brought by a Party pursuant to this Article 10 may be entered into without the written consent of the other Party if such settlement would require the other Party to be subject to an injunction or to make a monetary payment or would otherwise adversely affect the other Party's rights under this Agreement.

10.6 Trademark Infringement. SKK shall promptly call to the attention of Can-Fite the use by any Third Party of any Trademark or any trademark similar to the Trademarks, of which it becomes aware. Can-Fite shall have the right to decide whether or not to bring proceedings against such Third Parties, giving commercially reasonable consideration to any reasonably anticipated, material adverse effect(s) on SKK's business (to the extent SKK has provided written information to Can-Fite regarding such reasonably anticipated, material adverse effect(s)). Such proceedings shall be at the expense of Can-Fite. SKK shall cooperate fully with Can-Fite to whatever extent is deemed reasonably necessary by Can-Fite to prosecute such action. In the event that Can-Fite recovers damages from prosecution of such action, Can-Fite shall retain all amounts received for such damages, except that SKK shall be entitled to reimbursement of its costs, expenses, and attorneys' fees attributable to such action (or in proportionate amounts thereof, should Can-Fite recover an insufficient amount for both Parties' such costs and expenses).

ARTICLE 11.
REPRESENTATIONS AND WARRANTIES; LIMITATION OF LIABILITY

11.1 Can-Fite Representations and Warranties. Can-Fite hereby represents and warrants as of the Effective Date that: (i) it has the right, power and corporate authority to enter into this Agreement and to make the promises set forth in this Agreement; (ii) it owns or Controls the Licensed Patents and has the right to grant the rights and licenses herein to SKK in the Territory; (iii) the execution, delivery and performance of this Agreement do not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor to its Knowledge, violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it; (iv) there are no actual or, to its Knowledge, threatened suits or claims by any Third Party alleging that the use by Can-Fite or SKK of the Licensed Technology will constitute an infringement or other violation of a patent of such Third Party; and (v) Can-Fite has disclosed to SKK, in writing or in electronic form, (a) material (individually or in the aggregate) information in connection with the List of Can-Fite Studies; (b) detailed information under Can-Fite's control relating to the Ingredient manufacturing process used by Can-Fite as of the Effective Date ("Manufacturing Process"), wherein such Manufacturing Process information was provided to SKK before the Effective Date; and (c) pertinent information under Can-Fite's control provided to SKK before the Effective Date relating to the use of the Product obtained from Clinical Studies and Non-Clinical Studies performed by Can-Fite.

11.2 SKK Representations and Warranties. SKK hereby represents and warrants as of the Effective Date that: (i) it has the right, power and corporate authority to enter into this Agreement and to make the promises set forth in this Agreement; and (ii) the execution, delivery and performance of this Agreement do not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor to its Knowledge, violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

11.3 Disclaimer of Warranties. EXCEPT AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, CAN-FITE EXPRESSLY DISCLAIMS ANY WARRANTIES, REPRESENTATIONS OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE CONFIDENTIAL INFORMATION, INGREDIENT, PRODUCT, MANUFACTURING PROCESS, LICENSED PATENTS OR LICENSED KNOW-HOW, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF THE LICENSED PATENTS.

11.4 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES OF ANY KIND (INCLUDING DAMAGES FOR INTERRUPTION OF BUSINESS, PROCUREMENT OF SUBSTITUTE GOODS, LOSS OF PROFITS, OR THE LIKE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON TORT, WARRANTY, CONTRACT OR ANY OTHER LEGAL THEORY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS SECTION SHALL BE GIVEN FULL EFFECT EVEN IF ANY REMEDY SPECIFIED IN THIS AGREEMENT IS DEEMED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

ARTICLE 12.
INDEMNIFICATION AND INSURANCE

12.1 By Can-Fite. Can-Fite shall indemnify, defend and hold SKK, its Affiliates, directors, Sublicensees, employees, agents and representatives (collectively, **"SKK Indemnitees"**) harmless from and against all claims, causes of action, costs (including reasonable attorney fees and expenses), losses or liabilities (collectively, **"Losses"**) of any kind that are asserted by a Third Party to the extent the Losses arise from: (i) breach of a representation or warranty by Can-Fite in Section 11.1; (ii) the negligent act or omission or willful misconduct of Can-Fite in the performance of its obligations under this Agreement; or (iii) manufacture of Ingredient produced by Can-Fite or Can-Fite's Third Party manufacturer not in compliance with the Specifications, or not in compliance with the Manufacturing Process, or Losses that directly result from Can-Fite's failure to inform SKK of any material change to the Manufacturing Process thirty (30) days prior to implementation of such material change. The foregoing indemnity under subsections (i) – (iii) shall not apply to the extent that any of the SKK Indemnitees caused or contributed to such Losses, or to the extent that SKK has an indemnification obligation under Section 12.2 with respect to the Losses.

12.2 By SKK. SKK shall indemnify, defend and hold Can-Fite, its Affiliates, Can-Fite Other Licensee(s), directors, employees, agents and representatives (collectively, **"Can-Fite Indemnitees"**) harmless from and against all Losses of any kind that are asserted by a Third Party to the extent the Losses arise from: (i) breach of a representation or warranty by SKK in Section 11.2; (ii) the negligent act or omission or willful misconduct of SKK or any of its Affiliates, Sublicensees, agents or representatives in the performance of their obligations under this Agreement; or (iii) the development, manufacture, marketing, selling, handling or distribution by or on behalf of SKK of the Ingredient or Product (as applicable) in the Territory. The foregoing indemnity under subsections (i) – (iii) shall not apply to the extent that any of the Can-Fite Indemnitees caused or contributed to such Losses, or to the extent that Can-Fite has an indemnification obligation under Section 12.1 with respect to the Losses.

12.3 Procedure. Each Party will promptly notify the other Party in writing in the event it becomes aware of a Third Party claim, action or suit for which indemnification may be sought hereunder (provided that the failure to give such notice promptly will not prejudice the rights of an Indemnified Party, except to the extent that the failure to give such prompt notice materially adversely affects the ability of the Indemnifying Party to defend the claim, action or suit). In the event that any Third Party claim, action or suit is instituted against a Party in respect of which indemnity may be sought pursuant to this Article 12, promptly after such Party (the **"Indemnified Party"**) notifies the other Party (the **"Indemnifying Party"**) in writing, the Indemnifying Party and the Indemnified Party shall meet to discuss how to respond to such claim, action or suit. The Indemnifying Party shall control the defense of such claim, action or suit. The Indemnified Party shall cooperate with the Indemnifying Party in the defense of such claim, action or suit, at the expense of the Indemnifying Party. In any such proceeding, the Indemnified Party shall also have the right to retain its own counsel at its own expense. The Indemnifying Party shall not be liable for Losses or Third Party liabilities with respect to a claim, action or suit settled or compromised by the Indemnified Party without the Indemnifying Party's prior written consent. No offer of settlement, settlement or compromise by the Indemnifying Party shall be binding on an Indemnified Party without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed), unless such settlement fully releases the Indemnified Party without any liability, loss, cost or obligation to such Indemnified Party.

12.4 Insurance. SKK and Can-Fite each, at its own cost, shall maintain comprehensive general liability (**"CGL"**) insurance, including broad form contractual liability and product liability coverages, in amounts customary in the pharmaceutical industry. Each Party shall maintain such insurance during the term of this Agreement and thereafter for a period of two (2) years. Each Party, upon request, shall provide the other Party with a certificate of insurance as evidence of such coverages, and shall give the other Party at least thirty (30) days notice of any cancellation, termination or change in such insurance.

ARTICLE 13.
CONFIDENTIALITY AND PUBLICITY

13.1 Treatment of Confidential Information. The Parties agree that during the term of this Agreement, and for a period of five (5) years after this Agreement expires or terminates, the Receiving Party of Confidential Information of the Disclosing Party will (i) maintain such Confidential Information in confidence to the same extent the Receiving Party maintains its own confidential or proprietary information or trade secrets of similar kind and value; (ii) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures to its Affiliates, Sublicensees and Can-Fite Other Licensee(s) who agree to be bound by obligations of non-disclosure and non-use at least as stringent as those contained in this Article 13; and (iii) not use Confidential Information for any purpose except those purposes permitted by this Agreement. Neither Party will knowingly disclose to the other Party any Third Party information or know-how that such Party does not have the legal right to disclose to the other Party and/or which it has a contractual obligation not to disclose to the other Party.

13.2 Authorized Disclosure. Notwithstanding the foregoing Section 13.1, a Receiving Party may disclose Confidential Information of the Disclosing Party:

(i) to the extent and to the persons and entities as required by an applicable law, rule, regulation, legal process, court order or the rules of the any securities exchange on which any security issued by either Party is traded or of a Regulatory Authority; or

(ii) as necessary to file, prosecute or defend those patent applications or patents for which either Party has the right to assume filing, prosecution, defense or maintenance, pursuant to Article 10 of this Agreement; or

(iii) to prosecute or defend litigation or otherwise establish rights or enforce obligations under this Agreement, but only to the extent that any disclosure is necessary.

Provided that, the Receiving Party required or intending to disclose the Disclosing Party's Confidential Information under Sections 13.2(i) or (iii) shall give advance written notice to the Disclosing Party of such required disclosure so that the Disclosing Party may seek a protective order or other appropriate remedy. If, in the absence of a protective order or other remedy, the Receiving Party is nonetheless, in the reasonable opinion of Receiving Party's counsel, required to disclose Confidential Information of the Disclosing Party under Sections 13.2(i) or (iii), the Receiving Party may disclose only that portion of the Confidential Information of the Disclosing Party which such counsel advises in writing is legally required to be disclosed; provided that the Receiving Party shall preserve the confidentiality of such Confidential Information to the fullest extent possible, including, without limitation, by cooperating with the Disclosing Party in its efforts to secure confidential or protective treatment of such Confidential Information or to obtain a protective order or other remedy.

13.3 Other Permitted Disclosures. Either Party may disclose Confidential Information received under this Agreement to existing or potential investors, acquirers, merger partners, collaborators, consultants, contractors, distributors or licensees, or to professional advisors (e.g., attorneys, accountants and investment bankers) involved in such activities, for the limited purpose of evaluating such investment, transaction, or license and under appropriate conditions of confidentiality, only to the extent necessary and with the agreement by these permitted individuals to maintain such Confidential Information in strict confidence.

13.4 Publicity; Terms of this Agreement. The Parties will mutually agree upon the text of a press release announcing the execution of this Agreement. Except for such press release, neither Party shall (i) originate any publicity, news release or other public announcement, written or oral, whether to the public press, stockholders or otherwise, relating to this Agreement, any amendment hereto or performance hereunder, or (ii) use the name of the other Party in any publicity, news release or other public announcement, except (a) with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, or (b) as required by applicable law, in which case the originating Party shall submit to the other Party (for review and any proposed modifications, as well as the Parties' coordination, prior to such disclosure or use) each such required disclosure, and shall comply with the terms of Section 13.2. The terms of this Agreement shall be deemed to be the Confidential Information of each Party.

ARTICLE 14.
TERM AND TERMINATION

14.1 Term of this Agreement. This Agreement will become effective on the Effective Date and, unless earlier terminated pursuant to this Article 14, will remain in full force and effect until there is no remaining royalty payment obligation in the Territory, as set forth in Section 9.5.2. The terms and conditions for any transactions between the Parties relating to the Product after any termination or expiration hereunder shall be as separately negotiated and agreed upon by the Parties.

14.2 Termination for Material Breach. If either Party (the **"Breaching Party"**) materially breaches any of its representations, warranties, covenants or obligations under this Agreement, the other Party (the **"Non-Breaching Party"**) shall have the right to terminate this Agreement upon providing written notice to the Breaching Party (i) thirty (30) days after such written notice, if the Breaching Party is in breach of Article 9, 10 or 13 and has failed to cure such breach within the thirty-day notice period, or (ii) sixty (60) days after such written notice, if the Breaching Party is in breach of any other provision hereof and has failed to cure such breach within the sixty-day notice period; provided, however, that if a breach other than of Article 9, 10 or 13 is not reasonably susceptible of cure within the sixty-day cure period above, and the Breaching Party proposes and has initiated a reasonable course of action to cure such breach and has acted diligently and in good faith to begin to cure the breach within such sixty-day period, such cure period shall be extended as reasonably necessary to permit the breach to be cured. Notwithstanding the foregoing, in the event the Breaching Party disputes in good faith the existence of a breach under this Agreement, the Non-Breaching Party shall not have the right to terminate this Agreement unless and until the dispute is resolved in the Non-Breaching Party's favor (i.e., upon a final determination that the Breaching Party has materially breached this Agreement and has failed to cure such breach) through the dispute resolution provisions of Article 15. All amounts due hereunder that are not in dispute shall continue to be timely paid.

14.3 Termination for Insolvency. This Agreement may be terminated at any time by a Party's thirty (30) days prior written notice upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against the other Party (the **"Bankrupt Party"**), or upon an assignment of a substantial portion of the Bankrupt Party's assets for the benefit of its creditors; provided, however, that in the event of any involuntary bankruptcy or receivership proceeding, such right to terminate shall only become effective if the proceeding is not dismissed within sixty (60) days after the filing thereof.

14.4 Effect of Expiration or Termination.

14.4.1 Accrued Obligations. Termination of this Agreement for any reason shall not release any Party hereto from any liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a period prior to such termination, nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement.

14.4.2 Survival. The expiration or termination of this Agreement shall not affect (i) the rights or obligations of either Party hereto which shall have accrued hereunder prior to such expiration or termination, and (ii) the rights and obligations of the Parties at law or in equity, which from the context thereof, are intended to survive termination or expiration of this Agreement. Without limiting the foregoing sentence, the provisions of Article 1, to the extent definitions are embodied in the following listed Articles and Sections of this Agreement; the provisions of Sections 2.1, 2.2, 2.3, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 8.2, 8.3 and Article 6, but only if SKK has a fully paid-up license under Section 2.1; Sections 2.6 and 2.7; Sections 7.5, 9.1, 9.2, 9.3, 9.4 and 9.5, to the extent payment obligations thereunder have accrued but not been paid; Sections 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 10.1, 10.2, 10.6, 11.3, 11.4, 14.4, 14.5, 16.3, 16.4, 16.5, 16.6, 16.7, 16.8, 16.9; Articles 12 and 13; and Article 15, with respect to Disputes arising during the term of the Agreement that have not been resolved, shall survive the expiration or termination of this Agreement for any reason. In addition, any other provision required to interpret and enforce the Parties' rights and obligations under this Agreement shall survive, but only to the extent required for the observation and performance of the aforementioned surviving portions of this Agreement.

14.4.3 Termination of Licenses. Upon earlier termination of this Agreement by Can-Fite for SKK's uncured material breach under Section 14.2 or SKK's insolvency under Section 14.3, or by Can-Fite for SKK's failure to proceed with Product development pursuant to Section 5.5, all licenses and rights granted to SKK hereunder shall terminate and SKK will immediately cease to develop and commercialize Product.

14.4.4 Disposition of Inventory. Upon earlier termination of this Agreement by Can-Fite for SKK's uncured material breach under Section 14.2 or SKK's insolvency under Section 14.3, or by Can-Fite for SKK's failure to proceed with Product development pursuant to Section 5.5, SKK shall make no further sales of Product, and shall return to Can-Fite all of its inventory of the Product on hand as of the effective date of termination. Thereafter, Can-Fite may fill any orders for Product accepted by or on behalf of SKK prior to the effective date of termination.

14.4.5 Reassignment of Regulatory Approvals. If this Agreement is early terminated by Can-Fite under Section 14.2 because of SKK's uncured material breach or under Section 14.3 because of SKK's insolvency, or by Can-Fite for SKK's failure to proceed with Product development pursuant to Section 5.5, SKK shall ensure that all Regulatory Filings and Marketing Authorizations in the Territory relating to the Product are assigned to Can-Fite (to the extent legally permissible in the Territory) within a reasonable time after termination of SKK's rights under this Agreement, subject to Can-Fite's payment to SKK of a two percent (2%) royalty on Net Sales of any Product that is the subject matter of such assigned Regulatory Filings and/or Marketing Authorizations; provided that such royalty payment obligation of Can-Fite shall only continue until such time that the total royalty payments delivered by Can-Fite equal an amount that reimburses SKK for all of its Non-Clinical Study Costs and Clinical Study Costs and other internal and external costs directly arising from or in connection with preparation and submission of such assigned Regulatory Filings and/or Marketing Authorizations that were reasonably borne by SKK prior to such early termination of this Agreement. Any costs incurred by SKK for such assignment or transfer shall be at SKK's expense. In the event that no such assignment and/or transfer pursuant to this Section 14.4.5 may legally be made, then, at the request of Can-Fite, SKK shall surrender such Regulatory Filings and/or Marketing Authorizations for cancellation. To the extent that such assigned Regulatory Filings and/or Marketing Authorizations are related to the Product, all such data, files, materials, information, filings and approvals shall thereafter be deemed to be Can-Fite's Confidential Information and subject to Article 13 of this Agreement. SKK further agrees to execute and deliver such instruments and take such other actions as Can-Fite shall reasonably request in order to carry out this provision.

14.5 Return of Confidential Information. Confidential Information shall remain the property of the Disclosing Party for the period provided in Section 13.1. Upon earlier termination of this Agreement by either Party under Section 14.2 because of uncured material breach or under Section 14.3 because of insolvency of the other Party, or by Can-Fite for SKK's failure to proceed with Product development pursuant to Section 5.5, the Receiving Party shall immediately cease to use the Disclosing Party's Confidential Information and promptly thereafter the Receiving Party shall, at the Receiving Party's option, either return to the Disclosing Party or destroy all data, drawings, memoranda, notes and other written materials (including summaries, records, descriptions, modifications, drawings and adaptations that have been made from any such materials), together with any magnetic media and computer stored information, and all copies thereof, embodying or containing any of the Disclosing Party's Confidential Information that are in the possession or control of the Receiving Party or its contractors or agents; provided, however, that one (1) copy of such Confidential Information may be retained by the Receiving Party on a confidential basis for archival purposes only. Any destruction of Confidential Information pursuant to the preceding sentence shall be promptly confirmed by a written certificate executed by an authorized officer of Receiving Party.

ARTICLE 15.
DISPUTE RESOLUTION

15.1 Negotiation. The Parties shall attempt in good faith to resolve any and all disputes that arise between them promptly, voluntarily and amicably. Any dispute arising between the Parties relating to, arising out of, or in any way connected with this Agreement, or any term or condition hereof, or the performance by either Party of its obligations hereunder (a **"Dispute"**), whether before or after expiration or termination of this Agreement, which is not settled by the Parties within thirty (30) days after written notice of such Dispute is first given by one Party to the other Party in writing, will be referred to a senior executive designated by Can-Fite and a senior executive designated by SKK who are authorized to settle such Dispute on behalf of their respective companies (**"Senior Executives"**). The Senior Executives will meet (or confer by telephone or video conference) within thirty (30) days after the end of the initial 30-day period referred to above, at a time and place mutually acceptable to both Senior Executives. If the Dispute has not been resolved by the Senior Executives within thirty (30) days after the end of the initial 30-day period referred to above (or such longer time period as may be mutually agreed upon by the Senior Executives), the Dispute will be resolved in accordance with the remainder of this Article 15.

15.2 Arbitration. If a Dispute is not resolved in accordance with Section 15.1, the Parties hereby agree to resolve such Dispute by final and binding arbitration administered under the then-current Rules of Arbitration of the International Chamber of Commerce (**"ICC"**).

15.2.1 Commencement of Arbitration Proceeding; Arbitrator. Following failure of the Senior Executives to resolve a Dispute under Section 15.1, either Party may commence such arbitration proceeding in accordance with this Section 15.2 and the ICC rules, and shall simultaneously notify the other Party in writing of such commencement. The arbitration shall be conducted by one (1) neutral arbitrator, to be mutually selected by the Parties within thirty (30) days of the commencement of the proceeding; provided that if the Parties are unable to mutually select such arbitrator within such 30-day period, then the Parties shall either mutually agree to extend such period or one neutral arbitrator will be selected by Can-Fite within such thirty (30) day period, one neutral arbitrator will be selected by SKK within such thirty (30) day period, and such two selected arbitrators shall, within thirty (30) days after the first two arbitrators have been selected, appoint the single neutral arbitrator who shall preside over the arbitration proceeding.

15.2.2 Arbitration Proceeding and Venue. The arbitration and all related hearings, proceedings and written submissions will be in the English language. The arbitration proceeding shall be held in Geneva, Switzerland (unless the Parties mutually agree in writing on a different venue). Each Party shall bear its own expenses (including the fees and expenses of its attorneys, consultants and witnesses) in connection with the arbitration proceeding, and each Party shall, on an ongoing basis, pay one-half (½) the fees and expenses of the ICC and the arbitrator(s).

15.2.3 Decision; Enforcement. The decision of the arbitrator shall be the sole and exclusive remedy of the Parties, shall be final and shall be fully and irrevocably accepted by the Parties. The arbitrator shall announce his/her decision and award, and the reasons therefor, in writing. The prevailing Party may enforce such decision against the other Party in any court having jurisdiction. In any arbitration proceeding hereunder, the arbitrator will not have the right to modify the terms and conditions of this Agreement. The Parties will exert reasonable efforts to have the decision and award rendered within six (6) months after a Party commences the arbitration proceeding.

15.3 Court Actions; Injunctive Relief. Notwithstanding the above, to the full extent allowed by law, either Party may bring an action in any court of competent jurisdiction for injunctive relief (or any other provisional remedy) to protect the Parties' rights or enforce the Parties' obligations under Sections 10, 13 or 16.8 of this Agreement. In addition, either Party may bring an action in any court of competent jurisdiction to resolve disputes pertaining to the validity, construction, scope, enforceability, infringement or other violations of patents or other proprietary or intellectual property rights.

ARTICLE 16.
MISCELLANEOUS

16.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including but not limited to fire, floods, earthquake, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority or the other Party; provided, however, that the Party so affected shall use Commercially Reasonable Efforts to avoid or remove such causes of nonperformance, and shall continue to perform hereunder with reasonable dispatch whenever such causes are removed. Either Party shall provide the other Party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure. The Parties shall mutually seek a resolution of the delay or the failure to perform as noted above.

16.2 Assignment. This Agreement may not be assigned or otherwise transferred by either Party without the prior written consent of the other Party; provided that Can-Fite and SKK may assign this Agreement and all or a portion of its rights and obligations hereunder in connection with the transfer or sale of all or substantially all of the business of it, or in the event of its merger or consolidation or change in control or similar transaction upon prior written notice to the other Party. Any permitted assignee shall assume all obligations of its assignor under this Agreement in writing, and the relevant assignor shall remain liable thereunder.

16.3 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions of this Agreement shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of this Agreement in any other jurisdiction.

16.4 Notices. All notices, requests, consents and other communications given or made by a Party under this Agreement shall be in writing and shall be deemed given (i) five (5) days after mailing when mailed (by registered or certified mail, postage paid, only), (ii) on the date sent when made by facsimile transmission with confirmation of receipt (with hard copy to follow by registered or certified mail, postage paid, only), or (iii) on the date received when delivered in person or by reputable overnight courier; provided that notices and communications with respect to administrative matters under this Agreement (but not legal matters or matters pertaining to rights or obligations under this Agreement), may be provided by e-mail and will be deemed given when sent. All notices shall be provided to the address set forth below or such other place as such Party may from time to time designate in writing:

If to Can-Fite: Can-Fite BioPharma, Ltd.
10 Bareket St.
Petach Tikva, Israel
Attention: Chief Executive Officer
Facsimile: +972.3.924.9378
E-Mail: info@canfite.com

with a copy to: Heller Ehrman LLP
4350 La Jolla Village Drive
San Diego, CA 92122 USA
Attention: Stephen C. Ferruolo
Facsimile: 1.858.450.8499
E-mail: Stephen.Ferruolo@hellerehrman.com

If to SKK: Seikagaku Corporation
6-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100- 0005, Japan
Attention: Ken Mizutani
President
Facsimile: 81.3.5220.8951
E-Mail: ken.mizutani@seikagaku.co.jp

with a copy to: Seikagaku Corporation
6-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100- 0005, Japan
Attention: General Manager
Intellectual Property Department
Facsimile: 81.3.5220.8951
E-Mail: shunsuke.goto@seikagaku.co.jp

and

Seikagaku Corporation
6-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100- 0005, Japan
Attention: General Manager
Licensing Department
Facsimile: 81.3.5220.8594
E-Mail: junichi.hosono@seikagaku.co.jp

16.5 Governing Law, Venue. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the laws of State of New York, without reference to conflicts of laws principles.

16.6 Entire Agreement; Amendment. This Agreement, together with the Exhibits hereto, contains the entire understanding of the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between any provision of any Exhibit hereto and any provision of this Agreement, the provisions of this Agreement shall prevail. All express or implied agreements and understandings, either oral or written, heretofore made, including the Mutual Confidential Disclosure Agreement between the Parties, dated April 27, 2004, are expressly superseded by this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by both Parties hereto.

16.7 Official Language. The language of this Agreement and of any documents, papers or proceedings required by or under this Agreement, including any such documents, papers or proceedings that arise under Article 15, shall be English. Any Party requesting or requiring translations of such documents, papers or proceedings shall bear all costs and expenses of such translations.

16.8 Independent Contractors. It is expressly agreed that Can-Fite and SKK shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture or agency. Neither Can-Fite nor SKK shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so.

16.9 Waiver. The waiver by either Party hereto of any right hereunder or the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

16.10 Counterparts. This Agreement may be executed in counterparts by original or facsimile signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date first above written.

CAN-FITE BIOPHARMA, LTD.

By: /s/ Pnina Fishman
Name: Pnina Fishman
Title: CEO

By: /s/ Ilan Cohn
Name: Ilan Cohn
Title: Vice Chairman

SEIKAGAKU CORPORATION

By: /s/ Ken Mizutani
Name: Ken Mizutani
Title: President

EXHIBIT A

DESCRIPTION OF INGREDIENT

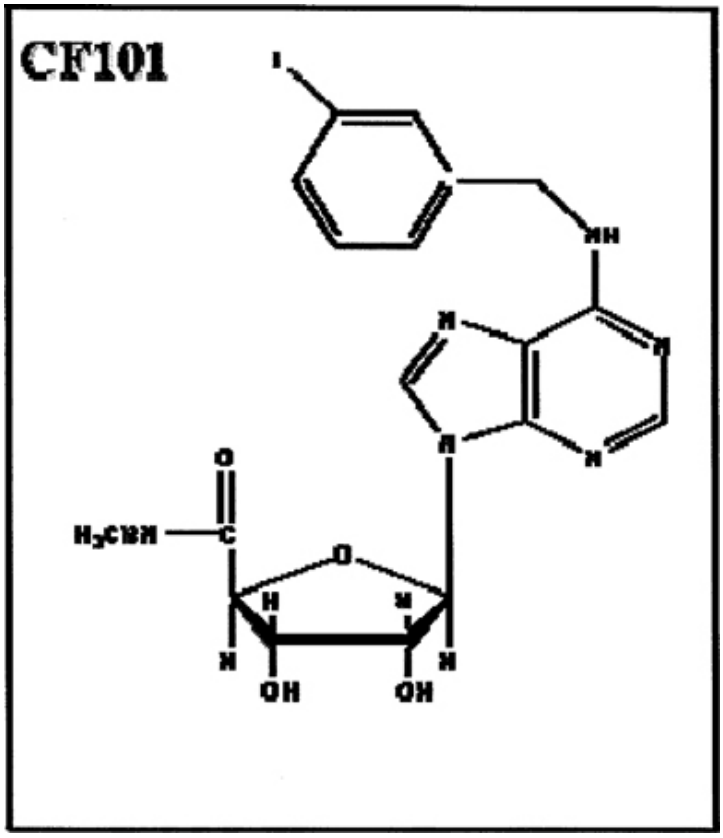

EXHIBIT B

LICENSED PATENTS

DETAILS*	**TITLE****
Japanese patent application 2001-522994	Pharmaceutical compositions comprising an adenosine receptor agonist or antagonist
Japanese patent application 2003-397549	Method of Treating an Individual with methyl 1-[N6-(3-iodobenzyl) -adenin-9-yl]-β-D-ibofuronamide
PCT application IL2005/001166	Therapeutic Treatment of Accelerated Bone Resorption
US Provisional application 60/740,631	Treatment of osteoarthritis
PCT application IL2005/001280	Treatment of Inflammation by a Combination of Methotrexate and an A3 Adenosine Receptor Agonist

* In case of a PCT application, the Licensed Patent is the Japanese patent that will be granted on a national Japanese patent application filed on the basis of the PCT application; in case of a US Provisional application, the Licensed Patent will be a Japanese patent which claims priority from the US Provisional application.

** The title is for identification purposes only. The title on file may be different or may be amended by Can-Fite or by the Japanese Patent Office.

EXHIBIT C

TRADEMARKS

[None Selected as of the Effective Date]

[To Be Added During the Term of the Agreement]

Exhibit 4. 12

ADDENDUM TO LICENSE AGREEMENT

This Addendum to License Agreement (this **"Addendum"**), dated as of Dec. 11, 2006 (the **"Effective Date"**), is made by and between Can-Fite BioPharma, Ltd., having its principal place of business at 10 Bareket St. Petach Tikva, Israel (**"Can-Fite"**), and Seikagaku Corporation, having its principal place of business 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan (**"SKK"**). Can-Fite and SKK may be referred to herein individually as a **"Party"** and collectively as the **"Parties."**

WHEREAS, on September 22, 2007 the Parties entered into a license Agreement (the **"License Agreement"**) according to which, inter alia, Can-Fite has granted to SKK certain exclusive rights and licenses regarding the Ingredient and Product (as more specifically provided in the License Agreement) within the Territory (as defined therein), together with other related rights and an option to manufacture Ingredient in the Territory;

AND WHEREAS, the Parties wish to amend the License Agreement in accordance with the terms provided herein in this Addendum;

ACCORDINGLY, in consideration of the premises and the mutual agreements, covenants, representations and warranties hereafter set forth, the Parties hereby agree as follows:

1. Section 9.3 of the License Agreement ("*Participation in Development Costs*") is hereby amended and restated in its entirety as follows:

9.3 Consideration for Access and Use of Information. In addition to all milestone payments and royalties hereunder, SKK shall pay Can-Fite the following:

9.3.1 Phase IIb Clinical Trial / Non-Clinical Study Full Reports. In consideration of the right of access to and use of information and clinical/non clinical data resulting from Can-Fite's Phase IIb Clinical Trial of the Ingredient for rheumatoid arthritis (Protocol Number CF101-202RA) provided by Can Fite to SKK hereunder (the **"Access to Information Right"**), SKK shall pay to Can-Fite Two Million U.S. Dollars ($2,000,000) in accordance with the following schedule: (i) Five Hundred Thousand U.S. Dollars ($500,000) upon execution of this Agreement; (ii) Five Hundred Thousand U.S. Dollars ($500,000) upon receipt by SKK from Can Fite of written confirmation of the enrollment of fifty percent (50%) of the patients or subjects to be enrolled in such Phase IIb Clinical Trial; (iii) Five Hundred Thousand U.S. Dollars ($500,000) upon receipt by SKK from Can Fite of written confirmation of the enrollment of one hundred percent (100%) of the patients or subjects to be enrolled in such Phase IIb Clinical Trial; and (iv) Five Hundred Thousand U.S. Dollars ($500,000) upon SKK's receipt of clinical data and information relating to such Phase IIb Clinical Trial in the form of a copy of the final report of such Phase IIb Clinical Trial. Can-Fite shall notify SKK in writing upon the occurrence of each of the foregoing payment trigger events and SKK shall pay Can-Fite within thirty (30) days of such notice, provided however that any amounts paid to Can Fite under this Section 9.3.1 shall be refundable by Can Fite to SKK if Can Fite could not complete the Phase IIb Clinical Trial in its entirety (for whatever reason).

9.3.2 Phase III Clinical Trial Full Reports. In accordance with Section 4.3, if SKK requests access to and use of the clinical data resulting from any Phase III Clinical Trial performed by Can-Fite after the Effective Date in the form of a copy of the full report of any Phase III Clinical Trial performed by Can-Fite for the purpose of Can-Fite's filing a New Drug Application in the United States for marketing the Product for rheumatoid arthritis, Can-Fite shall forward to SKK the a copy of the full report of such Phase III Clinical Study. In consideration for access to and use of the information contained in such report, SKK shall pay Can-Fite an amount equal to thirty percent (30%) of the Clinical Study Costs of Can-Fite's Phase III Clinical Trial performed by Can-Fite for the purpose of Can-Fite's filing a New Drug Application in the United States for marketing the Product for rheumatoid arthritis. SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK.

9.3.3 Clinical Study Full Reports. If, in accordance with Section 4.3, SKK requests access to and use of the information resulting from the Clinical Trial commenced by or on behalf of Can-Fite after the Effective Date, which information is contained in a copy of the full report of the Clinical Study in accordance with Section 4.3 and such report contains information and clinical/non clinical data which SKK has not previously paid to receive access and use pursuant to Section 9.3.1 or 9.3.2, Can-Fite shall forward to SKK a copy of the full report of such Clinical Study. In consideration of access to and use of the information contained in such full report, SKK shall pay Can-Fite an amount equal to twenty-five percent (25%) of the Clinical Study Costs incurred in connection with each such Clinical Study for which SKK has requested a copy of the corresponding full report. SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK.

9.3.4 Non-Clinical Study Full Reports. If SKK requests access to and use of the information resulting from any Non-Clinical Trial in accordance with Section 4.3, contained in a copy of the full report of a given Non-Clinical Study in accordance with Section 4.3, and such report contains information and clinical/non clinical data which SKK has not previously paid to receive access and use pursuant to Section 9.3.1 or 9.3.2, Can-Fite shall forward to SKK a copy of the full report of such Non-Clinical Study. In consideration access to and use of information contained in such full report, SKK shall pay Can-Fite an amount equal to twenty percent (20%) of Can-Fite's Non-Clinical Study Costs incurred in connection with each such Non-Clinical Study for which SKK has requested a copy of the corresponding full report (wherein such Non-Clinical Study Costs shall be determined in a manner that is analogous to determination of Clinical Study Costs hereunder). SKK shall make such payment within thirty (30) days after Can-Fite (or its Affiliate, Can-Fite's Other Licensee or agent, on behalf of Can-Fite) delivers an invoice therefor to SKK.

9.3.5 The Parties hereby agree that all payments due to be made by SKK to Can Fite under this Section 9.3, whether of principal, interest or otherwise, shall be made free and clear of, and without deduction or withholding for, or on account of, any taxes. Notwithstanding, if at any time SKK shall be required to make any deduction or withholding in respect of taxes from any payment due to Can Fite under Section 9.3 due to any change in, or to the interpretation or application of, or the introduction of, any Japanese law or regulation, then, SKK shall notify Can Fite in writing of such event promptly upon its becoming aware of the same; and Can Fite shall on demand, pay to SKK the amount which SKK specifies (in a certificate setting forth the basis of the computation of such amount) is required to compensate SKK for such increased cost including but not limited to the amounts of income tax, overdue tax and other penalties.

2. Except for those terms specifically defined herein, any terms used herein shall have the meaning ascribed to them in the License Agreement.

3. Except for those provisions which are amended in accordance with the terms of this Addendum, the remainder of the terms and conditions of the License Agreement shall continue in full force and effect and shall, mutatis mutandis, apply to this Amendment.

4. In any event of a conflict between and conditions contained in this Addendum and the License Agreement, the terms contained in this Addendum shall govern, provided that this Addendum is made to clarify the purposes of payments by SKK under the Agreement and does not intend to modify or limit the scope of SKK's rights and licenses granted or increase the burden to make payment on SKK under the Agreement.

5. This Addendum shall form a part of the License Agreement, and if the License Agreement is assigned to a third party in accordance with Section 16.2 of the License Agreement, this Addendum shall be automatically assigned to such assignee.

6. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date first above written.

CAN-FITE BIOPHARMA, LTD.

By:	/s/ Pnina Fishman	/s/ Ilan Cohn
Name:	Pnina Fishman	Ilan Cohn
Title:	CEO	Vice Chairman

SEIKAGAKU CORPORATION

By:	/s/ Ken Mizutani
Name:	Ken Mizutani
Title:	President

Exhibit 4. 13

REPRESENTATIVE AGREEMENT

This Agreement (the "**Agreement**") entered into on the 22nd day of September, 2006 by and between Can-Fite BioPharma, Ltd., having its principal place of business at 10 Bareket St. Petach Tikva, Israel (the "**Company**"), and Fuji Techno Interface Ltd., a company organized under the laws of the State of Japan, having its principal place of business at Kioicho Hills lF, 3-32 Kioicho Chiyoda –ku, Tokyo 102-0094, Japan (the "**Representative**").

WITNESSETH

WHEREAS the Company intends to execute a License Agreement (the **"License Agreement"**) with Seikagaku Corporation (the **"SKK"**), under the terms and conditions as set forth in the License Agreement, attached hereto as **Schedule A**; and

WHEREAS the Company and the Representative have entered into an agreement dated May 12, 2004 for the appointment of the Representative as the Company's agent to source a collaboration with SKK (the **"Original Agreement"**); and

WHEREAS the Representative has represented, assisted and advised the Company in the negotiations with SKK which have led to the intended execution of the License Agreement; and

WHEREAS the parties hereto desire to replace the Original Agreement with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises, obligations and undertakings as set forth herein the parties agree as follows:

1. ENGAGEMENT OF REPRESENTATIVE BY THE COMPANY

1.1 The Company has utilized the Representative's services, for the purpose of assisting and advising the Company in the negotiations with SKK, regarding, the subject matter of the License Agreement (the "**Services**").

1.2 The Representative has assisted in coordinating and arranging meetings between the Company and SKK, and participated in such meetings as required by the Company, and otherwise has assisted and advised the Company in the negotiations with SKK, which have led to the intended execution of the License Agreement.

2. THE REPRESENTATION FEE

2.1. The Representative shall be entitled to receive from the Company a representation fee under the terms and conditions as set forth in **Schedule B** attached hereto (the "**Representation Fee**").

2.2. The Representative shall not be entitled to any other payments for its Services, other than the Representation Fee.

2.3. The Representative shall be solely responsible for any and all costs or expenses that it may incur and/or has incurred in the performance of the Services. Furthermore,

3. CONFIDENTIALITY

Upon the execution of this Agreement the Representative shall sign and be subject to the Non Disclosure Agreement attached hereto as **Schedule** C.

4. NOTICES

All notices shall be given by one party to the other, in writing, and shall be presumed given or made to the other party if served either personally or if deposited in the certified or registered mail. If such notice is served personally, service shall be conclusively deemed made at the time of such personal service. All notices shall be given to the addresses set forth above. Any party hereto may change its address for the purpose of receiving notices or other communications by a written notice given in the manner of aforesaid to the other party hereto.

5. ASSIGNMENT

This Agreement may not be assigned by either party without the prior written consent of the other party.

6. GOVERNING LAW

This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the laws of State of New York, without reference to conflicts of laws principles.

7. MISCELLANEOUS

7.1 The Representative agrees and declares that he has no power or authority to make any commitments, undertakings or agreements in the name of and/or on behalf of the Company, whether verbal or written, and will not hold himself out as having any such power or authority.

7.2 Each of the parties hereto is an independent contractor, and is not a partner of the other party.

7.3 All the terms used in this Agreement, and in the Schedules attached hereto, shall have the same meaning as defined in the License Agreement, unless otherwise specifically stated.

7.4 This Agreement constitutes the entire Agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties, including the Original Agreement, are expressly canceled.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year herein above written.

COMPANY:

Can-Fite BioPhafina, Ltd

/s/ Pnina Fishman
Name: Pnina Fishman
Title: CEO
Date: September 22, 2006

/s/ Ilan Cohn
Name: Ilan Cohn
Title: Vice Chairman
Date: September 22, 2006

REPRESENTATIVE:

Fuji Techno Interface Ltd

/s/ Osamu Fujimaki
Name: Osamu Fujimaki
Title: President
Date: September 28, 2006

Schedule A

LICENSE AGREEMENT

Schedule B

THE REPRESENTATION FEE

1. Subject to the final and definitive execution of the License Agreement between the Company and SKK, the Representative shall be entitled to receive a Representation Fee according to the following terms and conditions (any capitalized terms set out herein shall have the definition ascribed to them in the License Agreement, unless otherwise specifically stated):

1.1 General Payments

1.1.1 Upon the Upfront Payment, the Representative shall be entitled to receive an amount in cash equal to 5% of the Consideration (as defined below) received by the Company from SKK, according to the terms of the License Agreement.

1.1.2 On January 1 of each year following the execution of the License Agreement and until the earlier of (i) the filing by SKK of a New Drug Application with a Regulatory Authority in Japan for the first indication or (ii) the fifth (5^{th}) anniversary of the Effective Date, the Representative shall be entitled to receive an amount in cash equal to 5% of the Consideration received by the Company from SKK, according to the terms of the License Agreement.

1.2 Milestone Payments

Upon the occurrence of each of the Milestones set forth in the License Agreement and as detailed herein, the Representative shall be entitled to receive an amount in cash equal to 5% of the Consideration received by the Company from SKK, according to the terms of the License Agreement:

1.2.1 Upon Marketing Authorization in Japan for rheumatoid arthritis or other first indication.

1.2.2 Upon commencement of first Clinical Study in Japan, whether or not SKK employs Bridging Strategy.

1.2.3 Upon commencement of Phase II Clinical Trial in Japan for the first indication, whether or not SKK employs Bridging Strategy.

1.2.4 Upon submission of NDA to Regulatory Authority in Japan for first indication, whether or not SKK employs bridging strategy.

1.2.5 If SKK does not employ Bridging Strategy: upon commencement of Phase III Clinical Trial in Japan for first indication.

1.2.6 Upon Marketing Authorization in Japan for the second indication.

1.2.7 Commencement of each Phase III Clinical Trial in Japan for each indication after first indication

2. **"Consideration"** shall mean, for the purpose of this **Schedule B**, the net proceeds actually received by the Company from SKK free of any withholding taxes deducted at source, with regard to each separate payment, set out above, and which shall become due and actually paid to the Company by SKK, pursuant the execution of the License Agreement, and according to the terms and conditions set forth thereof.

3. The Company's obligation to pay the Representation Fee is expressly subject and contingent upon the Consideration being actually and directly paid to the Company, and received by the Company from SKK according to the terms and conditions of the License Agreement.

4. The Representation Fee shall be paid by the Company to the Representative within 30 days of receipt of the Consideration by the Company. If the Consideration shall be paid to the Company in installments and provided that such installments are subject to certain performance or milestones required under the License Agreement, then the Company shall pay the Representative a respective portion of the Representation Fee, according to the above percentage due, from each installment received, within 30 days from its receipt.

5. If any amount to be paid by the Company to the Representative under this Agreement is subject to governmental income tax in Israel which the Company is required to pay or withhold and to the extent that such tax are in the nature creditable against Israel income taxes to be paid by the Company, the Company may deduct such tax from the said amount at a rate not exceeding the then prevailing rate 'provided for in relevant provisions of the Convention between the Governments of Israel and Japan for the A voidance of Double Taxation and the Evasion of Taxes dated March 8, 1993 (effective as of January 1, 1994) and shall furnish to the Representative the official tax receipts which are applicable to such payments or withholdings and which designate the Representative as the tax payer. Any other duty, tax or charge levied thereon outside Japan shall be borne and paid by the Company without deduction from the amount payable by the Company hereunder.

Schedule C

NON DISCLOSURE AGREEMENT

This Non Disclosure Agreement (the "NDA") entered into on the 22nd day of September (the **"Effective Date"**), 2006 by and between Can-Fite BioPharma, Ltd., having its principal place of business at 10 Bareket St. Petach Tikva, Israel (the **"Disclosing Party"**), and Fuji Techno Interface Ltd, a company organized under the laws of the State of Japan, having its principal place of business at Kioicho Hills 1.F 3-32 Kioicho Chiyoda –ku Tokyo 102-0094, Japan (the **"Reciveing Party"**).

WITNESSETH

WHEREAS, the DISCLOSING PARTY has disclosed and wishes to disclose to the RECEIVING PARTY certain information relating to the DISCLOSING PARTY's technology (the **"Technology"**) and business issue relating thereto (the **"Confidential Information"**), all of which information the DISCLOSING PARTY deems to be confidential; and

WHEREAS, the RECEIVING PARTY has been willing and is willing to receive such information from the DISCLOSING PARTY for the purpose of assisting and advising the Company in the negotiations and ongoing relationships with SKK, regarding, among others, the subject matter of the License Agreement (the **"Project"**) and any other business matter relating to the Technology; and

WHEREAS, the RECEIVING PARTY acknowledges the sensitivity of the Confidential Information.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. This Agreement shall terminate upon the later to occur of completion of the Project or seven years from the Effective Date first stated above, whichever occurs first. Notwithstanding the aforesaid, the RECEIVING PARTY's undertaking to maintain the Confidential Information (as defined below) in strictly confidence shall continue for a period of five (5) years after the termination of this Agreement.

2. Confidential Information shall , any and all inventions, ideas, discoveries, data, · instructions, designs, information, components, methods, tools, developments, innovations, techniques, materials, technology, protocols, procedures, results, formulae, trade secrets, know-how and other non-public and proprietary materials, products, processes or information, including research, product plans, manufacturing processes, manufacturing or operating costs, services, software, hardware, customer lists, price lists, business plans, marketing plans or financial information, that is or was disclosed or supplied by the Disclosing Party to the Receiving Party in connection with the Project. Disclosures by a Party's Affiliate shall be deemed disclosures by that Party, and disclosures to a Party's Affiliate shall be deemed disclosures to that Party

3. The RECEIVING PARTY shall (a) use the Confidential Information solely to the extent necessary for the purpose of the Project; (b) restrict disclosure of the confidential Information to those of its employees who are directly responsible for the fulfillment of such purpose; and (c) disclose the Confidential Information only to the extent it is strictly necessary for each such employees to perform such duties for the RECEIVING PARTY Before making any disclosure of the Confidential Information to such employee, the RECEIVING PARTY shall ensure that such employee is bound by a Confidentiality and Nondisclosure Agreement which prohibits such employee from disclosing the Confidential Information. Notwithstanding the forgoing, the RECEIVING PARTY shall be jointly liable to the DISCLOSING PARTY with each of its employees and ex-employees, at all times, regardless of termination of any labor, employment or other relationship, for any breach of confidentiality or nondisclosure obligation by any such person in connection with the Confidential Information.

4. Information shall not be deemed confidential, and the RECEIVING PARTY shall have no obligation with respect to any such information, which the RECEIVING PARTY can evidence, to the DISCLOSING PARTY by appropriate documentation:

   (i) Is already known to the RECEIVING PARTY; or

   (ii) Is or becomes publicly known through no wrongful act of the RECEIVING PARTY; or

   (iii) Is independently developed by the RECEIVING PARTY or is rightfully received by the RECEIVING PARTY from a third party without restriction and without breach of this Agreement; or

   (iv) Is approved for release by written, authorization of the DISCLOSING PARTY.

5. The Confidential Information is and shall always remain the exclusive property of the DISCLOSING PARTY, and the RECEIVING PARTY hereby acknowledges the right, title and interest of the DISCLOSING PARTY in and to the Confidential Information. The RECEIVING PARTY will not at any time infringe, contest, dispute or question such right, title or interest nor aid others in doing so directly or indirectly. The Provision of this Section will not apply to Confidential Information previously known to The RECEIVING PARTY as provided in Section 4 above.

6. The RECEIVING PARTY shall use the same standard of care it uses to protect its own, Confidential Information to avoid disclosure to any third party of any the DISCLOSING PARTY Confidential Information for the duration of this Agreement and for a period of five (5) years from the Effective Date of the termination of this Agreement. The RECEIVING PARTY shall not disclose to other of its customers, clients, contractors, suppliers or other affiliates its relationship with the DISCLOSING PARTY nor the Project which is the substance of this Agreement.

7. All the DISCLOSING PARTY's Confidential Information and all tangible forms of such information including, but not limited to, business information, data, documents, drawings, specifications, prototypes, and software received hereunder by the RECEIVING PARTY from the DISCLOSING PARTY shall remain the property of the DISCLOSING PARTY. Upon written request by the DISCLOSING PARTY, the RECEIVING PARTY shall return to the DISCLOSING PARTY all tangible forms of the DISCLOSING PARTY Confidential Information, including any and all copies thereof, except for one copy which may be retained by an attorney for the RECEIVING PARTY for archival purposes.

8. Nothing contained in this Agreement shall be construed as (i) requiring the DISCLOSING PARTY to disclose, or the RECEIVING PARTY to accept, any particular information, or (ii) granting to the RECEIVING PARTY a license, either express or implied, under any patent, copyright, trade secret, or other intellectual property rights now or hereafter owned, obtained, or licensable by the DISCLOSING PARTY.

9. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the laws of State of New York, without reference to conflicts of laws principles, and only the courts sitting in that State shall have exclusive jurisdiction of the parties for the purposes of adjudicating any disputes under this Agreement. The RECEIVING PARTY acknowledges that the Confidential Information is the valuable proprietary information and/or confidential trade secrets of the DISCLOSING PARTY and that the DISCLOSING PARTY will sustain irreparable financial and business loss by any breach of the terms of this Agreement, in the event of a breach of this Agreement by the RECEIVING PARTY, the DISCLOSING PARTY shall be entitled, without prejudice to all attendant remedies, to all injunction or other court-order relief that may be available against a threatened or continuing breach. The parties further agree that service of process may be accomplished by certified mail, as follows:

If to the DISCLOSING PARTY:

10 Bareket St.
Petach Tikva
Israel

Tel: (972)-3-924-1114
Fax: (972)-3-924-9378
.

If to the RECEIVING PARTY

Kioicho Hills 1F 3-32
Kioicho Chiyoda –ku
Tokyo 102-0094
Japan
Tel: +81-3-5210-2231
Fax: +81-3-5210-5050

10. Neither party under this NDA shall publicly announce or disclose the existence of this NDA, or its contents, any discussions relating thereto, or the discussions of the business relationship being considered, without the prior consent of the other party or except as may be required by law, in which case the party required to make disclosure shall give the other party the maximum feasible prior notice of such disclosure.

11. This Agreement expresses the entire agreement and understanding between the parties respecting the subject matter hereof and shall not be modified except by a writing signed by authorized representatives of the parties on or after the date hereof.

12. The persons executing this Agreement for and on behalf of the parties hereto represent that they are fully authorized to do so for and on behalf of their respective principals.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the effective date first written above.

THE DISCLOSING PARTY	THE RECEIVING PARTY
/s/ Pnina Fishman	/s/ Osamu Fujimaki
Can-Fite BioPharma, Ltd	Fuji Techno Interface Ltd
By: Pnina Fishman	By: Osamu Fujimaki
Title: CEO	Title: President
Date: September 22, 2006	Date: September 28, 2006

Exhibit 4. 14

Glycoscience for human well-being

SEIKAGAKU CORPORATION

Marunouchi Center Building
6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Telephone:(81)3-5220-8950
Facsimile :(81)3-5220-8951

December 8, 2009

Prof. Pnina Fishman, CEO, and
Dr. Ilan Cohn, Vice Chairman
Can-Fite BioPharma, Ltd.
10 Bareket St.
Petach Tikva
Israel

Re: Confirmation

Dear Prof. Fishman and Dr. Cohn:

In order to confirm that we have a common understanding of annual payments to be made by Seikgaku Corporation ("SKK'') to Can-Fite BioPharma, Ltd. ("Can-Fite") on the license to CFl01 under the License Agreement entered into between Can-Fite and SKK on September 22, 2006, please confirm the following correction to Section 9.1.2 thereof:

Before:
Annual Payment. Commencing January 1, 2007 and on January 1 of each year thereafter until the earlier of (i) the filing by SKK of a New Drug Application with a Regulatory Authority in Japan for the first indication or (ii) the sixth (6th) anniversary of the Effective Date, SKK shall pay to Can-Fite the non-refundable, non-creditable amount of Five Hundred Thousand U.S. Dollars ($500,000).

After:
Annual Payment. Commencing January 1, 2007 and on January 1 of each year thereafter until the earlier of (i) the filing by SKK of a New Drug Application with a Regulatory Authority in Japan for the first indication or (ii) ***January 2, 2011***, SKK shall pay to Can-Fite the non-refundable, non-creditable amount of Five Hundred Thousand U.S. Dollars ($500,000).

If you are in agreement with the foregoing, please sign the two (2) originals of the enclosed counterpart of this Letter Agreement and return (1) such counterpart to the undersigned, whereupon this Letter Agreement shall become a binding agreement between the undersigned and Can-Fite.

Sincerely,

Seikagaku Corporation

By: /s/ Ken Mizutani
Name: Ken Mizutani
Title: President

The foregoing Letter Agreement is hereby agreed by the undersigned on and as of December ___, 2009

Can-Fite BioPharma, Ltd.

By: /s/ Pnina Fishman
Name: Pnina Fishman, Ph.D.
Title: CEO

By: /s/ Ilan Cohn
Name: Ilan Cohn, Ph.D.
Title: Vice Chairman

Exhibit 4. 15

LICENSE AGREEMENT

This License Agreement (this **"Agreement"**), dated as of December 14, 2008 (the **"Effective Date"**), is made by and between Kwang Dong Pharmaceutical Co., Ltd. of Seoul, Korea (herein: **"KDP"**) and Can-Fite Biopharma, Ltd of Petach-Tikva, Israel (herein: **"Can-Fite"**). KDP and Can-Fite may be referred to herein individually as a "Party" and jointly as the **"Parties."**

RECITALS

WHEREAS, Can-Fite is developing a pharmaceutical product for treating inflammatory diseases known generically as IB-MECA (Methyl 1-[N6-(3-iodobenzyl)-adenin-9-yl]- β-D- Ibofuronamid), and called CF101 by Can-Fite; and

WHEREAS, Can-Fite is conducting the Can-Fite Phase IIb Clinical Trial (as defined below) of the product in tablet form (as more fully described below, the **"Product"**) for the treatment of rheumatoid arthritis, as described in the Existing Filing Document (as defined below); and

WHEREAS, Can-Fite owns certain intellectual property right(s) covering the Product;

WHEREAS, Can-Fite desires to grant, and KDP desires to obtain, certain exclusive rights and licenses regarding the Product (as more specifically provided in Section 2.1 herein) within the Territory (as defined below), in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Parties are entering into a Share Purchase Agreement of even date herewith (the **"Share Purchase Agreement"**), pursuant to which KDP has agreed to purchase 2,382,602 Ordinary Shares par value NIS 0.01 each of Can-Fite (the **"Shares"**), subject to the terms and conditions thereof.

NOW THEREFORE, for and in consideration of the covenants, conditions, and undertakings hereinafter set forth, it is agreed by and between the Parties as follows:

ARTICLE 1.
DEFINITIONS

As used in this Agreement, (i) neutral pronouns and any derivations thereof shall be deemed to include the feminine and masculine and all terms used in the singular shall be deemed to include the plural and vice versa, as the context may require; (ii) the words **"hereof"** and **"hereunder"** and other words of similar import refer to this Agreement as a whole, including all exhibits, as the same may be amended from time to time, and not to any subdivision of this Agreement; (iii) the word **"including"** is not intended to be exclusive and means "including without limitation"; (iv) the word **"days"** means "calendar days," unless otherwise stated; (iv) **"Section"** refers to sections and subsections in this Agreement; (iv) descriptive headings are inserted for convenience of reference only and do not constitute a part of and shall not be used in interpreting this Agreement; and the following capitalized terms shall have the following meanings:

1.1 **"Affiliate"** shall mean a corporation, partnership, trust, limited liability company or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a Party, but only for so long as such relationship exists. For such purposes, "control" or "controlled by" and "under common control with" shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock or partnership interest, by contract or otherwise. In the case of a corporation, the direct or indirect ownership of more than fifty percent (50%) of its outstanding voting shares shall in any event be deemed to confer control, it being understood that the direct or indirect ownership of a lesser percentage shall not necessarily preclude the existence of control.

1.2 **"Can-Fite's Other Licensee(s)"** shall mean companies, firms, corporations, partnerships or other Third Party entities, to whom Can-Fite has granted a right to develop and commercialize the Product inside the Territory outside the Field or outside the Territory inside or outside the Field.

1.3 **"Can-Fite Phase IIb Clinical Trial"** shall mean the human clinical trial of the Product being conducted by Can-Fite in Israel and several European countries to determine the safety and efficacy of the Product as described in the Existing Filing Document.

1.4 **"CDA"** shall mean the Mutual Confidential Disclosure Agreement between the Parties dated as of 25 May, 2007.

1.5 **"Clinical Study/Studies"** shall mean such clinical studies in human beings, including the Can-Fite Phase IIb Clinical Trial and other studies described as Phase I Clinical Trials, Phase II Clinical Trials and Phase III Clinical Trials in 21 C.F.R. 312.2(c) for the United States, or similar clinical studies prescribed by a Regulatory Authority in another country, as may be required to be conducted and/or produced by or on behalf of either Party, or Can-Fite's Other Licensee(s), in connection with obtaining Marketing Authorization for the Product either inside or outside of the Territory. A Clinical Study shall be deemed to have commenced when the first patient or subject in such study has been enrolled

1.6 **"Commercial Launch"** shall mean the first shipping by KDP, its Affiliate or its distributor of the Product following Marketing Authorization in the Territory to its or their wholesalers or other Third Party purchasers in the Territory, in such commercial quantities of the Product as may reasonably be appropriate to establish the Product, as applicable, throughout the Territory.

1. 7 **"Commercially Reasonable Efforts"** shall mean continuous and diligent efforts of a degree and kind, including the level of attention and care and providing of funding and manpower, as are consistent with industry custom and practice and with the then current stage of product life cycle, which efforts shall in no event be less than the efforts that a Party applies with respect to its other programs and products of similar commercial potential consistent with the exercise of good business judgment for the maximization of profits.

1.8 **"Confidential Information"** shall mean any and all inventions, ideas, discoveries, data, instructions, designs, information, components, methods, tools, developments, innovations, techniques, materials, technology, protocols, procedures, results, formulae, trade secrets, know-how and other non-public and proprietary materials, products, processes or information, including research, product plans, manufacturing processes, manufacturing or operating costs, services, software, hardware, customer lists, price lists, business plans, marketing plans or financial information, that is or was disclosed or supplied by a Party (the **"Disclosing Party"**) to the other Party (the **"Receiving Party"**) in connection with this Agreement or the CDA. Disclosures by a Party's Affiliate shall be deemed disclosures by that Party, and disclosures to a Party's Affiliate shall be deemed disclosures to that Party.

Notwithstanding the foregoing, Confidential Information shall not include any part of the foregoing that the Receiving Party can prove:

1.8.1 Was already known to the Receiving Party as evidenced by the Receiving Party's competent, contemporaneous written records, other than any portion of such information that was under an obligation of confidentiality at the time of its disclosure;

1.8.2 Became generally available to the public or otherwise becomes part of the public domain after disclosure of such information to the Receiving Party, other than by breach of this Agreement by the Receiving Party or by anyone to whom the Receiving Party disclosed such information;

1.8.3 Was subsequently lawfully disclosed to the Receiving Party by a Third Party, without any restriction on disclosure, other than in breach of a confidentiality obligation of such Third Party to the Disclosing Party; or

1.8.4 Was independently developed or discovered by employees of the Receiving Party who had no access to the Confidential Information of the Disclosing Party and did not make use of the Confidential Information of the Disclosing Party, as demonstrated by competent, contemporaneous written records.

1.9 **"Controlled"** or **"Controls",** when used in reference to intellectual property, shall mean the legal authority or right of a Party (or any of its Affiliates) to grant a license or sublicense of intellectual property rights to the other Party, or to otherwise disclose proprietary or trade secret information to the other Party, without breaching the terms of any agreement with a Third Party, infringing upon the intellectual property rights of a Third Party, or misappropriating the proprietary or trade secret information of a Third Party. This term may be used herein as a noun.

1.10 **"Data"** shall mean any and all data from research and development work, including but not limited to all data from Clinical Studies or Non-Clinical Studies, price registrations and regulatory submissions, related to the Product, including but not limited to data related to metabolites, degradation substances and impurities.

1.11 **"Development Plan"** shall mean the written document prepared and determined by KDP that describes the overall program for development of the Product in the Field in the Territory. The Development Plan shall include, among other things, estimated activities and timelines towards procurement of Marketing Authorization in the Territory. The Development Plan also shall forecast the initial Product supply requirements for such development activities.

1.12 **"Existing Filing Document"** shall mean the document(s) submitted by Can-Fite to FDA that enabled Can-Fite to lawfully initiate the Can-Fite Phase IIb Clinical Trial.

1.13 **"FDA"** shall mean the United States Food and Drug Administration, or any successor entity thereto.

1.14 **"Field"** shall mean systemic use of the Product for the therapeutic treatment of rheumatoid arthritis in humans.

1.15 **"KFDA"** shall mean "Korea Food & Drug Administration", the competent regulatory authority in Korea that is responsible for granting Marketing Authorization for a regulated pharmaceutical in Korea.

1.16 **"Knowledge"** shall mean, with respect to a Party, the good faith understanding of the facts and information in the possession of an officer of such Party, or any in-house legal counsel of such Party, without any duty to conduct any additional investigation with respect to such facts and information by reason of the execution of this Agreement. For purposes of this definition, an "officer" shall mean any person in the position of senior vice president, president, chief operating officer or chief executive officer of a Party.

1.17 **"Licensed Know-How"** shall mean all ideas, data, instructions, discoveries, inventions, processes, formulae, techniques, procedures, designs, sketches, records, components, methods, tools, developments, innovations, materials, technology, protocols, results, expert opinions and other information Controlled by Can-Fite as of the Effective Date and during the term of this Agreement relating to the Product that are not in the public domain and that are necessary for the development, use, manufacture (as authorized under this Agreement) or sale of the Product in the Field in the Territory. Licensed Know-How shall expressly exclude Licensed Patents.

1.18 **"Licensed Patents"** shall mean the patents and patent applications Controlled by Can-Fite as of the Effective Date and during the term of this Agreement relating to the Product and/or the use of the Product within the Field and having one or more Valid Claims within the Territory. The Licensed Patents are identified in Exhibit A, attached hereto and incorporated herein, as it may be amended by the Parties from time to time.

1.19 **"Licensed Technology"** shall mean the Licensed Know-How and the Licensed Patents.

1.20 **"Manufacturing Cost"** shall mean all costs for the Product, calculated by using Can-Fite's standard accounting procedures. Such costs shall include, but not be limited to, the fully burdened costs of all raw materials, labor and reasonable overhead for the synthesis, formulation, filling, finishing, labeling, packaging, storing, quality control and assurance activities and procurement costs associated with the Product.

1.21 **"Marketing Authorization"** shall mean all approvals (including labeling, price and reimbursement approvals, if applicable), licenses, registrations or authorizations of any Regulatory Authority necessary for the commercial marketing, sale and use of the Product inside or outside of the Territory, as the case may be.

1.22 **"National Health Insurance/NHI Price"** shall mean the price that may be charged for the Product in the Territory, as determined by the KFDA or other Regulatory Authority.

1.23 **"NDA''** or **"New Drug Application"** shall mean a new drug application filed with a Regulatory Authority, wherein NDA approval shall permit marketing of the applicable product.

1.24 **"Net Sales"** shall mean the total amount invoiced to Third Parties in connection with sales of the Product by KDP, its Affiliates and its distributors to wholesalers or other Third-Party purchasers, less the following items to the extent actually paid or allowed and specified on any documents related to such sales:

1.24.1 Packaging, transportation and prepaid insurance charges on shipments or deliveries of Product;

1.24.2 Credit or refund actually allowed for any returned Product;

1.24.3 Reasonable and customary rebates, actually granted or given to wholesalers or other distributors; and

1.24.4 Sales or value added taxes actually incurred and paid by KDP or its Affiliates in connection with the sale or delivery of the Product.

No deductions shall be made for cost of collections or for commissions paid to individuals, whether they be with independent sales agencies or regularly employed by KDP, and/or its Affiliates and on its or their payroll. Product shall be considered "sold" when billed out or invoiced. Sale or transfer to an Affiliate for resale by such Affiliate shall not be considered a sale for the purpose of this provision, but the resale by such Affiliate to a Third Party be a sale for such purpose.

No multiple royalties shall be payable to Can-Fite because the manufacture, use, sale, offer for sale or importation of any Product is covered by more than one of the Licensed Patents.

1.25 **"Non-Clinical Study/Studies"** shall mean any and all pre-clinical studies and non-clinical studies as may be required to be conducted and/or produced by or on behalf of either Party, and (if applicable) by Can-Fite's Other Licensee(s), in connection with obtaining Marketing Authorization for the Product either inside or outside of the Territory. **"Product"** shall have the meaning set forth above in the Recitals to this Agreement.

1.26 **"Regulatory Authority"** shall mean, with respect to any particular country, territory or union, the governmental authority, body, commission, agency or other instrumentality of such country, territory or union with the primary responsibility for the evaluation or approval of pharmaceutical products before such pharmaceutical product may be tested, marketed, promoted, distributed or sold in such country, including such governmental bodies that have jurisdiction over the pricing of such pharmaceutical product. The term "Regulatory Authority" includes the KFDA, the FDA, and the European Agency for the Evaluation of Medicinal Products or EMEA.

1.27 **"Regulatory Exclusivity Period"** shall mean any period of data, market or other regulatory exclusivity, including the equivalent in the Territory of any such periods listed in the FDA's Orange Book or periods under national implementations of Article l0.l(a)(iii) of Directive 2001/EC/83 and any corresponding foreign equivalents.

1.28 **"Regulatory Filing"** shall mean all filings with the applicable Regulatory Authority for registrations, permits, licenses, authorizations, approvals, or notifications that are required to develop, make, use, sell, import or export the Product, as the case may be, and shall include a New Drug Application.

1.29 **"Sublicensee"** shall mean an Affiliate of KDP or a Third Party distributor to whom KDP has granted a right to market, promote, distribute, and/or sell the Product within the Territory in accordance with Section 2.3, because applicable laws and/or regulations require KDP to grant a sublicense to a Third Party distributor of the Product in the Territory. No Third-Party distributor(s) shall otherwise be deemed to be a Sublicensee(s) for purposes of this definition.

1.30 **"Territory"** shall mean the Republic of Korea.

1.31 **"Third Party"** shall mean any person or entity other than the Parties or their Affiliates.

1.32 **"Trademarks"** shall mean, as of the Effective Date and during the term of this Agreement, the Product-specific trademarks that are used, or are intended to be used, by Can-Fite or KDP, or by any of their Affiliates or contractually bound Third Parties, in conjunction with distribution, promotion, marketing, sales, offers to sell, import, export or other exploitation of Product. The Trademarks licensed for use in the Territory are identified in Exhibit B, attached hereto and incorporated herein, as it may be amended by the Parties from time to time. All such Trademarks, whether in the English language or any other language, shall be owned by Can-Fite.

1.33 **"Valid Claim"** shall mean (i) a composition of matter claim, a method claim, a use claim, a pharmaceutical composition claim or an equivalent claim of an issued and unexpired patent (including a use patent) in the Territory covering the Product or its pharmaceutical use, or (ii) a composition of matter claim, a method claim, a use claim, a pharmaceutical composition claim or an equivalent claim of a pending patent application in the Territory covering the Product or its pharmaceutical use, but only if such claim within such pending patent application is being diligently prosecuted, and only if such claim has not been revoked or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction from which no appeal can be taken, or with respect to which an appeal is not taken within the time allowed for appeal, and that has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise, and that has not been lost through an interference proceeding or by abandonment.

1.34 **Additional Definitions:**

Defined Term	Section in which Defined
Agreement	Preamble
Bankrupt Party	14.4
Breaching Party	14.3
Can-Fite	Preamble
Can-Fite Indemnitees	12.2
Can-Fite Invention	10.2.2
CGL	12.4
Dispute	15.1
Effective Date	Preamble
ICC	15.2
Indemnified Party	12.3
Indemnifying Party	12.3
Inventions	10.2.1
Joint Committee or JC	3.1
Losses	12.1
Marketing Plans	8.2
Non-Breaching Party	14.3
Parties	Preamble
Party	Preamble
Senior Executives	15.1
KDP	Preamble
KDP Indemnitees	12.1
KDP Invention	10.2.2
Supply Agreement	7.3
Share Purchase Agreement	Recitals
Shares	Recitals
Withholding Tax	9.6

ARTICLE2.
LICENSE

2.1 License Grant. Subject to the terms and conditions of this Agreement, Can- Fite hereby grants to KDP during the term of this Agreement a sole and exclusive license, even as against Can-Fite, under the Licensed Technology to develop, have developed, register, market, have marketed, produce, have produced, distribute, have distributed, sell, have sold, offer for sale and import the Product in the Field in the Territory.

2.2 Trademark License. Subject to the terms and conditions of this Agreement, Can-Fite hereby grants to KDP an exclusive, royalty-free, fully paid-up license to use the Trademarks in connection with the distribution, marketing, promotion and sale of Product in the Field in the Territory, subject to quality control conditions established by Can-Fite, for so long as KDP is distributing, marketing, promoting and selling the Product in accordance with this Agreement. KDP is entitled to sublicense the Trademarks on a royalty-free basis within the above scope to Sublicensee(s).

2.3 Sublicenses; Limited to Distributors. KDP shall not have the right to grant sublicenses under the licenses set forth in Sections 2.1 and 2.2, except to the extent such sublicenses are required to be granted to its distributors for the specific purpose of marketing, promoting, distributing and/or selling Product in the Territory. Any such sublicenses shall be subject to the following conditions: (i) the execution of an agreement between KDP and any Sublicensee shall not in any way diminish, reduce or eliminate any ofKDP's obligations under this Agreement, and KDP shall remain primarily liable for such obligations; (ii) KDP shall require each Sublicensee to agree in writing in its sublicense agreement to be bound by and comply with all the provisions and limitations of this Agreement applicable to KDP that are applicable to the rights sublicensed therein; (iii) KDP shall discuss such proposed sublicense with Can-Fite prior to KDP's commitment to such Sublicensee; (iv) KDP shall provide Can-Fite a copy of any such proposed sublicense agreement (with financial and confidential information redacted); and (v) Can-Fite shall have approved the Sublicensee and the sublicense agreement in writing before the execution of any such sublicense, which approval shall not be unreasonably delayed or withheld. Without limiting the foregoing, KDP shall remain responsible to Can-Fite for payment of royalties due under this Agreement on the Net Sales of each such Sublicensee and for each Sublicensee's and product complaint obligations under this Agreement. The permitted Sublicensees may not further sublicense any rights granted hereunder without the prior written consent of Can-Fite.

2.4 Restrictions. During the term of this Agreement and as partial consideration for the licenses and rights granted hereunder, KDP shall not directly or indirectly, through one or more Affiliates or Third Parties, conduct, fund, license or participate in the development, distribution or commercialization in the Territory of any product containing an adenosine A3 receptor agonist as an active ingredient other than the Product or as the Parties expressly agree in writing, regardless of whether such product is to be used for the same indication(s) as the Product. If KDP breaches its obligation under this Section 2.4, Can-Fite may convert the exclusive license granted in Section 2.1 to a non-exclusive license or may immediately terminate this Agreement, in Can-Fite's sole discretion. Conversion of the license granted herein into a non-exclusive license in accordance with this Section 2.4, will not derogate from any obligations of KDP as provided for herein including, but not limited to, the obligation for payments under Article 9.

2.5 Retained Rights. Can-Fite retains all rights to research, develop, have developed, commercialize, use, market, have marketed, distribute, have distributed, sell, have sold, offer for sale, make, have made, import, export and otherwise exploit the Product and the Licensed Technology outside the Field in the Territory and outside the Territory inside or outside the Field. For the sake of clarity, the exclusive license granted to KDP under Section 2.1 shall not preclude Can-Fite from conducting research with academic investigators in Korea. Can-Fite shall have the sole and exclusive right (itself or through a Third Party) to manufacture or have manufactured the Product and to supply the Product to KDP as described herein.

2.6 No Implied Licenses. KDP acknowledges that the commercialization licenses granted by Can-Fite herein are limited to the Product in the Field in the Territory. No rights or licenses, including any research or development rights, with respect to products (other than the Product), the Licensed Technology or other intellectual property Controlled by Can-Fite are granted or shall be deemed granted hereunder or in connection herewith, other than those rights expressly granted in this Agreement.

ARTICLE3.
JOINT COMMITTEE

3.1 Joint Committee. Can-Fite and KDP shall establish a joint committee (the **"Joint Committee"** or **"JC")** to facilitate communication and coordination between the Parties regarding the coordination of development activities of the Product in the Territory. The Joint Committee shall facilitate the assistance provided by Can-Fite to KDP in order to achieve the mutually desired objective of speed, efficiency and coordination regarding KDP's Product development activities hereunder. The Joint Committee's responsibilities shall include review and discussion of: (i) the Development Plan, KDP's progress with respect to the Development Plan's activities and objectives, and the results and other outcomes of the development of the Product under the Development Plan; (ii) the strategic and operational issues identified by KDP in connection with Product development in the Territory by or on behalf of KDP; (iii) Can-Fite's general progress, results and other outcomes of development of Product in the Field outside the Territory; and (iv) the strategic and operational issues identified by Can-Fite in connection with Product development in the Field outside the Territory by or on behalf of Can-Fite. Both Parties will freely and candidly exchange views and opinions, and offer advice, recommendations or suggestions to the other Party, in order to foster harmonization and consistency with respect to global Product development. Each Party shall respect and reasonably consider the other Party's view, opinion, advice, recommendation and suggestion. The JC meetings may serve as a meeting of the Parties for information exchange purposes, as set forth herein. The Joint Committee shall cease to function, and this Article 3 shall have no further force and effect, upon the earlier of (x) receipt of Marketing Authorization in the Territory and (y) the date that KDP is no longer pursuing clinical development (including post-marketing development and studies) of the Product in the Field in the Territory.

3.1.1 Membership. The JC shall be comprised of four (4) members, with two (2) members appointed by Can-Fite and two (2) members appointed by KDP. Each Party shall at all times have at least one (1) representative on the JC that is at a function head level. Each Party may replace one or more of its JC representatives at any time, with prior written notice to the other Party. With the consent of the JC members, other representatives of Can-Fite or KDP may attend JC meetings as non-voting observers.

3.1.2 JC Meetings. The JC will meet at least once annually and otherwise on an as-needed basis. The meetings will be at places as are agreed to by both Parties. The meetings may be in person or via tele-or video-conference; however, at least one meeting annually will be in person. Each Party shall bear its own personnel and travel costs and expenses relating to JC meetings. Each Party's lead representative shall co-chair meetings of the JC, and both co-chairs (or one of them, as may be agreed between them) shall be responsible for preparing the meeting agendas and minutes in turn.

3.2 No Committee Amendments; Authority. Notwithstanding the creation of the JC, each Party to this Agreement shall retain the rights, powers, and discretion granted to it hereunder, and the JC shall not be delegated or vested with any such rights, powers, or discretion unless such delegation or vesting is expressly provided for herein or the Parties expressly so agree in writing. The JC shall have no power to amend or modify this Agreement, which may be amended or modified only as provided in Section 16.6.

ARTICLE 4.
EXCHANGE OF INFORMATION

4.1 Disclosure of Intellectual Property by the Parties. During the term of this Agreement, Can-Fite shall use Commercially Reasonable Efforts to disclose to KDP Licensed Technology that is necessary to KDP's full enjoyment of the license rights granted to KDP hereunder. During the term of this Agreement, KDP shall use Commercially Reasonable Efforts to disclose to Can-Fite intellectual property (including patent rights and know-how) that is necessary to Can-Fite's full enjoyment of its retained rights hereunder.

4.2 Information Exchange. In addition to disclosure to the Joint Committee of the progress and results of pertinent Non-Clinical Studies and Clinical Studies regarding the Product, each of Can-Fite and KDP shall provide to the other summary reports generated in the conduct of pertinent Clinical Studies and Non-Clinical Studies of the Product, as well as written summaries of the Regulatory Filings regarding the Product, that is in the respective Party's possession, for use and/or incorporation into Regulatory Filings of the other Party; upon completion of each phase of such Clinical Studies or completion of the tests within such Non-Clinical Studies, in all cases subject to Third-Party confidentiality restrictions as may exist. All such Product-related information exchanged hereunder (including such summary reports and written summaries, which shall include sufficient information to enable the recipient to understand each study and its results) shall be written in the English language. In addition, upon reasonable request by a Party in writing in advance, the other Party shall provide access at its facility(ies) to the extent necessary to enable the requesting party to review on-site the study-specific portions of detailed Product-related analyses, Data, written Product-related reports, and Regulatory Filings that are made a part of, are related to, or are quoted in such summary reports or such written summaries.

ARTICLE 5.
DEVELOPMENT; REGULATORY

5.1 Development Plan. KDP understands and agrees that the Development Plan may not contain elements that materially and adversely affect, or may otherwise have the effect of materially and adversely affecting, Can-Fite's ability to conduct development, commercialization or other exploitation of the Product outside of the Field and/or outside the Territory. Based on the above, KDP shall prepare the final draft of the Development Plan and submit it to Can-Fite for review promptly after its preparation. The Development Plan shall set forth in reasonable detail KDP's development activities to be conducted to develop the Product and receive Marketing Authorization in the Field in the Territory. Can-Fite's review of and comment on the draft Development Plan will be conducted by Can-Fite in good faith. KDP shall respect and take into consideration the views, opinions, advice, recommendations and/or suggestions advanced by Can-Fite with respect to the draft Development Plan, and will incorporate Can-Fite's proposed revisions into the Development Plan, provided that such revisions are given on a timely basis.

5.2 Development Conduct and Costs. KDP shall be responsible for conducting all development activities under the Development Plan, including submission of all Regulatory Filings for the Product in the Territory and all Clinical Studies in the Territory under the Development Plan, if the results of such Clinical Studies support such Regulatory Filing submission. KDP shall bear all costs it incurs in conducting such development, including expenses KDP incurs in conducting Clinical Studies and in preparing for the same, as well for all regulatory activities in the Territory, including preparation of regulatory documents or any supplemental studies necessary to achieve Marketing Authorization for the Product in the Territory. Prior to initiation by KDP, the protocols of all Clinical Studies and Non-Clinical Studies shall be submitted to Can-Fite for review and comment by Can-Fite. Such review and comment regarding the protocols of all Clinical Studies and the related Non-Clinical Studies will be conducted by Can-Fite in good faith, and Can-Fite's comments regarding such protocols and Non-Clinical Studies (as applicable) shall be incorporated into such protocols and Non-Clinical Studies (as applicable) by KDP. KDP agrees to use its Commercially Reasonable Efforts to submit Regulatory Filings and obtain Marketing Authorization for the Product in the Territory as soon as possible in accordance with the Development Plan.

5.3 Failure to Develop. Should KDP fail to proceed with development of the Product in accordance with the Development Plan, and/or if KDP has not submitted a Regulatory Filing for Marketing Authorization of the Product in the Field in the Territory within twelve (12) months after the date specified for such filing in the Development Plan (as it may be amended from time to time), other than for good faith reasons, such as but not limited to force majeure (as described in Section 16.1), Can-Fite will have the right (either itself or through a Third Party), exercisable upon written notice to KDP following the expiration of a ninety (90)-day cure period (or, if it is not practicable to complete the cure of such failure within such 90-day period, following the expiration of an extended period of time to be determined upon mutual written agreement of the Parties), to develop the Product (either itself or through a Third Party) in the Territory, and thereafter all rights to develop and commercialize the Product in the Territory shall revert to Can-Fite. This Section 5.3 shall not limit any other remedies Can-Fite may have under this Agreement or applicable law. Notwithstanding the foregoing provisions of this Section 5.3, Can-Fite is not entitled to forward the aforementioned notice to KDP, or, if forwarded by Can-Fite, such notice shall have no effect and force as specified above, in the following instances:

5.5 Manufacturing Documents. The aforementioned in Section 4.2 notwithstanding, in order to help preserve the proprietary nature of Can-Fite' s manufacturing information relating to the Product (e.g., the respective CMC section contained in any Regulatory Filings), Can-Fite will have the right, to the extent permitted by Regulatory Authorities, to file a drug master file with a Regulatory Authority to make the information regarding such manufacturing information available directly to the Regulatory Authority; provided, however, for the Territory, KDP will have the right to access and reference the drug master file registration number in its Regulatory Filing for the Product, including said CMC section and documentation, to the extent required by law, rule, regulation or a Regulatory Authority having jurisdiction in the Territory. Notwithstanding anything to the contrary herein, KDP will only be entitled to use the manufacturing information relating to the Product to the extent reasonably required by local or national law, rule, regulation or Regulatory Authority and to carry out its development and commercialization activities hereunder

5.6 Regulatory Filings. The harmonization and coordination of Regulatory Filings for the Product by both Parties shall be discussed at the JC. KDP shall make a summary report of each draft Regulatory Filing (wherein such summary report will include sufficient information to enable Can-Fite to understand the studies and results contained therein; however, its content shall be discussed and agreed at the JC) available to Can-Fite with English translation thirty (30) days prior to the meeting with the KFDA to be held in advance of the submission thereof to the KFDA, for review and comment by Can-Fite within fifteen (15) days after Can-Fite's receipt of such summary report, which comments KDP shall incorporate in finalizing such Regulatory Filing submission. If KDP should make any material changes to such draft Regulatory Filing in producing the final Regulatory Filing, then, KDP shall inform Can-Fite of all such material changes as soon as practicable. All Regulatory Filings filed by KDP in the Territory shall be in the name of and owned by KDP, except those facility descriptions equivalent to those customarily found in a KFDA application relating to manufacturing of the Product, which is owned by Can-Fite or its designee. KDP shall promptly notify Can-Fite in writing upon receiving Marketing Authorization in the Territory for the Product.

5.7 Regulatory Communications. KDP shall inform Can-Fite of all communications and meetings between KDP (or its designee) and Regulatory Authorities related to the Product. If and to the extent communications and meetings between Can-Fite (or its designee) and Regulatory Authorities related to the Product should have a material impact on KDP's development of Product in the Field in the Territory, Can-Fite shall inform KDP of such portions of such communications and meetings which result in such material impact.

5.8 Product Complaints, Pharmacovigilance and Adverse Event Reporting. Prior to commencement by KDP of the first Clinical Study of the Product in the Field in the Territory, the Parties shall discuss and agree upon a written standard operating procedure for reporting any adverse events and Product complaints, and for coordinating the collection, investigation, reporting, and exchange of information concerning any such adverse events or complaints. Such procedure shall be sufficient to permit each Party to comply with all applicable laws, regulations and guidelines and with its internal pharmacovigilance practices. The standard operating procedure will be promptly updated if required by changes in legal requirements. Each Party shall ensure that its Affiliates, Can-Fite's Other Licensee(s) comply with the standard operating procedure (or an equivalent procedure). Each Party will designate a liaison to be responsible for communicating with the other Party regarding the reporting of adverse events and complaints in connection with the Product. Information and/or Data pertaining to adverse events and/or safety data that are obtained from any Clinical Studies and Non-Clinical Studies performed by a Party shall be provided to the applicable Regulatory Authority, and promptly thereafter to the other Party; provided that the content of such disclosure to the other Party shall be the same as that provided to the applicable Regulatory Authority, as required by applicable regulatory requirements. The Parties will share any resultant regulatory action plans that may result there from. All adverse event reports and other safety data and information shall be provided to the other Party in English. Notwithstanding anything to the contrary in Section 4.2, the Parties will comply with all mandatory reporting requirements regarding safety data and adverse event reporting.

5.9 Compliance with Laws and Regulatory Requirements. KDP shall be responsible for ensuring that all Third Parties and Affiliates which purchase, distribute or otherwise transfer the Product comply with the requirements of this Agreement and any and all requirements of the Regulatory Authorities regarding the Product including the development and/or commercialization of the Product. Each Party agrees to promptly inform the other Party of all KFDA, FDA or other Regulatory Authority regulations, notices, circulars or warnings applicable to the Product of which it becomes aware. Each Party shall perform its obligations under this Agreement and in the case of KDP, its responsibilities and rights under the Development Plan in connection with the development and commercialization of the Product in accordance with all applicable laws, rules and regulations, including those of all Regulatory Authorities in the Territory, applicable reporting obligations, and applicable import and export laws and regulations.

5.10 Applications for Regulatory Exclusivity. The Parties recognize the commercial value of exclusivity rights to Product granted or provided for under laws and regulations in the Territory. To the extent permitted by law, KDP will have the exclusive right to file for, request and maintain any regulatory exclusivity rights for Product in the Territory (including regulatory exclusivity rights based upon an orphan drug designation of Product) and to conduct and prosecute any proceedings or actions to enforce the regulatory exclusivity rights.

ARTICLE 6.
LABELING; TRADEMARKS

6.1 Labeling. KDP shall be responsible for the labeling of the Product in the Territory and for ensuring that such labeling is in compliance with all applicable laws in the Territory and rules and regulations of all Regulatory Authorities in the Territory.

6.2 Trademarks. Can-Fite shall be responsible for filing, registering and maintaining worldwide Trademarks for the Product, including in the Territory. Can-Fite will consult with KDP regarding the selection and registration of the Trademarks within the Territory. Can-Fite will register KDP as a registered user of the Trademarks, if required under the applicable law in the Territory.

6.3 Display. All packaging materials, labels, inserts and promotional materials for the Product sold in the Territory shall display: (i) the Trademarks, (ii) the trade name of KDP in the context of the Product as distributed by KDP, and (iii) the trade name of Can-Fite in the context of the Product as manufactured by or for Can-Fite (whether in English or in the local language). The manner of use of the Trademarks, including typeface and size, representations of the Trademarks, as well as promotional material bearing the Trademarks, will be jointly agreed by the Parties. If a given Trademark is not applicable in the Territory, other trademarks, which shall be mutually approved by the Parties, shall be displayed on the label of the Product in the Territory. All representations of the Trademarks that KDP intends to use shall first be submitted to Can-Fite for approval of design, color, and other details or shall be exact copies of those used by Can-Fite, and shall in any event comply with Can-Fite's usage and quality control guidelines as established from time to time. KDP shall submit representative promotional materials, packaging, labels and the Product using any Trademarks to Can-Fite for Can-Fite's review and comment prior to their first use and prior to any subsequent change or addition to such materials. All approvals to be required under this Article 6 shall not be unreasonably withheld or delayed.

6.4 Ownership. KDP acknowledges that: (i) the Trademarks are owned exclusively by Can-Fite; (ii) that KDP has no right, title or interest in and to the Trademarks, except the rights conferred by this Agreement; and (iii) that all goodwill associated with the Trademarks vests in and inures to the benefit of Can-Fite. In acknowledgement of Can-Fite's exclusive ownership rights in the Trademarks, KDP agrees at no time during or after the term of this Agreement to challenge or assist others to challenge the Trademarks or the registration thereof or attempt to register any trademarks, marks or trade names confusingly similar to any Trademarks for the use in pharmaceutical products. KDP's use of the Trademarks shall inure to the benefit of Can-Fite.

6.5 Termination of Use of Trademarks. Upon termination of this Agreement, KDP shall discontinue all use of the Trademarks, terminate all sublicenses to the Trademarks and shall not thereafter adopt or attempt to register a mark that is confusingly similar to any of the Trademarks for the use in pharmaceutical products; provided, however, that upon expiration of this Agreement and KDP' s payment of all royalty amounts due under this Agreement, KDP's right to use the Trademarks in conjunction with the Product shall be converted to a paid-up license.

ARTICLE 7.
SUPPLY OF THE PRODUCT AND PACKAGING

7.1 Generally. Can-Fite shall supply KDP with all of its requirements for the Product and shall be KDP's exclusive supplier of the Product during the term of this Agreement hereunder. It is understood that KDP shall not have the right to manufacture, or to authorize any Affiliate, or other Third Party to manufacture, the Product.

7.2 Supply for Development Activities. Can-Fite shall use Commercially Reasonable Efforts to timely supply the Product to KDP as necessary for KDP to carry out development, including Clinical Studies and Non-Clinical Studies (as applicable), of the Product in the Field in the Territory in accordance with the Development Plan. The Product supplied to KDP for development in the Territory shall be supplied by Can-Fite to KDP in accordance with the quantities and schedule to be agreed upon in writing by the Parties prior to the initiation of such studies. KDP shall not sell Product supplied under this Section 7.2 to a Third Party for commercial purposes.

7.3 Commercial Supply. After the completion by KDP of the Phase III Clinical Trial of the Product in the Territory, the Parties shall negotiate in good faith and finalize the terms of a manufacturing, supply and quality agreement for commercial supply to KDP of Product, which shall set forth the terms and conditions set forth in this Article 7, and other mutually acceptable terms and conditions not inconsistent with this Agreement, including representations, warranties, limitations of liability and indemnities of the type and scope customary in the industry (the **"Supply Agreement"**) . Among other items, the Supply Agreement will include the following provisions:

7.3.1 Supply Agreement. Can-Fite will supply KDP with Product in accordance with such forecasting and other supply requirements as are set forth in the Supply Agreement. Can-Fite will supply KDP the Product with labeling and packaging specifications as mutually agreed. Can-Fite may select a contract manufacturer to manufacture the Product for KDP and its Affiliates under the Supply Agreement.

7.3.2 Can-Fite's Rights and Obligations. Except as otherwise provided herein, Can-Fite will have the right to make all decisions with respect to manufacturing in its sole discretion, including decisions relating to process development and manufacturing procedures, work to support quality control and quality assurance, improving manufacturing/cost efficiency and commercial scale-up manufacturing; provided that Can-Fite will manufacture or have the Product manufactured in conformity with all applicable laws and regulations in the Territory. Can-Fite shall timely notify KDP of any manufacturing change that may have an impact on KDP's ability to timely receive Marketing Authorization or jeopardize the current status of the Product in the Territory.

7.3.3 Other Terms and Conditions. The Supply Agreement will also set forth all other terms and conditions applicable to the manufacture, distribution, forecast, acceptance, rejection, supply, delivery, quality testing, quality control and quality assurance, third-party liabilities, record keeping, audit and the like of the Product provided to KDP by Can-Fite.

7.4 Transfer Price; Taxes; Shipping.

7 .4.1 Transfer Price for Development Purposes. The transfer price payable by KDP to Can-Fite for quantities of the Product to be used for development purposes, including Clinical Studies and Non-Clinical Studies, shall be equal to Can-Fite's Manufacturing Cost for such quantities of Product plus twenty percent (20%).

7.4.2 Transfer Price for Commercial Purposes. The transfer price payable by KDP to Can-Fite for quantities of the Product to be used for the sale, promotion, marketing, distribution or other commercialization of Product in the Territory shall be set at a price equal to twenty five percent (25%) of the National Health Insurance/NHI Price for the Product; provided that, in no event shall the transfer price of the Product calculated under this Section7.4.2 be less than the actual Manufacturing Cost that corresponds to the final packaged unit of such Product.

7.4.3 Delivery of Product. All Product, whether for development or commercial purposes, shall be deemed to be delivered to KDP (or to KDP's designee) at the point where Can-Fite delivers such Product to the carrier selected by KDP, and the title and risk thereto shall be simultaneously transferred to KDP. KDP shall be responsible for all costs of transportation, freight, insurance, customs and import formalities pertaining to shipment of the Product to KDP (or to KDP's designee).

7.5 Payments. Payments due to Can-Fite under Section 7.4 above shall be made in accordance with the applicable provisions of Sections 9.5 through 9.8, and a more specific payment method shall be provided in the Supply Agreement.

7.5.1 Development Supply. Can-Fite shall transmit to KDP an invoice detailing the Manufacturing Cost for the Product delivered to KDP (or to KDP' s designee) hereunder for development purposes, including Non-Clinical Studies and Clinical Studies, and KDP shall make payment to Can-Fite within thirty (30) days after receipt of each such invoice.

7.5.2 Commercial Supply. KDP shall forecast its projected Product sales in the Territory on a quarterly basis. The Parties will determine a reasonable and practicable mechanism for the payment of the price of the Product by KDP to Can-Fite, which will be provided in the Supply Agreement.

ARTICLE 8.
SALES AND MARKETING

8.1 Marketing Efforts. KDP agrees to use its Commercially Reasonable Efforts to (i) launch commercial sales of the Product in the Territory as soon as possible after receipt of the Marketing Authorization for the Product in the Territory and (ii) after Commercial Launch of the Product in the Territory, maximize Net Sales in the Territory.

8.2 Marketing Plans. KDP shall prepare marketing plans for the Territory (the **"Marketing Plans"**), which shall include plans related to the pre-launch, launch, promotion and sale of the Product in the Territory. KDP shall share with Can-Fite the Marketing Plans on a regular basis, but no less frequently than annually. In addition, KDP shall keep Can-Fite informed, as requested by Can-Fite, with respect to the marketing, sales and promotion of the Product in the Territory. KDP shall have full control and authority over of the day-to-day commercialization of the Product in the Territory and implementation of the corresponding Marketing Plans, at KDP's sole expense.

8.3 Marketing Materials. For purposes of harmonization and coordination of global commercialization of the Product, each Party shall keep the other Party informed regarding the preparation of promotional materials, samples, advertising and materials for training sales representatives with respect to the Product. Upon reasonable request of a Party, the other Party shall provide copies of such Product-related written materials. KDP shall have sole responsibility for the Product marketing materials used in the Territory.

ARTICLE 9.
MILESTONES, ROYALTIES AND OTHER PAYMENTS

9.1 Upfront Payment. Within thirty (30) days after the Effective Date, KDP shall pay to Can-Fite the non-refundable, non-creditable amount of Three Hundred Thousand U.S. Dollars ($300,000).

9.2 Milestone Payments. Within thirty (30) days following the first achievement or occurrence of each of the following milestone events by performance of KDP or an Affiliate of KDP, KDP shall pay to Can-Fite the corresponding one-time, non-creditable, non-refundable milestone payments set forth herein:

	Milestone Event	Milestone Payment
(i)	Upon commencement of the first Clinical Study by KDP in the Territory.	Two Hundred Thousand U.S. Dollars ($200,000)
(ii)	Upon public announcement of the data from the Can-Fite Phase IIb Clinical Trial	Two Hundred Thousand U.S. Dollars ($200,000)
(iii)	Upon submission by KDP of a New Drug Application in the Territory	Two Hundred Thousand U.S. Dollars ($200,000)
(iv)	Upon Marketing Authorization in the United States, in the European Union as a whole or in any one of the following countries: Germany, Italy, the United Kingdom, France or Switzerland	Three Hundred Thousand U.S. Dollars ($300,000)

Milestone Event	Milestone Payment
Italy, the United Kingdom, France or Switzerland	
(v) Upon Commercial Launch in the Territory	Three Hundred Thousand U.S. Dollars ($300,000)

For the avoidance of doubt, each milestone payment will be nonrefundable and noncreditable against royalties payable pursuant to Section 9.3 and any other fees or other payments due Can-Fite under this Agreement or under the Supply Agreement.

9.3 Royalties.

9.3.1 Royalty Rates. Subject to Section 9.3.2, KDP shall pay to Can-Fite a royalty for annual Net Sales in the Territory at a rate of seven percent (7%).

9.3.2 Can-Fite's Right to Receive Royalties. Can-Fite's right to receive royalties at the rates set forth in Section 9.3.1 will be in effect until the latest of: (i) the date of expiration of the last-to-expire of the Licensed Patents containing a Valid Claim that, but for the license granted by Can-Fite to KDP hereunder, would be directly or contributorily infringed by the use or sale of the Product in the Territory; (ii) the date of expiration of any Regulatory Exclusivity Period in the Territory, or (iii) fifteen (15) years after the date of Commercial Launch.

9.3.3 Generic Competition. In the event that, upon the expiration of any Regulatory Exclusivity Period or the expiration of the last-to-expire of the Licensed Patents containing a Valid Claim, generic products capture more than thirty percent (30%) of the market for the Product in the Territory, the Parties will, in good faith, discuss an adjustment to the royalty rate set forth in Section 9.3.1 if such adjustment would enable KDP to maximize Net Sales in the Territory.

9.3.4 Paid-Up License. Upon expiration of this Agreement, and KDP's payment in full of the royalty amounts due and owing under this Section 9.3, KDP shall acquire a fully paid-up license under the Licensed Technology and Data to continue commercialization activities relating to the Product, without making any further payment to Can-Fite.

9.3.5 Timing of Royalty Payments. All royalties payable to Can-Fite under this Agreement will be paid by KDP biannually by February 14 and August 14, respectively, of each year.

9.4 Payment Method; Currency Conversion. All payments under this Agreement shall be made by wire transfer or other means acceptable to Can-Fite, as specified by Can-Fite. All dollar amounts specified in this Agreement, and all payments made hereunder, are and shall be made in U.S. dollars. Royalties, and any other payments due under this Agreement that are calculated based on amounts received by KDP or its Affiliates in currencies other than U.S. dollars will be converted into the U.S. dollar equivalent using the applicable conversion rate as reported in the Exchange Rates set forth in *The Wall Street Journal* for the last business day of the six-month period to which such payments relate.

9.5 Late Payments. Any payments due under this Agreement that are not paid by the date such payments are due shall bear interest at the lesser of: (i) the average one-month *London Interbank Offering Rate* for the United States Dollar as reported from time to time in *The Wall Street Journal,* effective for the first date on which payment was delinquent and calculated on the number of days such payment is overdue or, if such rate is not regularly published, as published in such source as the Parties agree plus three (3) percentage points per annum, or (ii) the maximum amount permitted by law, calculated from the date payment was initially due. The foregoing interest shall be due from KDP without any special notice and shall be in addition to any other remedies that Can-Fite may have pursuant to this Agreement.

9.6 Withholding Tax. If any payment due to Can-Fite hereunder is subject to withholding taxes or similar governmental charge (**"Withholding Tax"**) required to be paid or withheld thereon by applicable law in Korea and such Withholding Tax is creditable against income taxes required to be paid in Israel by Can-Fite in its nature, then KDP shall deduct such Withholding Tax from such payment due Can-Fite hereunder at a rate not to exceed the then-prevailing rate provided for in applicable provisions of the Conventions between the Governments of Israel and Korea for the A voidance of Double Taxation and the Evasion of Taxes dated March 3, 1993 (effective January 1, 1994). KDP shall provide Can-Fite, as soon as possible, a certificate evidencing withholding or payment of any such Withholding Tax by KDP or its Affiliates for the benefit of Can-Fite. Any other duty, tax, charge levied thereon outside Israel shall be borne and paid by KDP without deduction from such payment due Can-Fite.

9.7 Reports and Records. During the term of this Agreement, KDP shall furnish to Can-Fite a written quarterly report showing: (i) the amount of gross sales of Product by KDP, its Affiliates and its distributors to wholesalers and other Third-Party purchasers, and an itemized calculation of Net Sales of each Product during such calendar quarter by KDP, its Affiliates and its distributors, (ii) the amounts payable in United States dollars which shall have accrued in respect of such Net Sales and the calculation thereof; (iii) Withholding Tax, if any; and (iv) the exchange rates used in determining the conversion to and amount of United States dollars. The foregoing quarterly report shall be certified by an executive officer of KDP as consistent with KDP's standard practices in performing such computations and in accordance with KDP' s standard internal accounting procedures. KDP will keep or cause to be kept such records as are required in sufficient detail to track and determine (in accordance with KDP's standard internal accounting procedures) the accuracy of calculations of all sums due under this Agreement and to accurately account for the calculations of all royalties due under this Agreement. Such records will be retained for a period of the longer of (x) a three (3) year period following the year in which any payments were made hereunder and (y) the expiration of the applicable tax statute of limitations (or any extensions thereof), or such longer period as may be required by law.

9.8 Records; Audit by Can-Fite. Once per calendar year and within three (3) years from Can-Fite's receipt of each royalty payment, Can-Fite will have the option to engage (at its own expense) an independent certified public accountant, appointed by Can-Fite and reasonably acceptable to KDP, to examine in confidence the books and records of KDP as may be necessary to determine, with respect to any calendar year, the correctness or completeness of any report or payment required to be made under this Agreement; provided however, that the books and records for any particular calendar year will only be subject to one audit. The report of such accountant will be limited to a certificate verifying any report made or payment submitted by KDP during such period or identifying any over-payment or under-payment made by KDP, accompanied by an explanation of the basis for its determination of such over-payment or under-payment. In addition, if the accountant is unable to verify the correctness of any such payment, the accountant's report may include information relating to why such payment is unverifiable. If the audit reveals any underpayment by KDP to Can-Fite, then KDP will pay any underpayment to Can-Fite, together with all interest accrued thereon, within thirty (30) days after KDP's receipt of the audit report. If any audit performed under this Section 9.8 discloses a deficiency of more than five percent (5%) from the amount of the original report showing the calculation of a royalty under Section 9.4, KDP will bear the full cost of the performance of such audit. The result of the audit and the audit report shall be subject to Article 13.

ARTICLE 10.
INTELLECTUAL PROPERTY

10.1 Prosecution and Maintenance. Can-Fite shall own or Control (as applicable), be responsible for, and shall diligently carry out and shall bear all costs (including attorneys' fees) for the preparation, filing, prosecution, maintenance, and extensions, if any, of all patents or patent applications within the Licensed Patents in the Territory. Can-Fite shall have the right, after consultation with KDP, and upon no less than thirty (30) days' notice, to abandon any of the Licensed Patents in the Territory. For the avoidance of doubt, Can-Fite may take ministerial and non-material procedural actions regarding the Licensed Patents in the Territory without obtaining prior input from KDP.

10.2 Inventions.

10.2.1 Inventorship. Inventorship of information, know-how, data, discoveries, developments, designs, inventions, methods, processes, techniques, materials, formulae, trade secrets, trademarks, copyrights, patents and patent applications and other proprietary information conceived and/or reduced to practice in connection with, or as a result of, KDP's activities hereunder and that are related the Product (**"Inventions"**) shall be determined in accordance with the patent laws of the country in which such invention occurred.

10.2.2 Ownership of inventions; Royalty-Free Licenses; Responsibility for Patent Procurement. If an Invention is made solely by employees, officers, directors, agents or consultants of KDP, and such Invention specifically relates to development of the Product by or on behalf of KDP, the ownership of such Invention shall be vested solely in KDP (each an **"KDP Invention"**). KDP hereby grants to Can-Fite a royalty-free, non-exclusive license to use and exploit KDP Inventions in connection with the Product outside of the Territory. All other Inventions (whether invented solely by Can-Fite or jointly by Can-Fite and KDP) shall belong to Can-Fite (each a **"Can-Fite Invention"**). Can-Fite hereby grants to KDP a royalty-free, non-exclusive license to use and exploit Can-Fite Inventions in connection with the Product in accordance with this Agreement. KDP shall prepare, file, prosecute and maintain any and all patents and patent applications related to KDP Inventions; Can-Fite shall prepare, file, prosecute and maintain any and all patents and patent applications related to Can-Fite Inventions.

10.3 Enforcement of Licensed Technology. If either Can-Fite or KDP has knowledge of any infringement or likely infringement of the Licensed Patents or unauthorized use of the Licensed Know-How in the Territory, then the Party having such knowledge shall promptly inform the other Party in writing, and the Parties shall promptly consult with one another regarding the action to be taken. Unless the Parties otherwise mutually agree, Can-Fite shall have the initial right, using counsel of its choice, to enforce such Licensed Technology or defend any declaratory action with respect thereto, at its sole expense, and KDP shall give all reasonable assistance to Can-Fite in such action. If Can-Fite exercises such right, then Can-Fite shall control the strategy of such action and, provided that Can-Fite either receives KDP's consent or is required by law, Can-Fite may use KDP's name in connection with such action. If the infringement or likely infringement of the Licensed Patents would be the basis of a potential action solely within the Field in the Territory, and if Can-Fite declines to commence such action, then KDP shall have the right, but not the obligation, to commence such declined action with respect to such infringement within the Field in the Territory; provided that, prior to KDP' s commencement of any such declined action, KDP shall reasonably consider Can-Fite's reasons for declining to commence the action. In the event that KDP elects, in its sole discretion and at KDP's sole expense, to commence such declined action, (i) KDP shall reasonably consider Can-Fite's input with respect to such declined action; (ii) Can-Fite shall give all reasonable assistance to KDP in such action; and (iii) KDP may use Can-Fite's name in connection with such action. KDP shall keep Can-Fite reasonably apprised of the progress of any such action commenced by KDP.

10.4 Infringement of Third Party Patents. If KDP, or any of its Affiliates or Sublicensees, issued by a Third Party for infringement of a Third Party's patent rights in the Territory because of the manufacture, use or sale of the Product in the Territory, KDP shall promptly notify Can-Fite in writing of such suit, and the Parties shall consult each other to agree upon the course of action to be taken. Unless otherwise agreed in writing by the Parties, Can-Fite shall have the obligation, to control the defense of such suit in the Territory with counsel of its choice, at its own expense. KDP shall have the right to be represented by advisory counsel of its own selection at its own expense, and KDP shall reasonably cooperate in the defense of such suit and furnish to Can-Fite all pertinent evidence and reasonable assistance in KDP's control.

10.5 Recoveries; Settlement. In the event that either Party recovers any amounts from any litigation or settlement under Section 10.3 or 10.4, such amounts shall first be applied to reimburse Can-Fite and KDP for their respective actual out-of-pocket expenses, or equitable proportions thereof. Any remaining amount shall be retained by the Party that controlled such litigation or entered into such settlement; provided, however, that if KDP is the Party retaining any such remaining amount, then such remaining amount shall be deemed to be Product sales hereunder, and shall be subject to the royalty payments set forth in Section 9.4. The Parties shall keep one another informed of their respective activities concerning, and the status of, any litigation or settlement thereof concerning an Invention, the Licensed Technology, the Product; provided, however, that no settlement or consent judgment or other voluntary final disposition of any suit defended or action brought by a Party pursuant to this Article 10 may be entered into without the written consent of the other Party if such settlement would require the other Party to be subject to an injunction or to make a monetary payment or would otherwise adversely affect the other Party's rights under this Agreement.

1 0.6 Trademark Infringement. KDP shall promptly call to the attention of Can-Fite the use by any Third Party of any Trademark or any trademark similar to the Trademarks, of which it becomes aware. Can-Fite shall have the right to decide whether or not to bring proceedings against such Third Parties, giving commercially reasonable consideration to any reasonably anticipated, material adverse effect(s) on KDP's business (to the extent KDP has provided written information to Can-Fite regarding such reasonably anticipated, material adverse effect(s)). Such proceedings shall be at the expense of Can-Fite. KDP shall cooperate fully with Can-Fite to whatever extent is deemed reasonably necessary by Can-Fite to prosecute such action. In the event that Can-Fite recovers damages from prosecution of such action, Can-Fite shall retain all amounts received for such damages, except that KDP shall be entitled to reimbursement of its costs, expenses, and attorneys' fees attributable to such action (or in proportionate amounts thereof, should Can-Fite recover an insufficient amount for both Parties' such costs and expenses).

ARTICLE 11.
REPRESENTATIONS AND WARRANTIES; LIMITATION OF LIABILITY

11.1 Can-Fite Representations and Warranties. Can-Fite hereby represents and warrants as of the Effective Date that: (i) it has the right, power and corporate authority to enter into this Agreement and to make the promises set forth in this Agreement; (ii) it owns or Controls the Licensed Patents and has the right to grant the rights and licenses herein to KDP in the Territory; (iii) the execution, delivery and performance of this Agreement do not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor to its Knowledge, violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it; and (iv) there are no actual or, to its Knowledge, threatened suits or claims by any Third Party alleging that the use by Can-Fite or KDP of the Licensed Technology will constitute an infringement or other violation of a patent of such Third Party.

11.2 KDP Representations and Warranties. KDP hereby represents and warrants as of the Effective Date that: (i) it has the right, power and corporate authority to enter into this Agreement and to make the promises set forth in this Agreement; and (ii) the execution, delivery and performance of this Agreement do not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor to its Knowledge, violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

11.3 Disclaimer of Warranties. EXCEPT AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, CAN-FITE EXPRESSLY DISCLAIMS ANY WARRANTIES, REPRESENTATIONS OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE CONFIDENTIAL INFORMATION, INGREDIENT, PRODUCT, MANUFACTURING PROCESS, LICENSED PATENTS OR LICENSED KNOW-HOW, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF THE LICENSED PATENTS.

11.4 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES OF ANY KIND (INCLUDING DAMAGES FOR INTERRUPTION OF BUSINESS, PROCUREMENT OF SUBSTITUTE GOODS, LOSS OF PROFITS, OR THE LIKE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON TORT, WARRANTY, CONTRACT OR ANY OTHER LEGAL THEORY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS SECTION SHALL BE GIVEN FULL EFFECT EVEN IF ANY REMEDY SPECIFIED IN THIS AGREEMENT IS DEEMED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

ARTICLE 12.
INDEMNIFICATION AND INSURANCE

12.1 By Can-Fite. Can-Fite shall indemnify, defend and hold KDP, its Affiliates, directors, employees, agents and representatives (collectively, **"KDP lndemnitees"**) harmless from and against all claims, causes of action, costs (including reasonable attorney fees and expenses), losses or liabilities (collectively, **"Losses"**) of any kind that are asserted by a Third Party to the extent the Losses arise from: (i) breach of a representation or warranty by Can-Fite in Section 11.1; (ii) the negligent act or omission or willful misconduct of Can-Fite in the performance of its obligations under this Agreement; or (iii) the infringement of any Third-Party patent rights by Can-Fite or KDP in the use of the Licensed Technology under this Agreement. The foregoing indemnity under subsections (i) – (iii) shall not apply to the extent that any of the KDP Indemnitees caused or contributed to such Losses, or to the extent that KDP has an indemnification obligation under Section 12.2 with respect to the Losses.

12.2 By KDP. KDP shall indemnify, defend and hold Can-Fite, its Affiliates, Can-Fite Other Licensee(s), directors, employees, agents and representatives (collectively, **"Can-Fite Indemnitees")** harmless from and against all Losses of any kind that are asserted by a Third Party to the extent the Losses arise from: (i) breach of a representation or warranty by KDP in Section 11.2; (ii) the negligent act or omission or willful misconduct of KDP or any of its Affiliates, agents or representatives in the performance of their obligations under this Agreement; or (iii) the development, marketing, selling, handling or distribution by or on behalf of KDP of the Product (as applicable) in the Territory. The foregoing indemnity under subsections (i) – (iii) shall not apply to the extent that any of the Can-Fite Indemnitees caused or contributed to such Losses, or to the extent that Can-Fite has an indemnification obligation under Section 12.1 with respect to the Losses.

12.3 Procedure. Each Party will promptly notify the other Party in writing in the event it becomes aware of a Third Party claim, action or suit for which indemnification may be sought hereunder (provided that the failure to give such notice promptly will not prejudice the rights of an Indemnified Party, except to the extent that the failure to give such prompt notice materially adversely affects the ability of the Indemnifying Party to defend the claim, action or suit). In the event that any Third Party claim, action or suit is instituted against a Party in respect of which indemnity may be sought pursuant to this Article 12, promptly after such Party (the **"Indemnified Party")** notifies the other Party (the **"Indemnifying Party")** in writing, the Indemnifying Party and the Indemnified Party shall meet to discuss how to respond to such claim, action or suit. The Indemnifying Party shall control the defense of such claim, action or suit. The Indemnified Party shall cooperate with the Indemnifying Party in the defense of such claim, action or suit, at the expense of the Indemnifying Party. In any such proceeding, the Indemnified Party shall also have the right to retain its own counsel at its own expense. The Indemnifying Party shall not be liable for Losses or Third Party liabilities with respect to a claim, action or suit settled or compromised by the Indemnified Party without the Indemnifying Party's prior written consent. No offer of settlement, settlement or compromise by the Indemnifying Party shall be binding on an Indemnified Party without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed), unless such settlement fully releases the Indemnified Party without any liability, loss, cost or obligation to such Indemnified Party.

ARTICLE 13.
CONFIDENTIALITY AND PUBLICITY

13.1 Treatment of Confidential Information. The Parties agree that during the term of this Agreement, and for a period of five (5) years after this Agreement expires or terminates, the Receiving Party of Confidential Information of the Disclosing Party will (i) maintain such Confidential Information in confidence to the same extent the Receiving Party maintains its own confidential or proprietary information or trade secrets of similar kind and value; (ii) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures to its Affiliates and Can-Fite's Other Licensee(s) who agree to be bound by obligations of non-disclosure and non-use at least as stringent as those contained in this Article 13; and (iii) not use Confidential Information for any purpose except those purposes permitted by this Agreement. Neither Party will knowingly disclose to the other Party any Third Party information or know-how that such Party does not have the legal right to disclose to the other Party and/or which it has a contractual obligation not to disclose to the other Party.

13.2 Authorized Disclosure. Notwithstanding the foregoing Section 13.1, a Receiving Party may disclose Confidential Information of the Disclosing Party:

(i) to the extent and to the persons and entities as required by an applicable law, rule, regulation, legal process, court order or the rules of the any securities exchange on which any security issued by either Party is traded or of a Regulatory Authority; or

(ii) as necessary to file, prosecute or defend those patent applications or patents for which either Party has the right to assume filing, prosecution, defense or maintenance, pursuant to Article 10 of this Agreement; or

(iii) to prosecute or defend litigation or otherwise establish rights or enforce obligations under this Agreement, but only to the extent that any disclosure is necessary.

Provided that, the Receiving Party required or intending to disclose the Disclosing Party's Confidential Information under Sections 13.2(i) or (iii) shall give advance written notice to the Disclosing Party of such required disclosure so that the Disclosing Party may seek a protective order or other appropriate remedy. If, in the absence of a protective order or other remedy, the Receiving Party is nonetheless, in the reasonable opinion of Receiving Party's counsel, required to disclose Confidential Information of the Disclosing Party under Sections 13.2(i) or (iii), the Receiving Party may disclose only that portion of the Confidential Information of the Disclosing Party which such counsel advises in writing is legally required to be disclosed; provided that the Receiving Party shall preserve the confidentiality of such Confidential Information to the fullest extent possible, including, without limitation, by cooperating with the Disclosing Party in its efforts to secure confidential or protective treatment of such Confidential Information or to obtain a protective order or other remedy.

13.3 Other Permitted Disclosures. Either Party may disclose Confidential Information received under this Agreement to existing or potential investors, acquirers, merger partners, collaborators, consultants, contractors, distributors or licensees, or to professional advisors (e.g., attorneys, accountants and investment bankers) involved in such activities, for the limited purpose of evaluating such investment, transaction, or license and under appropriate conditions of confidentiality, only to the extent necessary and with the agreement by these permitted individuals to maintain such Confidential Information in strict confidence.

13.4 Publicity; Terms of this Agreement. The Parties will mutually agree upon the text of a press release announcing the execution of this Agreement. Except for such press release, neither Party shall (i) originate any publicity, news release or other public announcement, written or oral, whether to the public press, stockholders or otherwise, relating to this Agreement, any amendment hereto or performance hereunder, or (ii) use the name of the other Party in any publicity, news release or other public announcement, except (a) with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, or (b) as required by applicable law, in which case the originating Party shall submit to the other Party (for review and any proposed modifications, as well as the Parties' coordination, prior to such disclosure or use) each such required disclosure, and shall comply with the terms of Section 13.2. The terms of this Agreement shall be deemed to be the Confidential Information of each Party.

ARTICLE 14.
TERM AND TERMINATION

14.1 Term of this Agreement. This Agreement will become effective on the Effective Date and, unless earlier terminated pursuant to this Article 14, will remain in full force and effect until there is no remaining royalty payment obligation in the Territory, as set forth in Section 9.3.2. The terms and conditions for any transactions between the Parties relating to the Product after any termination or expiration hereunder shall be as separately negotiated and agreed upon by the Parties.

14.2 Termination for Breach of Share Purchase Agreement. If KDP breaches the Share Purchase Agreement by not completing the purchase of the Shares, Can-Fite shall have the right to terminate this Agreement upon providing written notice to KDP.

14.3 Termination for Material Breach. If either Party (the **"Breaching Party"**) materially breaches any of its representations, warranties, covenants or obligations under this Agreement, the other Party (the **"Non-Breaching Party"**) shall have the right to terminate this Agreement upon providing written notice to the Breaching Party (i) thirty (30) days after such written notice, if the Breaching Party is in breach of Article 9, 10 or 13 and has failed to cure such breach within the thirty (30) days notice period, or (ii) sixty (60) days after such written notice, if the Breaching Party is in breach of any other provision hereof and has failed to cure such breach within the sixty (60) days notice period; provided, however, that if a breach other than of Article 9, 10 or 13 is not reasonably susceptible of cure within the sixty-day cure period above, and the Breaching Party proposes and has initiated a reasonable course of action to cure such breach and has acted diligently and in good faith to begin to cure the breach within such sixty-day period, such cure period shall be extended as reasonably necessary to permit the breach to be cured. All amounts due hereunder that are not in dispute shall continue to be timely paid.

14.4 Termination for Insolvency. This Agreement may be terminated at any time by a Party's thirty (30) days prior written notice upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against the other Party (the **"Bankrupt Party"**), or upon an assignment of a substantial portion of the Bankrupt Party's assets for the benefit of its creditors; provided, however, that in the event of any involuntary bankruptcy or receivership proceeding, such right to terminate shall only become effective if the proceeding is not dismissed within sixty (60) days after the filing thereof.

14.5 Effect of Expiration or Termination.

14.5.1 Accrued Obligations. Termination of this Agreement for any reason shall not release any Party hereto from any liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a period prior to such termination, nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement.

14.5.2 Survival. The expiration or termination of this Agreement shall not affect (i) the rights or obligations of either Party hereto which shall have accrued hereunder prior to such expiration or termination, and (ii) the rights and obligations of the Parties at law or in equity, which from the context thereof, are intended to survive termination or expiration of this Agreement. Without limiting the foregoing sentence, the provisions of Article 1, to the extent definitions are embodied in the following listed Articles and Sections of this Agreement; the provisions of Sections 2.1, 2.2, 2.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 8.2, 8.3 and Article 6, but only if KDP has a fully paid-up license under Section 2.1; Sections 2.5 and 2.6; Sections 7.5, 9.1, 9.2 and 9.3, to the extent payment obligations thereunder have accrued but not been paid; Sections 9.4, 9.5, 9.6, 9.7 and 9.8, 10.1, 10.2, 10.6, 11.3, 11.4, 14.5, 14.6, 16.3, 16.4, 16.5, 16.6, 16.7, 16.8, 16.9; Articles 12 and 13; and Article 15, with respect to Disputes arising during the term of the Agreement that have not been resolved, shall survive the expiration or termination of this Agreement for any reason. In addition, any other provision required to interpret and enforce the Parties' rights and obligations under this Agreement shall survive, but only to the extent required for the observation and performance of the aforementioned surviving portions of this Agreement.

14.5.3 Termination of Licenses. Upon earlier termination of this Agreement by Can-Fite for KDP's uncured material breach under Section 14.2 or KDP's insolvency under Section 14.3, or by Can-Fite for KDP's failure to proceed with Product development pursuant to Section 5.3, all licenses and rights granted to KDP hereunder shall terminate and KDP will immediately cease to develop and commercialize Product.

14.5.4 Disposition of inventory. Upon earlier termination of this Agreement by Can-Fite for KDP's uncured material breach under Section 14.2 or KDP's insolvency under Section 14.3, or by Can-Fite for KDP's failure to proceed with Product development pursuant to Section 5.3, KDP shall have the right for a period of ninety (90) days to sell any Product in its inventory. Thereafter, KDP shall return any remaining inventory to Can-Fite.

14.5.5 Reassignment of Regulatory Approvals. If this Agreement is early terminated by Can-Fite under Section 14.2 because of KDP's uncured material breach or under Section 14.3 because of KDP's insolvency, or by Can-Fite for KDP's failure to proceed with Product development pursuant to Section 5.3, KDP shall ensure that all Regulatory Filings and Marketing Authorizations in the Territory relating to the Product are assigned to Can-Fite (to the extent legally permissible in the Territory) within a reasonable time after termination of KDP's rights under this Agreement, subject to Can-Fite's payment to KDP of a two percent (2%) royalty on Net Sales of any Product that is the subject matter of such assigned Regulatory Filings and/or Marketing Authorizations; provided that such royalty payment obligation of Can-Fite shall only continue until such time that the total royalty payments delivered by Can-Fite equal an amount that reimburses KDP for all of its Non-Clinical Study Costs and Clinical Study Costs and other internal and external costs directly arising from or in connection with preparation and submission of such assigned Regulatory Filings and/or Marketing Authorizations that were reasonably borne by KDP prior to such early termination of this Agreement. Any costs incurred by KDP for such assignment or transfer shall be at KDP's expense. In the event that no such assignment and/or transfer pursuant to this Section 14.5.5 may legally be made, then, at the request of Can-Fite, KDP shall surrender such Regulatory Filings and/or Marketing Authorizations for cancellation. To the extent that such assigned Regulatory Filings and/or Marketing Authorizations are related to the Product, all such data, files, materials, information, filings and approvals shall thereafter be deemed to be Can-Fite's Confidential Information and subject to Article 13 of this Agreement. KDP further agrees to execute and deliver such instruments and take such other actions as Can-Fite shall reasonably request in order to carry out this provision.

14.6 Return of Confidential Information. Confidential Information shall remain the property of the Disclosing Party for the period provided in Section 13.1. Upon earlier termination of this Agreement by either Party under Section 14.2 because of uncured material breach or under Section 14.3 because of insolvency of the other Party, or by Can-Fite for KDP's failure to proceed with Product development pursuant to Section 5.3, the Receiving Party shall immediately cease to use the Disclosing Party's Confidential Information and promptly thereafter the Receiving Party shall, at the Receiving Party's option, either return to the Disclosing Party or destroy all data, drawings, memoranda, notes and other written materials (including summaries, records, descriptions, modifications, drawings and adaptations that have been made from any such materials), together with any magnetic media and computer stored information, and all copies thereof, embodying or containing any of the Disclosing Party's Confidential Information that are in the possession or control of the Receiving Party or its contractors or agents; provided, however, that one (1) copy of such Confidential Information may be retained by the Receiving Party on a confidential basis for archival purposes only. Any destruction of Confidential Information pursuant to the preceding sentence shall be promptly confirmed by a written certificate executed by an authorized officer of Receiving Party.

ARTICLE 15.
DISPUTE RESOLUTION

15.1 Negotiation. The Parties shall attempt in good faith to resolve any and all disputes that arise between them promptly, voluntarily and amicably. Any dispute arising between the Parties relating to, arising out of, or in any way connected with this Agreement, or any term or condition hereof, or the performance by either Party of its obligations hereunder (a **"Dispute"**), whether before or after expiration or termination of this Agreement, which is not settled by the Parties within thirty (30) days after written notice of such Dispute is first given by one Party to the other Party in writing, will be referred to a senior executive designated by Can-Fite and a senior executive designated by KDP who are authorized to settle such Dispute on behalf of their respective companies (**"Senior Executives"**). The Senior Executives will meet (or confer by telephone or video conference) within thirty (30) days after the end of the initial 30-day period referred to above, at a time and place mutually acceptable to both Senior Executives. If the Dispute has not been resolved by the Senior Executives within thirty (30) days after the end of the initial 30-day period referred to above (or such longer time period as may be mutually agreed upon by the Senior Executives), the Dispute will be resolved in accordance with the remainder of this Article 15.

15.2 Arbitration. If a Dispute is not resolved in accordance with Section 15.1, the Parties hereby agree to resolve such Dispute by final and binding arbitration administered under the then-current Rules of Arbitration of the International Chamber of Commerce (**"ICC"**).

15.2.1 Commencement of Arbitration Proceeding; Arbitrator. Following failure of the Senior Executives to resolve a Dispute under Section 15.1, either Party may commence such arbitration proceeding in accordance with this Section 15.2 and the ICC rules, and shall simultaneously notify the other Party in writing of such commencement. The arbitration shall be conducted by one (1) neutral arbitrator, to be mutually selected by the Parties within thirty (30) days of the commencement of the proceeding; provided that if the Parties are unable to mutually select such arbitrator within such 30-day period, then the Parties shall either mutually agree to extend such period or one neutral arbitrator will be selected by Can-Fite within such thirty (30) day period, one neutral arbitrator will be selected by KDP within such thirty (30) day period, and such two selected arbitrators shall, within thirty (30) days after the first two arbitrators have been selected, appoint the single neutral arbitrator who shall preside over the arbitration proceeding.

15.2.2 Arbitration Proceeding and Venue. The arbitration and all related hearings, proceedings and written submissions will be in the English language. The arbitration proceeding shall be held in New York City (unless the Parties mutually agree in writing on a different venue). Each Party shall bear its own expenses (including the fees and expenses of its attorneys, consultants and witnesses) in connection with the arbitration proceeding, and each Party shall, on an ongoing basis, pay one-half (1/2) the fees and expenses of the ICC and the arbitrator(s).

15.2.3 Decision; Enforcement. The decision of the arbitrator shall be the sole and exclusive remedy of the Parties, shall be final and shall be fully and irrevocably accepted by the Parties. The arbitrator shall announce his/her decision and award, and the reasons therefor, in writing. The prevailing Party may enforce such decision against the other Party in any court having jurisdiction. In any arbitration proceeding hereunder, the arbitrator will not have the right to modify the terms and conditions of this Agreement. The Parties will exert reasonable efforts to have the decision and award rendered within six (6) months after a Party commences the arbitration proceeding.

15.3 Court Actions; Injunctive Relief. Notwithstanding the above, to the full extent allowed by law, either Party may bring an action in any court of competent jurisdiction for injunctive relief (or any other provisional remedy) to protect the Parties' rights or enforce the Parties' obligations under Sections 10, 13 or 16.8 of this Agreement. In addition, either Party may bring an action in any court of competent jurisdiction to resolve disputes pertaining to the validity, construction, scope, enforceability, infringement or other violations of patents or other proprietary or intellectual property rights.

ARTICLE 16.
MISCELLANEOUS

16.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including but not limited to fire, floods, earthquake, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority or the other Party; provided, however, that the Party so affected shall use Commercially Reasonable Efforts to avoid or remove such causes of nonperformance, and shall continue to perform hereunder with reasonable dispatch whenever such causes are removed. Either Party shall provide the other Party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure. The Parties shall mutually seek a resolution of the delay or the failure to perform as noted above.

16.2 Assignment. This Agreement may not be assigned or otherwise transferred by one Party without the prior written consent of the other Party; except that Can-Fite shall have the right to assign this Agreement in connection with the transfer or sale of all or substantially all of its assets relating to the Product.

16.3 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions of this Agreement shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of this Agreement in any other jurisdiction.

16.4 Notices. All notices, requests, consents and other communications given or made by a Party under this Agreement shall be in writing and shall be deemed given (i) five (5) days after mailing when mailed (by registered or certified mail, postage paid, only), (ii) on the date sent when made by facsimile transmission with confirmation of receipt (with hard copy to follow by registered or certified mail, postage paid, only), or (iii) on the date received when delivered in person or by reputable overnight courier; provided that notices and communications with respect to administrative matters under this Agreement (but not legal matters or matters pertaining to rights or obligations under this Agreement), may be provided by e-mail and will be deemed given when sent. All notices shall be provided to the address set forth below or such other place as such Party may from time to time designate in writing:

If to Can-Fite:
Can-Fite BioPharma, Ltd.
10 Bareket St.
Petach Tikva, Israel
Attention: Chief Executive Officer
Facsimile: +972.3.924.9378
E-Mail: info@canfite.com

with a copy to:
Goodwin Procter LLP
4365 Executive Drive, Suite 300
San Diego, CA 92121 USA
Attention: Stephen C. Ferruolo
Facsimile: 1.858.457.1255
E-mail: sferruolo@goodwinprocter.com

If to KDP:
Kwang Dong Pharmaceutical Co., Ltd.
#1206, Byucksan Digital Valley III, 212-13,
Guro 3-dong, Guro-gu, Seoul, Republic of Korea
Attention: Director, Business Development
Facsimile: +82-2-2025-1350
E-mail: bd@ekdp.com

16.5 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the laws of State of New York without reference to conflicts of laws principles.

16.6 Entire Agreement; Amendment. This Agreement, together with the Share Purchase Agreement and the Exhibits hereto, contains the entire understanding of the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between any provision of any Exhibit hereto and any provision of this Agreement, the provisions of this Agreement shall prevail. All express or implied agreements and understandings, either oral or written, heretofore made, including the Mutual Confidential Disclosure Agreement between the Parties, dated 25 May, 2007, are expressly superseded by this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by both Parties hereto.

16.7 Official Language. The language of this Agreement and of any documents, papers or proceedings required by or under this Agreement, including any such documents, papers or proceedings that arise under Article 15, shall be English. Any Party requesting or requiring translations of such documents, papers or proceedings shall bear all costs and expenses of such translations.

16.8 Independent Contractors. It is expressly agreed that Can-Fite and KDP shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture or agency. Neither Can-Fite nor KDP shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so.

16.9 Waiver. The waiver by either Party hereto of any right hereunder or the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

16.10 Counterparts. This Agreement may be executed in counterparts by original or facsimile signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date first above written.

CAN-FITE BIOPHARMA, LTD.

By: /s/ Pnina Fishman, Ph.D.

Name: Pnina Fishman, Ph.D.

Title: CEO

By: /s/ Ilan Cohn, Ph.D.

Name: Ilan Cohn, Ph.D.

Title: Vice Chairman

KWANG DONG PHARMACEUTICAL CO., LTD.

By: /s/ Soo Boo Choi

Name: Soo Boo Choi

Title: Chairman

EXHIBIT A

LICENSED PATENTS

DETAILS*	**TITLE****
Korean patent No. 10-0584797	Pharmaceutical compositions comprising an adenosine receptor agonist or antagonist
Korean patent No. 10-0674529	Pharmaceutical compositions comprising an adenosine receptor agonist or antagonist
Korean patent application 10-2007-7012806	Therapeutic treatment of accelerated bone resorption
Korean patent application 10-2007-7014958	Biological marker for inflammation
Korean patent application 10-2007-7014957	Treatment of inflammation by a combination of methotrexate and an A3 Adenosine Receptor Agonist
PCT Application	Process for producing IB-MECA

* In case of a PCT application, the Licensed Patent is the Korean patent that will be granted on a national Korean patent application filed on the basis of the PCT application; in case of a US Provisional application, the Licensed Patent will be a Korean patent which claims priority from the US Provisional application.

** The title is for identification purposes only. The title on file may be different or may be amended by Can-Fite or by the Korean Patent Office.

EXHIBIT B

TRADEMARKS

[None Selected as of the Effective Date]

[To Be Added During the Term of the Agreement]

Exhibit 4. 16

LICENSE AGREEMENT

This License Agreement (this "Agreement"), dated November 21, 2011 (the "Effective Date"), is made by and between CAN-FITE Biopharma Ltd., a public company incorporated under the laws of the State of Israel ("CANFITE"), and Eye-Fite Ltd., a private company incorporated under the laws of the State of Israel ("EYEFITE"). CANFITE and EYEFITE are sometimes hereinafter referred to each as a "Party" and collectively as the "Parties."

WHEREAS, the Parties desire to enter into an agreement pursuant to which CANFITE will grant a sole and exclusive license to EYEFITE under the CANFITE Patent Rights and CANFITE Know-How for EYEFITE to develop and commercialize the Licensed Compound and Licensed Product in the Field as defined below, and

WHEREAS, CANFITE and the PHS entered into that certain PHS Agreement by which CANFITE was granted exclusive license under certain PHS Patents relating, among other things, to CF101 (as such terms are defined below); and

WHEREAS, said PHS Patents are among the CANFITE Patent Rights licensed to EYEFITE, and

WHEREAS, the Parties acknowledge that the rights granted hereunder by CANFITE to EYEFITE are subject to the terms and conditions of the PHS Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

Section 1. Definitions.

For the purpose of this Agreement, the following words and phrases shall have the meanings set forth below:

1.1 "Affiliate" means with respect to a party, any other business entity that directly controls, is controlled by, or is under common control with, such party. A business entity or party shall be regarded as in control of another business entity if it owns, or controls, more than fifty percent (50%) of the voting stock or other voting ownership interest of the other business entity, or if it directly or indirectly possesses the power to direct or cause the direction of the management and policies of the other business entity by any means whatsoever.

1.2 "Annual" means from January 1 to December 31 of any given calendar year.

1.3 "Approval" means, with respect to any Licensed Product in any regulatory jurisdiction, approval from the applicable Regulatory Authority sufficient for the manufacture, offer for sale, sale, distribution, importation or use of the Licensed Product in such jurisdiction in accordance with applicable Laws.

1.4 "CANFITE Know-How" means all Technology owned, licensed or otherwise Controlled by CANFITE or any of its Affiliates as of the Effective Date, that is related to the Licensed Compound or Licensed Product, or that is essential, necessary or useful for the manufacture, use, sale, offer for sale, importation, research, development, commercialization or other exploitation of the Licensed Compound or Licensed Product in the Field.

1.5 "CANFITE Patent Rights" means the PHS Patents and the patents and patent applications listed in **Exhibit A** attached hereto, as amended from time to time during the term of this Agreement by mutual agreement of the Parties (for example to incorporate patent rights relating to new inventions that EYEFITE may require for development or commercialization of the Licensed Product in the Field in the Territory), and (a) any foreign counterparts thereof, (b) all divisionals, continuations, continuations-in-part thereof or any other patent application claiming priority directly or indirectly to (i) any of the patents or patent applications identified in Exhibit A or (ii) any patent or patent application from which the patents or patent applications identified in Exhibit A claim direct or indirect priority, and (c) all patents issuing on any of the foregoing, and any foreign counterparts thereof, together with all registrations, reissues, re-examinations, renewals, supplemental protection certificates, or extensions of any of the foregoing, and any foreign counterparts thereof. The parties shall update Exhibit A from time to time during the term of this Agreement as may be required.

1.6 "CF101" means the adenosine A3 receptor agonist designated by CANFITE as CF101, and known generically as IB-MECA (Methyl 1-[N6-(3-iodobenzyl)-adenin-9-yl]- β-D-Ibofuronamid).

1.7 "Clinical Data" means the information with respect to the Licensed Product or the Licensed Compound made, collected or otherwise generated under or in connection with pre-clinical, clinical, or the post-Approval studies for the Licensed Compound or Licensed Product, including any data, reports and results with respect to any of the foregoing.

1.8 "Commercially Reasonable Efforts" means, with respect to Licensed Products, the carrying out of development and commercialization activities in a manner comparable to that which a company within the pharmaceutical industry that is similarly situated to EYEFITE and its Affiliates, taken collectively, would reasonably devote to a product of similar market potential based on conditions then prevailing and taking into account, without limitation, issues of safety and efficacy, product profile, the proprietary position, the then current competitive environment for such product and the timing of such product's entry into the market, the regulatory environment and status of such product, and other relevant scientific, technical and commercial factors.

1.9 "Confidential Information" means all data or information received by a Party or its Affiliates ("Receiving Party") that is of value to the Party or its Affiliates disclosing or providing such data or information ("Disclosing Party") including, but not limited to, Technology; marketing plans or strategies; formulas; methods; techniques; drawings; processes; financial data; financial plans; product plans; lists of actual or potential customers, vendors and/or employees; potential packaging; advertising materials; trademarks, service marks and trade dress; price lists; pricing policies; and competitive strategies. Confidential Information also includes any compilation or organization of information which, divided into individually segregated segments, may not be deemed confidential but in its organized completed format is unique, proprietary and confidential to the Disclosing Party. Additionally, Confidential Information includes any information described in this provision which the Disclosing Party obtains from another party and which the Disclosing Party treats as proprietary or designates as confidential information, whether or not owned or developed by the Disclosing Party. Confidential Information shall be treated as such regardless of whether it is marked "confidential" or "proprietary" or communicated by the Disclosing Party or its Affiliates in oral, written, graphic, or electronic form.

1.10 "Controlled" or "Controls", means, when used in reference to intellectual property (including, but not limited to, patents, trademarks, know-how or Technology), the legal authority or right of a person or entity to license or sublicense such intellectual property to another person or entity, or to provide or disclose such intellectual property to such other person or entity, in each case, without breaching any contractual or fiduciary obligations.

1.11 "EMEA" means the European Agency for the Evaluation of Medicinal Products, or any successor agency thereto.

1.12 "EU" means the European Union, as its membership may be altered from time to time, and any successor thereto, and which, as of the Effective Date, consists of Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom, and that certain portion of Cyprus included in such organization.

1.13 "Europe" means the countries comprising the EU as it may be constituted from time to time, together with those additional countries included in the European Economic Area as it may be constituted from time to time.

1.14 "EYEFITE Patent Rights" means the CANFITE Patent Rights that encompass within their scope the use of the Licensed Compound or the Licensed Product in the Field and that in the absence of a license would be infringed by the development of the Licensed Product in the Field in the Territory (and that are licensed to EYEFITE within the framework of this Agreement).

1.15 "FDA" means the United States Food and Drug Administration or any successor agency thereto.

1.16 "Field" means the treatment of any ophthalmic disease, disorder and conditions in humans.

1.17 "First Commercial Sale" means, with respect to any Licensed Product on a country-by-country basis, the first sale for use by the general public of such Licensed Product in such country after Approval of such Licensed Product has been granted, or marketing and sale of such Licensed Product is otherwise permitted, by the applicable Regulatory Authority of such country.

1.18 "FTE" means full-time equivalent.

1.19 "Governmental Authority" means any supranational, national, federal, state or local judicial, legislative, executive or regulatory authority or any arbitrator or arbitration tribunal.

1.20 "IND" means an investigational new drug application filed with a Regulatory Authority such as the FDA for authorization to commence clinical studies or post-Approval studies and its equivalent in other countries or regulatory jurisdictions.

1.21 "Koseisho" means the Japanese Ministry of Health and Welfare, or any successor agency thereto.

1.22 "Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision, domestic or foreign.

1.23 "Licensed Compound" means CF101.

1.24 "Licensed Product" means any pharmaceutical product in all forms, presentations, formulations and dosage forms containing a Licensed Compound, either alone or in combination with one or more other active ingredients, to be used solely for the Field.

1.25 "NDA" means a New Drug Application filed with a Regulatory Authority such as the FDA seeking approval to market a Licensed Product in the Territory.

1.26 "NDA Filing" means an NDA for a Licensed Product that has been accepted for filing by a Regulatory Authority such as the FDA.

1.27 "Net Sales" means the definition set out in Paragraph 2.10 of the PHS Agreement.

1.28 "Phase III Trial" means the Phase III Trial of CF101 in the dry eye syndrome indication as set forth in the Development Plan attached hereto as **Exhibit B**.

1.29 "PHS Agreement" means that that certain Patent License Agreement dated December 3, 2002 entered into between CANFITE and the PHS, a copy of which is attached hereto as **Appendix A**.

1.30 "PHS" means singly or collectively the National Institutes of Health, the Centers for Disease Control and Prevention, or the FDA.

1.31 "PHS Patents" means the patents exclusively licensed to CANFITE under the PHS Agreement and detailed in **Exhibit C** attached hereto.

1.32 "Regulatory Authority" means any national or supranational governmental authority, including, without limitation, the FDA, EMEA or Koseisho, that has responsibility in countries in the Territory over the development and/or commercialization of the Licensed Compound and Licensed Product.

1.33 "Regulatory Documentation" means all applications, registrations, licenses, authorizations and approvals (including all Approvals), all correspondence submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents and all preclinical and clinical studies and tests, relating to the Licensed Compound or the Licensed Product and all data contained in any of the foregoing, including all NDAs, regulatory drug lists, advertising and promotion documents, manufacturing data, Clinical Data, adverse event files and complaint files.

1.34 "Technology" means know-how, trade secrets, chemical and biological materials, formulations, information, documents, studies, results, data and regulatory approvals, filings and correspondence (including drug master files), including biological, chemical, pharmacological, toxicological, pre-clinical, clinical and assay data, manufacturing processes and data, specifications, sourcing information, assays, and quality control and testing procedures, whether or not patented or patentable, in each case, to the extent related to the Licensed Compound or Licensed Product.

1.35 "Territory" means all countries of the world.

1.36 "Third Party" means any person or entity other than EYEFITE or CANFITE or any of their Affiliates.

1.37 "Trademark" means any word, name, symbol, color, designation or device or any combination thereof, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo or business symbol, whether or not registered.

Section 2. License and Assignment Grants by CANFITE.

2.1 Exclusive Field of Use License. CANFITE hereby grants to EYEFITE a non-transferable (except in accordance with Section 12.1), sole and exclusive (even as to CANFITE) license, with the right to sublicense in accordance with Section 2.1(a), under the EYEFITE Patent Rights and CANFITE Know-How, to make, have made, use, sell, offer to sell, import, research, develop, commercialize and otherwise exploit the Licensed Compound and Licensed Product in the Field in the Territory. The foregoing license grant includes the right to make reference to all regulatory approvals, filings and correspondence (including drug master files) contained within the CANFITE Know-How. Each Affiliate of EYEFITE, if any, performing any obligations or exercising any rights hereunder shall be bound by the terms and conditions of this Agreement as and to the same extent as EYEFITE, and EYEFITE shall remain fully responsible for the performance of its Affiliates hereunder.

(a) *Right to Sublicense*. The licenses granted in Section 2.1 include the right to grant sublicenses (through multiple tiers) to Third Parties (each such Third Party sublicensee, a "Sublicensee"), provided that: (1) each such sublicense shall be subordinate to this Agreement, (2) no such sublicense shall impair EYEFITE (directly or with and through its Sublicensees) to perform its obligations hereunder, (3) no such sublicense shall limit or impair CANFITE's rights hereunder, (4) no such sublicense shall limit or impair PHS's rights under the PHS Agreement, (5) EYEFITE shall remain responsible for its, its Affiliates and its Sublicensees conformity to the terms and conditions set forth herein, including without limitation, the obligation to use Commercially Reasonable Efforts to develop and commercialize the Licensed Compound and Licensed Product, the obligation to make payments as and when due hereunder, and the obligation to keep records and make reports hereunder, (6) the sublicense will require the approval of CANFITE, which will not be unreasonably withheld, and (7) as far as such sublicense includes also the PHS Patents, also the approval of PHS, as stipulated in the PHS Agreement. EYEFITE shall provide CANFITE with a true, accurate and complete copy of each sublicense agreement with its Sublicensees promptly after execution. Each sublicense granted to a Sublicensee by EYEFITE to any rights licensed to it hereunder shall terminate immediately upon the termination of the license from CANFITE to EYEFITE with respect to such rights as of the effective date of such termination by CANFITE pursuant to Section 11.2(b), provided however, that if a Sublicensee is not in material default of its obligations to EYEFITE under its sublicense agreement, and within sixty (60) days of such termination the Sublicensee agrees in writing to be bound directly to CANFITE under a license agreement substantially similar to this Agreement with respect to the rights sublicensed hereunder, substituting such Sublicensee for EYEFITE, then such sublicense shall not so terminate.

(b) *Restrictions on CANFITE*. For as long as the license grant set forth in Section 2.1 is in effect, CANFITE Know-How shall be treated as Confidential Information of both EYEFITE and CANFITE, and CANFITE and its Affiliates shall neither use CANFITE Know-How, nor shall CANFITE or its Affiliates disclose CANFITE Know-How, except as permitted by Section 8.1(b) or 8.2.

2.2 Assignment of INDs. CANFITE, for itself and its Affiliates, hereby assigns and transfers to EYEFITE all of CANFITE's right, title, and interest in and to any and all INDs relating to the Licensed Compound in the Field in the Territory

2.3 Use of Trademarks. As between the Parties, EYEFITE shall have the sole right to determine and own the Trademarks to be used with respect to the commercialization of the Licensed Product in the Field in the Territory. EYEFITE and its Affiliates shall make reasonable efforts to avoid using in their Development and Commercialization activities any Trademark that is confusingly similar to, misleading or deceptive with respect to any trademark owned by CANFITE.

2.4 License Limitations. All licenses and other rights are or shall be granted only as expressly provided in this Agreement, and no other licenses or other rights are or shall be created or granted hereunder by implication, estoppel or otherwise.

Section 3. Regulatory Matters in the Territory.

3.1 Regulatory Responsibilities. As between the Parties, EYEFITE shall have sole responsibility for preparing and maintaining all Regulatory Documentation with respect to (i) Approvals for the Licensed Product in the Field in the Territory and (ii) Development and Commercialization activities, as set forth in Section 5, for the Licensed Product in the Field in the Territory. CANFITE shall provide, however, as may be requested by EYEFITE, any reasonable assistance to EYEFITE with respect to this Section 3.1.

3.2 Ownership. All Approvals and related Regulatory Documentation for the Licensed Product in the Field in the Territory shall be the sole and exclusive property of EYEFITE and held in the name of EYEFITE (or in each such case EYEFITE's Affiliate or Sublicensee). Except as provided in this Section 3 and Section 11.4(b) below, CANFITE shall be entitled to receive copies of EYEFITE's Regulatory Documentation, including Clinical Data, subject to the confidentiality provisions of Section 8.

3.3 Communications with Regulatory Authorities. As between the Parties, EYEFITE shall be responsible for all communications with any Regulatory Authority relating to the Licensed Product or Licensed Compound in the Territory during the term of this Agreement. As relating to the Licensed Product or Licensed Compound, EYEFITE (or its Affiliates or Sublicensees) shall promptly provide CANFITE with copies of all (i) material written communications to or from any Regulatory Authority, and (ii) written meeting minutes or summaries of material meetings, conferences and discussions with Regulatory Authorities. Except as necessary to comply with the Laws, CANFITE shall not initiate any communications with any Regulatory Authority concerning the Licensed Compound or the Licensed Product without first obtaining EYEFITE's approval.

(a) EYEFITE shall promptly inform CANFITE of any action, correspondence or reports to or from governmental authorities (other than Regulatory Authorities) that would reasonably be expected to materially affect the current or anticipated development or commercialization of the Licensed Product or Licensed Compound, and shall furnish CANFITE with copies of any relevant documents relating thereto.

3.4 Regulatory Records. EYEFITE shall maintain, or cause to be maintained, records of the development and commercialization activities performed by EYEFITE, its Affiliates and Sublicensees with respect to the Licensed Product in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall be reasonably complete and accurate and shall properly reflect all work done and results achieved in the performance of such development activities, and which shall be retained by or for EYEFITE for at least five (5) years after the termination of this Agreement, or for such longer period as may be required by Law.

Section 4. Performance of Duties.

4.1 Transition. Within thirty (30) days following the Effective Date, CANFITE shall transfer or cause to have transferred to EYEFITE, or shall perform or cause to have performed, each item scheduled in **Exhibit D** hereto; provided that any copies of documents, data and other information shall be made available to EYEFITE and may be copied at EYEFITE's expense.

4.2 Studies Completion. For each deliverable identified in **Exhibit D** hereto, CANFITE shall complete or cause to have completed such deliverable in a manner comparable to that which a similarly situated company within the pharmaceutical industry would reasonably devote to a product of similar market potential within the time period for completion associated with such deliverable as specified in Exhibit D. With respect to each such deliverable, EYEFITE shall reimburse CANFITE for its direct FTE costs and vendor costs subject to CANFITE's completion of such deliverable within the specified time frame.

4.3 Sales of Licensed Compound or Licensed Product. To the extent that such purchase is necessary for the Commercialization and Development of the Licensed Product, during the term of this Agreement EYEFITE shall purchase the Licensed Compound (as bulk drug substance) or the Licensed Product (as a finished formulated drug product, e.g. in the form of tablets, or in the form of a finished and packaged formulated drug product) in compliance with the applicable good manufacturing practice (GMP) from CANFITE's at a price equal to CANFITE's cost to manufacture or obtain the quantity of such material, plus 15% overhead charge. The form of the material to be purchased by EYEFITE from CANFITE (whether as a bulk drug substnace of the Licensed Compound or whether as a formulated drug product of the Licensed Product and in the latter cased whether non-packaged or packaged) will be as agreed from time to time between the parties. EYEFITE will forward purchase orders for said Licensed Compound or said Licensed Product at the earlier to occur of (i) as soon as possible after becoming aware of the need for supply of such material, and (ii) 6 months advanced notice prior to the date in which the need for supply of said material is anticipated. In the case (and only in the case) that (i) Can-Fite is unable to provide said Licensed Compound or said Licensed Product at needed quantities or meeting the applicable GMP requirements, or (ii) upon decision by CANFITE to transfer manufacturing rights of Licensed Compound or said Licensed Product or the packaging of said Licensed Prodcutfrom it to EYEFITE, EYEFITE shall be entitled to purchase such material from another source. Within fourteen days notice from EYEFITE of EYEFITE's request to purchase a quantity of said Licensed Compound or said Licensed Product (each such request, a "Purchase Request"), CANFITE shall take all actions that may be reasonably necessary or desirable to fulfill the Purchase Request. For each such Purchase Request, EYEFITE shall remit payment to CANFITE for the purchased quantity of Inventory within thirty (30) days of receipt of an invoice from CANFITE.

For a period of three (3) years following the Effective Date, CANFITE shall be responsible for and shall perform any necessary stability testing of the Inventory of samples of batches of supplied Licensed Compound and/or said Licensed Product.

Section 5. Development and Commercialization.

5.1 Clinical Trial. EYEFITE shall use Commercially Reasonable Efforts to initiate (i.e., dosing of the first patient) a Phase III Trial of the Licensed Compound no later than the one (1) year anniversary of the date of CANFITE's compliance with Section 4.1. If EYEFITE fails to initiate a Phase III Trial of the Licensed Compound by such anniversary, and provided that such failure is not due to a delay that is beyond EYEFITE's reasonable control, including, without limitation, delays caused by Regulatory Authorities or by CANFITE, then EYEFITE may obtain a six (6) month extension of such period for a payment of one (1) million U.S. dollars (US$1,000,000), provided that EYEFITE may not obtain more than four extensions (each one requiring such payment). Failure to initiate a Phase III Trial of the Licensed Compound within the two (2) year anniversary of the date of CANFITE's compliance with Section 4.1 shall constitute a material breach of this Agreement, unless such failure is due to a delay that is beyond EYEFITE's reasonable control, including, without limitation, delays caused by Regulatory Authorities or by CANFITE.

5.2 Responsibilities and Costs. EYEFITE shall use Commercially Reasonable Efforts to develop and commercialize the Licensed Compound and Licensed Product. Without limiting the foregoing requirement, EYEFITE shall have sole responsibility for, and shall bear all costs associated with, such commercialization and development activities.

5.3 Development Plan. Attached hereto as **Exhibit B** is a summary of EYEFITE's initial "Development Plan," which summarizes EYEFITE's plans for the development of Licensed Product. The Development Plan may be revised from time-to-time by EYEFITE, after obtaining the approval of CANFITE, which will not be unreasonably withheld, but shall not be revised in a manner that would likely result in EYEFITE failing to initiate the Phase III Trial after the one (1) anniversary of the Effective Date. Once each calendar quarter until the first Approval of the Licensed Product in a country is received, EYEFITE shall provide to CANFITE (i) any significant updates or revisions to the Development Plan, and (ii) a report presenting a meaningful summary of the development activities accomplished by EYEFITE through the end of the preceding quarterly period.

5.4 Markings. All promotional materials, packaging and product labeling for the Licensed Product used by EYEFITE, its Affiliates, Sublicensees or distributors in connection with the Licensed Product shall contain (i) the applicable Trademark selected by EYEFITE for use in commercialization of the Licensed Product, (ii) if required by Law, the logo and corporate name of the manufacturer, and (iii) if appropriate, the applicable patent numbers.

Section 6. EYEFITE Obligations.

6.1 Issuance of Shares. EYEFITE shall issue to CANFITE 999 Ordinary Shares, nominal value NIS 0.01 each of EYEFITE, representing 100% of the issued and outstanding share capital of EYEFITE.

6.2 Royalties and Milestone Payments. EYEFITE shall be obligated to make to PHS, for as long as the PHS Agreement is in effect and obligates CANFITE to make any payments to PHS, the following Royalty, Milestone and Sublicensing payments to PHS under the PHS Agreement, as follows:

(a) Annual Royalty Payment - EYEFITE agrees to pay to PHS a nonrefundable minimum annual royalty in the amount of twenty-five thousand dollars ($25,000), which is half of the nonrefundable minimum annual royalty payable to PHS of US$50,000 (the other half to be paid by CANFITE).

(b) Royalties on Net Sales - EYEFITE agrees to pay PHS earned royalties on Net Sales by or on behalf of EYEFITE and its Sublicensees or Affiliates in those territories in which PHS Patents exist, calculated on an annual basis in each calendar year and graded as follows:

(i) Royalties of five and one half percent (5.5%) on an amount of annual Net Sales of Licensed Products in the Territory of up to and including twenty-five million U.S. dollars ($25,000,000);

(ii) Royalties of four and one half percent (4.5%) on an amount of annual Net Sales of Licensed Products in the Territory between twenty five million U.S. dollars ($25,000,000) and one hundred million US Dollars ($100,000,000);

(iii) Royalties of four percent (4.0%) on an amount of annual Net Sales of Licensed Products in the Territory of greater than and including one hundred million U.S. dollars ($100,000,000).

In case sales are made in any calendar year by both CANFITE and EYEFITE, EYEFITE will pay its pro-rated share of the aggregate sales of both Parties out of the payment Schedule listed under (i) – (iii) of this Sub-Section (b).

(c) Milestone Payments – EYEFITE agrees to pay PHS milestone payments as follows:

(i) Twenty Five Thousand ($25,000) Dollars payable within sixty (60) days after the initiation of the first Phase I clinical trials (or its equivalent) per indication of the Licensed Product in the Field.

(ii) Seventy Five Thousand ($75,000) Dollars payable within sixty (60) days after the initiation of the first Phase II clinical trials (or its equivalent) per indication of the Licensed Product in the Field.

(iii) One Hundred Thousand ($100,000) Dollars payable within sixty (60) days after the initiation of the first Phase III clinical trials (or its equivalent) per indication of the Licensed Product in the Field.

(iv) Five Hundred Thousand ($500,000) Dollars payable within ninety (90) days after each FDA (or its equivalent) approval in each major market area (U.S.A., Europe, or Japan) per indication of the Licensed Product in the Field.

(d) Sublicensing Payments – EYEFITE agrees to pay PHS a sublicensing payment of twenty percent (20%) of any monetary consideration received from each sublicense, but not including royalties on Net Sales for which royalties will only be due under Sub-Section (b) above. EYEFITE may credit Milestone Payments due under Sub-Section (c) above against any sublicensing payments due on consideration received by EYEFITE from any Sublicensee for any milestones achieved by a Sublicensee when such milestones are substantially similar to the milestones described above for Sub-Section (c).

(e) Payment Term. The payments to be made by EYEFITE to PHS under this Section 6.2 shall be payable only for so long as the PHS Agreement between CANFITE and the PHS is in effect and for as long as CANFITE is obligated to make such payments to the PHS under the PHS Agreement.

(f) Effect of Failure to Make any Payment. The failure of EYEFITE to make any of the aforesaid payments to PHS upon such payment becoming due shall be deemed a breach of this Agreement entitling CANFITE the right to terminate the license granted hereunder, provided that EYEFITE shall have a thirty (30) day period from receipt of a written letter from CANFITE of the occurrence of such breach during which to cure such breach and make such applicable payment.

(g) The license of the CANFITE Patent Rights other than the PHS Patents will be free of any royalties and milestone payments.

6.3 Payment Terms.

(a) *Manner of Payment.* All payments to be made by EYEFITE hereunder shall be made in U.S. dollars by wire transfer to such bank account as PHS may designate, all in accordance with the terms and conditions of the PHS Agreement.

(b) *Reports and Royalty Payments*. For as long as royalties are due under Section 6.2, EYEFITE shall furnish to CANFITE a written report, within forty-five (45) days after the end of each calendar quarter, showing the amount of Net Sales of Licensed Products and royalty due for such calendar quarter. Royalty payments for each calendar quarter shall be due at the same time as such written report for the calendar quarter. The report shall include, at a minimum, the following information for the applicable calendar quarter, each listed by product and by country of sale: (i) the number of units of Licensed Products sold by EYEFITE and its Affiliates and Sublicensees on which royalties are owed CANFITE hereunder; (ii) the gross amount received for such sales; (iii) deductions taken from Net Sales as specified in the definition thereof; (iv) Net Sales; and (v) the royalties and Milestone Payments owed to CANFITE, listed by category. In addition to the foregoing, EYEFITE shall furnish to CANFITE a written report within ten (10) business days after the end of each calendar quarter estimating the total Net Sales for such calendar quarter by EYEFITE, its Affiliates and Sublicensees.

(c) *Records and Audits*. EYEFITE shall keep, and shall cause each of its Affiliates and Sublicensees, as applicable, to keep adequate books and records of accounting for the purpose of calculating all royalties payable to PHS hereunder and as set out in the PHS Agreement.

(d) *Currency Exchange*. Royalties shall accrue in the currency of the country in which the sale of the Licensed Product or Licensed Compound is made, and if different from U.S. dollars, shall be converted into U.S. dollars using the exchange rate of such domestic currency as quoted by the Wall Street Journal, for the business day immediately prior to the date of payment.

(e) *Tax Withholding*. The withholding tax, duties, and other levies (if any) applied by any government authority on payments made by EYEFITE to PHS hereunder shall be borne by EYEFITE. PHS shall provide to EYEFITE a signed Form W-9 with its certified tax identification number within 30 days from the date hereof.

(f) *Other terms of the PHS Agreement.* EYEFITE shall be bound by and subject to all other terms and conditions set out in the PHS Agreement which relate to the payment of any annual payments, royalties, milestone payments or sublicensing payments as set out herein.

(g) *Payment to PHS.* Attached as **Exhibit E** are payment options for paying royalties to PHS. EyeFite, in coordination with CanFite, will make payments as stipulated herein using one of these payment options.

Section 7. Patent Prosecution, Infringement and Extensions.

7.1 Ownership of Inventions; Royalty-Free Licenses.

(a) Inventorship of information, know-how, data, discoveries, developments, designs, inventions, methods, processes, techniques, materials, formulae, trade secrets, trademarks, copyrights, patents and patent applications and other proprietary information conceived and/or reduced to practice in connection with, or as a result of, EYEFITE's activities hereunder (the "**Inventions**") shall be determined in accordance with the patent laws of the country in which such invention occurred.

(b) All Inventions relating to the Licensed Compound or the Licensed Product (whether invented solely by CANFITE or by EYEFITE or jointly by CANFITE and EYEFITE) shall belong to CANFITE (each a "**CANFITE Invention**"). CANFITE hereby grants to EYEFITE a royalty-free, exclusive license to use and exploit CANFITE Inventions in connection with the Licensed Product in the Field in accordance with this Agreement.

7.2 Prosecution and Maintenance of CANFITE Patent Rights.

(a) CANFITE shall be solely responsible for the preparation, prosecution (including any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of the CANFITE Patent Rights. CANFITE shall use Commercially Reasonable Efforts to obtain appropriate patent protection for the EYEFITE Patent Rights.

(b) Without limiting the foregoing, CANFITE shall not knowingly permit any of the CANFITE Patent Rights which may include EYEFITE Patent Rights to be abandoned in any country without EYEFITE first being given an opportunity to assume full responsibility and costs for the continued prosecution and maintenance of same.

(c) CANFITE shall be responsible for the preparation, prosecution (including any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of all EYEFITE Patent Rights, and all preparation, filing, prosecution, and maintenance decisions with respect to the EYEFITE Patent Rights shall be made by CANFITE with the goal and intention of obtaining appropriate patent protection for the Licensed Compound and Licensed Product for the Field in the Territory. CANFITE shall reasonably consult with EYEFITE with respect to the preparation, filing, prosecution and maintenance of the EYEFITE Patent Rights. CANFITE shall keep EYEFITE advised of the status of such activities and shall also inform EYEFITE in a timely manner of any material communications CANFITE receives from the relevant patent office with respect to such activities, including providing EYEFITE with copies of any papers relating to the filing, prosecution or maintenance of the EYEFITE Patent Rights. EYEFITE shall forward to CANFITE copies of any papers relating to the filing, prosecution or maintenance of the CANFITE Patent Rights promptly upon receipt. As of the Effective Date, EYEFITE shall be responsible for all its costs incurred for such preparation, filing, prosecution and maintenance of the EYEFITE Patent Rights and shall reimburse CANFITE for any such costs relating thereto.

7.3 Enforcement and Defense of CANFITE Patent Rights.

(a) *Enforcement by EYEFITE.* In the event that CANFITE or EYEFITE becomes aware of a suspected infringement of any CANFITE Patent Right exclusively licensed to EYEFITE under this Agreement, or any such CANFITE Patent Right is challenged in any action or proceeding (other than any interferences, oppositions, reissue proceedings or reexaminations, which are addressed above), in each case, in the Field in the Territory, such Party shall notify the other Party promptly, and following such notification, the Parties shall confer. EYEFITE shall have the right, but shall not be obligated, to bring an infringement action or defend any such action or proceeding at its own expense, in its own name and entirely under its own direction and control, or to settle any such action or proceeding by sublicense, subject to the following. CANFITE shall reasonably assist EYEFITE (at EYEFITE's expense) in any action or proceeding being defended or prosecuted if so requested, and shall lend its name to and join as a nominal party in such actions or proceedings if reasonably requested by EYEFITE or required by applicable Laws. CANFITE shall have the right to participate and be represented in any such suit by its own counsel at its own expense. No settlement of any such action or proceeding which restricts the scope, or adversely affects the enforceability, of a CANFITE Patent Right may be entered into by EYEFITE without the prior written consent of CANFITE, which consent shall not be unreasonably withheld, delayed or conditioned.

(b) *Enforcement by CANFITE.* If EYEFITE elects not to bring any action for infringement described in Section 7.2(a) and so notifies CANFITE, then CANFITE may bring such action at its own expense, in its own name and entirely under its own direction and control, subject to the following. EYEFITE shall reasonably assist CANFITE (at CANFITE's expense) in any action or proceeding being prosecuted if so requested, and shall lend its name to such actions or proceedings if requested by CANFITE or required by applicable Laws. EYEFITE shall have the right to participate and be represented in any such suit by its own counsel and at its own expense. No settlement of any such action or proceeding which restricts the scope, or adversely affects the enforceability, of a CANFITE Patent Right may be entered into by CANFITE without the prior written consent of EYEFITE, which consent shall not be unreasonably withheld, delayed or conditioned.

(c) *Damages*. In the event that either Party exercises its rights under this Section 7.3 (the "Exercising Party") and recovers any damages or other sums in such action or proceeding or in settlement thereof ("Recovery"), then after deducting the costs and expenses borne by such Exercising Party in prosecuting or defending such action, proceeding or settlement, and, in the event the other Party participated in the action, proceeding or settlement, after deducting the costs and expenses borne by such other Party in prosecuting or defending such action, proceeding or settlement, the Exercising Party shall be entitled to seventy-five percent (75%) of the remainder of such Recovery and the other Party, regardless of whether such other Party participated in the action, proceeding or settlement, shall be entitled to twenty-five percent (25%) of the remainder of such Recovery.

(d) *Withdrawal.* If either Party brings an action or proceeding under this Section 7.3 and subsequently ceases to pursue or withdraws from such action or proceeding, it shall promptly notify the other Party and the other Party may substitute itself for the withdrawing Party under the terms of this Section 7.3.

7.4 Patent Extensions; Orange Book Listings; Patent Certifications.

(a) *Patent Term Extension*. CANFITE shall have the sole right to make any elections with respect to obtaining patent term extension or supplemental protection certificates or their equivalents in any country with respect to CANFITE Patent Rights.

(b) *Data Exclusivity*. With respect to any data exclusivity periods, such as those periods listed in the FDA's Orange Book (including any available pediatric exclusivities) or other exclusivity periods under national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 (and all equivalents in any country), CANFITE shall have the sole right to seek and maintain all such data exclusivity periods available for the Licensed Compound or Licensed Product.

(c) *Notification of Patent Certification*. CANFITE shall notify and provide EYEFITE with copies of any allegations of alleged patent invalidity, unenforceability or non-infringement of a CANFITE Patent Right pursuant to a Paragraph IV Patent Certification by a Third Party filing an Abbreviated New Drug Application, an application under §505(b)(2) or any other similar patent certification by a Third Party, and any foreign equivalent thereof. Such notification and copies shall be provided to EYEFITE within five (5) business days after CANFITE receives such certification, and shall be sent to the address set forth in Section 12.6.

Section 8. Confidential Information and Publicity.

8.1 Confidentiality.

(a) *Confidential Information*. Except as expressly provided herein, each of the Parties agrees that, for itself and its Affiliates, and for as long as this Agreement is in effect and for a period of five (5) years thereafter, a Receiving Party shall (i) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted below, and (ii) not use such Confidential Information for any purpose except those licensed or otherwise authorized or permitted by this Agreement. For clarity, all Confidential Information of EYEFITE received by or disclosed to CANFITE hereunder shall be used by CANFITE only for ensuring that EYEFITE complies with its obligations hereunder and that CANFITE complies with its obligations under the PHS Agreement and for no other purposes.

(b) *Exceptions*. The obligations in Section 8.1(a) shall not apply with respect to any portion of the Confidential Information that the Receiving Party can show by competent proof:

(i) is publicly disclosed by the Disclosing Party, either before or after it is disclosed to the Receiving Party hereunder;

(ii) was known to the Receiving Party or any of its Affiliates, without any obligation to keep it confidential or any restriction on its use, prior to disclosure by the Disclosing Party;

(iii) is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof and without any obligation to keep it confidential or any restriction on its use;

(iv) is published by a Third Party or otherwise becomes publicly available or enters the public domain, either before or after it is disclosed to the Receiving Party;

(v) has been independently developed by employees or contractors of the Receiving Party or any of its Affiliates without the aid, application or use of Confidential Information of the Disclosing Party; or

(vi) Information provided or will be provided by CANFITE to third parties under a confidentiality disclosure agreement ("CDA"), which is relevant for the use of the License Product outside of the Field.

8.2 Authorized Disclosures. The Parties may disclose Confidential Information belonging to either Party to the extent such disclosure is reasonably necessary, in order to comply with applicable Laws, in connection with prosecuting or defending litigation, making regulatory filings, and filing, prosecuting and enforcing patent applications and patents. Other than the publishing of a press release and regulatory filings, prior to publishing any Clinical Data regarding the Licensed Compound, EYEFITE shall provide CANFITE with a reasonable opportunity to review and comment on the proposed publication (which notice shall be no less than one business day under any circumstances). Prior to the Effective Date, CANFITE submitted certain articles for publication by various journals. The Parties agree that the publication of such articles after the Effective Date shall not be a breach by CANFITE of its obligations under this Agreement. EYEFITE shall, in connection with all publications regarding the Licensed Compound, indicate that the Licensed Compound is licensed by EYEFITE from CANFITE.

8.3 Terms of this Agreement; Publicity. The Parties agree that the terms of this Agreement shall be treated as Confidential Information of both Parties. Each Party agrees not to issue any press release or other public statement disclosing information relating to this Agreement or the transactions contemplated hereby or the terms hereof without the prior written consent of the other Party, except:

(a) A mutually agreed upon press release detailing the transaction set out herein pre approved by both Parties;

(b) CANFITE shall be permitted to disclose the terms hereof to PHS; and

(c) The Parties shall each be permitted to disclose the terms of this Agreement and the PHS Agreement (i) in communication with investors, consultants, advisors or others on a need-to-know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; (ii) as necessary to comply with applicable governmental Laws and regulations (including, without limitation, the rules and regulations of the Securities and Exchange Commission or any national securities exchange) and with judicial process; or (iii) to other parties under a written confidentiality agreement.

8.4 Relationship to the Confidentiality Agreement. This Agreement supersedes the Confidentiality Agreement, provided that all "Confidential Information" disclosed or received by the Parties thereunder shall be deemed "Confidential Information" hereunder and shall be subject to the terms and conditions of this Agreement.

Section 9. Adverse Experience.

9.1 As stated in Sections 9.2 and 9.3, EYEFITE shall keep (and EYEFITE shall cause its sublicensees to keep under terms and conditions equal to those set forth in this Section 9) CANFITE, during the term of this Agreement, promptly and fully informed of all pharmaceutical, toxicological and clinical findings relating to adverse experience of the Licensed Product or Licensed Compound. CANFITE shall be permitted to share with PHS all data and information provided under this Article 9 by EYEFITE.

9.2 EYEFITE undertakes to notify CANFITE promptly with written confirmation by immediate telecopy of any information concerning any serious adverse event as defined by C.I.O.M.S. or any Regulatory Authority, as applicable, reasonably associated with clinical studies or attributed to the use or application of the Licensed Product or Licensed Compound. In any event the above notification shall be made within two (2) working days after Licensee first learns or is advised of relevant information with respect to such serious adverse event.

9.3 EYEFITE shall also forward regularly (and usually every six (6) months unless the Parties agree on another period) to CANFITE any information on all other adverse effects or any difficulty associated with the clinical use, studies, investigations, tests and prescription of the Licensed Product or Licensed Compound.

9.4 EYEFITE shall provide upon request the information on estimated patient days of exposure.

9.5 EYEFITE shall inform CANFITE, without delay, of any governmental action, correspondence or reports to or from governmental authorities that may affect the situation of the Licensed Product or Licensed Compound and furnish CANFITE with copies of any relevant documents relating thereto.

Section 10. Warranties; Limitations of Liability; Indemnification; Covenants.

10.1 Representations and Warranties of Both Parties. Each Party represents and warrants to the other Party, as of the Effective Date, that:

(a) Such Party is a corporation duly organized and validly existing under the Laws of the state in which it is incorporated, and it has full right and authority to enter into this Agreement and to accept the rights and licenses granted as herein described.

(b) This Agreement has been duly authorized by all requisite corporate action, and when executed and delivered will become a valid and binding contract of such Party enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally from time to time if effect, and to general principles of equity.

(c) The execution, delivery and performance of this Agreement does not conflict with any other agreement, contract, instrument or understanding, oral or written, to which such Party is bound, nor will it violate any law applicable to such Party.

(d) All necessary consents, approvals and authorizations of all regulatory and governmental authorities and other persons or entities required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

10.2 CANFITE Representations and Warranties. CANFITE covenants, represents and warrants to EYEFITE that as of the Effective Date:

(a) CANFITE, through in-licensing or ownership, controls the patents and patent applications that are included within the CANFITE Patent Rights as of the Effective Date and CANFITE Controls the CANFITE Know-How, in both cases, for use with the Licensed Compound within the Field;

(b) To the best of its knowledge and belief, all of the issued patents within the CANFITE Patent Rights are in good standing;

(c) To the best of its knowledge and belief, CANFITE is not aware of any notice from any Third Party asserting any ownership rights to any CANFITE Know-How for use with the Licensed Compound within the Field;

(d) To the best of its knowledge and belief, CANFITE is not aware of any pending or threatened action, suit, proceeding or claim by a Third Party asserting that CANFITE is infringing or has misappropriated or otherwise is violating any patent, trade secret or other proprietary right of any Third Party as would reasonably be expected to result in CANFITE being unable to grant the rights and licenses to EYEFITE under this Agreement;

(e) CANFITE has not granted any right or license or other encumbrance of any kind in the FIELD to any Third Party relating to the CANFITE Patent Rights and CANFITE Know-How that conflicts with any of the rights granted to EYEFITE hereunder;

(f) There are no claims, actions, or proceedings pending or, to CANFITE's knowledge, threatened; nor are there any formal inquiries or notices that may lead to the institution of such legal proceedings, against CANFITE or its Affiliates or PHS or its Affiliates, which if adversely decided, would, individually or in the aggregate, have a material adverse effect on, or prevent CANFITE's ability to grant the licenses and assignments to EYEFITE contemplated hereunder; and

10.3 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER CANFITE NOR EYEFITE MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10.4 Limitation of Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR OTHERWISE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ANY THIRD PARTY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED, HOWEVER, THAT THIS SECTION 10.4 SHALL NOT APPLY TO THE PARTIES' INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTIONS 10.6(a) AND 10.6(b).

10.5 Performance by Affiliates. The Parties recognize that each Party may perform some or all of its obligations under this Agreement through Affiliates and Third Party contractors provided, however, that each Party shall remain responsible and liable for the performance by its Affiliates and Third Party contractors and shall cause its Affiliates and Third Party contractors to comply with the provisions of this Agreement in connection therewith.

10.6 Indemnification.

(a) *EYEFITE Indemnity*. EYEFITE hereby agrees to indemnify and hold CANFITE and its Affiliates, and their respective employees, directors, agents and contractors, and their respective successors, heirs and assigns and representatives ("CANFITE Indemnitees") harmless from and against all claims, liability, threatened claims, damages, expenses (including reasonable attorneys' fees), suits, proceedings, losses or judgments, whether for money or equitable relief, of any kind, including death, personal injury, illness, product liability or property damage or the failure to comply with applicable law (collectively, "Losses"), arising from any Third Party claim due to the use, manufacture, sale, development or commercialization of any Licensed Compounds or Licensed Products by or for EYEFITE or any of its Affiliates, Sublicensees, agents and contractors, except to the extent that such Losses arise from (a) the negligence, recklessness or willful misconduct of any CANFITE Indemnitees or (b) any breach of this Agreement by CANFITE.

(b) *CANFITE Indemnity*. CANFITE hereby agrees to indemnify and hold EYEFITE, its Affiliates and Sublicensees, and their respective employees, directors, agents and contractors, and their respective successors, heirs and assigns and representatives ("EYEFITE Indemnitees") harmless from and against all Losses arising from any Third Party claim due to the use, manufacture, sale, development or commercialization of any Licensed Compounds or Licensed Products by or for CANFITE or any of its Affiliates, licensees (other than EYEFITE and its Affiliates and Sublicensees), agents and contractors, except to the extent that such Losses arise from (a) the negligence, recklessness or willful misconduct of any EYEFITE Indemnitees or (b) any breach of this Agreement by EYEFITE.

(c) *Indemnification Procedure*. A claim to which indemnification applies under Section 10.6(a) or Section 10.6(b) shall be referred to herein as a "Claim." If any person or entity (each, an "Indemnitee") intends to claim indemnification under this Section 10.6, the Indemnitee shall notify the other Party (the "Indemnitor") in writing promptly upon becoming aware of any claim that may be a Claim (it being understood and agreed, however, that the failure by an Indemnitee to give such notice shall not relieve the Indemnitor of its indemnification obligation under this Agreement except and only to the extent that the Indemnitor is actually prejudiced as a result of such failure to give notice). The Indemnitor shall have the right to assume and control the defense of such Claim at its own expense with counsel selected by the Indemnitor and reasonably acceptable to the Indemnitee; provided, however, that an Indemnitee shall have the right to retain its own counsel, with the fees and expenses to be paid by the Indemnitee, if representation of such Indemnitee by the counsel retained by the Indemnitor would be inappropriate due to actual or potential differing interests between such Indemnitee and any other party represented by such counsel in such proceedings. If the Indemnitor does not assume the defense of such Claim as aforesaid, the Indemnitee may defend such Claim but shall have no obligation to do so. The Indemnitee shall not settle or compromise any Claim without the prior written consent of the Indemnitor, and the Indemnitor shall not settle or compromise any Claim in any manner which would have an adverse effect on the Indemnitee's interests, without the prior written consent of the Indemnitee, which consent, in each case, shall not be unreasonably withheld. The Indemnitee shall reasonably cooperate with the Indemnitor at the Indemnitor's expense and shall make available to the Indemnitor all pertinent information under the control of the Indemnitee, which information shall be subject to Section 8.1.

10.7 Insurance. EYEFITE shall, beginning with the initiation of the first clinical trial for a Licensed Product, maintain at all times during the development and commercialization of the Licensed Compound a commercial general liability insurance from a recognized, creditworthy insurance company, on a claims-made basis, with endorsements for contractual liability and clinical trials (prior to distribution or sale of the actual product, a product liability endorsement shall be added), and with coverage limits in such amounts as is customary in the industry. EYEFITE cause CANFITE and PHS to be named as additional insureds on all such insurance policies, for their respective rights and interests. Within ten (10) days following written request by CANFITE, EYEFITE shall furnish to CANFITE a certificate of insurance evidencing such coverage, and shall communicate to CANFITE during the term of this Agreement any modifications to such coverage.

10.8 Covenants.

(a) CANFITE shall not take any action, or omit to take any action, that would (i) encumber any of its right, title and interest in and to the Licensed Compounds or the Licensed Products in any way that would have a material adverse effect on the rights and licenses granted to EYEFITE hereunder, or (ii) cause CANFITE to be in breach under the PHS Agreement.

(b) EYEFITE agrees to be bound by the following obligations towards PHS (*all capitalized terms in this Sub-Section 10.8 (b) shall have the meaning ascribed to them in the PHS Agreement*):

(i) PHS reserves on behalf of the Government an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of all inventions licensed under the Licensed Patent Rights throughout the world by or on behalf of the Government and on behalf of any foreign government or international organization pursuant to any existing or future treaty or agreement to which the Government is a signatory.

(ii) Prior to the First Commercial Sale, EYEFITE agrees to provide PHS reasonable quantities of Licensed Products or materials made through the Licensed Processes for PHS research use.

(iii) In the event that Licensed Patent Rights are Subject Inventions made under a Cooperative Research and Development Agreement (CRADA), EYEFITE grants to the Government, pursuant to 15 U.S.C. 3710a(b)(1)(A), a nonexclusive, nontransferable, irrevocable, paid-up license to practice Licensed Patent Rights or have Licensed Patent Rights practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of 5 U.S.C. 552(b)(4) or which would be considered as such if it had been obtained from a non-Federal party. Prior to the First Commercial Sale, EYEFITE agrees to provide PHS reasonable quantities of Licensed Products or materials made through the Licensed Processes for PHS research use.

(iv) EYEFITE agrees that products used or sold in the United States embodying Licensed Products or produced through use of Licensed Processes shall be manufactured substantially in the United States, unless a written waiver is obtained in advance from PHS.

(v) EYEFITE acknowledges that PHS may enter into future Cooperative Research and Development Agreements (CRADAs) under the Federal Technology Transfer Act of 1986 that relate to the subject matter of this Agreement. EYEFITE agrees not to unreasonably deny requests for a Research License from such future collaborators with PHS when acquiring such rights is necessary in order to make a Cooperative Research and Development Agreement (CRADA) project feasible. EYEFITE may request an opportunity to join as a party to the proposed Cooperative Research and Development Agreement (CRADA).

(vi) (a) In addition to the reserved license of Paragraph 5.01 of the PHS Agreement, PHS reserves the right to grant nonexclusive Research Licenses directly or to require EYEFITE to grant nonexclusive Research Licenses on reasonable terms. The purpose of this Research License is to encourage basic research, whether conducted at an academic or corporate facility. In order to safeguard the Licensed Patent Rights, however, PHS shall consult with EYEFITE before granting to commercial entities a Research License or providing to them research samples of materials made through the Licensed Processes.

(vii) (b) In exceptional circumstances, and in the event that Licensed Patent Rights are Subject Inventions made under a Cooperative Research and Development Agreement (CRADA), the Government, pursuant to 15 U.S.C. 3710a(b)(1)(B), retains the right to require the EYEFITE to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive sublicense to use Licensed Patent Rights in EYEFITE's field of use on terms that are reasonable under the circumstances; or if EYEFITE fails to grant such a license, the Government retains the right to grant the license itself. The exercise of such rights by the Government shall only be in exceptional circumstances and only if the Government determines (i) the action is necessary to meet health or safety needs that are not reasonably satisfied by EYEFITE; (ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such requirements are not reasonably satisfied by the EYEFITE; or (iii) the EYEFITE has failed to comply with an agreement containing provisions described in 15 U.S.C. 3710a(c)(4)(B). The determination made by the Government under this Article is subject to administrative appeal and judicial review under 35 U.S.C. 203(2).

(viii) EYEFITE agrees to keep accurate and correct records of Licensed Products made, used, sold, or imported and Licensed Processes practiced under this Agreement appropriate to determine the amount of royalties due PHS. Such records shall be retained for at least five (5) years following a given reporting period and shall be available during normal business hours for inspection at the expense of PHS by an accountant or other designated auditor selected by PHS for the sole purpose of verifying reports and payments hereunder. The accountant or auditor shall only disclose to PHS information relating to the accuracy of reports and payments made under this Agreement. If an inspection shows an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then EYEFITE shall reimburse PHS for the cost of the inspection at the time EYEFITE pays the unreported royalties, including any late charges as required by Paragraph 9.08 of the PHS Agreement. All payments required under this Paragraph shall be due within thirty (30) days of the date PHS provides EYEFITE notice of the payment due.

(ix) EYEFITE shall use its reasonable best efforts to bring the Licensed Products and Licensed Processes to Practical Application.

(x) Upon the First Commercial Sale, until the expiration of this Agreement, EYEFITE shall use its reasonable best efforts to make Licensed Products and Licensed Processes reasonably accessible to the United States public.

(xi) EYEFITE shall indemnify and hold PHS, its employees, students, fellows, agents, and consultants harmless from and against all liability, demands, damages, expenses, and losses, including but not limited to death, personal injury, illness, or property damage in connection with or arising out of: a) the use by or on behalf of EYEFITE, its sublicensees, directors, employees, or third parties of any Licensed Patent Rights; or b) the design, manufacture, distribution, or use of any Licensed Products, Licensed Processes or materials by EYEFITE, or other products or processes developed in connection with or arising out of the Licensed Patent Rights. EYEFITE agrees to maintain a liability insurance program consistent with sound business practice.

(xii) PHS reserves the right according to 35 U.S.C. . 209(f)(4) to terminate or modify the terms of the PHS Agreement if it is determined that such action is necessary to meet requirements for public use specified by federal regulations issued after the date of the license and such requirements are not reasonably satisfied by EYEFITE.

(xiii) Within thirty (30) days of receipt of written notice of PHS's unilateral decision to modify or terminate the PHS Agreement, EYEFITE may, consistent with the provisions of 37 CFR 404.11, appeal the decision by written submission to the designated PHS official. The decision of the designated PHS official shall be the final agency decision. EYEFITE may thereafter exercise any and all administrative or judicial remedies that may be available.

(xiv) Within ninety (90) days of expiration or termination of the PHS Agreement under Article 13 of the PHS Agreement, a final report shall be submitted by EYEFITE. Any royalty payments, including those incurred but not yet paid (such as the full minimum annual royalty), and those related to patent expense, due to PHS shall become immediately due and payable upon termination or expiration. If terminated under Article 13 of the PHS Agreement, sublicensees may elect to convert their sublicenses to direct licenses with PHS pursuant to Paragraph 4.03 of the PHS Agreement. Unless otherwise specifically provided for under this Agreement, upon termination or expiration of this Agreement, EYEFITE shall return all Licensed Products or other materials included within the Licensed Patent Rights to PHS or provide PHS with certification of the destruction thereof.

(xv) Any sublicenses granted by EYEFITE shall provide for the termination of the sublicense, or the conversion to a license directly between such sublicensees and PHS, at the option of the sublicensee, upon termination of the PHS Agreement under Article 13 of the PHS Agreement. Such conversion is subject to PHS approval and contingent upon acceptance by the sublicensee of the remaining provisions of the PHS Agreement.

(xvi) The non-compliance by EYEFITE of any of the aforesaid obligation in this Sub-section 10.8(b) shall be deemed a breach of this Agreement entitling CANFITE the right to terminate the license granted hereunder, provided that EYEFITE shall have a thirty (30) day period from receipt of a written letter from CANFITE of the occurrence of such breach during which to cure such breach and comply with such obligation..

Section 11. Term and Termination.

11.1 Term. This Agreement shall commence as of the Effective Date and, unless sooner terminated in accordance with the terms hereof or by mutual written consent, shall continue until the expiry of the last of the CANFITE Patent Rights (the "Term"). Notwithstanding the aforesaid, upon the expiry of the PHS Agreement, the obligations of EYEFITE to make the payments to PHS under Section 6 above shall cease to exist.

11.2 Termination By CANFITE. CANFITE shall have the right to terminate this Agreement, in CANFITE's sole discretion, as follows:

(a) *Insolvency*. CANFITE shall have the right to terminate this Agreement upon delivery of written notice to EYEFITE in the event that: (i) EYEFITE fails to or is unable to make payments to CANFITE or to PHS or to any third parties as and when they become due and payable in the ordinary course of business, (ii) a liquidation proceeding under any state or United States bankruptcy Law, receivership Law, or the like, as they now exist, or as they may be amended, is commenced by EYEFITE, (iii) if EYEFITE is served with an involuntary petition against it in any insolvency proceeding, upon the thirtieth (30th) day after such service if such involuntary petition has not previously been stayed or dismissed, or (iv) upon the making by EYEFITE of an assignment of substantially all of its assets for the benefit of its creditors.

(b) *Breach*. Subject to Section 11.2(c) below, CANFITE shall have the right to terminate this Agreement, at CANFITE's sole discretion, upon delivery of written notice to EYEFITE in the event of any material breach by EYEFITE of any terms and conditions of this Agreement, *provided* that such breach has not been cured within thirty (30) days after written notice thereof is given by CANFITE to EYEFITE specifying the nature of the alleged breach, *provided, however*, that to the extent such material breach involves the failure to make a payment when due, such breach must be cured within thirty (30) days after written notice thereof is given by CANFITE to EYEFITE.

(c) *Disputed Breach*. If EYEFITE disputes in good faith the existence or materiality of a breach specified in a notice provided by CANFITE pursuant to Section 11.2(b) and EYEFITE provides notice to CANFITE of such dispute within the applicable thirty (30) day period, CANFITE shall not have the right to terminate this Agreement unless and until the existence of such material breach or failure by EYEFITE has been determined in accordance with Section 12.7 and EYEFITE fails to cure such breach within thirty (30) days following such determination (except to the extent such breach involves the failure to make a payment when due, which breach must be cured within ten (10) business days following such determination). It is understood and acknowledged that during the pendency of such a dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder; provided, however, that any payments that are made by one Party to the other Party pursuant to this Agreement pending resolution of the dispute shall be paid into escrow (such payments, the "Escrow Funds") with an escrow agent mutually selected by the Parties according to an escrow agreement in form and substance reasonably satisfactory to the Parties. The Parties further agree that any Escrow Funds shall be promptly refunded from the escrow if an arbitrator or court determines pursuant to Section 12.7 that such Escrow Funds are to be refunded by one Party to the other Party.

(d) *Scope of Termination*. Except as otherwise expressly provided herein, termination of this Agreement shall be as to all countries in the Territory and all Licensed Products.

11.3 Termination by EYEFITE.

(a) At EYEFITE's discretion, effective upon three (3) months prior written notice, EYEFITE may terminate this Agreement for any reason.

(b) In addition, EYEFITE may terminate this Agreement in the event of material breach by CANFITE, *provided* that such breach has not been cured within thirty (30) days after written notice thereof is given by EYEFITE to CANFITE. If CANFITE disputes in good faith the existence or materiality of such breach and provides notice to EYEFITE of such dispute within such thirty (30) day period, EYEFITE shall not have the right to terminate this Agreement in accordance with this Section 11.3(b) unless and until it has been determined in accordance with Section 12.7 that this Agreement was materially breached by CANFITE and CANFITE fails to cure such breach within thirty (30) days following such determination. It is understood and acknowledged that during the pendency of such a dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder. The Parties further agree that any payments that are made by one Party to the other Party pursuant to this Agreement pending resolution of the dispute shall be promptly refunded if an arbitrator or court determines pursuant to Section 12.7 that such payments are to be refunded by one Party to the other Party.

11.4 Effect of Termination. Upon termination (or, in the case of clauses (c) and (g) below, expiration) of this Agreement under Section 11.3(a) or Section 11.2,:

(a) All rights and licenses granted to EYEFITE in Section 2 shall terminate, all rights of EYEFITE under the CANFITE Patent Rights and CANFITE Know-How shall revert to CANFITE, and EYEFITE shall cease all use of the CANFITE Patent Rights, CANFITE Know-How and Trademarks and Corporate Names of CANFITE and its Affiliates.

(b) EYEFITE shall assign to CANFITE EYEFITE's right, title and interest in all regulatory filings (including, without limitation, all NDAs) and Approvals and other documents relating to or necessary to further develop and commercialize Licensed Compounds and Licensed Products, as they exist as of the date of such termination, and EYEFITE shall provide to CANFITE one (1) copy of the foregoing documents and filings and all documents and filings contained in or referenced in any such filings, together with the raw and summarized data for any preclinical and clinical studies of the Licensed Compounds and such Licensed Product (and where reasonably available, electronic copies thereof) at CANFITE's cost. In addition, upon request by CANFITE, EYEFITE shall grant to CANFITE the right to access and reference any other documents (including but not limited to regulatory filings) that are available to EYEFITE and reasonably necessary for CANFITE to further develop, manufacture and commercialize the Licensed Compounds and Licensed Product.

(c) All amounts due or payable to CANFITE, PHS or other third parties that were accrued, or that arise out of acts or events occurring, prior to the effective date of termination or expiration shall remain due and payable; but (except as otherwise expressly provided herein) no additional amounts shall be payable based on events occurring after the effective date of termination or expiration.

(d) Should EYEFITE have any inventory of the Licensed Compound suitable for use, EYEFITE shall offer to sell such Licensed Compound to CANFITE at EYEFITE's out-of-pocket cost (but CANFITE shall be under no obligation to purchase same unless it agrees to do so in writing at such time).

(e) EYEFITE shall assign (or, if applicable, cause its Affiliate to assign) to CANFITE all of EYEFITE's (and such Affiliates') right, title and interest in and to any registered or unregistered trademark, trademark application, trade name or internet domain name that is specific to a Licensed Product (it being understood that the foregoing shall not include any trademarks or trade names that contain EYEFITE's name).

(f) EYEFITE shall grant to CANFITE a license, which license shall be exclusive, with the right to grant sublicenses, under all patent rights owned or Controlled by EYEFITE as of the Termination Date to make, use, import, sell and offer for sale and otherwise develop and commercialize the Licensed Product and Licensed Compound in the Field. In consideration of the license granted by EYEFITE to CANFITE in accordance with this Section 11.4(f), CANFITE shall pay EYEFITE a royalty on a product-by-product basis at a rate equal to one percent (1%) of Net Sales (with the roles of CANFITE and EYEFITE reversed for purposes of the definition of Net Sales. The maximum cumulative royalty payments under this Section 11.4(f) shall not exceed one hundred percent (100%) of the payments due and actually paid by EYEFITE to PHS under this Agreement prior to the time EYEFITE grants CANFITE a license in accordance with this Section 11.4(f).

(g) Neither Party shall be relieved of any obligation that accrued prior to the effective date of such termination or expiration.

(h) CANFITE shall have the right to retain all amounts previously paid to CANFITE by EYEFITE, subject to any applicable determination of an arbitrator or court pursuant to Section 12.7.

11.5 Survival. The following provisions shall survive termination or expiration of this Agreement, as well as any other provision which by its terms or by the context thereof, is intended to survive such termination: Section 1 (as applicable), Section 2.1(a)(i), Section 5 (with respect to obligations arising prior to expiration or termination of this Agreement), Section 6 (with respect to obligations arising prior to expiration or termination of this Agreement). Section 7.3(c) (with respect to an action, suit or proceeding commenced prior to termination), Section 7.4(c), Section 8, Section 10.3, Section 10.4, Section 10.6, Section 11.4, Section 11.5, and Section 12. Termination or expiration of this Agreement shall not relieve the Parties of any liability or obligation which accrued hereunder prior to the effective date of such termination or expiration nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity, subject to Section 12.7, with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation. All other obligations shall terminate upon expiration of this Agreement.

Section 12. General Provisions.

12.1 Efforts to Consummate; Certain Governmental Matters. Upon the terms and subject to the conditions herein provided, each of the Parties agrees to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary for it to do under applicable Laws to consummate and make effective the transactions contemplated by this Agreement, including all actions and all things necessary for it (i) to comply promptly with all legal requirements that may be imposed on it with respect to this Agreement and the transactions contemplated hereby (which actions shall include furnishing all information required by applicable Laws in connection with approvals of or filings with any Governmental Authority), (ii) to satisfy the conditions precedent to the obligations of such party hereto, and (iii) to obtain any consent, authorization, order or approval of, or any exemption by, any Governmental Authority or other Person required to be obtained or made by EYEFITE or CANFITE in connection with the grant of the license to the Licensed Compounds and Licensed Products to EYEFITE or the taking of any action contemplated by this Agreement. Without limiting the generality of the undertakings pursuant to this Section 11.1, each of EYEFITE and CANFITE agree to provide or cause to be provided promptly to each Governmental Authority with regulatory jurisdiction over enforcement of any applicable Competition Laws ("Governmental Antitrust Authority") information and documents requested by such Governmental Antitrust Authority or necessary, proper or advisable to permit consummation of the license of the Licensed Compounds and Licensed Products and the other transactions contemplated by this Agreement. Subject to appropriate confidentiality protections, each of the parties hereto will furnish to the other parties such necessary information and reasonable assistance as such other parties may reasonably request in connection with the foregoing and will keep the other parties reasonably informed with respect to any consent, authorization, order or approval of, or exemption by, sought from any Governmental Authority in connection with this Agreement and the transactions contemplated hereby. For purposes of this Section 11.1, "Competition Laws" shall mean statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws of any jurisdiction that are designed or intended to prohibit, restrict or regulate actions that may have the purpose or effect of creating a monopoly, lessening competition or restraining trade.

12.2 Assignment. Except as provided by Sections 2.1, 6.5 or 10.5, neither Party may assign this Agreement, delegate its obligations or otherwise transfer licenses or other rights created by this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided that each Party may assign this Agreement as a whole without such consent to an Affiliate or in connection with the acquisition (whether by merger, consolidation, sale or otherwise) of such Party or of that part of such Party's business to which this Agreement relates. Any assignment or transfer in violation of this Section 12.2 shall be void. This Agreement shall inure to the benefit of, and be binding upon, the legal representatives, successors and permitted assigns of the Parties.

12.3 Force Majeure. Neither Party shall be responsible for failure or delay in the performance of any of its obligations hereunder due to Force Majeure. Force Majeure shall mean any circumstance that, due to an event or a legal position beyond the Party's reasonable control, renders impossible the fulfillment of any of the Party's obligations hereunder, such as, but not limited to, acts of God, acts, regulations, or Laws of any government, war, civil commotion, destruction of facilities or materials by fires, earthquakes, or storms, labor disturbances, shortages of public utilities, common carriers, or raw materials, or any other cause, or causes of similar effects, except, however, any economic occurrence. During any such case of Force Majeure, this Agreement shall not be terminated, but only suspended and the Party so affected shall continue to perform its obligations as soon as such case of Force Majeure is removed or alleviated.

12.4 Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their reasonable best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

12.5 Amendment; Waiver. This Agreement may not be modified, amended or rescinded, in whole or part, except by a written instrument signed by the Parties; provided that any unilateral undertaking or waiver made by one Party in favor of the other shall be enforceable if undertaken in a writing signed by the Party to be charged with the undertaking or waiver. CANFITE hereby agrees to negotiate in good faith with EYEFITE to amend this Agreement to the extent necessary to reflect the initial public offering in the United States of shares of capital stock of EYEFITE or Parent of EYEFITE. No delay or omission by either Party hereto in exercising any right or power occurring upon any noncompliance or default by the other Party with respect to any of the terms of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either of the Parties of any of the covenants, conditions or agreements to be performed by the other shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant, condition or agreement herein contained.

12.6 Notices. Except as otherwise provided herein, all notices under this Agreement shall be sent by certified mail or by overnight courier service, postage prepaid, to the following addresses of the respective Parties:

If to EYEFITE, to:	Eye-Fite Ltd c/o Kantor & Co. 12 Aba Hillel Street, Ramat Gan, Israel Attention: Ronen Kantor, Adv. Facsimile: (972) 36133372
With a required copy to:	Kantor & Co. 12 Aba Hillel Street, Ramat Gan, Israel Attention: Ronen Kantor, Adv. Facsimile: (972) 36133372
If to CANFITE, to:	CAN-FITE Biopharma Ltd. 10 Bareket Street, Petach Tikva, Israel Attention: Prof. Pnina Fishman, CEO and Director Facsimile:
With a required copy to:	Kantor & Co. 12 Aba Hillel Street, Ramat Gan, Israel Attention: Ronen Kantor, Adv. Facsimile: (972) 36133372

or to such address as each Party may hereafter designate by notice to the other Party. A notice shall be deemed to have been given on the date it is received by all required recipients for the noticed Party.

12.7 Dispute Resolution. Disputes arising under or in connection with this Agreement shall be resolved pursuant to this Section 12.7; provided, however, that in the event a dispute cannot be resolved without an adjudication of the rights or obligations of a Third Party (other than a CANFITE Indemnitee or EYEFITE Indemnitee identified in Sections 10.6(a) or 10.6(b), as applicable), the dispute procedures set forth in this Section 12.7 shall be inapplicable as to such dispute.

(a) In the event of a dispute between the Parties, the Parties shall first attempt in good faith to resolve such dispute by negotiation and consultation between themselves. In the event that such dispute is not resolved on an informal basis within forty-five (45) days, any Party may, by written notice to the other, have such dispute referred to each of the Parties' respective CEOs or his or her designee (who shall be a senior executive), who shall attempt in good faith to resolve such dispute by negotiation and consultation for a thirty (30) day period following receipt of such written notice.

(b) In the event the Parties' CEOs (or designees) are not able to resolve such dispute, either Party may at any time after such 30-day period submit such dispute to be finally settled by arbitration administered in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") in effect at the time of submission. The arbitration shall be heard and determined by three (3) arbitrators. EYEFITE and CANFITE shall each appoint one (1) arbitrator and the third arbitrator shall be selected by the two Party-appointed arbitrators, or, failing agreement within sixty (60) days following the date of receipt by the respondent of the claim, by the AAA. Such arbitration shall take place in New York, NY. The arbitration award so given shall be a final and binding determination of the dispute, shall be fully enforceable in any court of competent jurisdiction, and shall not include any damages expressly prohibited by Section 10.4.

(c) Costs of arbitration are to be divided by the Parties in the following manner: EYEFITE shall pay for the arbitrator it chooses, CANFITE shall pay for the arbitrator it chooses, and the costs of the third arbitrator shall be divided equally between the Parties. Except in a proceeding to enforce the results of the arbitration or as otherwise required by law, neither Party nor any arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both Parties.

12.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Israel, without regard to any conflicts of law provisions.

12.9 Further Assurances. Each Party agrees to do and perform all such further acts and things and shall execute and deliver such other agreements, certificates, instruments and documents necessary or that the other Party may deem advisable in order to carry out the intent and accomplish the purposes of this Agreement and to evidence, perfect or otherwise confirm its rights hereunder.

12.10 Relationship of the Parties. Each Party is an independent contractor under this Agreement. Nothing contained herein is intended or is to be construed so as to constitute CANFITE and EYEFITE as partners, agents or joint venturers. Neither Party shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any Third Party. There are no express or implied third party beneficiaries hereunder (except for EYEFITE Indemnitees other than EYEFITE and CANFITE Indemnitees other than CANFITE for purposes of Section 10.6) and PHS under Section 6 and Section 10.8(b).

12.11 Entire Agreement. This Agreement (along with the Exhibits), together with the PHS Agreement, contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes and replaces any and all previous arrangements and understandings, including the Confidentiality Agreement, whether oral or written, between the Parties with respect to the subject matter hereof.

12.12 Headings. The captions to the several Sections hereof are not a part of this Agreement, but are merely guides or labels to assist in locating and reading the several Sections hereof.

12.13 Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

12.14 Interpretation. Whenever any provision of this Agreement uses the term "including" (or "includes"), such term shall be deemed to mean "including without limitation" (or "includes without limitations"). "Herein," "hereby," "hereunder," "hereof" and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used. All definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural. Unless otherwise provided, all references to Sections and Exhibits in this Agreement are to Sections and Exhibits of this Agreement. References to any Sections include Sections and subsections that are part of the related Section (*e.g.*, a section numbered "Section 2.1" would be part of "Section 2", and references to "Section 2.1" would also refer to material contained in the subsection described as "Section 2.1(a)")

12.15 Counterparts; Facsimiles. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Facsimile execution and delivery of this Agreement by either Party shall constitute a legal, valid and binding execution and delivery of this Agreement by such Party.

IN WITNESS WHEREOF, the Parties have caused this License Agreement to be executed by their respective duly authorized officers as of the Effective Date.

CANFITE BIOPHARMA LTD.

By:	/s/ Pnina Fishman (Signature)	/s/ Motti Farbstein
Name:	Pnina Fishman	Motti Farbstein
Title:	CEO	COO
Date:	November 21, 2011	

EYEFITE LTD.

By:	/s/Pnina Fishman (Signature)	/s/Motti Farbstein
Name:	Pnina Fishman	Motti Farbstein
Title:	Director	Director
Date:	November 21, 2011	

EXHIBIT A - CANFITE PATENT RIGHTS

The CANFITE Patent Rights that are licensed to EYEFITE within the framework of this Agreement are summarized in a tabulated format below. Each Table lists all cases belonging to a single patent family (each patent family consisting of patent cases that descend from the same priority application(s)). Each table is headed by CANFITE's respective case number and internal title (which may corresponds to the formal title).

CF19

Method for treating Sjogren's Syndrome

Country	Application Serial No.	Filing Date	Status
Europe*	05762145.0	18-Jul-2005	Pending
Japan*	2007-523232	18-Jul-2005	Issued Patent, Serial No. 4642847
US[3]	11/604,905	28-Nov-06	Issued Patent, Serial No. 7,825,102

* All cases are national phase applications of PCT application No. IL2005/00762, which claims priority from US provisional application No. 60/591,628 filed on July 28, 2004

CF27

Treatment of dry eye

Country	Application Serial No.	Filing Date	Status
US	12/774,927	11-May-10	Pending
Australia*	2006336834	1-Feb-06	Issued Patent, Serial No. 2006336834
Brazil*	PI 0621052-0	1-Feb-06	Pending
Canada*	2,622,975	1-Feb-06	Pending
China*	200680047569.7	1-Feb-06	Pending
Europe*	06701840.8	1-Feb-06	Pending
Israel*	191271	1-Feb-06	Pending
India*	1415/MUMP/2008	1-Feb-06	Pending
Japan*	2008-551950	1-Feb-06	Pending
Rep. of Korea*	10-2008-7020322	1-Feb-06	Pending
Mexico*	MX/a/2008/09506	1-Feb-06	Pending

* All cases are national phase applications of PCT application No. IL2006/000130, which claims priority from US provisional application No. 60/762,506 filed on January 27, 2006

CF31

Process for producing CF101 (IB-MECA)

Country	Application Serial No.	Date	Status
US*	12/450,094	13-Mar-08	Pending
China*	200880007952.9	13-Mar-08	Pending
India*	1734/MUMNP/2009	13-Mar-08	Pending
Japan*	2009-553282	13-Mar-08	Pending
Europe*	08719985.7	13-Mar-08	Pending
Israel*	200711	13-Mar-08	Pending

* All cases are national phase applications of PCT application No. IL2008/000360, which claims priority from US provisional application No. 60/906,838 filed on March 14, 2007

CF42

Composition for reduction of Intraocular Pressure

Country	Application Serial No.	Date	Status
PCT*	PCT/IL2010/000393	16-May-10	Published as WO 2010/134067
National patent applications in the US, Europe, Japan, China and other regions based on the PCT application	N/A	Not yet filed	To be filed by 16-Nov-2011 as national/regional applications based on PCT/IL2010/000393

* Claiming priority from the Israeli patent application No. 198787, filed on May 17, 2009

CF44

Method for the Treatment of Uveitis

Co-owned by CANFITE and PHS. Licensed is CANFITE's share.

Country	Application Serial No.	Date	Status
PCT*	PCT/IL2011/000193	20-Feb-11	Filed

* Claims priority from US provisional application No. 61/310,043, filed on March 3, 2010

EXHIBIT B - DEVELOPMENT PLAN

EYEFITE's clinical development plan is directed to at least three ophthalmic indications of CF101:

1. **Dry Eye Syndrome (DES)** - a Phase II clinical trial for CF101 in the treatment of DES was already completed. The Phase II trial data demonstrated positive results in patients with moderate to severe DES and also served as the basis for an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) for a Phase III trial in the same patient population. The FDA approved the IND in September 2010 and Eye-Fite will conduct a Phase III clinical trial in patients with moderate to severe DES in the United States, Europe and Israel. This Phase III trial will start no later than the first anniversary from signing this Agreement.

Eye-Fite anticipates that at least one additional Phase III clinical trial will be needed, and anticipates that it will be initiated by the end of second quarter 2014.

2. **Glaucoma** – although the Phase II DES trial was not designed to assess the effects of treatment on intraocular pressure (IOP), it was noted that the CF101-treated group showed a statistically significant decrease in IOP from baseline. This observation indicated that CF101 may also have potential as a treatment for Glaucoma and lead to the initiation of the current Phase II clinical trial examining the safety and efficacy of CF101 administered in subjects with elevated intraocular pressure. This study is currently conducted in Israel, and maybe be expanded to additional countries at a later stage. Eye-Fite anticipates that the interim analysis data will be released no later the first quarter of 2013.

3. **Uveitis** - pre-clinical pharmacology studies conducted in collaboration with a research group from the U.S. National Institute of Health demonstrated that CF101 is effective in suppressing ocular inflammation in experimental murine models of Uveitis. Eye-Fite will continue to carry out some further pharmacological studies followed by an initiation of a Phase II trial in Uveitis, that EYEFITE anticipates to initiate no later than the third quarter of 2012.

The Development Plan may be revised from time-to-time by EYEFITE, after obtaining the approval of CANFITE, which will not be unreasonably withheld.

EXHIBIT C - PHS PATENTS

- US patent No. 5,773,423
- European patent No. EP0708781 and national patents based thereon

EXHIBIT D - ITEMS TO BE DELIVERED

1. CF101 CIB
2. FDA IND documentation for Dry Eye Syndrome
3. Phase 3 Dry Eye Syndrome Protocol
4. Dry eye related manuscript “Treatment of Dry Eye Syndrome with Orally Administered CF101 - Data from a Phase 2 Clinical Trial”
5. Phase 2 Glaucoma Protocol
6. Uveitis related manuscript “Inhibition of experimental auto-immune Uveitis by the A3 adenosine receptor agonist CF101”
7. Uveitis Orphan Drug Application.

Exhibit E – ROYALTY PAYMENT OPTIONS

The OTT License Number MUST appear on payments, reports and correspondence.

Automated Clearing House (ACH) for payments through U.S. banks only

The NIH encourages our licensees to submit electronic funds transfer payments through the Automated Clearing House (ACH). Submit your ACH payment through the U.S. Treasury web site located at: **https://www.pay.gov.** Locate the "NIH Agency Form" through the Pay.gov "Agency List".

Electronic Funds Wire Transfers

The following account information is provided for wire payments. In order to process payment via Electronic Funds Wire Transfer sender MUST supply the following information within the transmission:

Drawn on a **U.S. bank account** via FEDWIRE should be sent directly to the following account:

Beneficiary Account:	Federal Reserve Bank of New York or TREAS NYC
Bank:	Federal Reserve Bank of New York
ABA#	021030004
Account Number:	75080031
Bank Address:	33 Liberty Street, New York, NY 10045
Payment Details:	License Number (L-249-2001)
	Name of Licensee

Drawn on a **foreign bank account** should be sent directly to the following account. Payment must be sent in **U.S. Dollars (USD)** using the following instructions:

Beneficiary Account:	Federal Reserve Bank of New York/ITS or FRBNY/ITS
Bank:	Citibank N.A. (New York)
SWIFT Code:	CITIUS33
Account Number:	36838868
Bank Address:	388 Greenwich Street, New York, NY 10013
Payment Details (Line 70):	NIH 75080031
	License Number (L-249-2001)
	Name of Licensee
Detail of Charges (line 71a):	Charge Our

Checks

All checks should be made payable to "NIH Patent Licensing"

Checks drawn on a **U.S. bank account** and sent by US Postal Service should be sent directly to the following address:

National Institutes of Health (NIH)
P.O. Box 979071
St. Louis, MO 63197-9000

Checks drawn on a U.S. bank account and sent by **overnight or courier** should be sent to the following address:

US Bank
Government Lockbox SL-MO-C2GL
1005 Convention Plaza
St. Louis, MO 63101
Phone: 314-418-4087

Checks drawn on a **foreign bank account** should be sent directly to the following address:

National Institutes of Health (NIH)
Office of Technology Transfer
Royalties Administration Unit
6011 Executive Boulevard
Suite 325, MSC 7660
Rockville, Maryland 20852

Exhibit 4. 17

SERVICES AGREEMENT

THIS SERVICES AGREEMENT (the "**Agreement**") made as of this 21 day of November, 2011 (the "**Effective Date**") by and between **CAN-FITE BIOPHARMA LTD.,** an Israeli-registered public company whose principal place of business is located at 10 Bareket Street, Petach Tikva, Israel ("**CanFite**"), **DENALI CONCRETE MANAGEMENT INC.,** a Nevada-registered company, whose principal place of business is located at 123 West Nye Lane, Suite 129, Carson City, NV 89706 ("**Denali**"), USA and its wholly owned subsidiary, **EYEFITE LTD.,** an Israeli-registered private company whose principal place of business is located at 12 Abba Hillel Silver, Ramat Gan 52506, Israel ("**EyeFite**"; Denali and EyeFite collectively, the "**Company**")

WHEREAS following Effective Date, the Company shall be engaged in the clinical development of the therapeutic drug CF101 (**"CF101"**) for the field of ophthalmic diseases (the **"Activities"**); and

WHEREAS the Company wishes to engage CanFite and CanFite wishes to be engaged by the Company, to provide services to the Company in connection with the Activities, as hereinafter set forth.

NOW THEREFORE, in consideration of the mutual undertakings and promises herein contained, the parties hereby agree as follows:

1. THE ENGAGEMENT

1.1 Subject to the terms hereof, the Company hereby engages CanFite, and CanFite is hereby engaged by the Company as a service provider to the Company in connection with the Services (as hereinafter defined) to be provided by CanFite pursuant to this Agreement.

1.2 CanFite shall provide the Services under the direction of, subject to the approval of, and shall report to, the Company's President and CEO (the **"CEO"**), or such person designated by the CEO or by the Company's Board of Directors.

1.3 Without derogating from any other provision herein, CanFite acknowledges and agrees that during the term hereof the Company is free at all times to engage additional service providers, or to use its own employees, in addition to the Services to be provided by CanFite pursuant to this Agreement.

2. REPRESENTATIONS BY CANFITE

CanFite hereby represents and warrants as follows:

2.1 There is no limitation and/or restriction in any agreement to which it is party, or by which it is bound, on its ability to enter into this Agreement and/or to enter into a business relationship with the Company in accordance with the provisions of this Agreement.

2.2 CanFite will exercise reasonable care and diligence to prevent, and will not take, any action which could result in a conflict with, or be prejudicial to, the interests of the Company.

2.3 In rendering the Services, CanFite will be deemed to be, and it expressly agrees and confirms that it is, an independent contractor, and neither this Agreement nor the performance of any of the terms hereof will be deemed to constitute or create any other relationship between CanFite and the Company.

2.4 CanFite shall not be considered an employee, agent or legal representative of the Company for any purpose whatsoever.

2.5 CanFite is not granted and it shall not exercise the right or authority to assume or create any obligation or responsibility on behalf of or in the name of the Company, including without limitation, contractual obligations and obligations based on warranties or guarantees.

2.6 For avoidance of doubt, it is herby clarified that the Company will be responsible for any payments (in the same service fee mechanism detailed in Schedule B) which are based on agreements that were already signed in regards to the services detailed in Schedule A of this Agreement.

3. TERM AND TERMINATION

3.1 Subject to the provisions of Section 3.2 below, this Agreement shall take effect from the Effective Date and shall continue in full force and effect until terminated by either party as set forth below (the **"Term"**) unless:

3.1.1 Following the first anniversary of this Agreement, either party shall have given not less than six (6) months' prior written notice to the other terminating this Agreement; or

3.1.2 either party shall have given notice to the other terminating this Agreement in accordance with the provisions of Section 3.2 hereof.

3.2 Without prejudice to the provision of Section 3.1 above:

3.2.1 the Company shall have the right to terminate this Agreement for "cause", at any time, by giving CanFite notice of termination for such cause, stating the reasons constituting the cause. In such event, this Agreement shall be terminated as of the time of delivery of the said notice. For purposes hereof **"cause"** shall mean (a) a breach of trust by CanFite, including for example, but not limited to, acts of theft or embezzlement; or (b) material breach by CanFite of this Agreement which shall not be remedied within fifteen (15) days after service of notice by the Company on CanFite specifying the breach and requiring remedy thereof, if possible; or (c) CanFite becoming bankrupt or insolvent or ceasing, or threatening to cease, to carry on business or being unable to pay its debts as they fall due, or a receiver or other encumbrance being appointed to the undertaking and assets or any material part thereof of CanFite ..

3.2.2 CanFite shall have the right to terminate this Agreement for "cause", at any time, by giving the Company notice of termination for such cause, stating specifically the reasons constituting the cause. In such event, this Agreement shall be terminated as of the time of delivery of the said notice. For the purposes hereof **"cause"** shall mean (a) a material breach by the Company of this Agreement or the License Agreement dated November 21, 2011, which breach shall not have been remedied within fifteen (15) days of service of a notice in writing by CanFite on the Company requiring remedy of such breach; or (b) the Company becoming bankrupt or insolvent or ceasing, or threatening to cease, to carry on business or being unable to pay its debts as they fall due, or a receiver or other encumbrance being appointed to the undertaking and assets or any material part thereof of the Company ..

4. EXTENT AND SCOPE OF SERVICES

During the Term, CanFite shall provide the Company with the Services as detailed in Schedule A attached hereto.

5. COMPENSATION

5.1 In consideration of the fulfillment of CanFite's obligations hereunder, including the provision of the Services to the Company, the Company shall pay CanFite a fee (the "**Services Fee**") as set forth in Schedule B attached hereto, upon the performance and in consideration for the Services listed in Schedule A attached hereto. Furthermore, the Company hereby grants to CanFite a royalty to be paid to CanFite from any and all proceeds (including, but not limited to, sales revenues, and up front, milestones and royalties payments from third parties) received by the Company (or any affiliate of the Company including its wholly owned subsidiary, Eye-Fite Ltd.) or any of its affiliates in relation to the Activities related to CF101, of 2.5% of any such proceeds (the "**Additional Fees**"). The terms of the Additional Fees are set out in Schedule B attached hereto.

5.2 CanFite shall deliver to the Company a monthly invoice for the Services Fee and the Company shall pay the amounts included in such monthly invoice within 30 days of receipt of such invoice.

6. INTELLECTUAL PROPERTY RIGHTS

6.1 Inventorship of information, know-how, data, discoveries, developments, designs, inventions, methods, processes, techniques, materials, formulae, trade secrets, trademarks, copyrights, patents and patent applications and other proprietary information conceived and/or reduced to practice in connection with, or as a result of, CanFite's Activities hereunder (the "**Intellectual Property Rights**") shall belong to CanFite (each a "**CanFite Invention**"). CanFite hereby grants to EyeFite a royalty-free, a field of use exclusive license to use and exploit CanFite Inventions for treatment of ophthalmic diseases by the use of CF101 as detailed in the License Agreement between CanFite and EyeFite which is annexed hereto as Annex A (the "**License Agreement**").

6.2 Nothing in this Section 6 shall apply to any designs, know-how, information and/or intellectual property rights owned by or in the possession of CanFite before the Effective Date, and CanFite is free to make any use whatsoever of such designs, know-how, information and/or intellectual property rights, subject, however, to the terms of the License Agreement.

7. LIMITED WARRANTY AND RESTRICITONS OF CANFITE'S LIABILITY

7.1 Notwithstanding anything in this Agreement, CanFite does not exclude or restrict its liability (if any) in respect of any of the following:

(a) a deliberate neglect of CanFite in the provision of the Services with knowledge of such neglect.

(b) fraud;

(c) the death of, or personal injury to, any person caused by negligence;

(d) any liability which by statute it cannot exclude.

7.2 The monies payable under this Agreement have been agreed between CanFite and the Company on the basis of the provisions in this Agreement restricting the liability of CanFite to the Company. The Company expressly agrees that these restrictions are reasonable because of (amongst other things) the level of the monies agreed and the likelihood that the damages which would otherwise be payable to the Company could be disproportionately greater than the value of the obligations of the Company under this Agreement. The Company acknowledges that it could have required CanFite to accept increased liability under this Agreement in return for higher charges. The Company shall arrange and take out its own insurance cover for any losses it could suffer or incur which are not recoverable under this Agreement.

7.3 The Company shall not issue legal proceedings against CanFite in respect of any cause of action arising under or out of this Agreement unless it does so within 6 months from when the Company ought reasonably to have been aware of the relevant facts giving rise to that cause of action.

7.4 CanFite will not be liable to the Company for any indirect, incidental or consequential or pure economic loss or damage (including any loss of business, revenue, profit, reputation or anticipated savings) caused directly or indirectly by any means whatsoever (including negligence or breach of statutory duty on the part of CanFite, its representatives, or any other of its agents and sub-contractors, or the employees of CanFite or its agents or subcontractors).

7.5 The aggregate liability of CanFite in respect of all claims by the Company in respect of each event (which term includes a series of connected events) and arising out of this Agreement or any breach of this Agreement for which CanFite is held liable, is limited to the higher of: the following:

(a) The monies payable to CanFite by the Company under this Agreement during the first contract year; or

(b) The monies payable to the Company by CanFite under this Agreement during the contract year during which the liability arises.

8. INDEMNITY

To the extent permitted by law, each party (the **"Indemnifying Party")** shall defend, Indemnify and hold harmless the other party (an **"Indemnified Party")** and its officers, agents, servants and employees from any claim, demand, cause of action, damage, cost, expense, Joss or liability, in Jaw or in equity, of any nature (collectively the **"Liabilities")** to which the Indemnified Party may become subject as a result of (i) the breach of any of the Indemnifying Party's representations, warranties or obligations set forth herein, or (ii) arising out of the negligence or willful misconduct of the Indemnifying Party or its agents, contractors, officers or employees.

9. MISCELLANEOUS

9.1 This Agreement shall be subject to the laws of the State of Israel.

9.2 This Agreement is the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior understandings, agreements and discussions between them, either written or oral, with respect to such subject matter.

9.3 No alteration of or modification to any of the provisions of this Agreement shall be valid unless made in writing and signed by both parties.

9.4 The failure of either Party hereto to enforce at any time or for any period any provision of this Agreement shall not be construed as a waiver of such right or provision, and such Party shall be entitled to enforce such right or provision at any time as it shall see fit.

9.5 Any notice required or permitted hereunder shall be given in writing and shall be deemed given if sent by facsimile transmission or registered airmail to the address of the Party. If sent by facsimile, it shall be deemed to have arrived twenty-four (24) hours after transmission, and if sent by registered airmail, it shall be deemed to have arrived ten (10) days after posting.

9.6 CanFite shall not assign this Agreement to any third party, in whole or in part, without the prior written consent of the Company which shall be at the Company's sole discretion.

IN WITNESS WHEREOF, the parties have executed this Agreement

/s/ Pnina Fishman /s/ Motti Farbstein

CAN-FITE BIOPHARMA LTD.

Name: Pnina Fishman Motti Farbstein
Title CEO COO
Date:

/s/ Pnina Fishman /s/ Motti Farbstein

EYE-FITE LTD.

Name: Pnina Fishman Motti Farbstein
Title CEO COO
Date:

/s/ Mathew G. Rule

DENALI CONCRETE MANAGEMENT INC.

Name: Mathew G. Rule
Title President
Date: 11/21/2011

Schedule A

THE SERVICES

CanFite shall manage, for and on behalf of the Company, all activities relating to pre-clinical and clinical studies performed for the development of the ophthalmic indications of CF101, including pre-clinical studies, drug manufacturing and supply, QT study in human beings, payments to consultants such as Dr. Bill Kerns and Dr. Mike Silverman for their role involved in the on-going clinical trials and all activities need to be conducted in order to launch CF101 to the market for the ophthalmic indications.

CanFite and the Company may, from time to time, mutually agree in writing to add or amend the Services provided hereunder.

Schedule B

THE SERVICE FEE

The Service Fee shall consist of all reasonable expenses and costs incurred by CanFite in its provision of the Services hereunder plus 15% (to such amounts VAT, if applicable, will be added), and in relation to expenses and costs of intellectual property maintenance, CanFite shall "pass through" any such payments and expenses made to third parties and shall receive reimbursement for such costs and expenses from the Company.

Any and all taxes regarding the payments made to CanFite hereunder (Service Fee and the Royalty) shall be borne solely by CanFite. All payments due to be made by the Company under this Agreement shall be made free and clear of, and without deduction or withholding for, or on account of, any taxes, except to the extent Company is required by law to deduct or withhold any taxes on any amounts payable hereunder. In such an event, unless CanFite shall provide the Company with any exemption from tax deduction or withholding if and to the extent CanFite has one - the Company shall deduct such taxes as required by law, provided that such taxes are paid to the appropriate tax authorities.

ADDITIONAL FEES ON SUBLICENSE REVENUES

As additional consideration for the Activities hereunder, the Company agrees to pay to CanFite additional fees **("Additional Fees")** equal to 2.5% of any revenues received by the Company (or any affiliate of the Company including its wholly owned subsidiary, Eyefite Ltd.) for rights to CF101 from third-party sublicensees (including up front payments, developmental or commercial milestones, royalties on net sales and any similar payments, but not including payments to support or reimburse the Company for research, development, manufacturing or commercial expenses or for equity. Additional Fees shall be due and payable to CanFite within thirty (30) days of receipt by the Company. No Additional Fees shall be owed to Can-Fite if the Company terminates the Services Agreement for cause pursuant to Section 3.2.1 prior to the date eighteen (18) months after the Effective Date (the **"Vesting Date").**

Can-Fite will have the right, at any time after the Effective Date until the expiry of 5 years from the Effective Date, to receive in exchange for its rights to the Additional Fees, a warrant to purchase 2, 160, I 02 shares of Common Stock of the Company (the "Shares") at a price of $1.144 per share; provided, however, that, in the event that, within 12 months of the Effective Date, the Company or its affiliates complete any transaction that has an aggregate value of more than US$100 Million (inclusive of any amounts that are held in escrow, subject to earn-outs, development or commercial milestone or any other contingencies and aggregate potential royalty payments based on market projections), then Can-Fite shall have the right to purchase the Shares at par value; provided that, prior thereto, the Company has not terminated the Services Agreement for cause pursuant to Section 3.2.1. Additional terms and conditions of the Warrants shall include anti-dilution, cashless exercise and other customary terms and conditions which shall be set out in a mutually agreed upon Warrant Agreement attached hereto as **Schedule C**.

Exhibit 4. 18

OphthaliX Inc.

February 24, 2013

RE: Reimbursement for the Costs of the Clinical Trial

Further to the Service Agreement entered into between Can Fite Biopharma Ltd. ("**Canfite**"), Eyefite Ltd. and OphthaliX Inc. (Eyefite Ltd. and OphthaliX Inc. shall be collectively referred herein as the "**Company**") dated November 22, 2011 (the "**Agreement**"), Canfite hereby agrees to defer receiving payments owed under the Agreement from January 31, 2013 for the performance of the clinical trials of CF101 in ophthalmic indications until the completion of a fundraising in the Company (or any other financing of the Company by way of joint venture, out-licensing or any other collaboration) (the " **Financing**"). In any event, upon the occurrence of such Financing, Canfite will not require the payment of any outstanding balance, in excess of the available cash of the Company after the fulfillment of its obligations to other creditors at that time. Any such deferred payments shall bear interest at a rate of 3% per annum from the due date of each invoice issued by Can-Fite to OphthaliX or EyeFite until the time of payment by OphthaliX or EyeFite.

Sincerely yours,

/s/ Pnina Fishman
Can-Fite Biopharma Ltd.

By: Pnina Fishman, CEO

Exhibit 4. 19

STRICTLY PRIVATE AND CONFIDENTIAL

AGREEMENT

This Agreement (**"Agreement"**) is entered into and signed as of November 21, 2011, by and between Can-Fite Biopharma Ltd., an Israeli corporation, of 10 Bareket Street, Petach Tikva, Israel (**"Can-Fite"**), for the first part; and Denali Concrete Management, Inc., a Nevada corporation, of 123 W. Nye Lane, Suite 129 Carson City, NV 89706 (**"Denali"**), for the second part. Can-Fite and Denali may be referred to herein individually as a "Party" or collectively as the **"Parties"**.

WHEREAS, Can-Fite desires to grant to Denali a worldwide exclusive license over its therapeutic drug CF 101 for the field of ophthalmic diseases (the **"Field"**) in exchange for the issuance to Can-Fite of shares and warrants of Denali representing approx. 86.7% of the issued share capital of Denali (the **"Transaction"**); and

WHEREAS, the Board of Directors of each of Can-Fite and Denali has determined that it is desirable to effect the Transactions.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows

1. Grant of License. Subject to the terms and conditions contained herein, Can-Fite shall grant to a newly incorporated Israeli subsidiary of Can-Fite (the **"Sub"**) an exclusive license to CF-101 for the Field (the **"License"**), in exchange for the issuance to Can-fite of 1,000 ordinary shares, nominal value NIS 0.01 each of the Sub, representing 100% of the issued and outstanding share capital of the Sub. The License shall be granted pursuant to a mutually agreed upon license agreement (the **"License Agreement"**), which shall include customary provisions as are typically included in such license agreements, including timetables for the development and commercialization for CF 101 in the field, and shall be signed and executed by the relevant parties at the Closing (as defined below).

2. Recapitalization. Prior to the Closing and as a condition thereto, Denali shall perform a recapitalization of its share capital so that of the 11,370,430 Common Stock, par value US$0.001 each (the **"Common Stock"**) issued and outstanding as of the date hereof, 7,750,000 shall be repurchased by Denali and returned to treasury and 1,920,000 shall be issued to certain investors in exchange for an investment to be used in order to pay for all the liabilities of Denali prior to the Closing, so that immediately prior to the Closing the authorized share capital of Denali shall consist of 1,000,000 shares of Preferred Stock, none of which shall be issued and outstanding, and 50,000,000 shares of Common Stock, of which 5,540,430 shall be issued and outstanding (the **"Recapitalization"**).

3. Transfer of Sub to Denali. At Closing, Can-Fite shall transfer 1,000 ordinary shares of the Sub (representing 100% of the outstanding interests in the Sub) to Denali, free and clear of all liens and encumbrances, pursuant to such stock transfer and conveyance instruments as shall be reasonable and customary for similar transfers.

4. Issuance of Shares and Warrants to Can-Fite. In consideration for the grant of the License to the Sub and the transfer of all (100%) of the issued shares of the Sub to Denali, Denali shall issue to Can-Fite thirty-six million (36,000,000) shares of Common Stock of Denali, representing 86.7% of the issued and outstanding share capital (on a fully diluted basis) as of the Closing (the **"Transaction Shares"**). The capitalization table of Denali immediately prior to and after the Closing shall be set out herein as **Exhibit A**.

5. Financing. Concurrently with the Closing and as a condition thereto or prior thereto, Denali shall raise not less than US$6.2 Million from investors through a private placement, of which US$3.8 Million shall be in cash (of which US$500,000 will be invested by Can-Fite prior to the grant of the License) and US$2.4 Million will be in ordinary shares of Can-Fite, whose value at the date of their issuance to Denali shall be equal to US$2.4 Million, all for the issuance to the investors and Can-Fite of 5,445,086 Common Stock of Denali at a price per share of US$1.144 per each such share, and an aggregate valuation, pre private placement, of US$50 Million. For each two (2) shares of Denali purchased in the Financing, each investor (including Can-Fite) will be issued, post Closing and conditional on the increase of the share capital of Denali, if increased, one (1) warrant valid for a period of 5 years from the closing of the Financing, to acquire one (1) share of Denali for an exercise price of $1.72, which is 50% higher than the price per share in the Financing ($1.144). Denali further agreed to apply a full-ratchet anti-dilution protective provisions for the benefit of the investors in the Financing (including Can-Fite) in the event that Denali enters into another financing during the 12 months following the closing of the Financing at a price which is lower than $1.144 per common stock of Denali. In connection with the Financing Denali expects to pay cash commissions to third parties in the amount of approximately $330,000 (the **"Fundraising"**). The proceeds of the Fundraising shall be used to continue the clinical development of CFIOI in the Field, it being understood that additional future financing will probably be required to complete such clinical development. The investors will invest in the Fundraising through a mutually agreed upon subscription agreement which shall include customary terms and conditions for such transactions, which shall include that upon the Closing the investment amount placed in escrow prior to the Closing shall be released to Denali immediately after the Closing upon issuance of the investment shares (the **"Investment Shares"**) to such investors (the **"Subscription Agreement"**). For avoidance of doubt, if the valuation of the Fundraising won't be approved by Can-Fite, at its sole discretion, then the Agreement will expire and cease to have any legal effect.

6. Service Agreement. Concurrently with the Closing, Can-Fite shall enter into a service agreement with Denali or its affiliate for the management of all activities relating to pre-clinical and clinical studies performed for the development of the ophthalmic indications in the Field, including pre-clinical studies, drug manufacturing and supply, QT study in human beings, payments to consultants such as Dr. Bill Kerns and Dr. Mike Silverman for their role involved in the on-going clinical trials and all activities need to be conducted in order to launch CF 101 to the market for the ophthalmic indications (the **"Service Agreement"**). The terms of the Service Agreement shall set out that Can-Fite shall invoice Denali for such services to be provided by Can-Fite at a rate of cost of such services + 15% (not including VAT, if applicable), and shall "pass through" any direct payments for intellectual property maintenance made to third parties. Furthermore, the Service Agreement shall include additional compensation for the services being performed under the Service Agreement in the form of a royalty to be paid to Can-Fite from any and all proceeds received by the Sub, Denali or any of its affiliates in relation to CF 101 in the Field, of 2.5% of any such proceeds (the **"Royalty"**). In addition, the Service Agreement shall contain customary provisions as typically set out in similar agreements. Denali will undertake to be obligated to all current ongoing ophthalmic clinical trials' agreements signed by Can Fite, and will pay all payments according to those agreements from the date of the Closing onwards. Denali shall also undertake to pay all other costs related to the ophthalmic indications such as IP maintenance, regulatory activities etc. Can-Fite will have the right, at any time until the expiry of 5 years from the Closing, to convert the Royalty into an additional 2,160,102 shares of Common Stock of Denali, which shall be equal to 5% of the issued and outstanding share capital (on a fully diluted as converted basis) as of the Closing (the **"Warrants"**). The exercise price of the Warrants shall be as follows: (a) in the event that within 12 months of the Closing, Denali or its affiliates complete any transaction which has a "bio-dollar" value of more than US$100 Million, then the exercise price shall be the par value of the shares of Common Stock, and (b) at any other time, then exercise price for ALL the Warrants shall be US$2.5 Million (which represents an assumed valuation as of the Closing of US$50 Million). Additional terms and conditions of the Warrants shall include anti-dilution, cashless exercise and other customary terms and conditions which shall be set out in a mutually agreed upon Warrant agreement (the **"Warrant Agreement"**).

7. Closing. The Parties contemplate that a closing will take place as soon as practical following the execution and delivery of this Agreement, but no later than November 22, 2011 (the **"Closing"**), at which all of the following shall occur concurrently: (a) CanFite shall grant the License to the Sub, (b) all of the Sub's shares shall be transferred to Denali, (c) Denali shall issue to Can-Fite 36,000,000 shares of Common Stock representing 86.7% of the issued and outstanding share capital of Denali, (d) Denali shall issue to Can-Fite the Warrant, (e) Subscription Agreements in relation to not less than US$6.2 Million (including by way of receipt of Ordinary Shares of Can-Fite valued at US$2.4 Million) will have been signed and executed by investors with the respective investment amount placed in escrow to be released immediately following the Closing, and (f) all other Transaction Agreements shall be signed, executed and delivered by the parties thereto. **"Transaction Agreements"** shall mean this Agreement, the License Agreement, the Warrant Agreement, the Subscription Agreements, the Service Agreement and any additional agreements, documents or instruments required to complete the Transactions.

8. Conditions to Closing. The obligations of each Party hereto to satisfy its obligations hereunder at the Closing are subject to the fulfillment on or prior to the Closing of each of the following conditions; provided, that a Party may not assert a failure of a condition hereunder where such failure is due to own failure to perform:

(i) Recapitalization. The Recapitalization shall have been completed;

(ii) License Agreement. The License Agreement shall have been duly executed by Can-Fite in favor of the Sub, including the obtaining of the consent of the NIH to the grant by Can-Fite of such License Agreement to the Sub;

(iii) Transfer of Sub. All the outstanding interests in the Sub shall have been duly transferred and conveyed to Denali;

(iv) Service Agreement. The Service Agreement shall have been duly executed by Denali (or a designated affiliate) and Can-Fite;

(v) Subscription Agreements. The Subscription Agreements shall have been duly executed by investors representing subscriptions of not less than US$6.2 million(including by way of receipt of Ordinary Shares of Can-Fite valued at US$2.4 Million) and the funds therefore of not less than US$3.8 Million are held in escrow pending the Closing;

(vi) Tax Ruling. The receipt of a signed and executed tax ruling from the Israeli Tax Authorities to the grant of the License by Can-Fite to the Sub.

(vii) Legal Opinion. Can-Fite shall have received the legal opinion of Denali's legal counsel acceptable to Can-Fite, in the form set out in **Exhibit B** attached hereto;

(viii) Representations and Warranties. The representations and warranties made by each of the Parties herein shall be true and correct in all material respects as of the date hereof and as of the Closing with the same effect as if the representations and warranties were made as of the date hereof and as of the Closing;

(ix) Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by either Party on or prior to the Closing shall have been performed or complied with in all material respects;

(x) Satisfactory Completion of Due Diligence. Can-Fite shall have completed its legal, accounting and business due diligence and the results thereof shall be satisfactory to Can-fite in its sole and absolute discretion and Denali will have completed its legal, accounting and business due diligence of the Sub and the results thereof shall be satisfactory to Denali in its sole and absolute discretion.

(xi) SEC Reports. Denali shall have filed all reports and other documents required to be filed by it under the U.S. federal securities laws through the Closing.

(xii) OTCBB Quotation. Denali shall have maintained its status as a company whose common stock is quoted on the Over-the-Counter Bulletin Board and no reason shall exist as to why such status shall not continue immediately following the Closing.

(xiii) No Suspensions of Trading in Denali Stock; Quotation. Trading in Denali's Common Stock shall not have been suspended by federal regulators or any trading market at any time since the date of execution of this Agreement, and the Denali Common Stock shall have been at all times since such date quoted for trading on a trading market.

(xiv) Secretary's Certificate. Denali shall have delivered to Can-Fite a certificate, signed by its Secretary or other authorized officer, certifying that the attached copies of the Denali Articles of Incorporation, bylaws and resolutions of its board of directors approving this Agreement, the other Transaction Agreements and the transactions contemplated hereby and thereby are all true, complete and correct and remain in full force and effect.

(xv) Good Standing Certificate. Denali shall have delivered to Can-Fite a certificate of good standing of Denali dated within two (2) business days of Closing issued by the Secretary of State of Nevada.

(xvi) Resignations. Denali shall have delivered to Can-Fite letters of resignation from all officers of Denali, effective upon the Closing, and from all directors of Denali, effective [ ].

(xvii) No Injunctions. No statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated, endorsed or threatened or is pending by or before any governmental authority of competent jurisdiction which in any material respect restricts, prohibits or threatens to restrict or prohibit the consummation of any of the transactions contemplated by the Transaction Agreements; and

(xviii) No MAE. As of the Closing, there shall have been no material adverse effect with respect to Denali or the Sub since the date hereof.

With respect to the closing conditions listed in (vii), (viii), (ix) and (x) above, the Parties shall deliver at the Closing an executed officer's certificate to such effect.

9. Representations and Warranties of Denali. Denali hereby makes the following representations and warranties as of the date hereof and as of the Closing to Can-Fite:

(a) *Organization and Qualification.* Denali is an entity duly organized, validly existing and in good standing under the laws of the State of Nevada, with the requisite corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. Denali is not in violation of any of the provisions of its Articles of Incorporation, bylaws, or other organizational documents. Denali does not have any wholly or partially owned subsidiaries and does not own any economic, voting or management interests in any other entity or person. Denali has no operating business activities and has no assets or properties.

(b) *Authorization; Enforcement.* Denali has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Agreements and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Agreements to which it is a party by Denali and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary action on the part of Denali and no further action is required by Denali, its board of directors or its shareholders in connection therewith. Each Transaction Agreement to which Denali is a party has been (or, if executed after the date hereof, upon delivery will be) duly executed by Denali and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of Denali enforceable against Denali in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(c) *No Conflicts*. The execution, delivery and performance of the Transaction Agreements to which it is a party by Denali and the consummation by Denali of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of Denali's Articles of Incorporation, bylaws or other organizational documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement or other understanding to which Denali is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which Denali is subject (including U.S. federal and state securities laws and regulations).

(d) *Filings, Consents and Approvals.* Denali is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other U.S. federal, state, local or other governmental authority or other person in connection with the execution, delivery and performance by Denali of the Transaction Agreements, other than (i) the filing with the United States Securities and Exchange Commission (the **"Commission"**) of a current report on Form 8-K setting out the details of the Transactions hereunder, and (ii) such as have already been obtained or such exemptive filings as are required to be made under applicable state and federal securities laws.

(e) *Capitalization.* As of immediately prior to the Closing, the authorized capital stock of Denali consisted of 50,000,000 shares of Common Stock and I ,000,000 shares of Preferred Stock . Of the authorized share capital, as of the Closing none of the Preferred Stock shall be issued and outstanding, and 5,540,430 shares of Common Stock shall be issued and outstanding. All of such outstanding shares of Common Stock are, and all of the Transaction Shares and Investment Shares, when issued pursuant to the Transaction Documents, will be, duly authorized, validly issued, fully paid and nonassessable, and free and clear of all liens, and all such shares of Common Stock were, and the Transaction Shares and Investment Shares will be, issued in material compliance with all applicable U.S. federal and state securities laws, including available exemptions therefrom, and none of such issuances were, and the issuance of the Transaction Shares and Investment Shares will not be, made in violation of any pre-emptive or other rights. The issuance of the Transaction Shares and Investment Shares will not trigger any anti-dilution rights of any existing securities of Denali. Except as set forth herein, as of the Closing, there will be no rights, subscriptions, warrants, options, conversion rights, or agreements of any kind outstanding to purchase from Denali, or otherwise require Denali to issue, any shares of capital stock of Denali or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of Denali.

(f) *Reports and Financial Statements*. Denali has filed all reports required to be filed by it under the United States Securities Exchange Act of 1934, as amended (the **"Exchange Act"**), and the rules of the Commission promulgated thereunder, on a timely basis or has received a valid extension of such time of filing and has filed any such reports prior to the expiration of any such extension (as such documents have since the time of their filing been amended or supplemented, and together with all reports, documents and information filed on or after the date first written above through the date of Closing with the Commission, including all information incorporated therein by reference, collectively, the **"SEC Reports"**). The SEC Reports (a) complied and will comply as to form in all material respects with the requirements of the Exchange Act, and (b) did not, at the time of their filing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements included in the SEC Reports comply in all material respects with the applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. The financial statements included in the SEC Reports have been prepared in accordance with generally accepted accounting principles in the United States applied on a consistent basis(**"GAAP"**), and fairly represent the financial position of Denali and as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments and the omission of certain footnotes. Except as set forth in the SEC Reports, Denali has no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a balance sheet of Denali or in the notes thereto. There are no financial or contractual obligations and liabilities (including any obligations to issue capital stock or other securities) due after the date hereof. As of the Closing, all liabilities of Denali shall have been paid off and shall in no event remain liabilities of Denali or Can-Fite following the Closing.

(g) *No Material Change.* Since January I, 2011, and except as disclosed in its SEC Reports, (i) Denali has not incurred any liabilities or obligations, indirect, or contingent, or entered into any oral or written agreement or other transaction which exceeds US$2,000; (ii) Denali has not sustained any loss or interference; (iii) Denali has not paid or declared any dividends or other distributions with respect to its capital stock, or redeemed or purchased or otherwise acquired any of its stock and Denali is not in default in the payment of principal or interest on any outstanding debt obligations, except s set forth herein; (iv) Denali has not initiated any compensation arrangement or agreement with any employee or executive officer; (v) Denali has not entered into any contract; (vi) there has not been any change in the capital stock of Denali; and (vii) there has not been any other event which has caused, or is likely to cause, a material adverse effect.

(h) *Litigation.* There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or, to the knowledge of Denali, threatened against Denali. Denali is not subject to any order, writ, judgment, injunction, decree or award of any court or any governmental authority.

(i) *Compliance.* Denali has not been advised, nor does Denali have reason to believe, that it is not conducting its business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting its business.

(j) *Material Agreements.* All material agreements (**"Material Agreements"**) to which Denali is a party are included as part of or specifically identified in the SEC Reports to the extent required by the rules and regulations of the Commission as in effect at the time of filing. Except for the Material Agreements, Denali has no contracts. Neither Denali nor, to Denali's knowledge, any other party to the Material Agreements, is in breach of or default under any of such contracts.

(k) *Taxes*. Except as disclosed in the SEC Reports, Denali has filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and Denali has no knowledge of a tax deficiency which has been or might be asserted or threatened against it.

(I) *Conformity of Descriptions*. The Transaction Shares and the Investment Shares, when issued, will conform in all material respects to the descriptions of Denali's Common Stock contained in Denali's SEC Reports and other filings with the Commission.

(m) *Statements True and Correct.* No representation, warranty, statement, certificate, instrument, or other writing furnished or to be furnished by Denali to Can-Fite or its representatives pursuant to this Agreement, or any other Transaction Agreement contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein not misleading.

(n) *Investment Company.* Denali is not, and is not an affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(o) *Sarbanes-Oxley; Internal Accounting Controls*. Denali is in material compliance with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the date hereof. Denali has disclosure controls and procedures (as defined in Rule 13a-14 under the Exchange Act) that are designed to ensure that material information relating to Denali is made known to Denali's principal executive officer and Denali's principal financial officer or persons performing similar functions.

(p) *Disclosure.* All disclosure provided to Can-Fite regarding Denali, its business and the transactions contemplated hereby, including the Transaction Agreements and the Exhibits to this Agreement, furnished by or on behalf of Denali with respect to the representations and warranties made herein are true and correct with respect to such representations and warranties and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Denali acknowledges and agrees that Can-Fite makes or has made no representations or warranties with respect to the transaction contemplated hereby other than those specifically set forth in Section 9 hereof.

10. Representations and Warranties of Can-Fite. Can-Fite and the Sub, jointly, hereby make the following representations and warranties as of the date hereof and as of the Closing to Denali:

(a) *Organization and Qualification.* Can-Fite and the Sub are entities duly organized, validly existing and in good standing under the laws of the State of Israel, with the requisite corporate or other power and authority to own and use their properties and assets and to carry on their business as currently conducted. Neither Can-Fite nor the Sub are in violation of any of the provisions of their Articles of Organization or other organizational documents.

(b) *Authorization; Enforcement.* Can-Fite and the Sub have the requisite corporate or other power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Agreements to which they are a party and otherwise to carry out their respective obligations thereunder. The execution and delivery of each of the Transaction Agreements to which they are a party by Can-Fite or the Sub and the consummation by them of the transactions contemplated thereby have been duly authorized by all necessary action on the part of Can-Fite or the Sub and no further action is required by Can-Fite or the Sub, their board of directors, managers or their shareholders in connection therewith. Each Transaction Agreement has been (or, if executed after the date hereof, upon delivery will be) duly executed by Can-File and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of Can-Fite enforceable against Can-Fite in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(c) *No Conflicts*. The execution, delivery and performance of the Transaction Agreements by Can-Fite and the Sub and the consummation by Can-Fite and the Sub of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of Can-Fite or the Sub's Articles of Association or other organizational documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement or other understanding to which Can-Fite or the Sub is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which Can-Fite or the Sub is subject (including U.S. federal and state securities laws and regulations).

(d) *Filings, Consents and Approvals*. Can-Fite is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other U.S. federal, state, local or other governmental authority or other person in connection with the execution, delivery and performance by Can-Fite or the Sub of the Transaction Agreements, other than the filing with the Tel-Aviv Stock Exchange of an immediate report setting out the details of the Transaction hereunder.

(e) *Capitalization.* As of immediately prior to the Closing, the authorized capital stock of the Sub consisted (or will consist) of 10,000 Ordinary Shares, nominal value NIS 0.01 each (the **"Ordinary Shares"**) , of which 1,000 Ordinary Shares were issued and outstanding and owned by Can-Fite. All of such outstanding Ordinary Shares are, duly authorized, validly issued, fully paid and nonassessable, and free and clear of all liens created by Can-Fite or the Sub. Except as set forth herein, as of the Closing, there will be no rights, subscriptions, warrants, options, conversion rights, or agreements of any kind outstanding to purchase from the Sub, or otherwise require the Sub to issue, any shares of capital stock of the Sub or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of the Sub.

(f) *Litigation.* There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or, to the knowledge of Can-Fite or the Sub, threatened against the Sub. The Sub is not subject to any order, writ, judgment, injunction, decree or award of any court or any governmental authority.

(g) *Compliance.* The Sub has not been advised, nor does the Sub have reason to believe, that it is not conducting its business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting its business.

(h) *License Agreement.* Can-Fite has the full authority and the power to executed the License Agreement in favor of the Sub. The execution of the License Agreement by Can-Fite in favor of the Sub will not violate or breach any other agreement to which Can-Fite is a party.

(i) *Taxes*. The Sub has been (or will be) incorporated immediately prior to the Closing and therefore has no tax obligations nor any current requirement to file any tax returns.

(j) *Statements True and Correct.* No representation, warranty, statement, certificate, instrument, or other writing furnished or to be furnished by Can-Fite to Denali or its representatives pursuant to this Agreement, or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein not misleading.

11. Pre-Closing Covenants. Can-Fite and Denali hereby agree that the following are pre-Closing obligations to be performed by the parties hereto:

(a) Due Diligence. Denali will provide full access to Can-Fite and its advisors to conduct a reasonable investigation of information and materials relating to Denali's financial, business and legal condition and Can-fite will provide full access to Denali and its advisors to conduct a reasonable investigation of information and materials relating to the Sub's financial, business and legal condition. The due diligence period shall commence on the full execution of this Agreement by the Parties and shall terminate when the items listed above have been received and reviewed to the satisfaction of each Party (**"Due Diligence Period"**).

(b) Standstill. From the date on which this Agreement is executed by the Parties through the closing date for the Transaction, but no later than November 30, 2011, Denali will not explore or pursue other transaction opportunities with any other individual or entity, including, without limitation (1) solicit, initiate, or encourage the submission of any proposal or offer from any person relating to the acquisition of any capital stock or other voting securities of Denali or any assets of Denali (including any acquisition structured as a merger, consolidation, share exchange or other business combination), or (2) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any person to do or seek any of the foregoing, in each case except as may be required on the reasonable advice of outside legal counsel pursuant to fiduciary duties under applicable law.

(c) Board Approvals. Consistent with and subject to fiduciary duties imposed on their boards of directors, Denali and Can-Fite shall use commercially reasonable efforts to cause the Transaction Agreements to be approved and ratified by their respective boards of directors and, if required by law, by their respective stockholders.

12. Post-Closing Covenants. Can-Fite and Denali hereby agree that the following are post-Closing obligations to be performed by the parties hereto:

(a) Constitution of the Board of Denali. Immediately following the Closing, Can-Fite shall cause the enlargement of the Board of Denali so that it shall initially consist of 5 directors who shall be appointed by Can-Fite, of which 3 shall be current directors of Can-Fite and 2 shall be newly appointed independent directors who have an added value to the positioning of Denali on the US capital markets and the US biotech market. Prof. Pnina Fishman will be appointed as the Chairman of the Board of Denali.

(b) Management. Denali shall seek to appoint a CEO and a CFO in order to commence the establishment of a management team to lead Denali following the Closing and during the clinical trials and future capital markets activity in the US.

(c) Form 8-K. Denali shall file, within four (4) business days of the Closing, a current report on Form 8-K with the Commission disclosing the terms of this Agreement and other requisite disclosure regarding the Transactions and including the requisite audited consolidated financial statements and requisite Form 10 disclosure.

(d) Schedule 14f-1. As soon as possible following the Closing, Denali shall prepare and file with the Commission a notice on Schedule 14f-l in connection with the consummation of the Transaction. Denali shall cause the Schedule 14f-1 to be mailed to stockholders as promptly as practicable thereafter.

13. Miscellaneous

(a) Expenses. It is understood that each Party shall pay its respective legal and accounting fees and other expenses incurred in connection with this Agreement and due diligence activities under Section II (a) above, and in connection with the Transaction.

(b) Announcements. Except to the extent the Parties believe that they are required by applicable law or regulation to do otherwise, prior to execution of Transaction Agreements, no Party shall issue any statement or communication to the public regarding the proposed Transaction without the consent of the other Party, which consent shall not be unreasonably withheld, and each Party shall keep the proposed Transaction and information obtained from the other Party confidential in accordance with the terms of this paragraph. To the extent a Party hereto believes it is required by law or regulation to disclose the proposed Transaction, it shall, if possible, immediately notify the other Party prior to such disclosure and give the other Party an opportunity to review and comment on the proposed disclosure.

(c) Governing Law, Dispute Resolution, and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws principles thereof. All disputes, controversies or claims arising out of or relating to this Agreement shall in the first instance be the subject of a meeting between a representative of each Party who has decision-making authority.

(d) Access to Information and Confidentiality. In connection with the negotiation and preparation of the Transaction Agreements, each Party will make available to the other, and their respective representatives, all books, records, documents and other information that may reasonably be requested. Prior to the closing, each Party shall keep confidential any non-public information obtained from the other Party hereto. In the event of termination of negotiations, each Party will return or cause to be returned to the other all documents and other material obtained from the other in connection with the Transaction contemplated hereby and will use all reasonable efforts to keep confidential any such information, unless such information is ascertainable from public or published information or already known by the receiving Party.

(e) Agreement Binding. The provisions of this Agreement are intended to be binding on the Parties from the date hereof and shall cease to be binding on November 30, 2011 if the Closing is not completed by such time (or such other time if mutually extended in writing by the Parties).

(f) Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by either of the Parties without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

(g) Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, Can-Fite shall be entitled to specific performance under this Agreement. The Parties agree that monetary damages may not be adequate compensation for any loss incurred by Can-Fite by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

(h) Amendment. This Agreement may only be amended, modified or supplemented pursuant to a written agreement signed by each of the Parties hereto.

(i) Survival of Representations and Warranties. All covenants, representations and warranties made herein shall survive the making of this Agreement and shall continue in full force and effect until the Closing, at the end of which period no claim may be made with respect to any such covenant, representation, or warranty unless such claim shall have been asserted in writing to the indemnifying party during such period.

(j) Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing or electronic format, as applicable, and shall be effective (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by facsimile (as verified by a printout showing satisfactory transmission) at the facsimile number designated below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); (iii) by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iv) upon three business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party hereto in accordance herewith.

If to Denali at:

Attention:
Facsimile No.:
Email Address:

With a copy (which shall not constitute notice) to:

Ronald N. Vance
Attorney at Law
1656 Reunion Avenue
Suite 250
South Jordan, UT 84095
Facsimile No. (801) 446-8803
Email Address: ron@vancelaw.us

lfto Can-Fite at:

I 0 Bareket Street,
Petach Tikva, Israel
Attention: Prof. Pnina Fishman, CEO
Facsimile No.:
Email Address: pnina@canfite.com

With a copy (which shall not constitute notice) to:

Kantor& Co.
12 Abba Hillel Street,
Ramat Gan, Israel

Attention: Ronen Kantor, Adv.
Facsimile No.: +972-3-6133372
Email Address: rkantor@kantor-law.com

With a copy (which shall not constitute notice) to:

Goodwin Procter LLP
4365 Executive Drive
Suite 300
San Diego, CA 92121

Attention: Yoel Krantz
Facsimile No.: (212) 813-8831
Email Address: ykrantz@goodwinprocter.com

(k) Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

(l) Interpretation. The headings preceding the text of sections included in this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the terms "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively.

(m) Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

(n) No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective directors, officers, employees, agents and representatives, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

(o) Further Assurances. Upon the reasonable request of a Party hereto, the other Party hereto shall, on and after the Closing, execute and deliver such other documents, releases, assignments and other instruments as may be required to effectuate completely the transactions contemplated by this Agreement.

(p) Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall remain in full force and shall not be affected thereby, and there shall be deemed substituted for such invalid, illegal or unenforceable provision a valid, legal and enforceable provision as similar as possible to the provision at issue.

(q) Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

(r) Entire Understanding. This Agreement sets forth the entire agreement and understanding of the parties hereto and supersedes all prior agreements, letters of intent or understanding, arrangements and understandings between the parties. This Agreement replaces in full the Agreement of June 5, 2011 between the parties, as amended.

(s) Exhibits and Schedules. Each of the exhibits, schedules, or similar attachments referenced in this Agreement is annexed hereto and is incorporated herein by this reference and expressly made a part hereof.

(t) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile transmissions of any signed original document, or transmission of any signed facsimile document, shall constitute delivery of an executed original. At the request of any of the parties, the parties shall confirm facsimile transmission signatures by signing and delivering an original document.

SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE

IN WITNESS WHEREOF, each of the Parties has executed this Agreement on the day and year herein below written.

Can-Fite Biopharma Ltd.			**Denali Concrete Management, Inc.,**	
BY:	Pnina Fishman	Motti Farbstein	BY:	Mathew G. Rule
TITLE:	CEO	COO	TITLE:	President
DATE:	Nov. 21, 2011		DATE:	11/21/2011
SIGNATURE:	/s/ Pnina Fishman	/s/ Motti Farbstein	SIGNATURE:	/s/ Mathew G. Rule

Exhibit 4. 20

DENALI CONCRETE MANAGEMENT, INC.
STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this *"**Agreement**")* is made as of November 21, 2011 by and between Denali Concrete Management, Inc., a Nevada corporation (the *"**Company**")* and Can-Fite Biopharma Ltd. *("**Can-Fite**").*

BACKGROUND

A. Can-Fite currently holds an aggregate of 1,000 shares of common stock, par value NIS 0.01 per share (the *"**Eye-Fite Common Stock**"),* of Eye-Fite Ltd. *("**Eye-Fite**").* Can-Fite is the sole holder of all issued and outstanding shares of the Eye-Fite Common Stock.

B. In accordance with the terms of that certain agreement entered into between the Company and Can-Fite on November 21, 2011, (the *"**Master Agreement**")* Can-Fite desires to surrender all 1,000 shares of Eye-Fite Common Stock that it holds in consideration for a total of 36,000,000 shares of common stock, par value $0.001 per share, of the Company (the *"**Shares**"),* and the Company desires to issue and sell the Shares to Can-Fite in consideration for the surrender hereunder of the Eye-Fite Common Stock.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations, warranties and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Sale and Issuance of Shares.

1.1 Sale and Issuance of the Shares; Closing. Subject to the terms and conditions of this Agreement, Can-Fite agrees to purchase the Shares at the Closing (as defined below), and the Company agrees to sell and issue the Shares to Can-Fite at the Closing. The purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures on the date hereof, or at such other time and place as the Company and Can-Fite mutually agree upon, orally or in writing (which time and place are designated as the *"**Closing**").*

1.2 Delivery; Payment. The stock certificates representing the Shares shall be issued in two certificates, one representing 31,000,000 of the Shares and the other for 5,000,000 of the Shares. At the Closing, subject to the terms and conditions hereof, the Company will deliver to Can-Fite the first certificate representing 31,000,000 of the Shares against payment of the aggregate purchase price by surrender of a stock certificate representing the Eye-Fite Common Stock. The second certificate representing 5,000,000 of the Shares shall be delivered to Can-Fite by overnight delivery service for delivery the day following Closing. At Closing Denali shall deliver a copy of the certificate issued by the transfer agent representing the 5,000,000 Shares and tracking information for the overnight delivery of the physical certificate. Such stock certificate surrendered by Can-Fite shall be accompanied by a stock power duly executed in favor of the Company and in a form reasonably acceptable to the Company, free from any charge, lien, encumbrance or adverse claim of any kind whatsoever. The Shares issued to Can-Fite shall have all the rights and privileges attached to the shares of the Company's common stock as set forth in the Company's Articles of Incorporation, as in effect on the date hereof and as may be amended from time to time.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to Can-Fite that, as of the date hereof:

2.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada.

2.2 Authorization. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of the Company hereunder, including the authorization, issuance, sale and delivery of the Shares has been taken or will be taken prior to the Closing. This Agreement constitutes valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

2.3 Valid Issuance of Common Stock. The Shares, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable.

3. Representations, Warranties and Covenants of Can-Fite. Can-Fite hereby represents and warrants to the Company that, as of the date hereof:

3.1 Authorization. Can-Fite has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by Can-Fite, will constitute a valid and legally binding obligation of Can-Fite, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.2 Purchase Entirely for Own Account. This Agreement is made with Can-Fite in reliance upon Can-Fite's representation to the Company, which by Can-Fite's execution of this Agreement, Can-Fite hereby confirms that the Shares to be acquired by Can-Fite will be acquired for investment for Can-Fite's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that Can-Fite has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, Can-Fite further represents that Can-Fite does not presently have any contract, undertaking, agreement or arrangement with any Person (defined below) to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. For the purposes of this Agreement ***"Person"*** shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

3.3 Restricted Securities. Can-Fite understands that the Shares have not been, and will not be, registered under the Securities Act of 1933, as amended (the *"**Securities Act**"),* by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Can-Fite's representations as expressed herein. Can-Fite understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, Can-Fite must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Can-Fite acknowledges that the Company has no obligation to register or qualify the Shares for resale. Can-Fite further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company which are outside of Can-Fite's control, and which the Company is under no obligation and may not be able to satisfy. Can-Fite represents and warrants that it is an "accredited investor" as defined in Rule 50l(a) of Regulation D promulgated under the Securities Act.

3.4 Legends. Can-Fite understands that the Shares may bear one or all of the following legends:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate so legended.

3.5 Accredited Investor and Financial Sophistication. At the time Can-Fite was offered the Shares, it was, and at the date hereof it is, an "accredited investor" as defined in Rule 501 (a) under the Securities Act. Can-Fite, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares, and has so evaluated the merits and risks of such investment. Can-Fite is able to bear the economic risk of an investment in the Shares and, at the present time, is able to afford a complete loss of such investment.

3.6 Foreign Laws. Can-Fite hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. Can-Fite's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Can-Fite's jurisdiction.

3.7 Title to Eye-Fite Common Stock. Can-Fite has good and valid title to the Eye-Fite Common Stock being surrendered pursuant to this Agreement in consideration for the Shares and will deliver the Eye-Fite Common Stock to the Company free and clear of any security interests, liens, claims or encumbrances. Can-Fite further represents to the Company that it has full legal right, power and capacity to tender for cancellation the Eye-Fite Common Stock as set forth herein.

3.8 Residence and Domicile. The office of Can-Fite in which its principal place of business is identified in the address of Can-Fite set forth on the signature page hereto.

4. Conditions to Closing.

4.1 Conditions to the Company's Obligation to Close. The obligations of the Company to consummate the Closing shall be subject to the following:

(a) Can-Fite's delivery and surrender to the Company of a stock certificate representing the Eye-Fite Common Stock.

(b) A stock power duly executed in favor of the Company and in a form reasonably acceptable to the Company, free from any charge, lien, encumbrance or adverse claim of any kind whatsoever.

(c) A true and correct copy of a resolution of the Board of Directors of Eye-Fite approving the transfer of the Eye-Fite Common Stock to the Company against issuance of the Shares to Can-Fite.

(d) Any and all approvals and/or waivers and/or consents and/or permits or the like required for the consummation of this Agreement executed by Can-Fite or any other party.

4.2 Conditions to Can-Fite's Obligation to Close. The obligations of the Company to consummate the Closing shall be subject to the following:

(a) Can-Fite shall have received a pre-ruling from the Israeli Tax Authority in relation to the tax treatment of Can-Fite's surrender of the Eye-Fite Common Stock in return for the receipt of the Shares in accordance with Sections 104B(f) and 103 of the Income Tax Ordinance, 1961 (the *"**Ordinance**")* (and not the personal tax status of each Shareholder as a result thereof).

(b) The Company's delivery to Can-Fite of certificates representing the Shares, registered in the name of Can-Fite Biopharma Ltd., to be held by _____, as trustee for and on behalf of Can-Fite (the *"**Trustee**").* The Trustee shall hold the Shares on behalf of Can-Fite for not less than 24 months from the end of the calendar year in which the issuance of the Shares to Can-Fite was concluded and for the purpose of fulfilling the requirements of Sections 104 and 103 of the Ordinance.

(c) A true and correct copy of a resolution of the Board of Directors of the Company issuing the Shares to Can-Fite.

5. Miscellaneous.

5.1 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Company and Can-Fite contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement.

5.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Shares). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law. This Agreement is to be construed in accordance with and governed by the internal laws of the State of Israel, without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Israel as to the rights and duties of the parties. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts in Tel-Aviv, Israel in respect of any dispute or matter arising out of or connected with this Agreement.

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given (a) when hand delivered to the other party; (b) the next business day when sent by facsimile; or (c) the next business day after deposit with an international express delivery service (e.g., DHL or Federal Express). All communications shall be sent to the address or facsimile of a party appearing in its signature block hereto or at such address or facsimile as such party may designate.

5.6 Further Assurances. Can-Fite and the Company shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

5.7 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties or covenants except as specifically set forth herein or therein. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Can-Fite.

5.8 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement shall be deemed a waiver of any other breach or default therefore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law, or otherwise afforded to any of the parties, shall be cumulative and not alternative.

5.9 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; *provided, however,* that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

5.10 Headings. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Stock Purchase Agreement as of the date first written above.

DENALI CONCRETE MANAGEMENT, INC.

By: /s/ Mathew G. Rule
Its:
Title: PRESIDENT

Address: 123 W. NYE LANE, STE 129
CARSON CITY NEV 89706

CAN-FITE BIOPHARMA LTD.

By: /s/ Pnina Fishman /s/ Motti Farbstein
Its: Pnina Fishman Motti Farbstein
Title: CEO

Address: 10 Bareket st.
Petach-Tikva, Israel

Exhibit 4. 21

SUBSCRIPTION AGREEMENT
COMMON STOCK

DENALI CONCRETE MANAGEMENT INC.

To: **Denali Concrete Management Inc.**
123 W. Nye Lane, Suite 129
Carson City, NV 89706, USA

From: Can Fite Biopharma Ltd.
(Print full name of Subscriber)

Number of shares of Common Stock subscribed: 2,097,626

Price per share of Common Stock: $1.144

Total purchase price for shares of Common Stock requested: _____ - ordinary shares of Can Fite Biopharma Ltd. whose market value on TASE is as of November 20, 2011, equivalent to $2,400,000.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE REGULATORY AUTHORITY NOR THE REGULATORY AUTHORITY OF ANY OTHER COUNTRY HAS APPROVED OR DISAPPROVED THIS SUBSCRIPTION AGREEMENT OR THE COMMON STOCK. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), NOR UNDER THE SECURITIES LAWS OF ANY OTHER COUNTRY, AND THE COMPANY IS UNDER NO OBLIGATION TO REGISTER THE COMMON STOCK UNDER THE SECURITIES ACT OR ANY SUCH OTHER LAWS IN THE FUTURE.

THE COMMON STOCK MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A UNITED STATES PERSON, WITHIN THE MEANING OF REGULATION SUNDER THE SECURITIES ACT, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCI-1 REGISTRATION IS NOT REQUIRED.

SUBSCRIPTION AGREEMENT

The undersigned subscriber ("Subscriber") hereby irrevocably subscribes for the number of shares of Common Stock, par value $0.001 per share (the "Common Stock"), of Denali Concrete Management Inc., a corporation organized under the laws of the State of Nevada (the "Company"), stated below at the purchase price of $1.144 per share.

Subscriber understands that this offering will terminate on November 23, 2011, or such later date as the Company may determine in its sole discretion.

Section 1. Commitment.

Subscriber hereby subscribes for and agrees to purchase two million ninety-seven thousand six hundred and twenty-six (2,097,626) share of Common Stock (the "Subscribed Shares") for a total purchase price equal to _____- ordinary shares of Can Fite Biopharma Ltd. whose market value on TASE is as of November 20, 2011, equivalent to $2,400,000 (the "Purchase Price").

Section 2. Payment of the Purchase Price.

Simultaneously with the execution and delivery of this Subscription Agreement, Subscriber has tendered full payment of the Purchase Price via delivery of a share certificate representing the Purchase Price to Ronen Kantor Trustee Ltd., as escrow agent, for deposit in the Company's escrow account. No interest will be earned on amounts held in the escrow account. Such payment shall be held in escrow pending acceptance of this Subscription Agreement on a closing date to be determined by the Company (the "Closing Date"). On the Closing Date, the Purchase Price shall be transferred to the Company from the escrow account in exchange for issuance of the Subscribed Shares. In the event that this Subscription Agreement is not accepted by the Company for any reason, all funds tendered by Subscriber being held in the escrow account described in this Section 2 shall be refunded promptly (without any interest thereon). The issued and outstanding shares of Common Stock will not be certificated, unless determined otherwise by the Company in its sole discretion.

Section 3. Representations, Warranties and Covenants of Subscriber.

In order to induce the Company to accept this subscription and issue shares of Common Stock to Subscriber, Subscriber hereby warrants, represents, covenants and agrees as follows:

(a) Subscriber has such knowledge and experience in financial and business matters as to enable it (i) to utilize the information made available to it in connection with the offering of the Common Stock, (ii) to evaluate the merits and risks associated with a purchase of the Common Stock, and (iii) to make an informed decision with respect thereto.

(b) Subscriber is an "Accredited Investor" ("Accredited Investor") as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). Subscriber has delivered to the Company on or prior to the date hereof executed Investor Questionnaires, in the form attached hereto as Exhibit A, confirming, among other things, Subscriber's status as an Accredited Investor.

(c) The Subscriber is aware and acknowledges that (i) an investment in the Common Stock is speculative and the Subscriber bears the risk of loss of its entire investment, (ii) the Subscriber, in making its investment, is relying, if at all, solely upon the advice of its personal financial, tax and legal advisers with respect to an investment in the Company, and (iii) because transfer of the Common Stock is restricted, it may not be possible for the Subscriber to liquidate its investment readily in case of an emergency and, therefore, the Subscriber may have to bear the risk of an investment in the Common Stock for an indefinite period of time.

(d) The Subscriber, or its duly authorized representative, has been afforded the opportunity to ask questions of the Company and its management and to receive answers concerning the terms and conditions of this offering.

(e) The Subscriber, or if the Subscriber is any entity, its undersigned representative, has received or had access to each document filed by the Company with the Securities and Exchange Commission as available on the Commission's website at www.sec.gov. Such person has relied upon the information contained therein and has not been furnished any other documents, literature, memorandum, or prospectus.

(f) The Subscriber (either alone or together with the Subscriber's representative) is knowledgeable and experienced in evaluating similar investments. The Subscriber is able to bear the economic risk of an investment in the Common Stock, has adequate means of providing for the Subscriber's current needs and personal contingencies, and has no need for liquidity in connection with an investment in the Common Stock. The Subscriber's overall commitment to investments that are not readily marketable is not disproportionate to the net worth of the Subscriber, and the Subscriber's investment in the Common Stock will not cause such overall commitment to become excessive.

(g) Subscriber understands and agrees that (i) neither the offering nor the sale of the Common Stock has been registered under the Act in reliance upon exemptions from the registration provisions of the Act, (ii) the shares of Common Stock purchased by Subscriber must be held by it indefinitely unless the sale or transfer thereof (A) is subsequently registered under the Act, or an exemption from such registration is available, or (B) such transfer does not constitute an “offer” or a “sale” within the meaning of the Act, (iii) the Company is under no obligation to register any shares of Common Stock on Subscriber's behalf or to assist Subscriber in complying with any exemption from registration, and (iv) the Company will rely upon the representations and warranties made by Subscriber in this Subscription Agreement in order to establish such exemption from the registration provisions of the Act.

(h) Subscriber understands that neither the offer nor the sale of the Common Stock has been registered under the securities laws of any state due to exemptions from registration based upon the private or limited nature of the offering and/or exemptions available for transactions involving purchasers such as Subscriber, and that the Company will rely upon the representations and warranties made by Subscriber in this Subscription Agreement in order to establish such exemptions from registration under state securities laws.

(i) Subscriber will not transfer any shares of Common Stock without registration under the Act and applicable state securities laws, unless (i) the transfer is exempt from registration under the Act and such state securities laws or (ii) such transfer does not constitute an "offer" or a "sale" within the meaning of the Act.

(j) The Subscribed Shares are being purchased solely for Subscriber's own account and not for the account of any other person. The Subscribed Shares are being purchased for investment purposes only, and not for distribution, assignment or resale to others.

(k) Subscriber acknowledges that neither the Company nor any person acting on behalf of the Company offered or sold any shares of the Common Stock (or any interest therein) to Subscriber by any form of general solicitation or general advertising, including, but not limited to, the following:

(i) An advertisement, article, notice or other written or printed communication published in any newspaper, magazine, or similar media or any communication broadcast over television or radio or any communication by means of recorded telephone messages; or

(ii) Any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(l) Subscriber represents, warrants and covenants that:

(i) Subscriber acknowledges that due to anti-terrorism and anti-money laundering regulations, the Company, and/or any officer, director, employee or agent acting on behalf of the Company, may require further documentation verifying Subscriber's identity and the source of funds used to purchase the Common Stock subscribed for hereby before this Subscription Agreement can be processed or accepted. To comply with applicable U.S. legislation and regulations, including but not limited to the International Anti-Money Laundering and Financial Anti-Terrorism Abatement Act of 2001 (Title III of the USA PATRIOT Act), Subscriber agrees that all payments by Subscriber to the Company and all distributions to Subscriber from the Company will only be made in Subscriber's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the United States or a bank that is not a "foreign shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 et seq.), as amended, and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time.

(ii) Subscriber further agrees to provide the Company at any time that Subscriber is a stockholder of the Company with such information or certification as the Company determines to be necessary or appropriate to verify compliance with the anti-terrorism and anti-money laundering regulations of any applicable jurisdiction or to respond to requests for information concerning the identity of Subscriber or any person directly or indirectly controlling, controlled by or under common control with or owning an interest in Subscriber from any governmental authority, self-regulatory organization or financial institution in connection with the Company's compliance procedures with respect to anti-terrorism and anti-money laundering regulations and to update such information as necessary. Such information may include, but not be limited to, the name, address, telephone number, date of birth, and Social Security or taxpayer identification number of any such individual person, or of the beneficial owners of any entity, if Subscriber is an entity. Identity may be verified using a current valid passport or other such current valid government-issued identification (e.g., a driver's license).

(iii) Subscriber certifies that he or she is not identified as a specially designated national or blocked person, or as affiliated with any such person, entity or organization on any list maintained by governmental authorities relating to anti-terrorism or anti-money laundering, including but not limited to lists maintained by the United States Treasury Department's Office of Foreign Asset Control.

(iv) Subscriber understands that the information contained herein may be disclosed to the United States Government by the Company.

(m) Subscriber will be the beneficial owner of the Subscribed Shares to be acquired pursuant to this Subscription Agreement and is not acquiring the Subscribed Shares on behalf of or as nominee for another person.

(n) Subscriber acknowledges and agrees that under U.S. federal tax law (including Sections 1441, 1442, 1445, 1446, 1471, 1472, 1473 and 1474 of the Internal Revenue Code of 1986, as amended (the "Code")), and possibly under applicable non-U.S. or U.S. state or local law, the Company may be required to withhold tax with respect to distributions or other transfers of property to Subscriber.

(o) Subscriber certifies that the information contained in the executed copy (or copies) of IRS Form W-9 or appropriate IRS Form W-8 (and any accompanying required documentation), as applicable, submitted or to be submitted to the Company are true, correct and complete. Subscriber shall (a) promptly inform the Company of any change in such information and (b) furnish to the Company a new properly completed and executed IRS Form W-9 or appropriate IRS Form W-8 (and any accompanying required documentation), as applicable, as may be requested from time to time by the Company and as may be required under the Internal Revenue Service instructions to such forms, the Code or any applicable Treasury Regulations.

(p) Subscriber shall promptly provide such information, documentation or certification as may be requested by the Company to determine whether withholding may be required with respect to Subscriber's Subscribed Shares or in connection with any required tax filings of the Company, including any information or certification required to comply with any tax return or information filing requirements or to obtain a reduced rate of, or exemption from, any applicable tax, whether pursuant to the laws of a particular jurisdiction or an applicable tax treaty. Subscriber hereby acknowledges and agrees that the Company may provide any such information, documentation or certifications to any applicable tax authority.

(q) The foregoing representations and warranties and all other information which Subscriber has provided concerning Subscriber and Subscriber's financial condition are true and accurate as of the date hereof and may be relied upon by the Company and its officers, directors and counsel. If in any respect such information, representations, warranties, and covenants are not true and accurate as of the Closing Date, Subscriber will give written notice of such fact to the officers of the Company specifying which information, representations, warranties, or covenants are not true and accurate and the reasons therefor.

(r) There are no contracts, agreements or understandings between Subscriber and any person that would give rise to a claim for any brokerage commission, finder's fee or other like payment to any person or entity with respect to the offer or sale of the Common Stock to Subscriber.

Section 4. Tax Status

Please mark one of the following. Please note that Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("IRS Form W-9") and Internal Revenue Service Forms W-8 ("IRS Forms W-8") can be obtained at the Internal Revenue Service website at www.irs.gov.

(a) Subscriber is a "United States person" as defined in Section 7701(a)(30) of the Code (a "United States Person") and is not a grantor trust for U.S. federal income tax purposes (a "Grantor Trust"). Subscriber has completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9.

(b) Subscriber is an entity disregarded as separate from its owner for U.S. federal income tax purposes (a "Disregarded Entity") and the first direct or indirect beneficial owner of Subscriber that is not a Disregarded Entity ("Subscriber's Owner") is a United States Person but is not a Grantor Trust. Each of Subscriber and Subscriber's Owner have completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9 in accordance with the instructions thereto.

(c) Subscriber or Subscriber's Owner is a United States Person and is also a Grantor Trust. Each of Subscriber and Subscriber's Owner, if applicable, and each of the Grantor Trust's grantors, have completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9 or appropriate IRS Form W-8 (together with any additional documentation required in connection therewith), as applicable.

(d) Subscriber or Subscriber's Owner (as applicable) is not a United States Person. Subscriber or Subscriber's Owner (as applicable) has completed and delivered with this Subscription Agreement or will complete and deliver to the Company the appropriate IRS Form W-8, and any additional documentation required in connection therewith.

Section 5. Representations and Warranties of the Company.

The Company represents and warrants to Subscriber that (i) it is duly and validly organized and in existence under the laws of the State of Nevada, (ii) it is or will become qualified under the laws of all other jurisdictions in which such qualification is necessary to enable it to engage in business if such failure to be so qualified would have a material adverse effect on the Company, (iii) it has full power and authority to own and manage the assets to be owned by it and (iv) upon issuance and full payment therefor, the Subscribed Share shall be duly authorized, validly issued, fully paid and nonassessable.

Section 6. Restrictive Legends.

The Subscriber understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Common Stock sold and issued hereunder, together with any other legends that may be required by federal or state securities laws, the Company's Articles of Incorporation or Bylaws, or any other agreement affecting the Common Stock (each as may be amended from time to time):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATES OF THE UNITED STATES OR ANY OTHER JURISDICTION. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Section 7. Miscellaneous.

(a) Subscriber agrees not to transfer or assign this Subscription Agreement, or any of Subscriber's interest herein, to any other person without the prior written consent of the Company, and further agrees that the transfer or assignment of the Subscribed Shares acquired pursuant hereto shall be made only in accordance with the terms of this Agreement.

(b) Subscriber agrees that Subscriber may not cancel, terminate or revoke this Subscription Agreement (except as otherwise specifically permitted under applicable state securities laws), and that this Subscription Agreement shall be binding upon Subscriber's permitted successors and assigns.

(c) This Subscription Agreement, once accepted by the Company, shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof. This Subscription Agreement may be amended only by a writing executed by both of the parties hereto.

(d) This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Nevada.

(e) As long as Subscriber holds shares of the Company or has the right to acquire shares of the Company, Subscriber will disclose to the Company in writing such information with respect to direct and indirect ownership of shares of the Company as the Company may deem necessary or appropriate to ascertain and to establish compliance with provisions of the Code applicable to the Company or to comply with requirements of any other appropriate taxing authority.

(f) The representations and warranties of Subscriber set forth herein shall survive the sale of the shares of Common Stock to Subscriber pursuant to this Subscription Agreement. If Subscriber discovers any fact or circumstance which renders any representation or warranty given by Subscriber herein untrue or inaccurate as of the Closing Date or any time thereafter, Subscriber will give prompt written notice of such fact or circumstance to the Company specifying which representations or warranties were not true and accurate as of such date and the reasons therefor.

(g) Words importing the singular number hereunder shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.

(h) The effectiveness of this Subscription Agreement is subject to the Company's acceptance of this Subscription Agreement.

(i) Any notice, demand, request or other communication which may be required or contemplated by this Subscription Agreement shall be deemed effective: (i) when given if personally delivered, (ii) the next business day when sent via a nationally recognized overnight courier service for next day delivery accompanied with payment of the required courier fees, (iii) if mailed within the United States to an address within the United States, three (3) days after being sent via registered or certified mail, return receipt requested and postage prepaid, in each case to the street address indicated herein or to such other address as any party hereto may specify as provided herein, or (iv) the day sent if sent by facsimile or electronic transmission prior to 5:00 pm local time on a business day, otherwise the next business day after the day so sent.

(j) Every provision of this Subscription Agreement is intended to be severable, and if any term or provision hereof is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder hereof.

(k) This Subscription Agreement may be executed in multiple counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement. Each party understands and agrees that any .pdf, facsimile or other electronic reproduction of its signature on this Subscription Agreement shall be equal to and enforceable as its original signature.

Section 8. Notice of Acceptance.

The officers or representatives of the Company, upon acceptance of this Subscription Agreement, will forward to Subscriber a copy of such acceptance.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Subscriber has executed and acknowledged this Subscription Agreement as of the date set forth below.

SUBSCRIBER:

By:	/s/ Pnina Fishman	/s/ Motti Farbstein	Date:
Can Fite Biopharma Ltd.			
Name:	PNINA FISHMAN	MOTTI FARBSTEIN	
Title:	CEO	COO	

Acceptance of Subscription

The foregoing subscription of the subscriber whose name and address appear on the initial page above is hereby accepted.

DENALI CONCRETE MANAGEMENT INC.

By : /s/ Mathew G. Rule Date: 11/21/2011
Name: MATHEW G. RULE
Title: PRESIDENT

EXHIBIT A

Accredited Investor Questionnaire

The undersigned (the "Subscriber"), in connection with its acquisition of certain securities (the "Securities") of Denali Concrete Management Inc. (the "Company"), hereby represents that the Subscriber is an "accredited investor" as such term is defined in Rule 50l(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") for *one or more* of the reasons specified below. Please check each box that applies:

The Subscriber is a natural person with a net worth (determined by subtracting total liabilities from total assets), or joint net worth with the Subscriber's spouse, in excess of $1 million (excluding the value of the primary residence of such natural person).

The Subscriber is an individual with net income (without including any net income of the Subscriber's spouse) in excess of $200,000, or joint income with the Subscriber's spouse, in excess of $300,000, in each of the two most recent years, and the Subscriber reasonably expects to reach the same income level in the current year.

The Subscriber is a bank as defined in the Securities Act, a savings and loan association, or other institution described in Section 3(a)(5)(A) of the Securities Act acting in either its individual or fiduciary capacity. This includes a trust for which a bank acts as trustee.

The Subscriber is a director, executive officer or general partner of the Company.

The Subscriber is a trust not formed for the specific purpose of acquiring Securities with total assets in excess of $5,000,000 and directed by a person who has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the Company.

The Subscriber is a revocable trust (including a revocable trust formed for the specific purpose of acquiring Securities) and the grantor or settlor of such trust is an "accredited investor."

The Subscriber is an entity in which each equity owner is an "accredited investor."

The Subscriber is a tax-exempt organization described in Section 50l(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company not formed for the specific purpose of acquiring Securities that has total assets in excess of $5,000,000.

The Subscriber is a plan for the benefit of employees, established and maintained by a state, its political subdivisions, or an agency or instrumentality of a state or its political subdivisions, having total assets in excess of $5,000,000.

The Subscriber is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, (a) for which the investment decision to acquire Securities is being made by a plan fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser, (b) which has total assets in excess of $5,000,000, or (c) which is self-directed with the investment decisions made solely by persons who are "accredited investors."

The Subscriber is a broker or dealer registered under the Securities Exchange Act of 1934, as amended.

The Subscriber is an insurance company as defined in the Securities Act.

The Subscriber is an investment company registered under, or a business development company as defined in, the Investment Company Act of 1940, as amended.

The Subscriber is a Small Business Investment Company licensed by the U.S. Small Business Administration.

The Subscriber is a private business development company as defined in the Investment Advisers Act of 1940, as amended.

/s/ Pnina Fishman
Signature of Subscriber

PNINA FISH MAN
Printed Name Signed Above

(Date)

ADDRESS: _____

TELEPHONE: _____ EMAIL: _____

Exhibit 4. 22

SUBSCRIPTION AGREEMENT
COMMON STOCK

DENALI CONCRETE MANAGEMENT INC.

To: **Denali Concrete Management Inc.**
123 W. Nye Lane, Suite 129
Carson City, NV 89706, USA

From: Can Fite Biopharma Ltd.
(Print full name of Subscriber)

Number of shares of Common Stock subscribed: 437.005

Price per share of Common Stock: $1.144

Total purchase price for shares of Common Stock requested: $500.000

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE REGULATORY AUTHORITY NOR THE REGULATORY AUTHORITY OF ANY OTHER COUNTRY HAS APPROVED OR DISAPPROVED THIS SUBSCRIPTION AGREEMENT OR THE COMMON STOCK. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), NOR UNDER THE SECURITIES LAWS OF ANY OTHER COUNTRY, AND THE COMPANY IS UNDER NO OBLIGATION TO REGISTER THE COMMON STOCK UNDER THE SECURITIES ACT OR ANY SUCH OTHER LAWS IN THE FUTURE.

THE COMMON STOCK MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A UNITED STATES PERSON, WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

SUBSCRIPTION AGREEMENT

The undersigned subscriber ("Subscriber") hereby irrevocably subscribes for the number of shares of Common Stock, par value $0.001 per share (the "Common Stock"), of Denali Concrete Management Inc., a corporation organized under the laws of the State of Nevada (the "Company"), stated below at the purchase price of $1.144 per share.

Subscriber understands that this offering will terminate on November 23, 2011, or such later date as the Company may determine in its sole discretion.

Section 1. Commitment.

Subscriber hereby subscribes for and agrees to purchase four hundred and thirty-seven thousand five (437,005) share of Common Stock (the "Subscribed Shares") for a total purchase price of $500,000 (the "Purchase Price").

Section 2. Payment of the Purchase Price.

Simultaneously with the execution and delivery of this Subscription Agreement, Subscriber has tendered full payment of the Purchase Price via wire transfer or check payable to the order of Ronen Kantor Trustee Ltd., as escrow agent, for deposit in the Company's escrow account. No interest will be earned on amounts held in the escrow account. Such payment shall be held in escrow pending acceptance of this Subscription Agreement on a closing date to be determined by the Company (the "Closing Date"). On the Closing Date, the Purchase Price shall be transferred to the Company from the escrow account in exchange for issuance of the Subscribed Shares. In the event that this Subscription Agreement is not accepted by the Company for any reason, all funds tendered by Subscriber being held in the escrow account described in this Section 2 shall be refunded promptly (without any interest thereon). The issued and outstanding shares of Common Stock will not be certificated, unless determined otherwise by the Company in its sole discretion.

Section 3. Representations, Warranties and Covenants of Subscriber.

In order to induce the Company to accept this subscription and issue shares of Common Stock to Subscriber, Subscriber hereby warrants, represents, covenants and agrees as follows:

(a) Subscriber has such knowledge and experience in financial and business matters as to enable it (i) to utilize the information made available to it in connection with the offering of the Common Stock, (ii) to evaluate the merits and risks associated with a purchase of the Common Stock, and (iii) to make an informed decision with respect thereto.

(b) Subscriber is an "Accredited Investor" ("Accredited Investor") as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). Subscriber has delivered to the Company on or prior to the date hereof executed Investor Questionnaires, in the form attached hereto as Exhibit A, confirming, among other things, Subscriber's status as an Accredited Investor.

(c) The Subscriber is aware and acknowledges that (i) an investment in the Common Stock is speculative and the Subscriber bears the risk of loss of its entire investment, (ii) the Subscriber, in making its investment, is relying, if at all, solely upon the advice of its personal financial, tax and legal advisers with respect to an investment in the Company, and (iii) because transfer of the Common Stock is restricted, it may not be possible for the Subscriber to liquidate its investment readily in case of an emergency and, therefore, the Subscriber may have to bear the risk of an investment in the Common Stock for an indefinite period of time.

(d) The Subscriber, or its duly authorized representative, has been afforded the opportunity to ask questions of the Company and its management and to receive answers concerning the terms and conditions of this offering.

(e) The Subscriber, or if the Subscriber is any entity, its undersigned representative, has received or had access to each document filed by the Company with the Securities and Exchange Commission as available on the Commission's website at www.sec.gov. Such person has relied upon the information contained therein and has not been furnished any other documents, literature, memorandum, or prospectus.

(f) The Subscriber (either alone or together with the Subscriber's representative) is knowledgeable and experienced in evaluating similar investments. The Subscriber is able to bear the economic risk of an investment in the Common Stock, has adequate means of providing for the Subscriber's current needs and personal contingencies, and has no need for liquidity in connection with an investment in the Common Stock. The Subscriber's overall commitment to investments that are not readily marketable is not disproportionate to the net worth of the Subscriber, and the Subscriber's investment in the Common Stock will not cause such overall commitment to become excessive.

(g) Subscriber understands and agrees that (i) neither the offering nor the sale of the Common Stock has been registered under the Act in reliance upon exemptions from the registration provisions of the Act, (ii) the shares of Common Stock purchased by Subscriber must be held by it indefinitely unless the sale or transfer thereof (A) is subsequently registered under the Act, or an exemption from such registration is available, or (B) such transfer does not constitute an "offer" or a "sale" within the meaning of the Act, (iii) the Company is under no obligation to register any shares of Common Stock on Subscriber's behalf or to assist Subscriber in complying with any exemption from registration, and (iv) the Company will rely upon the representations and warranties made by Subscriber in this Subscription Agreement in order to establish such exemption from the registration provisions of the Act.

(h) Subscriber understands that neither the offer nor the sale of the Common Stock has been registered under the securities laws of any state due to exemptions from registration based upon the private or limited nature of the offering and/or exemptions available for transactions involving purchasers such as Subscriber, and that the Company will rely upon the representations and warranties made by Subscriber in this Subscription Agreement in order to establish such exemptions from registration under state securities laws.

(i) Subscriber will not transfer any shares of Common Stock without registration under the Act and applicable state securities laws, unless (i) the transfer is exempt from registration under the Act and such state securities laws or (ii) such transfer does not constitute an "offer" or a "sale" within the meaning of the Act

(j) The Subscribed Shares are being purchased solely for Subscriber's own account and not for the account of any other person. The Subscribed Shares are being purchased for investment purposes only, and not for distribution, assignment or resale to others.

(k) Subscriber acknowledges that neither the Company nor any person acting on behalf of the Company offered or sold any shares of the Common Stock (or any interest therein) to Subscriber by any form of general solicitation or general advertising, including, but not limited to, the following:

(i) An advertisement, article, notice or other written or printed communication published in any newspaper, magazine, or similar media or any communication broadcast over television or radio or any communication by means of recorded telephone messages; or

(ii) Any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(l) Subscriber represents, warrants and covenants that:

(i) Subscriber acknowledges that due to anti-terrorism and anti-money laundering regulations, the Company, and/or any officer, director, employee or agent acting on behalf of the Company, may require further documentation verifying Subscriber's identity and the source of funds used to purchase the Common Stock subscribed for hereby before this Subscription Agreement can be processed or accepted. To comply with applicable U.S. legislation and regulations, including but not limited to the International Anti-Money Laundering and Financial Anti-Terrorism Abatement Act of 2001 (Title III of the USA PATRIOT Act), Subscriber agrees that all payments by Subscriber to the Company and all distributions to Subscriber from the Company will only be made in Subscriber's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the United States or a bank that is not a "foreign shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 et seq.), as amended, and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time.

(ii) Subscriber further agrees to provide the Company at any time that Subscriber is a stockholder of the Company with such information or certification as the Company determines to be necessary or appropriate to verify compliance with the anti-terrorism and anti-money laundering regulations of any applicable jurisdiction or to respond to requests for information concerning the identity of Subscriber or any person directly or indirectly controlling, controlled by or under common control with or owning an interest in Subscriber from any governmental authority, self-regulatory organization or financial institution in connection with the Company's compliance procedures with respect to anti-terrorism and anti-money laundering regulations and to update such information as necessary. Such information may include, but not be limited to, the name, address, telephone number, date of birth, and Social Security or taxpayer identification number of any such individual person, or of the beneficial owners of any entity, if Subscriber is an entity. Identity may be verified using a current valid passport or other such current valid government-issued identification (e.g., a driver's license).

(iii) Subscriber certifies that he or she is not identified as a specially designated national or blocked person, or as affiliated with any such person, entity or organization on any list maintained by governmental authorities relating to anti-terrorism or anti-money laundering, including but not limited to lists maintained by the United States Treasury Department's Office of Foreign Asset Control.

(iv) Subscriber understands that the information contained herein may be disclosed to the United States Government by the Company.

(m) Subscriber will be the beneficial owner of the Subscribed Shares to be acquired pursuant to this Subscription Agreement and is not acquiring the Subscribed Shares on behalf of or as nominee for another person.

(n) Subscriber acknowledges and agrees that under U.S. federal tax law (including Sections 1441, 1442, 1445, 1446, 1471, 1472, 1473 and 1474 of the Internal Revenue Code of 1986, as amended (the "Code")), and possibly under applicable non-U.S. or U.S. state or local law, the Company may be required to withhold tax with respect to distributions or other transfers of property to Subscriber.

(o) Subscriber certifies that the information contained in the executed copy (or copies) of IRS Form W-9 or appropriate IRS Form W-8 (and any accompanying required documentation), as applicable, submitted or to be submitted to the Company are true, correct and complete. Subscriber shall (a) promptly inform the Company of any change in such information and (b) furnish to the Company a new properly completed and executed IRS Form W-9 or appropriate IRS Form W-8 (and any accompanying required documentation), as applicable, as may be requested from time to time by the Company and as may be required under the Internal Revenue Service instructions to such forms, the Code or any applicable Treasury Regulations.

(p) Subscriber shall promptly provide such information, documentation or certification as may be requested by the Company to determine whether withholding may be required with respect to Subscriber's Subscribed Shares or in connection with any required tax filings of the Company, including any information or certification required to comply with any tax return or information filing requirements or to obtain a reduced rate of, or exemption from, any applicable tax, whether pursuant to the laws of a particular jurisdiction or an applicable tax treaty. Subscriber hereby acknowledges and agrees that the Company may provide any such information, documentation or certifications to any applicable tax authority.

(q) The foregoing representations and warranties and all other information which Subscriber has provided concerning Subscriber and Subscriber's financial condition are true and accurate as of the date hereof and may be relied upon by the Company and its officers, directors and counsel. If in any respect such information, representations, warranties, and covenants are not true and accurate as of the Closing Date, Subscriber will give written notice of such fact to the officers of the Company specifying which information, representations, warranties, or covenants are not true and accurate and the reasons therefor.

(r) There are no contracts, agreements or understandings between Subscriber and any person that would give rise to a claim for any brokerage commission, finder's fee or other like payment to any person or entity with respect to the offer or sale of the Common Stock to Subscriber.

Section 4. Tax Status

Please mark one of the following. Please note that Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("IRS Form W-9") and Internal Revenue Service Forms W-8 ("IRS Forms W-8") can be obtained at the Internal Revenue Service website at www.irs.gov.

(a) Subscriber is a "United States person" as defined in Section 7701(a)(30) of the Code (a "United States Person") and is not a grantor trust for U.S. federal income tax purposes (a "Grantor Trust"). Subscriber has completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9.

(b) Subscriber is an entity disregarded as separate from its owner for U.S. federal income tax purposes (a "Disregarded Entity") and the first direct or indirect beneficial owner of Subscriber that is not a Disregarded Entity ("Subscriber's Owner") is a United States Person but is not a Grantor Trust. Each of Subscriber and Subscriber's Owner have completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9 in accordance with the instructions thereto.

(c) Subscriber or Subscriber's Owner is a United States Person and is also a Grantor Trust. Each of Subscriber and Subscriber's Owner, if applicable, and each of the Grantor Trust's grantors, have completed and delivered with this Subscription Agreement or will complete and deliver to the Company an IRS Form W-9 or appropriate IRS Form W-8 (together with any additional documentation required in connection therewith), as applicable.

(d) Subscriber or Subscriber's Owner (as applicable) is not a United States Person. Subscriber or Subscriber's Owner (as applicable) has completed and delivered with this Subscription Agreement or will complete and deliver to the Company the appropriate IRS Form W-8, and any additional documentation required in connection therewith.

Section 5. Representations and Warranties of the Company.

The Company represents and warrants to Subscriber that (i) it is duly and validly organized and in existence under the laws of the State of Nevada, (ii) it is or will become qualified under the laws of all other jurisdictions in which such qualification is necessary to enable it to engage in business if such failure to be so qualified would have a material adverse effect on the Company, (iii) it has full power and authority to own and manage the assets to be owned by it and (iv) upon issuance and full payment therefor, the Subscribed Share shall be duly authorized, validly issued, fully paid and nonassessable.

Section 6. Restrictive Legends.

The Subscriber understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Common Stock sold and issued hereunder, together with any other legends that may be required by federal or state securities laws, the Company's Articles of Incorporation or Bylaws, or any other agreement affecting the Common Stock (each as may be amended from time to time):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATES OF THE UNITED STATES OR ANY OTHER JURISDICTION. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE A WARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Section 7. Miscellaneous.

(a) Subscriber agrees not to transfer or assign this Subscription Agreement, or any of Subscriber's interest herein, to any other person without the prior written consent of the Company, and further agrees that the transfer or assignment of the Subscribed Shares acquired pursuant hereto shall be made only in accordance with the terms of this Agreement.

(b) Subscriber agrees that Subscriber may not cancel, terminate or revoke this Subscription Agreement (except as otherwise specifically permitted under applicable state securities laws), and that this Subscription Agreement shall be binding upon Subscriber's permitted successors and assigns.

(c) This Subscription Agreement, once accepted by the Company, shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof. This Subscription Agreement may be amended only by a writing executed by both of the parties hereto.

(d) This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Nevada.

(e) As long as Subscriber holds shares of the Company or has the right to acquire shares of the Company, Subscriber will disclose to the Company in writing such information with respect to direct and indirect ownership of shares of the Company as the Company may deem necessary or appropriate to ascertain and to establish compliance with provisions of the Code applicable to the Company or to comply with requirements of any other appropriate taxing authority.

(f) The representations and warranties of Subscriber set forth herein shall survive the sale of the shares of Common Stock to Subscriber pursuant to this Subscription Agreement. If Subscriber discovers any fact or circumstance which renders any representation or warranty given by Subscriber herein untrue or inaccurate as of the Closing Date or any time thereafter, Subscriber will give prompt written notice of such fact or circumstance to the Company specifying which representations or warranties were not true and accurate as of such date and the reasons therefor.

(g) Words importing the singular number hereunder shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.

(h) The effectiveness of this Subscription Agreement is subject to the Company's acceptance of this Subscription Agreement.

(i) Any notice, demand, request or other communication which may be required or contemplated by this Subscription Agreement shall be deemed effective: (i) when given if personally delivered, (ii) the next business day when sent via a nationally recognized overnight courier service for next day delivery accompanied with payment of the required courier fees, (iii) if mailed within the United States to an address within the United States, three (3) days after being sent via registered or certified mail, return receipt requested and postage prepaid, in each case to the street address indicated herein or to such other address as any party hereto may specify as provided herein, or (iv) the day sent if sent by facsimile or electronic transmission prior to 5:00 pm local time on a business day, otherwise the next business day after the day so sent.

(j) Every provision of this Subscription Agreement is intended to be severable, and if any term or provision hereof is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder hereof.

(k) This Subscription Agreement may be executed in multiple counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement. Each party understands and agrees that any .pdf, facsimile or other electronic reproduction of its signature on this Subscription Agreement shall be equal to and enforceable as its original signature.

Section 8. Notice of Acceptance.

The officers or representatives of the Company, upon acceptance of this Subscription Agreement, will forward to Subscriber a copy of such acceptance.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Subscriber has executed and acknowledged this Subscription Agreement as of the date set forth below.

SUBSCRIBER:

/s/ Pnina Fishman	/s/ Motti Farbstein	
By: Can Fite Biopharma Ltd		Date: Nov. 21, 2011
Name: Pnina Fishman	Motti Farbstein	
Title: CEO	COO	

Acceptance of Subscription

The foregoing subscription of the subscriber whose name and address appear on the initial page above is hereby accepted.

DENALI CONCRETE MANAGEMENT INC.

By: /s/ Mathew G. Rule Date: 11/21/2011
Name: Mathew G. Rule
Title: President

EXHIBIT A

Accredited Investor Questionnaire

The undersigned (the "Subscriber"), in connection with its acquisition of certain securities (the "Securities") of Denali Concrete Management Inc. (the "Company"), hereby represents that the Subscriber is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") for *one or more* of the reasons specified below. Please check each box that applies:

The Subscriber is a natural person with a net worth (determined by subtracting total liabilities from total assets), or joint net worth with the Subscriber's spouse, in excess of $1 million (excluding the value of the primary residence of such natural person).

The Subscriber is an individual with net income (without including any net income of the Subscriber's spouse) in excess of $200,000, or joint income with the Subscriber's spouse, in excess of $300,000, in each of the two most recent years, and the Subscriber reasonably expects to reach the same income level in the current year.

The Subscriber is a bank as defined in the Securities Act, a savings and loan association, or other institution described in Section 3(a)(5)(A) of the Securities Act acting in either its individual or fiduciary capacity. This includes a trust for which a bank acts as trustee.

The Subscriber is a director, executive officer or general partner of the Company.

The Subscriber is a trust not formed for the specific purpose of acquiring Securities with total assets in excess of $5,000,000 and directed by a person who has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the Company.

The Subscriber is a revocable trust (including a revocable trust formed for the specific purpose of acquiring Securities) and the grantor or settlor of such trust is an "accredited investor."

The Subscriber is an entity in which each equity owner is an "accredited investor."

The Subscriber is a tax-exempt organization described in Section 50l(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company not formed for the specific purpose of acquiring Securities that has total assets in excess of $5,000,000.

The Subscriber is a plan for the benefit of employees, established and maintained by a state, its political subdivisions, or an agency or instrumentality of a state or its political subdivisions, having total assets in excess of $5,000,000.

The Subscriber is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, (a) for which the investment decision to acquire Securities is being made by a plan fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser, (b) which has total assets in excess of $5,000,000, or (c) which is self-directed with the investment decisions made solely by persons who are "accredited investors."

The Subscriber is a broker or dealer registered under the Securities Exchange Act of 1934, as amended.

The Subscriber is an insurance company as defined in the Securities Act.

The Subscriber is an investment company registered under, or a business development company as defined in, the Investment Company Act of 1940, as amended.

The Subscriber is a Small Business Investment Company licensed by the U.S. Small Business Administration.

The Subscriber is a private business development company as defined in the Investment Advisers Act of 1940, as amended.

/s/ Pnina Fishman /s/ Motti Farbstein
Signature of Subscriber

Nov 21, 2011
(Date)

Pnina Fishman Motti Farbstein
Printed Name Signed Above

ADDRESS: _____

TELEPHONE: _____ EMAIL: _____

Exhibit 4. 23

THIS WARRANT AND THE SECURITIES TO BE ISSUED UPON ITS EXERCISE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND THE WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON UNLESS IT IS REGISTERED UNDER THE ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THE WARRANT MAY NOT BE EXERCISED WITHIN THE UNITED STATES AND THE SECURITIES MAY NOT BE DELIVERED WITHIN THE UNITED STATES UPON EXERCISE UNLESS REGISTERED UNDER THE ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FOR A PERIOD OF AT LEAST SIX MONTHS FROM THE DATE OF THIS WARRANT, IT MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS (OTHER THAN DISTRIBUTORS) UNLESS THE SECURITIES ARE REGISTERED UNDER THE ACT, OR ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT IS AVAILABLE. IN ADDITION, HEDGING TRANSACTIONS INVOLVING SHARES OF THE ISSUER MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT.

COMMON STOCK PURCHASE WARRANT

DENALI CONCRETE MANAGEMENT, INC.

(A NEVADA CORPORATION)

CERTIFICATE NUMBER: _____ 1,267,316 WARRANTS

This certifies that for value received, CANFITE BIOPHARMA LTD. or registered assigns (the "**Registered Owner**"), is the owner of one million two hundred and seventy-six thousand, three hundred and sixteen (1,267,316) common stock purchase warrants (the "**Warrants**"), each of which Warrants entitles the Registered Owner to purchase at any time from such time as the share capital of Denali Concrete Management, Inc., a Nevada corporation (the "**Company**") is increased to not less than 100,000,000 registered shares and until 5:00 P.M. EST Time on November 20, 2016, (the "**Exercise Period**") one fully paid and non-assessable share of common stock, par value $0.001 per share (the "**Common Stock**"), of the Company, upon payment of one United States Dollar and seventy-two cents ($1. 72) per share (the "**Exercise Price**"); provided, however, that the number of shares of the Common Stock purchasable upon exercise of each Warrant may be increased or reduced and the Exercise Price adjusted in the event of certain contingencies described below.

By acceptance of this Warrant Certificate, the Registered Owner agrees to the following terms and conditions:

1. **Method of Exercise.**

(a) This Warrant may be exercised by delivery of this Warrant Certificate and the duly completed and executed form of election to purchase attached hereto setting forth the number of Warrants to be exercised, together with either:

i. A certified check or bank check payable to the order of, or bank wire transfer to, the Company in the amount of the full Exercise Price of the Common Stock being purchased;

ii. Shares of Common Stock of the Company already owned by the Registered Owner equal to the exercise price with the Common Stock valued at its fair market value based on the closing bid quotation for such stock on the close of business on the trading day last preceding the date of the exercise of this Warrant, as reported by the OTC Bulletin Board, or if not reported by the OTC Bulletin Board, then as determined by the Company through any other reliable means of determination available on the close of business on the trading day last preceding the date of such exercise;

iii. Warrants or other rights to purchase Common Stock valued at the amount by which the closing bid quotations (as determined in accordance with subsection l(a)(ii) above) of the Common Stock subject to warrants or other rights exceeds the exercise or purchase price provided on such warrants or rights; or

iv. Cancellation of debt owed by the Company to the Registered Owner, including debt incurred for professional services rendered, employment relationships, or otherwise, upon presentation of an invoice for services provided to the Company.

(b) Upon receipt of this Warrant Certificate with the exercise form duly executed, together with payment in full of the aggregate Exercise Price of the shares of Common Stock to be purchased, the Company shall make deliver of certificates evidencing the total number of shares of Common Stock issuable upon such exercise, in such names and denominations as are required for delivery to, or in accordance with the instructions of the Registered Owner. Such Common Stock certificates shall be deemed to be issued, and the person to whom such shares of Common Stock are issued of record shall be deemed to have become a holder of record of such shares of Common Stock, as of the date of the surrender of such Warrant Certificate and payment of the Exercise Price, whichever shall last occur; provided, that if the books of the Company with respect to the transfer of Common Stock are then closed, such shares shall be deemed to be issued, and the person to whom such shares of Common Stock are issued of record shall be deemed to have become a record holder of such shares, as of the date on which such transfer books of the company shall next be open (whether before, on, or after the expiration of the applicable Warrant Exercise Period). If this Warrant Certificate shall be surrendered for exercise within any period during which the transfer books for the Company's common stock or other securities purchasable upon the exercise of Warrants are closed for any reason, the Company shall not be required to make deliver of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

(c) Subject to subsection 1(b), if less than all the Warrants evidenced by this Warrant Certificate are exercised upon a single occasion, a new Warrant Certificate for the balance of the Warrants not so exercised shall be issued and delivered to, or in accordance with transfer instructions properly given by, the Registered Owner, until the expiration of the applicable Warrant Exercise Period.

(d) All Warrant Certificates surrendered upon exercise of Warrants shall be canceled.

2. **Expiration of Warrant.** Upon the expiration of the Warrant Exercise Period, each Warrant will, respectively, expire and become void and of no value.

3. **Taxes.** The Registered Owner shall pay all documentary, stamp or similar taxes and other government charges that may be imposed with respect to the issuance or transfer of the Warrants, or the issuance, transfer or delivery of any shares of Common Stock upon the exercise of the Warrants.

4. **Mutilated or Missing Warrant Certificates.** If this Warrant Certificate is mutilated, lost, stolen, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may in its discretion impose (which shall, in the case of a mutilated Warrant Certificate, include the surrender thereof), and upon receipt of evidence satisfactory to the Company of such mutilation, loss, theft, or destruction, issue a substitute Warrant Certificate. Applicants for substitute Warrant Certificates shall comply with any reasonable regulations (and pay any reasonable charges) prescribed by the Company.

5. **Reservation of Shares.** For the purpose of enabling the Company to satisfy its obligation to issue Common Stock upon the exercise the Warrants represented by this Warrant Certificate, the Company shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, the full number of shares which may be issued upon the exercise of these Warrants; such shares of Common Stock shall upon issuance be fully paid, nonassessable, and free from all taxes, liens, charges, and security interests with respect to the issuance thereof.

6. **Adjustments.** If, prior to the exercise of these Warrants, the Company shall have effected one or more stock split-ups, stock dividends or other increases or reductions of the number of shares of its Common Stock outstanding without receiving reasonable compensation therefor in money, services, or property, the number of shares of Common Stock subject to the Warrants shall, (i) if a net increase shall have been effected in the number of outstanding shares of Common Stock, be proportionately increased, and the cash consideration payable per share shall be proportionately reduced, and, (ii) if a net reduction shall have been effected in the number of outstanding shares of Common Stock, be proportionately reduced and the cash consideration payable per share be proportionately increased.

7. **Notice to Registered Owners.**

(a) Upon any adjustment as described in Section 6 hereof, the Company shall, within twenty (20) days thereafter, cause written notice setting forth the details of such adjustment, the method of calculation, and the facts upon which such calculation is based, to be given to the Registered Owner as of the record date applicable thereto.

(b) If the Company proposes to enter into any reorganization, reclassification, sale of all or substantially all of its assets, consolidation, merger, dissolution, liquidation, or winding up, the Company shall give notice of such fact at least twenty (20) days prior to such action to the Registered Owner, which notice shall set forth such facts and indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Exercise Price and the kind and amount of the shares or other securities and property deliverable upon exercise of the Warrants. Failure of the Company to give notice shall not invalidate any corporate action taken by the Company.

8. **No Fractional Warrants or Shares.** The Company shall not be required to issue fractions of Warrants upon the reissue of Warrants, any adjustments as described in Section 6 hereof, or otherwise; but the Company in lieu of issuing any such fractional interest, shall round up or down to the nearest full Warrant. If the total Warrants surrendered for exercise would result in the issuance of a fractional share of Common Stock, the Company shall not be required to issue a fractional share but rather the aggregate number of shares issuable shall be rounded up or down to the nearest full share.

9. **Rights of Registered Owner.** The Registered Owner, as such, shall not have any rights of a shareholder of the company, either at law or equity, and the rights of the Registered Owner, as such, are limited to those rights expressly provided in this Warrant Certificate. The Company may treat the Registered Owner in respect of any Warrant Certificate as the absolute owner thereof for all purposes notwithstanding any notice to the contrary.

10. **Transfer and Assignment.** Subject to the terms hereof, this Warrant Certificate shall be freely transferable and assignable, in whole or in part, by the Registered Owner. Any permitted transfer or assignment shall be effected by the Registered Owner (i) completing and executing the form of assignment at the end hereof and (ii) surrendering this Warrant Certificate with such duly completed and executed assignment form for cancellation, accompanied by funds sufficient to pay any transfer tax, at the principal executive office of the Company; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) a new Warrant Certificate or Certificates of like tenor with appropriate legends restricting transfer under the Securities Act of 1933, as amended (the "Act") and representing in the aggregate rights to purchase the same number of Shares as are purchasable hereunder. Prior to due presentment for transfer or assignment hereof, the Company may treat the Registered Owner as the absolute owner hereof and of each Warrant represented hereby (notwithstanding any notations of ownership or writing hereon made by anyone other than a duly authorized officer of the Company) for all purposes and shall not be affected by any notice to the contrary.

11. **Exchange of Warrant Certificate**. This Warrant Certificate, when surrendered at the principal executive office of the Company by the Registered Owner in person or by attorney duly authorized in writing, may be exchanged for any other Warrant Certificate of different denominations, of like tenor and representing in the aggregate the right to purchase a like number of shares.

12. **Compliance with Securities Laws**. This Warrant may not be exercised or sold, transferred, assigned, or otherwise disposed of at any time by the Registered Owner unless the transaction is registered under the Act. or, in the opinion of the Company (which may in its discretion require the Registered Owner to furnish it with an opinion of counsel in form and substance satisfactory to it), such exercise, sale, transfer, assignment, or other disposition does not require registration under the Act and a valid exemption is available under applicable federal and state securities laws.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed by its officer thereunto duly authorized affective the 21 day of November, 2011.

DENALI CONCRETE MANAGEMENT INC.

By /s/ Mathew G. Rule
Mathew G. Rule, President

EXERCISE FORM

The undersigned Registered Owner hereby irrevocably elects to exercise _____ Warrants represented by this Warrant Certificate, and to purchase the shares of Common Stock of the Company issuable upon the exercise of such Warrants, and requests that certificates for such shares shall be issued in the name of:

_____
_____
_____
_____

(Please print or type name and address)

and be delivered to:

_____
_____
_____
_____
(Please print or type name and address)

Please insert social security or other identifying number: _____

And, if such number of Warrants shall not be all of the Warrants evidenced by the Warrant Certificate, that a new Warrant Certificate for the balance of such Warrants be registered in the name of and delivered to, the Registered Owner at the address stated below.

IMPORTANT: The name of the person exercising this Warrant must correspond with the name of the Registered Owner written on the face of this Warrant Certificate in every particular, without alteration or any change whatever, unless it has been assigned by completing the Assignment form below.

Dated: _____ , 201 ____

_____
Signature of Registered Owner

_____
_____
_____
(Please Print Address)

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____
_____
_____
_____

(Please print or type name and address)

Please insert social security or other identifying number: _____

_____ of the Warrants represented by this Warrant Certificate, and hereby irrevocably constitutes and appoints any officer of the Company or its transfer agent and registrar as lawful Attorney to transfer this Warrant Certificate on the books of the Company, with full power of substitution in the premises.

Dated: _____ , 201 ____

_____

Signature of Registered Owner

Exhibit 4. 24

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into on January 19, 2010 between **Can-Fite Bio-Pharma Ltd.,** a biopharmaceutical company incorporated in Israel with principal place of business at 10 Bareket Street, Petach Tikva, Israel (hereinafter referred to as "Can-Fite"), and **Morningside Asia Venture (HK) Limited**, a company incorporated in Hong Kong, whose registered office is situated at 22/F, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong ("Morningside").

Can-Fite has been developing the following candidates of new drugs ("New Drugs") and some other new drugs in the pipeline:

(a) CF101: a small molecule orally administered drug showing curing effect in a number of Phase I and Phase II clinical studies in patients with Psoriasis, Dry Eye Syndrome and Rheumatoid Arthritis. Phase II clinical studies have been completed for the aforesaid indications and this New Drug is now ready for Phase III clinical studies.

(b) CF102: a small molecule orally administered drug earmarked for the treatment of hepatocellular carcinoma and hepatitis C viral infection which are currently being tested in two Phase I/II clinical studies.

This MOU confirms the mutual understandings of the previous discussions between the Parties with respect to the formation of a joint venture between the Parties. The Parties have agreed as follows:

1. Proposed Joint Venture.

1.1 Can-Fite and Morningside agree in principle to establish a joint venture to develop and commercialize certain drug candidates developed by Can-Fite in Greater China (comprising the People's Republic of China,· Hong Kong, Macau and Taiwan, collectively the "Territories"). Morningside and Can-Fite will make such contributions to the joint venture as more particularly specified below and thereby Morningside will get equity interest in such joint venture as determined in accordance with Clause 1.3 below.

1.2 The principal business of the joint venture will include: arrange, organize and/or conduct clinical studies for the new drugs developed by Can-Fite with a view to eventually obtaining relevant approvals from the State Food and Drug Administration of the PRC ("SFDA") for any such new drugs; arrange, organize and/or conduct any other business or activities to accomplish the commercialization of such new drugs, including the manufacturing, sale and distribution of such new drugs in the Territories.

1.3 Morningside or an affiliate designated by Morningside will incorporate a limited liability company in Hong Kong or a tax efficient jurisdiction (the "Company"), and the Company will issue to Morningside or its affiliate and Can-Fite such number of new shares (the "New Shares") as follows:

(a) for the mutual contribution at formation, Can-Fite and Morningside will be issued 100,000 and 104,100 New Shares respectively, representing 49% and 51% of equity of the Company;

(b) upon achieving the clinical milestones as described below the Company will issue additional equity to Morningside, as follows:

- upon submission to SFDA for Investigational New Drug (IND) approval for a new drug, Morningside will be issued additional 45/900 New Shares;
- upon receipt of SFDA approval to initiate clinical studies in the PRC, Morningside will be issued additional 35,700 New Shares,
- upon conclusion of the Phase I clinical study in the PRC, Morningside will be issued additional 47,600 New Shares,
- upon conclusion of the Phase II clinical study in the PRC, Morningside will be issued additional 66,700 New Shares.

(c) if Morningside is the sole investor in any further equity financing of the Company after the financing hereunder, such further equity financing will be based on the fair market value of the Company to be determined and mutually agreed by Can-Fite and Morningside in good faith, falling such agreement, the fair market value will be determined by the auditors of the Company or an independent professional valuer to be jointly appointed by Can-Fite and Morningside.

2. Parties' contributions to the joint venture.

2.1 Can-Fite shall grant to the Company the full commercial right with respect to New Drug CF102 in the Territories on an exclusive basis, Including an exclusive right and license to arrange, organize and conduct clinical studies for, and manufacture, sell and distribute New Drug CF102 in the Territories.

2.2 Morningside shall (i) make available to the Company cash in the total amount of United States Dollars Seven Million Five Hundred Thousand Dollars (US$7,500,000), and (ii) the expertise and the necessary intellectual resources and contacts needed to advance the development of CF102 towards conclusion of Phase II, using its network and experience as stipulated in Section 4.1.

3. Organization Structure.

The Company will establish the following organization structure:

(a) the Company shall, directly or through one or more intermediate holding companies, form a wholly owned subsidiary in China (the "Subsidiary") which will be engaged in conducting or arranging clinical studies for the New Drugs;

(b) the Company shall have a board of directors initially consisting of 3 directors, one of such directors to be appointed by Can-Fite and two by Morningside; after the issuance of additional New Shares pursuant to Clause 1.3(b), each Party shall have the right to appoint such number of directors In proportion to its shareholding percentage in the Company, provided however that so long as Can-Fite's equity in the Company remains over 5%, Can-Fite shall have the right to appoint one director of the Company;

(c) the Company shall form a drug development steering committee which will include Can-Fite designees.

4. Further covenants of the Parties.

4.1 Morningside shall make use of its established network and experience in dealing with the central and local governments, regulatory authorities, academia and industry in the PRC, including SFDA, Ministry of Health, leading hospitals, top universities and pharmaceutical companies, and so on, to assist the Company in carrying out its business and achieving the corporate objectives.

4.2 Can-Fite shall grant to the Company the right of first offer for the full commercial right, including an exclusive license, in the Territories with respect to New Drug CF101 and its other new drugs in the pipeline, to the extent possible taking into consideration Can-Fite's activities to out-license New Drug CF101 to a global partner. When the Company exercises such right of first offer, Can-Fite will conduct good faith negotiations with the Company within a time-frame of three months.

4.3 Can-Fite shall provide the Company with all relevant scientific, development and regulatory information and materials, and ongoing scientific and development support, in order to enable the Company to directly apply for IND with SFDA and to carry out the clinical studies for the New Drug CF102 in the Territories. A list of such information and materials is attached hereto as Appendix A.

5. Due Diligence.

Morningside will conduct a due diligence review of the current status of the development of the New Drugs prior to Closing. Can-Fite agrees to co-operate with Morningside to ensure that Morningside's due diligence exercise can be conducted effectively and in a timely manner.

6. Closing.

The closing of the issue of New Shares to the Parties ("sing") is expected to occur on or before March 31, 2010, unless subsequently agreed in writing by the Parties.

7. Use of Proceeds.

The Company will use its funds raised hereunder to carry out and complete Phase II clinical studies for New Drug CF102, and other pipeline new drugs if permitted, in the PRC in compliance with the requirements of SFDA and as working capital.

8. Results of Clinical Studies.

Can-Fite shall have full access to all clinical and pre-clinical data generated by the Company for any of the New Drugs which the Company has been granted the right to carry out or arrange clinical studies and shall be entitled to use such data, without restriction, for all purposes outside the Territories, provided that such use of data by Can-Fite will not prejudice the operation and interest of the Company in relation to the New Drugs in the Territories.

9. Pre-emptive Right.

Before successful commercialization of New Drug CF102 in the Territories Can-Fite shall not sell or transfer or otherwise dispose of any of its share or equity interest in the Company to a third party without the prior written consent of Morningside.

Without prejudice to the foregoing, Can-Fite shall first grant to Morningside a right of first refusal to purchase from Can-Fite the shares in the Company that Can-Fite intends to sell, transfer or dispose of on substantially the same terms as those offered by the third party.

10. Definitive Agreements.

10.1 The transactions herein contemplated shall be set forth in the following definitive agreements ("Agreements"), each in form and substance satisfactory to the Parties in good faith:

(a) Share Subscription Agreement;
(b) Shareholders' Agreement;
(c) Assignment of Exclusive Right Agreement with respect to New Drug CF102; and
(d) Other agreements as may be reasonably required by Morningside and/or Can-Fite to be introduced for its long term operation of the Company or as are otherwise advised by the legal advisors of the Parties, such as trademark license from Can-Fite.

10.2 The rights and obligations of the Parties in relation to the Company shall be determined in accordance with the Agreements to be entered into between Can-Fite and Morningside, as well as the Articles of Association of the Company in force from time to time, and the other related agreements referred to in this MOU as executed by their duly authorized representatives.

11. Confidentiality.

Neither Party will disclose to any third party (other than to its respective holding companies and affiliates with a need to know and to its professional advisors) any non-public and/or confidential information that it may acquire from or about the other, including without limitation the research and development on science and products, businesses or investments of the other Party, and the terms and conditions of this MOU, unless the prior written consent of the other party has been obtained or unless required by law or any relevant securities exchange.

12. Miscellaneous.

12.1 Each Party shall bear its own costs and expenses in connection with this MOU and the Agreements, and the transactions contemplated thereby, Including all fees and expenses of its advisors.

12.2 This MOU may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

12.3 No Party may assign this MOU or its rights or obligations hereunder to any other person without the prior written consent of the other Party.

12.4 The Parties agree that as this MOU is legally binding and only subject to the execution and delivery of the appropriate definitive agreements by the Parties, and the Company after its incorporation (which definitive agreements shall be concluded by the Parties in good faith based on and in accordance with the terms and conditions set forth herein).

12.5 The Parties agree with each other that it (or its affiliates) will not enter into, continue or encourage any discussions similar in scope and geographical coverage to the business arrangements or activities contemplated herein with any third party for a period of ninety (90) days from the signing of this MOU.

12.6 This MOU shall become effective on the date of its execution by both Parties hereto and shall continue until the Agreements are signed.

12.7 This MOU shall be governed by and construed In accordance with the laws of England. The Parties agree to submit to the non-exclusive jurisdiction of the courts of England for any matters or disputes arising or with respect to this MOU.

For and on behalf of
Can-Fite Bio-Pharma Ltd.

/s/ Pnina Fishman, Ilan Cohn
By:
Name: Pnina Fishman, Ilan Cohn
Title: CEO, Vice Chairman

For and on behalf of
Morningside Asia Venture (HK) Ltd.

/s/ Raymond Tang
By:
Name: Raymond Tang
Title: Director

Appendix A
Required Information and materials for IND application in PRC

(The list below is not intended to be exhaustive and may be modified and/or supplemented.)

1. Chemical/Pharmaceutical data

1) Summary of Pharmaceutical Study.
2) Research information and relevant literature of the production process of the drug substance, research information and relevant literature of formula and process of the preparations.
3) Study information and relevant literature for the chemical structure and components determination.
4) Study Information and literature for quality specification.
5) Draft of quality specification and notes, and providing reference standard.
6) Certificate of analysis.
7) The source of excipient and quality specification.
8) Stability study and relevant literature.
9) Selection basis and quality specification of immediate packing material and container.

2. Pharmacology and toxicology study information

10) Summary of pharmacology and toxicology study.
11) Primary pharmacodynamics study and literature.
12) General Pharmacology study and literature.
13) Acute/single dose toxicity study and literature.
14) Repeated dose toxicity study and literature.
15) Special safety study and literature of hypersensitive (topical, systemic and photo-toxicity), hemolytic and topical irritative (blood vessel, skin, mucous membrane, and muscle) reaction related to topical and systemic use of the drugs.
16) Compound formula analysis.
17) Study and literature of mutagencity test.
18) Study and literature of reproductive toxicity.
19) Study and literature of carcinogenicity test.
20) Study and literature of drug dependence test.
21) Animal Pharmacokinetics Study data.

3. Clinical Study Information

22) summary of global clinical study Information.
23) Clinical study protocol.
24) Investigator's Brochure.
25) Draft of Informed Consent Form, approval of the Ethics Committee.
26) Clinical study report.

4. General Information

27) Name of the drugs, including general and chemical name, molecular structure, molecular weight and molecular formula etc.
28) Certified Documents related to the manufacturer, research lab and all the correspondences with USFDA.
29) Rational for development Including a summary of its competitors and latest literature.
30) Summary of main study work, which should include safety, efficacy and quality control.
31) Packaging insert, packaging and labelling.
32) Related patents.

Exhibit 4. 25

ISRAELI SHARE OPTION PLAN

CAN-FITE BIOPHARMA LTD.

THE 2003 ISRAELI SHARE OPTION PLAN

(In compliance with Amendment No. 132 of the Israeli Tax Ordinance, 2002)

ISRAELI SHARE OPTION PLAN

TABLE OF CONTENTS

ISRAELI SHARE OPTION PLAN

This plan, as amended from time to time, shall be known as Can-fite Biopharma Ltd 2003 Israeli Share Option Plan (the "**ISOP**").

1. PURPOSE OF THE ISOP

The ISOP is intended to provide an incentive to retain, in the employ of the Company and its Affiliates (as defined below), persons of training, experience, and ability, to attract new employees, directors, consultants, service providers and any other entity which the Board shall decide their services are considered valuable to the Company, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company, pursuant to the ISOP approved by the Board.

2. DEFINITIONS

For purposes of integrating the ISOP and related documents (including the Option Agreement and its appendixes), the following definitions shall apply:

2.1 "**Affiliate**" means any "employing company" within the meaning of Section 102(a) of the Ordinance.

2.2 "**Approved 102 Option**" means an Option granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of the Optionee.

2.3 **"Board"** means the Board of Directors of the Company.

2.4 "**Capital Gain Option (CGO)**" means an Approved 102 Option elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

2.5 "**Cause"** means, henceforth and hereinafter (i) conviction of any felony involving moral turpitude or affecting the Company; (ii) any refusal to carry out a reasonable directive of the Company's CEO, Board or the Optionee's direct supervisor, which involves the business of the Company or its affiliates and was capable of being lawfully performed; (iii) embezzlement of funds of the Company or its affiliates; (iv) any breach of the Optionee's fiduciary duties or duties of care of the Company; including without limitation disclosure of confidential information of the Company; and (v) any conduct (other than conduct in good faith) reasonably determined by the Board to be materially detrimental to the Company.

2.6 **"Chairman"** means the chairman of the Committee.

2.7 **"Committee"** means a share option compensation committee appointed by the Board, which shall consist of no fewer than two members of the Board.

2.8 **"Company"** means Can-fite Biopharma Ltd, an Israeli company.

2.9 **"Companies Law"** means the Israeli Companies Law 5759-1999, as now in effect or as hereafter amended.

2.10 "**Controlling Shareholder**" shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

2.11 **"Date of Grant"** means the date determined by the Board or authorized Committee as seth forth in Exhibit B to the Option Agreement.

2.12 **Employee"** means a person who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding Controlling Shareholder.

2.13 **"Expiration date"** means the date upon which an Option shall expire, as set forth in Section 10.2 of the ISOP.

2.14 **"Fair Market Value"** means as of any date, the value of a Share determined as follows:

(i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the NASDAQ National Market system, or the NASDAQ SmallCap Market of the NASDAQ Stock Market, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in the Wall Street Journal, or such other source as the Board deems reliable. **Without derogating from the above, solely for the purpose of Section 102(b)(3) of the Ordinance, if at the Date of Grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the Date of Grant, the Fair Market Value of a Share at the Date of Grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the Date of Grant or on the thirty (30) trading days following the date of registration for trading, as the case may be;**

(ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination, or;

(iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Committee.

2.15 **"IPO"** means the initial public offering of the Company's shares.

2.16 **"ISOP"** means this 2003 Israeli Share Option Plan.

2.17 "**ITA"** means the Israeli Tax Authorities.

2.18 **"Non-Employee"** means a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee.

2.19 "**Ordinary Income Option (OIO)**" means an Approved 102 Option elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

2.20 **"Option"** means an option to purchase one or more Shares of the Company pursuant to the ISOP.

2.21 **"102 Option"** means any Option granted to Employees pursuant to Section 102 of the Ordinance.

2.22 **"3(i) Option"** means an Option granted pursuant to Section 3(i) of the Ordinance to any person who is Non-Employee.

2.23 **"Optionee"** means a person who receives or holds an Option under the ISOP.

2.24 **"Option Agreement"** means the share option agreement between the Company and an Optionee that evidences and sets out the terms and conditions of an Option.

2.25 "**Ordinance"** means the 1961 Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.

2.26 **"Purchase Price"** means the price for each Share subject to an Option.

2.27 **"Section 102"** means section 102 of the Ordinance as now in effect or as hereafter amended.

2.28 **"Share"** means the ordinary share, NIS 0.01 par value each, of the Company.

2.29 **"Successor Company"** means any entity the Company is merged to or is acquired by, in which the Company is not the surviving entity.

2.30 **"Transaction"** means (i) merger, acquisition or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of all or substantially all of the assets of the Company.

2.31 **"Trustee"** means any individual appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

2.32 "**Unapproved 102 Option**" means an Option granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

2.33 "USSOP" means the Company's 2002 US Share Option Plan.

2.34 **"Vested Option"** means any Option that has already been vested according to the Vesting Dates.

2.35 **"Vesting Dates"** means, as determined by the Board or authorized Committee, the date as of which the Optionee shall be entitled to exercise the Options or part of the Options, as set forth in section 11 of the below.

3. ADMINISTRATION OF THE ISOP

3.1 The Board shall have the power to administer the ISOP either directly or upon the recommendation of the Committee. Notwithstanding the above, the Board shall automatically have residual authority if no Committee shall be constituted or if such Committee shall cease to operate for any reason whatsoever.

3.2 The Committee shall select one of its members as its Chairman and shall hold its meetings at such times and places as the Chairman shall determine. The Committee shall keep records of its meetings and shall make such rules and regulations for the conduct of its business, as it shall deem advisable.

3.3 The Committee shall have the power to recommend to the Board and the Board shall have the full power and authority to: (i) designate Optionees; (ii) determine the terms and provisions of the respective Option Agreements (which need not be identical) including, but not limited to, the number of Shares in the Company to be covered by each Option, provisions concerning the time and the extent to which the Options may be exercised and the nature and duration of restrictions as to the transferability or restrictions constituting substantial risk of forfeiture; (iii) accelerate the right of an Optionee to exercise in whole or in part, any previously granted Option; (iv) determine the Fair Market Value of the Shares covered by each Option; (v) to interpret the provisions and supervise the administration of the ISOP (vi) to make an election as to the type of Approved 102 Option; (vii) designate the type of Options granted; and (viii) to make all other determinations deemed necessary or advisable for the administration of the ISOP, including, without limitation, to adjust the terms of the ISOP or any Option Agreement so as to reflect (a) changes in applicable laws and (b) the laws of other jurisdictions within which the Company wishes to grant Options.

3.4 Notwithstanding the above, the Committee shall not be entitled to grant Options to the Optionees, however, it will be authorized to issue Shares underlying Options which have been granted by the Board and duly exercised pursuant to the provisions herein in accordance with section 112(a)(5) of the Companies Law.

3.5 The Board shall have the authority to grant, at its discretion, to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having a purchase price equal to, lower than or higher than the Purchase Price of the original Option so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the ISOP.

3.6 Subject to the Company's Articles of Association, all decisions and selections made by the Board or the Committee pursuant to the provisions of the ISOP shall be made by a majority of its members except that no member of the Board or the Committee shall vote on, or be counted for quorum purposes, with respect to any proposed action of the Board or the Committee relating to any Option to be granted to that member. Any decision reduced to writing shall be executed in accordance with the provisions of the Company's Articles of Association, as the same may be in effect from time to time.

3.7 The interpretation and construction by the Committee of any provision of the ISOP or of any Option Agreement hereunder shall be final and conclusive unless otherwise determined by the Board.

3.8 Subject to the Company's Articles of Association and the Company's decision, and to all approvals legally required, including, but not limited to the provisions of the Companies Law, each member of the Board or the Committee shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the ISOP unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the member may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

4. DESIGNATION OF PARTICIPANTS

4.1 The persons eligible for participation in the ISOP as Optionees shall include any Employees and/or Non-Employees of the Company or of any Affiliate; provided, however, that (i) Employees may only be granted 102 Options; and (ii) Non-Employees and/or Controlling Shareholders may only be granted 3(i) Options.

4.2 The grant of an Option hereunder shall neither entitle the Optionee to participate nor disqualify the Optionee from participating in, any other grant of Options pursuant to the ISOP or any other option or share plan of the Company or any of its Affiliates.

4.3 Notwithstanding anything in the ISOP to the contrary, all grants of Options to directors and office holders ("**Nosei Misra**" as such term is defined in the Companies Law) shall be authorized and implemented in accordance with the provisions of the Companies Law or any successor act or regulation, as in effect from time to time.

5. DESIGNATION OF OPTIONS PURSUANT TO SECTION 102

5.1 The Company may designate Options granted to Employees pursuant to Section 102 as Approved 102 Options or as Unapproved 102 Options.

5.2 The grant of Approved 102 Options shall be made under this ISOP adopted by the Board, and shall be conditioned upon the approval of this ISOP by the ITA.

5.3 Approved 102 Options may either be classified as Capital Gain Options ("**CGOs**") or Ordinary Income Options ("**OIOs**").

5.4 No Approved 102 Option may be granted under the ISOP to any eligible Employee, unless and until, the Company's election of the type of Approved 102 Option as CGO or as OIO that will be granted to Employees (the "**Election**"), is appropriately filed with the ITA. Such Election shall become effective beginning the first Date of Grant of an Approved 102 Option under this ISOP and shall remain in effect until the end of the year following the year in which the Company first granted Approved 102 Options. The Election shall obligate the Company to grant only the type of Approved 102 Option it has elected, and shall apply to all Optionees who were granted Approved 102 Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Options simultaneously.

5.5 For the avoidance of doubt, the designation of Approved 102 Options and Unapproved 102 Options shall be subject to the terms and conditions of Section 102 of the Ordinance and the regulations promulgated thereunder.

6. TRUSTEE

6.1 Approved 102 Options, which shall be granted under the ISOP and/or any Shares allocated or issued upon exercise of such Approved 102 Options and/or other shares received subsequently following any realization of rights, including without limitation bonus shares, shall be allocated or issued to the Trustee and held for the benefit of the Optionees, for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder. In the case the requirements for Approved 102 Options are not met, then the Approved 102 Options shall be treated as Unapproved 102 Options, all in accordance with the provisions of Section 102 and regulations promulgated thereunder.

6.2 Notwithstanding anything to the contrary, the Trustee shall not release any Shares allocated or issued upon exercise of Approved 102 Options prior to the full payment of the Optionee's tax liabilities arising from Approved 102 Options which were granted to him and/or any Shares allocated or issued upon exercise of such Options.

6.3 With respect to any Approved 102 Option, subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, an Optionee shall not be entitled to sell or release from trust any Share received upon the exercise of an Approved 102 Option and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the holding period required under Section 102 of the Ordinance

6.4 Upon receipt of an Approved 102 Option, the Optionee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with the ISOP, or any Approved 102 Option or Share granted to him thereunder.

7. SHARES RESERVED FOR THE ISOP; RESTRICTION THEREON

7.1 The Company has reserved _____ ( ) authorized but unissued Shares, for the purposes of the ISOP and the USSOP and for the purposes of similar future plans, subject to adjustment as set forth in Section 9 below. Any Shares which remain unissued and which are not subject to the outstanding Options at the termination of the ISOP shall cease to be reserved for the purpose of the ISOP, but until termination of the ISOP the Company shall at all times reserve sufficient number of Shares to meet the requirements of the ISOP. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, the Shares subject to such Option may again be subjected to an Option under the ISOP or under the Company's other share option plans.

7.2 Each Option granted pursuant to the ISOP, shall be evidenced by a written Option Agreement between the Company and the Optionee, in such form as the Board or the Committee shall from time to time approve. Each Option Agreement shall state, *inter-alia*, the number of Shares to which the Option relates, the type of Option granted (whether a CGI, OIO, Unapproved 102 Option or a 3(i) Option), the Vesting Dates, the Purchase Price per share, the Expiration Date and such other terms and conditions as the Committee or the Board in its discretion may prescribe, provided that they are consistent with this ISOP.

7.3 Until the consummation of an IPO, the Shares shall be voted by an irrevocable proxy (the"**Proxy**"), such Proxy to be assigned to the CEO of the Company (the "**Proxy Holder**"). The Proxy Holder shall vote all such shares subject to the Proxy, at any meeting of the shareholders of the Company, pro rata to the votes of all other shares actually voted at such meeting, so that the shares subject to the proxy shall not influence in any way the vote of shares of the Company. The Proxy Holder shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him/her, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the voting of such Proxy unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the person(s) may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

8. PURCHASE PRICE

8.1 The Purchase Price of each Share subject to an Option shall be determined by the Committee in accordance with applicable law, subject to any guidelines as may be determined by the Board from time to time. Each Option Agreement will contain the Purchase Price determined for each Optionee.

8.2 The Purchase Price shall be payable upon the exercise of the Option in a form satisfactory to the Committee, including without limitation, by cash or check. The Committee shall have the authority to approve in specific cases other means of payment or to postpone the date of payment on such terms as it may determine.

8.3 The Purchase Price shall be denominated in the currency of the primary economic environment of, either the Company or the Optionee (that is the functional currency of the Company or the currency in which the Optionee is paid) as determined by the Company.

9. ADJUSTMENTS

Upon the occurrence of any of the following described events, Optionee's rights to purchase Shares under the ISOP shall be adjusted as hereafter provided:

9.1 In the event of a Transaction, the unexercised Options then outstanding under the ISOP shall be assumed, or substituted for an appropriate number of shares of each class of shares or other securities of the Successor Company (or a parent or subsidiary of the Successor Company) as were distributed to the shareholders of the Company in respect of the Transaction. In the case of such assumption and/or substitution of shares, appropriate adjustments shall be made to the Purchase Price to reflect such action, and all other terms and conditions of the Option Agreements, such as the Vesting Dates, shall remain in force, subject to the sole discretion of the Committee.

9.2 Notwithstanding the above and subject to any applicable law, the Board or the Committee shall have full power and authority to determine that in certain Option Agreements there shall be a clause instructing that, if in any such Transaction as described in section 9.1 above, the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute for the Options the Vesting Dates shall be accelerated so that any unvested Option or any portion thereof shall be immediately vested as of the date which is ten (10) days prior to the effective date of the Transaction.

9.3 For the purposes of section 9.1 above, an Option shall be considered assumed or substituted if, following the Transaction, the Option confers the right to purchase or receive, for each Share underlying an Option immediately prior to the Transaction, the consideration (whether shares, options, cash, or other securities or property) received in the Transaction by the shareholders for each share held on the effective date of the Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Transaction is not solely ordinary shares (or their equivalent) of the Successor Company or its parent or subsidiary, the Committee may, with the consent of the Successor Company, provide for the consideration to be received upon the exercise of the Option to be solely ordinary shares (or their equivalent) of the Successor Company or its parent or subsidiary equal in Fair Market Value to the per share consideration received by holders of a majority of the outstanding shares in the Transaction; and provided further that the Committee may determine, that in lieu of such assumption or substitution of Options for options of the Successor Company or its parent or subsidiary, such Options will be substituted for any other type of asset or property including cash which is fair under the circumstances.

9.4 If the Company is voluntarily liquidated or dissolved while unexercised Options remain outstanding under the USSOP, the Company shall immediately notify all unexercised Option holders of such liquidation, and the Option holders shall then have ten (10) days to exercise any unexercised Vested Option held by them at that time, in accordance with the exercise procedure set forth herein. Upon the expiration of such ten-days period, all remaining outstanding Options will terminate immediately.

9.5 If the outstanding shares of the Company shall at any time be changed or exchanged by declaration of a share dividend (bonus shares), share split, combination or exchange of shares, recapitalization, or any other like event by or of the Company, and as often as the same shall occur, then the number, class and kind of the Shares subject to the ISOP or subject to any Options therefore granted, and the Purchase Prices, shall be appropriately and equitably adjusted so as to maintain the proportionate number of Shares without changing the aggregate Purchase Price, provided, however, that no adjustment shall be made by reason of the distribution of subscription rights (rights offering) on outstanding share. Upon happening of any of the foregoing, the class and aggregate number of Shares issuable pursuant to the ISOP (as set forth in paragraph 7 hereof), in respect of which Options have not yet been exercised, shall be appropriately adjusted, all as will be determined by the Board whose determination shall be final.

9.6 Anything herein to the contrary notwithstanding, if prior to the completion of an IPO all or substantially all of the shares of the Company are to be sold, or in case of a Transaction, all or substantially all of the shares of the Company are to be exchanged for securities of another Company, then each Optionee shall be obliged to sell or exchange, as the case may be, any Shares such Optionee purchased under the ISOP, in accordance with the instructions issued by the Board in connection with the Transaction, whose determination shall be final.

10. TERM AND EXERCISE OF OPTIONS

10.1 Options shall be exercised by the Optionee by giving written notice and the payment of the purchase price to the Company, in such form and method as may be determined by the Company and when applicable, by the Trustee in accordance with the requirements of Section 102, which exercise shall be effective upon receipt of such notice by the Company and the payment of the Purchase Price at its principal office. The notice shall specify the number of Shares with respect to which the Option is being exercised.

10.2 Options, to the extent not previously exercised, shall terminate forthwith upon the earlier of: (i) the date set forth in Exhibit B to the Option Agreement; and (ii) the expiration of any extended period in any of the events set forth in section 10.5 below.

10.3 The Options may be exercised by the Optionee in whole at any time or in part from time to time, to the extent that the Options become vested and exercisable, prior to the Expiration Date, and provided that, subject to the provisions of section 10.5 below, the Optionee is employed by or providing services to the Company or any of its Affiliates, at all times during the period beginning with the granting of the Option and ending upon the date of exercise.

10.4 Subject to the provisions of section 10.5 below, in the event of termination of Optionee's employment or services, with the Company or any of its Affiliates, all Options granted to such Optionee will immediately expire. A notice of termination of employment or service shall be deemed to constitute termination of employment or service.

10.5 Notwithstanding anything to the contrary hereinabove, an Option may be exercised after the date of termination of Optionee's employment or services with the Company or any Affiliate during an additional period of time beyond the date of such termination, but only with respect to the number of Vested Options at the time of such termination according to the Vesting Dates of the Options, if**:**

(i) termination is without Cause, in which event any Vested Option still in force and unexpired may be exercised within a period of ninety (90) days after the date of such termination; or-

(ii) termination is the result of death or disability of the Optionee, in which event any Vested Option still in force and unexpired may be exercised within a period of twelve (12) months after the date of such termination; or -

(iii) prior to the date of such termination, the Committee shall authorize an extension of the terms of all or part of the Vested Options beyond the date of such termination for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

For avoidance of any doubt, if termination of employment or service is for Cause, any outstanding unexercised Option, will immediately expire and terminate, and the Optionee shall not have any right in connection to such outstanding Options.

10.6 To avoid doubt, the holders of Options shall not have any of the rights or privileges of shareholders of the Company in respect of any Shares purchasable upon the exercise of any part of an Option, nor shall they be deemed to be a class of shareholders or creditors of the Company for purpose of the operation of sections 350 and 351 of the Companies Law or any successor to such section, until registration of the Optionee as holder of such Shares in the Company's register of shareholders upon exercise of the Option in accordance with the provisions of the ISOP, but in case of Options and Shares held by the Trustee, subject to the provisions of Section 6 of the ISOP.

10.7 Any form of Option Agreement authorized by the ISOP may contain such other provisions as the Committee may, from time to time, deem advisable.

10.8 With respect to Unapproved 102 Option, if the Optionee ceases to be employed by the Company or any Affiliate, the Optionee shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

10.9 Notwithstanding anything to the contrary herein above, in the event of termination of Optionee's employment or service with the Company or any Affiliate, when the employee continues to provide services (or vice versa) to the Company or any Affiliate, the Options granted to such Optionee shall not be affected by such change in the Optionee's status, and the employee will be allowed to keep the Options pursuant to its original terms.

11. VESTING OF OPTIONS

11.1 Subject to the provisions of the ISOP, each Option shall vest following the Vesting Dates and for the number of Shares as shall be provided in the Option Agreement. However, no Option shall be exercisable after the Expiration Date.

11.2 An Option may be subject to such other terms and conditions on the time or times when it may be exercised, as the Committee may deem appropriate. The vesting provisions of individual Options may vary.

12. PURCHASE FOR INVESTMENT

The Company's obligation to issue or allocate Shares upon exercise of an Option granted under the ISOP is expressly conditioned upon (a) the Company's completion of any registration or other qualifications of such Shares under all applicable laws, rules and regulations or (b) representations and undertakings by the Optionee (or his legal representative, heir or legatee, in the event of the Optionee's death) to assure that the sale of the Shares complies with any registration exemption requirements which the Company in its sole discretion shall deem necessary or advisable. Such required representations and undertakings may include representations and agreements that such Optionee (or his legal representative, heir, or legatee): (a) is purchasing such Shares for investment and not with any present intention of selling or otherwise disposing thereof; and (b) agrees to have placed upon the face and reverse of any certificates evidencing such Shares a legend setting forth (i) any representations and undertakings which such Optionee has given to the Company or a reference thereto and (ii) that, prior to effecting any sale or other disposition of any such Shares, the Optionee must furnish to the Company an opinion of counsel, satisfactory to the Company, that such sale or disposition will not violate the applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee.

13. SHARES SUBJECT TO RIGHT OF FIRST REFUSAL

13.1 Notwithstanding anything to the contrary in the Articles of Association of the Company, none of the Optionees shall have a right of first refusal in relation with any sale of shares in the Company.

13.2 Unless otherwise determined by the Committee, until such time as the Company shall complete an IPO, an Optionee shall not have the right to sell Shares issued upon the exercise of an Option within six (6) months of the date of exercise of such Option or issuance of such Shares. After the lapse of such six months period, until such time as the Company shall complete an IPO, the sale of Shares issuable upon the exercise of an Option shall be subject to a right of first refusal in accordance with the provisions of the Company's Articles of Association.

14. DIVIDENDS

Subject to the Company's Articles of Association, with respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Options) issued upon the exercise of Options held by the Optionee or by the Trustee, as the case may be, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

15. RESTRICTIONS ON ASSIGNABILITY AND SALE OF OPTIONS

15.1 No Option or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to it given to any third party whatsoever, and during the lifetime of the Optionee each and all of such Optionee's rights to purchase Shares hereunder shall be exercisable only by the Optionee.

Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

14.2 As long as the Shares are held by the Trustee on behalf of the Optionee, all rights of the Optionee over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or pursuant to the laws of descent and distribution.

16. EFFECTIVE DATE AND DURATION OF THE ISOP

The ISOP shall be effective as of the date that it is adopted by the Board and shall terminate at the end of ten (10) years from such day of adoption.

17. AMENDMENTS OR TERMINATION

17.1 The Board may at any time, but when applicable, after consultation with the Trustee, amend, alter, suspend or terminate the ISOP.

17.2 No amendment, alteration, suspension or termination of the ISOP shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Company, which agreement must be in writing and signed by the Optionee and the Company. Termination of the ISOP shall not affect the Committee’s ability to exercise the powers granted to it hereunder with respect to Options granted under the ISOP prior to the date of such termination.

17.3 In the event of any inconsistency or contradiction between any term of provision contained in the ISOP and any provisions contained in the Company’s Articles of Association, the terms and provisions in the Articles of Association shall govern and supersede the terms and provisions contained herein.

18. GOVERNMENT REGULATIONS

The ISOP, and the granting and exercise of Options hereunder, and the obligation of the Company to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee, including the registration of the Shares under the United States Securities Act of 1933, and the Ordinance and to such approvals by any governmental agencies or national securities exchanges as may be required. Nothing herein shall be deemed to require the Company to register the Shares under the securities laws of any jurisdiction.

19. CONTINUANCE OF EMPLOYMENT OR HIRED SERVICES

Neither the ISOP nor the Option Agreement with the Optionee shall impose any obligation on the Company or an Affiliate thereof, to continue any Optionee in its employ or service, and nothing in the ISOP or in any Option granted pursuant thereto shall confer upon any Optionee any right to continue in the employ or service of the Company or an Affiliate thereof or restrict the right of the Company or an Affiliate thereof to terminate such employment or service at any time.

20. GOVERNING LAW & JURISDICTION

The ISOP shall be governed by and construed and enforced in accordance with the requirements relating to the administration of stock option plans under the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to the ISOP.

21. TAX CONSEQUENCES

21.1 Any tax consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act (of the Company and/or its Affiliates, the Trustee or the Optionee), hereunder, shall be borne solely by the Optionee. The Company and/or its Affiliates and/or the Trustee shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee shall agree to indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee.

21.2 The Company and/or, when applicable, the Trustee shall not be required to release any Share certificate to an Optionee until all required payments have been fully made.

21.3 To the extent provided by the terms of an Option Agreement, the Optionee may satisfy any tax withholding obligation relating to the exercise or acquisition of Shares under an Option by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Optionee by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) subject to the Committee's approval on the payment date, authorizing the Company to withhold Shares from the Shares otherwise issuable to the Optionee as a result of the exercise or acquisition of Shares under the Option in an amount not to exceed the minimum amount of tax required to be withheld by law; or (iii) subject to Committee approval on the payment date, delivering to the Company owned and unencumbered Shares; provided that Shares acquired on exercise of Options have been held for at least 6 months from the date of exercise.

22. NON-EXCLUSIVITY OF THE ISOP

The adoption of the ISOP by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangements or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of Options otherwise than under the ISOP, and such arrangements may be either applicable generally or only in specific cases.

For the avoidance of doubt, prior grant of options to Optionees of the Company under their employment agreements, and not in the framework of any previous option plan, shall not be deemed an approved incentive arrangement for the purpose of this section.

23. MULTIPLE AGREEMENTS

The terms of each Option may differ from other Options granted under the ISOP at the same time, or at any other time. The Board may also grant more than one Option to a given Optionee during the term of the ISOP, either in addition to, or in substitution for, one or more Options previously granted to that Optionee.

24 LOCK-UP

The Optionee acknowledges that in the event that the Company's shares shall be registered for trading in any public market, Optionee's rights to sell the Shares may be subject to certain limitations (including a lock-up period), as will be requested by the Company or its underwriters, and the Optionee unconditionally agrees and accepts any such limitations. Without derogating from the above, the Optionee shall abide by a lock-up for the following periods: (i) one hundred and eighty (180) days beginning on the effective date of the registration statement pursuant to which an IPO was effected; and (ii) ninety (90) days beginning on the effective date of any subsequent underwritten registration of the Company's equity securities.

Exhibit 8.1

Subsidiaries of Can-Fite BioPharma Ltd.

The following table sets forth the name and jurisdiction of incorporation of our subsidiaries as of May 9 , 2013.

Name of Subsidiary	Jurisdiction of Incorporation
OphthaliX, Inc.	Delaware
Eye-Fite Limited	Israel
Ultratrend Limited	United Kingdom

Exhibit 15.1

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: 972 (3)6232525
Fax: 972 (3)5622555
www.ey.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Statement by Experts" and to the use of our reports dated April 15, 2013 in the Registration Statement on Form 20-F of Can-Fite BioPharma Ltd., dated May 10 , 2013.

Yours truly,

/s/ KOST FORER GABBAY & KASIERER
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel Aviv, Israel
May 10 , 2013