

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, EDITOR

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From the Editor's Desk

Making peace profitable

President Bill Clinton seeks to use the charms of capitalism rather than the pressures of diplomacy to nudge hostile parties towards a political settlement of their disagreements. His Middle East policy is thus to use economic inducements as a catalyst for peace.

A recent letter from Clinton to Prime Minister Yitzhak Rabin approved Israeli exports of satellite and other space technology to the US. Local firms will now be able to participate in American civilian tenders. This business strategy could provide employment and tax benefits to both economies. In the civilian space industry, satellite launchers represent just one practical near-term prospect. Israel's Amos civilian satellite communications program may benefit both Israel and the US, with American manufacturers specializing in larger satellites entering joint ventures to supply this growing market.

The Amos program is a private venture which involves the development of a small satellite to enhance TV broadcasting and high-capacity data communications. To be launched in 1995, the project will cost \$190 million and involves highly skilled engineering and technical personnel.

While Mr. Clinton's message was being publicized, a trade mission led by US Secretary of Commerce Ronald Brown visited Saudi Arabia, Jordan, and Gaza, and made a high-visibility stopover in Israel. In Jerusalem, Secretary Brown and Industry and Israeli Trade Minister Micha Harish signed a Memorandum of Understanding creating the US-Israeli Science and Technology Commission (USISTC). The purpose of the MoU is to create technology-based jobs in both countries by encouraging high-tech industries in the US and Israel to undertake joint projects. As well, the

understanding will encourage scientific exchanges between universities and R&D institutions, and promote the modification of military technology for civilian uses.

Mr. Secretary, you put it very well when you said that "when nations' status and security become increasingly tied to their ability to conduct international commerce, high-tech prowess becomes ever more important."

While budgets are not fixed, there is the prospect that Richard Morningstar -- one of the commissioners of the trade group making its way through the Middle East -- will be able to apply \$75 million from the Overseas Private Investment Corp.

Previous joint efforts with the US have been marked successes. The BIRD BiNational Israel Research and Development Foundation has resulted in cooperative partnerships and increased taxes from expanded activities in the US and Israel. The BIRD Foundation has been serving for years as a backer of joint American-Israeli research in agricultural and other non-industrial fields.

War (or the preparation for war) pays. The only way to truly end it (as a reality and as a threat) is to make peace pay more.

In this Issue

Joseph Morgenstern comments on "peace profits" and how to spin out of a defense industry

Companies featured: Life Medical Sciences, ECI Telecom, Scitex, Medis El, Pharmos

Drug abuse and sexual capacity, psoriasis, "good and bad genes",

Technology based projects seeking contacts

George Soros takes a closer look

The Capital Market 1994 outlook and 1993 in review

Mutual funds for the "sophisticated investor"

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Editorial Offices: P.O. Box 33633, Tel Aviv 61336, Israel

Tel: 972-3-5235279 Fax: 972-3-5227799

Circulation Offices: Israel Publications Inc., 47 Byron Place, Scarsdale, N.Y. 10583, USA.

Attention: Mr. Robert M. Bruckenthal Tel.: 914-723 8321 Fax: 914-723 8340

A civilian spin-off

In the September 1993 editorial, "IAI -- A Casualty of Peace?" we described the precarious position of government-owned Israel Aircraft Industries in a world that is moving away from war.

IAI's attempt to change from swords and suffering to ploughshares and profits has been scrutinized by our colleagues in Australia, who quoted our *Report* and cynically suggested that war profits could not be converted into peace profits. However, in our editorial we asked a question: "Can subsidiaries be spun off to raise funds? Such proposals are generally met by a chorus of 'nays.' Why aren't profit-making subsidiaries sold?"

Twenty months ago, in a major analysis of Israel's aircraft industry, we mentioned that IAI has been responsible for the development of CellScan, an electro-optic system for medical applications and analysis, and the Neuritor 2001, a real-time mobile neurological monitor.

Well, at the end of December 1993, Medis El Ltd., an 18-month-old joint venture between IAI and Cell Diagnostics Inc. which is developing commercial applications for these two technologies, made an Initial Public Offering in the US and sold one million ordinary shares representing 12.5% of its capital for \$8 million. Oscar Gruss & Son Inc. managed the underwriting.

The company's products will now have the financing to be tested in the international market place. The proof is in the pudding, because investors have capitalized the project at more than \$95 million, providing additional funds for R&D, marketing and working capital.

Life Medical Sciences Inc. backed by Alliance Partners

Much of the research and development in Israel is carried out at its institutes of higher learning. Promising ideas are given patent protection and, through an intricate international network, are offered for commercialization. But commercialization eventually requires external financing. In recognition of the high quality of Israeli innovation, the R&D authorities have attracted interest from large international corporations and venture capital firms. The Alliance Partners is an American venture-capital company founded by Dr. Herbert Moscowitz, and Erwin Rosenthal Alliance is involved in a number of companies including Advanced Tissue Sciences, Magnalab, Symbolon, and American Marine Systems. In addition, Alliance has been a moving force in providing seed capital, a private placement, an initial public offering and public financing in the United States for Life Medical Sciences Inc. The company's shares are traded under the symbol CHAI, the Hebrew word for "life." The choice was not accidental, as the company's main proprietary

product is the Sure-Closure System for wound treatment based on technology acquired from the Technion Institute in Haifa. The Sure-Closure Skin-Stretching System has been developed by Dr. Bernard Hirshowitz, a professor of plastic surgery there. It is the answer for millions of patients whose surgical wounds are so large that they usually require the use of skin grafts and skin flaps. The Sure-Closure System is an alternative that takes advantage of the fact that when skin is carefully stretched, even large wounds can be closed in as little as 30 minutes.

Life Medical Sciences acquired the technology less than two years ago, has already received approval by the FDA, and began shipping the Sure-Closure Skin-Stretching System in October 1993 to customers in the US and other countries.

Psoriasis responds to Dead Sea mud treatment

Treatment of psoriasis at the Dead Sea by protracted exposure of the skin to the highly saline sea water and UVA rays is known to be highly effective. Health insurance companies in some European countries have acknowledged this by covering the cost of an annual stay at the Dead Sea for psoriasis sufferers.

A study conducted at the Dead Sea has shown that exposure to sea water and sunshine combined with balneotherapy (mud-packs and sulfur baths) can also significantly ameliorate psoriatic arthritis, an inflammatory disease afflicting 10-20% of psoriasis sufferers.

The study was conducted by Professor Shaul Sukenik of Ben-Gurion University of the Negev's Faculty of Health Sciences, in conjunction with Professor Sima Halevi and Dr. H. Giryas of the Soroka Dermatology Department.

The researchers wanted to determine whether a stay at the lowest spot in the world would help in cases of psoriatic arthritis, and whether balneotherapy can further alleviate the condition. The three-week study was conducted on 166 patients suffering from psoriasis and psoriatic arthritis. The study group was treated with balneotherapy in addition to the regular bathing and exposure to sun, while the control group received only the regular treatment. Both groups showed significant improvement in the condition of the skin and joints (measured by clinical variables), but results showed that the improvement was clearly greater in those who had been treated with mud packs and sulfur baths in addition to the sea water and UVA exposure.

Electronic industry is selling to the big boys

Millions of people unknowingly use Israeli-researched and manufactured products daily, including many of the chips at the heart of this

generation of PCs and fax machines. International companies, including IBM, Intel, Digital, Motorola and National Semiconductor have long been reaping the benefits of setting up R&D facilities, manufacturing plants and joint ventures in Israel. These major companies represent just a small fraction of the Israeli electronics industry's client base. Leading governmental and industrial clients include NASA, the US Army, Navy and Air Force, Honeywell, Hughes Aircraft, Westinghouse, Compaq and Kodak in the US; Siemens, Phillips, Olivetti, British Telecom, Marconi, Telefunken and Bosch in Europe; and Toyota, Sony, Sanyo, Toshiba and Fuji in Japan.

Drug abuse might harm offspring's sexual capacity

Research conducted in the 1970s showed that one could influence sexual behavior in rats by exposing them to certain opiates (such as morphine and heroin) during their prenatal development. These drugs mimic the effects of materials produced in the brain called endogenous opioid peptides, which are connected to the development of male sexual behavior.

Now it is feared that women who take narcotics during pregnancy could be harming the future sexual capacities of their male children.

Researchers at the Hebrew University of Jerusalem fed narcotics to pregnant rats. Their male offspring were found to have impaired sexual function and enhanced female traits upon reaching maturity. Scientists believe that the use by pregnant mothers of those drugs which mimic these natural sexual behavior-including materials might cause substantial, irreversible damage to the sexual development of the embryo. But the researchers stress that human sexual activity is much more complex than that of rats, and therefore one must be cautious in drawing conclusions.

Research & Science News, HUU.

Eliminating harmful genes

The herpes simplex virus type 1 is one of a family of viruses affecting humans and animals. In general, infection occurs in mucus membranes or in cuts or scratches, where the virus multiplies, causing sores. The most widespread manifestation occurs on the lips, but it can also occur in the eyes or genitals. It is hard to treat because of the constant development of new, drug-resistant strains.

But as well as being an embarrassing nuisance, the herpes virus is the cause of various illnesses, and can even result in blindness, brain damage and death. Among the few research scientists in the world dealing with the virus, genetic engineers working with mice at the Hebrew University of Jerusalem have succeeded in isolating and eliminating two

genes responsible for its virulence, and are working towards removing the virulent characteristic, thus paving the way for development of an immunizing agent.

Research involving mice revealed two genes that were responsible for the virulence of the virus and its ability to infect certain parts of the body. These "guilty" genes were isolated and, by means of genetic engineering, eliminated. The resultant "tamed" virus was then easily eliminated by the immune systems of the experimental animals. The researchers believe it is possible to grow a harmless strains of the virus which would not cause any illness but which could be used as a vaccine against future infections.

Research & Science News, HUU

ECI Telecom & Telematics

ECI Telecom and Telematics International have merged. The merger was effected by an allotment of new shares by ECI Telecom to all the shareholders of Telematics, who received 0.33 Ordinary Shares of ECI Telecom for each share of common stock of Telematics. The transaction was approved by the board of directors and shareholders of both companies. Following the transaction, two representatives of Telematics have joined the ECI Telecom Board, and Telematics shareholders now own approximately 15.7% of ECI Telecom.

The merger has created a new entity with worldwide marketing and service, and with products capable of addressing the convergence of technologies in voice, data and video communication networks. In addition, the combined companies' focus on network service providers positions it well to capitalize on the move towards public and "virtually private" networks. The complementary nature of ECI Telecom's and Telematics' geographic presence provides coverage in 85 countries, and the customer base includes leading service providers such as the Deutsche Bundespost, Telekom, British Telecom, AT&T, MCI, France Telecom, GTE and KDD (Japan). Both companies make significant investments in research and development, and have a strong technology base. ECI Telecom's Synchronous Digital Hierarchy (SDH) products, combined with Telematics Asynchronous Transfer Mode (ATM), Frame Relay and X25 products, when managed under a common network management system, will provide a more comprehensive solution to network service operators than is available today.

The combined sales of the two companies for the 12 months ended June 30, 1993 were \$258 million.

Scitex (NASDAQ/NMS SCIXF)

Scitex has announced the formation of Scitex Medical Systems Inc. The new subsidiary will focus

on reducing the cost of image management in the medical market. Yeav Chelouche, Scitex's Corporate Vice President - Marketing and Business Development, said: "The products and solutions from Scitex Medical Systems will be designed to improve quality, boost performance and reduce imaging cost in public-sector hospitals and private medical centers. They will be marketed and supported by well-known vendors in the medical field."

MATIMOP, the Israeli Industry Center for R&D, promotes advanced technologies developed in Israel and instigates international joint ventures. In its 1994 publication "Advanced Technologies from Israel," we identified some leading projects, some of which our Report has reported in depth in past issues:

Credit card in a wristwatch

The patented Smart Credit Card is mounted in an ordinary wristwatch. The card displays time and date, financial transactions and the bank balance. A joint venture is sought.

Warning systems for detection of laser & infrared sources

The "Third Eye" is a unique warning system designed for instantaneous detection of laser range-finders, designators and infrared searchlights. The system differentiates between the various threats and indicates their direction and type on a display screen provided for the pilot/commander, while an alarm is heard through the intercom system. This sophisticated detection device provides military crews with real-time information, allowing them ample time to take defensive measures. A joint-venture is sought.

Data access security system

Many computer users find it necessary to protect data from unauthorized intruders. This is an increasingly complex task, since each system is likely to be composed of numerous stations in different locations, and the entire network is accessible from the outside.

The SAFE system can provide the required degree of safety for the widely used IBM AS/400 mainframes and their peripherals. In each instance, these "watchdog" systems can be adapted to meet individual circumstances. Sophisticated password encryption methods are used, so that access is restricted to qualified individuals. A joint-venture is sought.

Anti-dazzle glasses for drivers

The Anti-Dazzle glasses (ADACS) screen consists of a light-transmission dot-matrix LCD which may be worn like conventional sunglasses by an automobile or heavy-vehicle driver. The screen protects the driver from the dazzling effect of headlights and from the sun when it is low on the horizon. A tiny camera weighing approximately 10 grams automatically finds the light source and commands the LCD to attenuate those rays which would otherwise blind the driver. Patented. A joint venture is sought.

Computerized measuring & designing systems for quality control

An extensive line of sophisticated measuring instruments has been developed and manufactured for a large variety of industrial and research applications. With light tables as large as 500 x 600 mm, these systems can be used to determine sizes, distances and relationships in any two-dimensional environment. A choice of interchangeable optical and electro-optical units is available, offering enlargement from 10x to 34x. A closed-loop TV system with magnification of 10% or 20% can present sections of the inspected surface on a 9 inch b/w monitor. The entire system is connected to an IBM/PC or a compatible, on which proprietary, mouse-operable measuring and digitizing software packages are run. Joint venture sought.

1993 privatization - \$460 million

The Government Companies Authority, according to its Director General Yossi Nitzani, sold shares in six government-owned firms in 1993 and raised \$460 million. These firms were:

Israel Chemicals	5%	\$ 58
Industrial Buildings Co. Ltd.	51%	\$ 201 mil.
Koor Industries	8.6%	\$107 mil.
Nafta Israel Petroleum Corp. Ltd.	57%	\$41 mil.
MGN Oil & Gas Resources Ltd.	35%	\$ 5.5 mil.
Shekem Department Store		\$ 47 mil.

In 1994, the government is planning to sell \$700 million worth of its holdings.

Medis El Ltd.

The company was formed in July 1992, pursuant to a joint venture between IAI and Cell Diagnostics Inc. (CDI), principally to commercialize the CellScan System technology. IAI and CDI each own 50% of the company's shares.

Medis El is principally engaged in the development, clinical testing, sale and marketing of CellScan, a diagnostic system to screen for breast cancer by means of a blood test. The CellScan system, as used for breast cancer diagnosis, is designed to provide increased medical efficacy and broader availability at

(Cont'd on page 6)

The Capital Market

The outlook for 1994 is favorable but volatility expected

Analyzing various performance in 1993

The outlook for the capital market in 1994 is positive. Underpinning this expectation is an economy which expanded in the July - November period when the state-of-the-economy index was up by an average of 8.8% from the first half of the year. Industrial production was up 8.5%.

Construction began to expand, led by the private sector. Going into 1994, the policy of exchange rate unification for all foreign currency users made import surcharges and exchange rate insurance for exporters obsolete. Unemployment

steadied last year at slightly above 10%, and the Consumer Price Index should work out to an annual 11%.

The ongoing peace process is marked by violence as both sides come to grips with Israel's desire for security and the PLO's demands for a Palestinian state. The political ripples may be disturbing to new and short-term investors, but those who take a longer view in 1994 should reap the benefits of participating in an upward-turning economy.

1993 in review

While the share market attracted most attention, bonds linked to the cost of living index and issued by the government or the private institutions performed poorly. The same was true of the bonds sector linked or traded in dollars.

Bank of Israel treasury notes kept pace with inflation and yielded 3% in dollar terms.

The General Share Index yielded 30.5% in US Dollar terms, and the share index of low capitalization shares, which includes the 100 most widely traded and highly capitalized companies, was up 64% in dollar terms.

Investors who maintained positions throughout the year in mutual funds which specialized in shares realized a paper gain of nearly 22% in US dollars. Haim Stoessel, Chairman of the Tel Aviv Stock Exchange, and Shaul Bromfeld, the Managing Director, pointed to a record year on the exchange

in terms of the amount of issues, the number of companies whose shares were registered for the first time, and the total sums raised.

The mutual fund industry and other institutions enjoyed an influx of funds in the last quarter of 1993, and saw a record year during which 46 new mutual funds were established and only one was delisted. Of 212 mutual funds followed, 171 recorded yields*exceeding the cost of living index. The yields of the mutual funds vary considerably. Thirty-five percent barely kept their heads above water or had negative yields, nearly 50% realized gains between 15 and 40%, and another 15% realized nominal gains of nearly 30% in dollar terms.

In the coming issues we will continue to list those funds which have best long-term performance while keeping an eye on those where short-term performance may indicate a potential for becoming the top performers of 1994.

The Capital Market - Yields on Major Investments

	1993	1993*
General Share Index	+ 41.0	+30.5
General Bond Index linked to C-o-L	+ 9.1	+ 1.0
Devaluation of NIS against the US \$	+ 8.0	-----
Bank of Israel notes	+ 11.3	+ 3.0
Variable Share Index	+ 26.4	+17.0
Index of low-capitalization shares	+ 76.7	+63.6

*Adjusted for annual devaluation of 8.0% of the shekel against the US dollar in 93.

Share Fund Yields

Category: Diversified and Flexible Share Funds

Investment Objective: Growth

Management Policy: Manager invests in equities with mix of investments adjusted to market conditions.

Funds in Category: 47

Top Five Performers

Fund	Manager	% gain
General Flexible	General	57.9
Ramco Flexible	Ramco	56.4
Psagot 100	Psagot	46.4
Panther	Central Trade	45.7
Yesodot	Moritz & Tuchler	39.5

Category: General, Variables and Maof

Investment Objective: Aggressive Growth

Management Policy: Manager invests in the 70 leading shares making up the TASE Share index or in the 25 leading shares which make up the Maof Index

Funds in Category: 47

Top Five Performers

Fund	Manager	% gain
Afikim Shares	Afikim	60.7
Magje	Moritz & Tuchler	40.6
Analyst Shares	Analyst	38.6
Epsilon Shares	Epsilon	37.5
Zmicha Shares	Zmicha	34.8

Share Fund Yields

Category: Specialized

Investment Objective: Aggressive Growth

Management Policy: Manager invests in specialized sectors as real estate, oil infrastructure etc.

Funds in Category: 33

Top Five Performers

Fund	Manager	% gain
Ahrayut Oil	Ahrayut	72.3
Ahrayut Real Est.	Ahrayut	56.4
Zik	Unitrust	49.5
Raam 90	Mirit-Silberman	48.5
Agamy	Lahak B.H.P.	45.5

(percentages represent gain in value in U.S. dollar terms for 12 months ending Dec. 31, 1993)

Database: Meytav Mutual Funds

The funds and their fees

Too many individuals when investing in mutual funds neglect to get the answers to a number of important questions:

1. Who benefits and by how much for selling me the mutual fund?
2. How much am I being charged by the fund's managers?
3. How much is deducted from my original sum and what is the amount which is turned over for management?

Since the fees charged to pay for marketing the funds are deducted from the original investment, their size has a direct effect on investor return.

Investments in Israeli share funds are charged an "acquisition fee" which varies from a low of 0.5% as charged by Leumi Pia for PIA-Kela for its billion shekel plus in assets, mutual fund and 2.66% charged by Analyst for its Analyst Industries fund.

Since banks sell mutual funds managed by themselves as well as by others it is not unusual for a fee of 0.25% being charged by the bank for distributing funds managed by brokers or fund managers. This is separate from the acquisition fee. Management fees also vary. Typically they range from 1.1% to 4%. The First International Bank charges a 1.1% management fee for managing its recently floated Meyrav fund. Non-bank related fund managers charge up to 4%. These charges are deducted daily i.e. 1/365 of the annual fee. It is a method which is generally "painless" to the investor. The rule seems to be that managers of the top-performing mutual funds charge higher management fees. They set the fees on the assumption that investors will not mind to pay them

for above average returns.

American studies compared a \$10,000 investment in two mutual funds each growing 10% compounded annually. The studies showed that identical investment performances yielded different results. In one fund the principal grew to \$25,293 after ten years. In the other the \$10,000 investment grew to \$23,375. The \$2,204 advantage was due to one fund being bought without a "sales fee" or "no load", being charged by a selling group. Effectively \$10,000 was turned over to the managers since there were no "sales fees". The brokers selling the other fund charged an 8.5% sales fee, not an uncommonly high figure. Only \$8,150 of the investor's money was turned over to the managers for investment, after the deduction for the brokers sales fees. Identical management performances of 10% growth meant considerably different investment results for investors. The case for a low "sales fee" mutual fund is too obvious to mention.

(Cont'd from page 4)

a lower effective cost than existing methods. A positive CellScan reading would demonstrate a need for further testing by conventional techniques. The company also markets CellScan for basic research in cell biology, and for the detection of other forms of cancer.

To date, CellScan systems have been sold to hospitals in Italy and Taiwan and for laboratory use in Argentina, and two CellScan Systems are currently on order in Germany and Israel. Clinical trials have been conducted in Israel and Italy, and the company has commenced discussions with several hospitals to perform the United States clinical trials required to apply for United States FDA clearance. (FDA clearance is not required for use of the CellScan in cell biology research.)

The CellScan System consists of:

- (i) a computer-controlled, laser-based electro-optical machine;
- (ii) a patented, disposable cell carrier with microscopic traps which serve to semi-immobilize individual *lymphocytes*;
- (iii) a series of proprietary and standard *reagents* used to treat the *lymphocytes*; and
- (iv) integrated software for automatic operation and analysis of results in real time.

The company sells the machine and disposable test kits which contain cell carriers, required *reagents* and other equipment necessary to perform individual applications.

The CellScan System monitors and analyzes changes in the polarization of light emitted from fluorescently-marked cells which have been illuminated by a low-power laser beam.

The company has found, based on research performed by a licenser of the CellScan technology, that there is a statistically significant difference in the emitted light polarization between lymphocytes which have been sensitized by exposure to a breast cancer tumor in a patient's body and those cells which have not been so exposed. A positive CellScan report would thus be a significant indication that further testing by mammography should be performed.

The company is also in the early stages of marketing the Neuritor, a miniaturized, solid state, 14-channel electroencephalogram and two-channel electrocardiograph incorporating advanced computer technology to detect, analyze and record multiple EEG and ECG signals in real time. The Neuritor is designed to produce standard EEG and ECG readouts on a thermal printer as well as to operate as a paperless EEG and ECG when connected to a compatible personal computer.

The company has received FDA clearance for use of the Neuritor as an EEG device, and believes no further FDA clearance is required.

The company has strategic relationships with the University of Bar-Illan to perform scientific research and development, and with Israel Aircraft Industries to provide engineering and manufacturing support. Bar-Illan is the owner of the CellScan system technology, which it licenses to the company. IAI, wholly owned by the government of Israel, was the original licensee of the CellScan and the Neuritor, and developed the first commercial prototype of the CellScan System. IAI subsequently assigned such licenses to the company.

New eye drug from Pharms readied for US registration
Pharms Corp. has announced the completion of US based Phase III clinical trials of Loteprednol, a novel

steroid drug for use in treating eye inflammation. Phase III trials are required to confirm the efficacy and safety of drugs prior to their being offered for public sale. Loteprednol for a number of years has been considered as having major potential for use in treating for conjunctivitis related to contact lenses and pollen allergies. However, it was only a year ago that the research and development unit in Rehovot successfully solved the formulation process which

allows Loteprednol to progress so rapidly towards commercialization. Stephen Streber, company president stated in New York that the results of the clinicals marked a milestone for the three year old Pharms. The market potential for Loteprednol is estimated at \$125 million. Rehovot based personnel confirmed to IHTIR that that it would take about one year for Loteprednol to reach the market and that planning for marketing and discussions with other companies are in the early stages. Pharms is a public company founded in 1990

George Soros takes a personal look at Israel

Last year was the year for hedge funds, according to *Forbes* magazine. Soros Fund Management last year managed \$11 billion and earned \$625 million in management fees. Michael Steinhardt of Steinhardt Partners managed assets of \$4.8 billion and earned \$300 million in fees. Odyssey partners, headed by Jack Nash, managed \$2.8 billion and earned fees of \$184 million.

Forbes has picked George Soros, who visited Israel recently, as the world's leading investment hedge fund operator. During his visit, Mr. Soros met Prime Minister Rabin, Foreign Minister Perez and Finance Minister Avraham Shochat. Mr. Soros endeared himself to Israelis when he declared: "Israel is a place in which to do business and make money." This was in connection with the announcement of his donation of a television station for the about-to-be-created "Autonomous Area of Gaza."

Mr. Soros' investments in Israel include holdings in Indigo Ltd. (specialists in electronic publications), Geotek Ltd. (telecommunications based on unique technology) and ECI Telecom. The latter was acquired by a merger of Telematics and ECI Telecom (see separate item).

Government officials are trying to interest Mr. Soros in participating in the government privatization program, which includes Bezek Telecommunications and El Al Airlines. Sources close to Mr. Soros said he will be looking at additional opportunities for investment in Israel.

by Weizmann Institute Prof. Haim Aviv. Financially backed by David Blech the company has an Israeli formulation and r&d center base, production facilities in Florida and a New York City office. Its shares are traded on NASDAQ under the symbol PARSD.

Moritz & Tuchler: a private broker manages aggressive funds

Moritz & Tuchler on Ahad Ha'Am in Tel Aviv is the country's oldest broker and a founder of the Tel Aviv Stock Exchange along with Bank Leumi. M&T is a member of the TASE and the TASE clearinghouse. Its exchange representatives execute orders in all areas of investments. Brokerage services and investment management services are provide for the individual and for the institutional investor such as provident funds, insurance and publicly traded

companies.

David Moritz CEO and principal manages four mutual funds including two aggressive share funds. Yesodot flexible with capitalization of NIS 180 million since 1991 is a top ranking fund.

The fund has tens of positions, mishtanim companies but does not invest in options. Its flexible policy allows for holdings between 0%-100% in shares.

David Moritz says the reason for the many positions is that it allows for diversification. Positions are built up slowly and sold off slowly.

Magic share fund since 1/1/92 has had the best performance of all share funds in its category. Victor Kevehazi serves as Manager of Finance and Administration

Chemistry boom in Galilee

The number of high school students studying chemistry in the Galilee and Golan Heights has increased dramatically in the past four years, sparked by a Weizmann Institute teacher-retraining program. Some 30 teachers have taken part in the course, and the number of chemistry students in the schools where they teach has risen from around 200 to approximately 1,600.

Chemistry is now offered at 18 Galilee and Golan high schools, compared to just four during the 1988/89 school year. These institutions are located in towns, kibbutzim and moshavim. Moreover, whereas only a handful of Galilee and Golan students took the chemistry matriculation exam just four years ago, some 300 did so this past year -- and all passed.

Business conference in Jerusalem

The Fourth Business Forum Conference, sponsored this year by Bank Leumi, is to be held in Jerusalem from February 28 to March 3. Topics to be addressed by world-renowned business figures include:

- A peace economy in an era of open borders in the Middle East,
- Israel as a bridge between Western economies and the East, and
- Doing business in and with Israel.

A tour of R&D production sites is being organized, with opportunities to meet international corporate leaders operating successfully in Israel.

This is your opportunity to interact with one of today's most rapidly growing economies.

Registration is through The Israeli Forum, 17 Kaplan St., Tel Aviv, Israel 64734 (Fax: 972-3-696-5080, telephone: 972-3-542-3372), or The North American Jewish Forum, 99 Park Avenue, Suite 300, New York NY 10016 (Fax: 212-338-0030, telephone: 212-880-1444).

Prior to arrival, participants will receive a projects

catalog to facilitate the scheduling of meetings at the unique business opportunities fair.

Previous conferences have resulted in successful marketing agreements for Israeli electronics, machinery and medical equipment; hotel development; investment in plastic packaging manufacture; world rights to a unique automotive safety device; and agency agreements with a robotics company.

Elscint assumes distributor's role for Oxford Instruments and Positron

Elscint is marketing and distributing superconductive cyclotron generators manufactured by Oxford Industries, England. These produce short-life radio-isotopes tracers are injected into the patient's blood prior to a PET scan. Together with Positron Scanners supplied by Positron of Texas Elscint management feels it can generate within two years sales of \$15-\$20 million. Positron Emission Photography (PET) is seen by Elscint as a "powerful medical imaging tool in cardiology, neurology and oncology allowing physicians to visualize true metabolic activity and physiological functions in the human body, enabling more accurate diagnosis of complex medical problems in the heart, brain and other organs". Most of PET users are active in nuclear medicine, a major area of Elscint's activities. A PET scanner has recently been sold to the Hadasah Medical Center in Jerusalem. Elscint has an agreement with Hadash to be allowed to use the equipment to display it to European and Asian market clients.

ISRAEL HIGH-TECH & INVESTMENT REPORT NEWS AND INVESTMENT OPPORTUNITIES

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