Update on Refocusing Operations

Rehovot, Israel; Friday, 16 December 2005 – XTL Biopharmaceuticals Ltd. ("XTLbio" or the "Company") (LSE: XTL; NASDAQ: XTLB; TASE: XTL), a biopharmaceutical company developing drugs against hepatitis, today announced that it is implementing an additional step in the Company's business plan designed to re-focus the Company's resources on the development of its lead hepatitis C programs, XTL-6865, currently in a Phase I clinical trial, and XTL-2125, which is pending the commencement of a Phase I clinical trial.

The main component of the plan is a reduction in overall headcount of 13 employees, or approximately 25 per cent. The workforce reduction is limited to employees based in the Company's Rehovot, Israel facility, and consists primarily of early-stage research personnel.

Michael S. Weiss, Chairman, said: "This is a significant step in the Company's plan to re-focus its efforts and resources towards the projects with the highest potential for near-term success. We believe that the implementation of this program allows the Company to become a more attractive opportunity for existing shareholders and potential investors."

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About XTL Biopharmaceuticals Ltd.
Established in 1993, XTL Biopharmaceuticals Ltd. (LSE: XTL; NASDAQ: XTLB; TASE: XTL) is a biopharmaceutical company engaged in the acquisition, development and commercialization of pharmaceutical products for the treatment of infectious diseases, particularly the prevention and treatment of hepatitis B and C.

Cautionary Statement

Some of the statements included in this press release may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Among the factors that could cause our actual results to differ materially, and therefore affect interest by investors in our ADR's, are the following: our ability to successfully complete cost-effective clinical trials for XTL-2125 and the other drug candidates we have under development; our ability to develop successfully our drug candidates with a reduced level of human resources in our research and development function; and other risk factors identified from time to time in our reports filed with the regulatory authorities in Israel, the United Kingdom and the United States. Any forward-looking statements set forth in this press release speak only as of the date of this press release. We do not intend to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. This press release and prior releases are available at www.xtlbio.com. The information in our website is not incorporated by reference into this press release and is included as an inactive textual reference only.