

# ISRAEL HIGH-TECH & INVESTMENT REPORT

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## The Ins and Outs of Exits

Venture



Capital

In 2007 the Israeli high-tech sector raised just under \$2.0 billion. This was far less from the record figure in 2000 when Israeli startups raised more than \$3.2 billion from venture capital funds. However, this could be a record year for company exits

Foreign venture capital funds traditionally represent more than 50% of total high-tech

investments. A closer look indicates that one of the reasons for the high level of foreign investments is related to the early exits by the Israeli companies

With increasing numbers of Israeli high-tech startup companies being acquired by major firms, or enjoying successful public offerings, the VC funds that provided their early stage capital are reaping returns from their investments at a record pace. Probably no country in the world has such rapid exits.

Israeli start-ups tend to adopt an M&A exit strategy, due both to their great distance from major markets and to their lack of appropriate resources. This strategy usually creates lower value than the potential value that would have been achieved had the company adopted an IPO exit strategy

.Another factor is the lack of experienced management

Staying independent and not rushing to sell its technological achievements would most likely enhance Israel's economy. Whether this would affect the flow of foreign capital is questionable. Israel has succeeded in creating only four mega companies –Amdocs, CheckPoint, Comverse and Teva. As long as companies continue to make early exits

and thus providing the VC companies with profits Israel will continue to be a focus for foreign venture capital investments.

Since the beginning of 2008 we have witnessed eight exits totaling nearly three quarters of a billion dollars. At this rate 2008 could be a record year With venture capital finance continuing to pour into Israel, there is no reason to believe the deal making upswing won't continue in 2008. **IVC: Gemini and**

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## Vertex rated as most active VC funds in 2007

IVC Research Center has released its Survey of 2007's most active Israeli venture capital funds. The ranking was made based on the number of First investments in 2007

Data are from the IVC Online Database and information received directly from the VC funds. The report relates to investments made in Israeli, Israel-related and foreign high-tech companies by Israeli management companies. Gemini topped the 2007 most active funds list with 16 First investments. Vertex, ranked second with 11 First investments. Pitango was third with nine, followed by Giza with eight, Sequoia Israel with seven and Benchmark Israel, Evergreen, Genesis and Greylock Israel with six each. Gemini was the most consistent seed investor, with eight seed investments followed by Vertex with five and Sequoia Israel with four. Gemini was also the most sector-focused fund, investing seven of its 16 First investments in the Internet sector

Vertex concentrated its investments in two sectors, making five new investments in Communications and five in Software. Noteworthy is Israel Cleantech with five First cleantech investments in 2007, its vintage year. According to IVC CEO Guy Holtzman, "Some funds have special pre-seed platforms and vehicles. These include Gemini with LGLab, Vertex with the Technion Incubator, Pitango and Evergreen with Precede, Giza with Ofek, and Gemini and Evergreen, which are among the sponsors of Startup Factory. The programs are characterized by small initial investments per deal that increase over time if the company progresses well. While our ranking reflects the number of deals and not capital invested, it does give an interesting indication of the current state of VC activity

The top nine funds made 75 First investments in the aggregate. Thirty-two or 43 percent were in Seed stage companies. The Internet sector attracted the largest number of First investments with 26 deals (35 percent), followed by the Semiconductor sector with 14 (19 percent)

## Rafael offers Jamming technology for slower aircraft



Rafael is offering its Jam-Air directional infra-red countermeasures

anti-missile system for use on small, slow aircraft. The Jam-Air was originally developed to protect helicopters but according to Iovav Drori, Rafael's vice-president of marketing, the system can be installed on small aircraft that fly relatively slowly

The Israeli airforce has begun equipping its helicopters with the Jam-Air. The system is replacing the AN/ALQ-144, an omni-directional active infra-red countermeasures system, which according to the IAF is no longer sufficient for current threats

The Jam-Air is housed in a gimballed turret and based on an arc lamp technology that produces a wide beam that jams the IR seeker of the missile by disengaging the sensor's lock on the heat source

Rafael says the 30kg Jam-Air can be installed on any part of the helicopter and that its wide beam more efficient than a directed very narrow laser beam

## Teva predicts \$10.75 billion revenue in 2008

Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA; TASE: TEVA) predicts \$10.75 billion and non-GAAP earnings per share of \$2.60-2.75 in 2008. The guidance is above the market consensus of \$10.41 billion revenue, although in line with earnings per share of \$2.67

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Teva CEO Shlomo Yanai predicts that the adjusted earnings per share will exceed \$3 in 2009.

Teva added that it now has 160 product applications waiting for US Food and Drug Administration (FDA) approval. The brand products have \$100 billion in annual sales. The company added that it believes that it is the first to file on 49 of these products, and that it expects to continue obtaining an average of 12 FDA approvals a year. In addition, the company has 166 applications pending approval.

### Yahoo! picks Haifa for development center

Yahoo! will soon set up its first branch in Israel. Yahoo! will join other international giants at Matam, such as Google, Microsoft, Intel Inc. (Nasdaq: INTC), Royal Philips Electronics (NYSE:PHG, AEX: PHI), and Network Appliance Inc. (Nasdaq: NTAP) (which recently rented 3,300 square meters to expand its R&D center), as well as Israeli companies such as Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) and Zoran Corp. (Nasdaq: ZRAN

IDB Holding Corp. Ltd. (TASE:IDBH) unit Bayside Land Corp. Ltd. (Gav Yam) (TASE: BYSD1) owns 50.1% of Matam. The high-tech park is located at the southern entrance to Haifa, adjacent to the Coastal Highway (Road no. 2), Road no. 4, the Carmel tunnels (now under construction), and the Tel Aviv-Haifa railway, which has a station nearby. The park has 185,000 square meters of built-up space, which is fully occupied, and has an additional 60,000 square meters under construction.

### Chinese automaker Chery sets up joint venture

Chinese carmaker Chery Automobile has set up a joint venture with Quantum LLC, a U.S. subsidiary of Tel Aviv-listed Israel Corp, in its attempt to explore the European and U.S. markets.

The joint venture, Chery Quantum Automobile, is registered at the administration of industry and commerce in east China's Anhui Province, sources from Chery said.

Quantum LLC spent 225 million U.S. dollars for a 45 percent stake in the new entity, while Chery provided mainly technology and land to assume a controlling 55 percent. The two parties planned a total investment of 1.5 billion U.S. dollars in the joint venture, which would be the

biggest joint venture in Anhui.

A Chery official said that it is the first time a Chinese automaker will provide technology, rather than direct financial investments, to form a joint venture with a foreign company.

Chery Quantum Automobile is expected to start production in 2009 and aims to produce 150,000 vehicles a year.

Chery's vehicle sales are forecast to reach a record 480,000 units this year, after rising 24.8 percent year on year to 381,000 units in 2007. The company remained the country's fourth largest automobile seller in 2007.

Its subcompact model QQ, known as the «Chinese Beetle», will launch three new models this year.

The 11-year-old company, based in the city of Wuhu, plans to raise its annual output to one million vehicles by 2010.

Its exports, which jumped 132 percent to 119,800 units in 2007, were expected to rise to 180,000 this year.

The flag-bearer of Chinese indigenous brands has accelerated its expansion overseas in recent years, with its exports topping all other domestic rivals for five consecutive years.

### Novel respirator for babies

An Israeli start-up company is developing a novel, non-invasive device for detecting early-stage respiratory irregularities in premature babies and children. Unlike current respirators and supportive devices, it directly monitors respiration mechanics, making for earlier detection of the kind of complications that can cause damage to the brain and other vital organs.

Known as Pneumedicare, the company - which evolved from an award-winning project carried out by undergraduates at the Technion-Israel Institute of Technology - began operations in Israel five months ago.

The device can immediately detect deterioration

in lung ventilation and the development of common problems in ICU patients, such as partial blockage of the air passages or ventilation from only one lung. It also detects less common, but still life-threatening, complications such as the accumulation of air between the lungs and chest cavity walls. Early detection of such problems reduces the risks of complications, damage to vital organs and irreversible brain damage

Current respirators and supportive devices do not directly monitor chest cavity mechanics. As a result, up to six hours can elapse before medical personnel detect respiratory problems - often when the patient is already exhibiting signs of distress

Our device monitors respiration mechanics, explains CEO Dr. Carmit Levy, who is also a lecturer at the Technion. "We place external sensors on the sides of the chest and the upper part of the stomach of a premature baby on a respirator. By doing so, we can monitor lack of symmetry between the two lungs and the development of mechanical disturbances in lung ventilation

The market potential for the device is significant. According to U.S. Department of Health and Human Services statistics, more than 245,000 babies per year in the U.S. are put on respirators, and estimates from the National Center for Health Statistics put the cost of ICU care for premature babies in the U.S. at more than \$15 billion annually. When combined with the totals for children and adults, the cost of annual ICU care rises to more than \$35 billion

With hospital costs for the care of a premature baby estimated at \$2,000 a day in the U.S. (Morbidity & Mortality Weekly Report, January 19, 2007), the device also carries long-range financial implications. Early detection of problems will reduce the length of hospital stays, as well as long-term costs associated with treating those disabled as a result of respiratory problems in premature babies

Technion Faculty of Biomedical Engineering Professor Amir Landesberg and Dr. Dan Waisman of the Technion Faculty of Medicine and Carmel Medical Center founded Pneumedicare. The pair conceived the idea for the undergraduate project -carried out by Technion students Hagay Weisbrod and Nitai Hanani - from which the company was born. The company's biomedical engineer Anna Feingersh conducts research and development of the clinical product

### **John Deere buys Plastro**

John Deere & Company (NYSE:DE) has signed a contract to acquire Plastro Irrigation Systems Ltd. (TASE: PLSTR) from Kibbutz Gvat at a company value of NIS 265 million. (\$73m.) The kibbutz owns 75.1% of the company through Gvat Agriculture and Agricultural Cooperative Business Ltd

Under the initial agreement from July 2007, John Deere has undertaken to keep Plastro open and employ Kibbutz Gvat members at the company for 15 years. Each kibbutz member will sign a personal job contract with John Deere. Kibbutz Gvat will cease receiving management fees for Plastro in exchange for an annual payment of \$1.3 million over ten years for a non-competition agreement

### **Yahoo! buys Israel's Foxytunes**

paidContent reports that Yahoo! Inc. (Nasdaq: YHOO) has acquired Israeli start-up FoxyTunes Ltd. for an undisclosed amount. «paidContent» notes that FoxyTunes has «a browser plug-in for Firefox and Internet Explorer that has features such as online music and lyrics search, and also lets users control their media player from within the browser. The parent of the plug-in is based in Israel

### **Israeli firm AlphaBioTec bought for \$95m**

Israeli dental implant firm AlphaBioTec Ltd has signed an agreement to be bought by Swiss giant Nobel Biocare. Nobel Biocare will buy all outstanding shares in the company for a consideration of US\$95 million

With this acquisition, Nobel Biocare says it will reinforce its leading position by gaining immediate access to some of the fastest-growing market segments in implant dentistry, such as orthodontic mini-screws and small diameter implants. At the same time, the company will gain a market leadership position in Israel and further expand its position in Russia, Poland and Latin America AlphaBioTec claims a 60% share of the dental implant market in Israel. AlphaBioTec products are also sold in more than 40 countries, and its export business has been growing at more than 35% over the past several years, reaching Eastern Europe, Russia, India, Korea and Latin America Nobel Biocare will retain all of AlphaBioTec's more than 120 employees. Ophir Fromovich, the current owner and CEO, will become chairman of the board of AlphaBioTec and act as an advisor to Nobel Biocare. AlphaBioTec is expected to continue

.to expand its production operations in Israel

Nobel CEO Domenico Scala said, "This acquisition expands Nobel Biocare's leading position by allowing us to enter new and fast-growing market segments. AlphaBioTec's leading position in Israel, its attractive pipeline and strong innovation skills with excellent "people will complement our innovation capabilities

The acquisition will be paid in cash and existing Nobel Biocare shares. The transaction is expected to close in the second quarter of 2008 and be accretive from the first year

Zurich-based Nobel Biocare has over 2,200 employees and recorded revenue of 601 million euros in 2006. Nobel Biocare has direct sales organizations in 35 countries

Parent company Nobel Biocare Holding AG has shares listed on SWX Swiss Exchange and OMX Stockholm, Sweden

### **Palestinian, Jordanian, and Israeli researchers build partnership**

One of the world's most vulnerable areas for earthquakes lies in a region important for Palestinians, Jordanians, and Israelis, around the ancient city of Jericho. A serious earthquake could add to the volatile situation in the Middle East

Hoping to mitigate the risks, Tel Aviv University seismologist Hillel Wust-Bloch from the Department of Geophysics and Planetary Sciences recently masterminded a new earthquake mapping research partnership between Jordanian, Palestinian, and Israeli scientists

The four-year project will be the first time that Earth scientists from these three regions have worked together directly, Wust-Bloch believes. In the past, partnerships have usually occurred through a third party, such as the United Nations

Wust-Bloch's new project, which includes partners from Al-Balqa University in Jordan, and An Najah University in Nablus, has important implications for improving the region's stability

Scientists from the three universities, with Tel Aviv University leading the effort, will simultaneously deploy six «seismic microscopes» in the Jericho region, in order to map a 100-square-kilometer area.

### **Technion researchers simulate Parkinson's disease in goldfish**

Technion researchers in cooperation with the National Institutes of Health (NIH) in the US, have succeeded in building a model that simulates Parkinson's disease in goldfish. This was reported by the prestigious scientific journal Nature Protocols.

Parkinson's disease has been modeled in humans, lower primates, and to a lesser extent, also in other vertebrates using the neurotoxin MPTP. The model in goldfish that was developed by Prof. Moussa Youdim from the Technion has attracted considerable attention over the past 15 years as a system to search for anti-Parkinson drugs. Youdim himself used it to develop Teva's anti-Parkinson drug rasagiline

In the past, it was reported that Parkinson syndrome could be elicited in the common goldfish (*Carassius auratus*) by a single dose of MPTP," says Dr. Orly Weinreb, one of the Technion researchers who collaborated on this article. "Our paper describes the relatively simple and inexpensive MPTP model of Parkinson's in goldfish. The procedure takes 14 to 30 days – depending on how many animals are tested and the research plan. The accessibility of the goldfish nervous system, neural density, and additional characteristics, make this model an attractive system for the study of Parkinson's disease, as well as for studying potential drugs against the disease

Injection of a single dose of MPTP into the fish causes symptoms similar to Parkinson's disease, which is characterized by slowing of movement and trembling in the fish, and which reaches full effect three days after administration of the MPTP. The decreasing movement and tremors take place in parallel to loss of dopamine and norepinephrine (important neurotransmitters in the brain) in the frontal and middle brain, as well as in additional areas of the brain. The toxic product of MPTP oxidation, MPP+, whose creation is catalyzed by the enzyme monoamine oxidase B, accumulates in the frontal and middle brain, penetrates into the neurons and causes cell death. In addition, the toxicity of MPTP in the brain is blocked by monoamine oxidase B inhibitors, such as the drug rasagiline

We are talking about a special, simple model that can serve for additional research," says Dr. Weinreb. "We have proven that a drug for treating Parkinson's disease can work on fish and other organisms. The prototype of the drug rasagiline has succeeded in curing the fish. The blood brain barrier in the fish is greatly abbreviated than that of humans, and therefore it is easier to study

“the neuroprotective effects of drugs in the brain

### How to lose weight and not go hungry

Millions of people the world over suffer today from obesity, yet there is no “magic bullet” that has yet provided a universally accepted solution. However, a young researcher at the Hebrew University of Jerusalem feels he has come up with a practical weight loss solution for the obese person without his having to feel hungry

For this development, Yaniv Linde, a 32-year-old Ph.D. holder has been named a first place winner of a Kaye Innovation Award. Linde and his associates have developed a compound that mimics the activity of the naturally occurring hormone called aMSH. This hormone is naturally excreted during eating and binds to a receptor in the brain called MC4R. When this “communication” occurs on a substantial level, the brain sends out a signal that one feels “full

The young Hebrew university researchers developed a novel method for synthesizing a peptide (a peptide is a compound linking two or more amino acids) which can serve as an analog to the naturally occurring aMSH hormone. They were able to demonstrate that their peptide, which they call BL-3020, displayed good metabolic stability to intestinal enzymes when swallowed, and that it was able to cross the intestinal wall and gain access into the blood stream. Once in the blood, it could make its way to the MC4R receptor and “close the circuit” to send out the “full” signal

The result is that a person seriously wishing to overcome obesity could take this compound orally in order to curb his appetite, thus leading to natural weight loss. In experiments with mice, it was shown that a single oral administration of BL-3020 led to reduced consumption over a period of 24 hours. Over a 12-day period of daily dosages, the mice weighed 40 percent less than the average for mice of their size and age who were not being given the compound

The peptide has been patented in Europe and the U.S., and a commercial firm, Bioline RX Ltd. of Jerusalem has purchased development rights from Yissum, the Hebrew University’s technology transfer company, and is currently working towards creating a commercial anti-obesity drug

### Modu to launch tiny Phone Modu’

A new concept: a tiny cell phone that pops into interchangeable «jackets» to become a bigger, smarter

phone — or into other gadgets to connect them to the Internet has been adopted by wireless carriers in three countries



The company, Modu, launched the phone, also called Modu, with Telecom Italia SpA in Italy, OAA Vimpel Communications in Russia and Cellcom Israel Ltd

Telecom Italia Mobile and Cellcom are the largest carriers in their respective countries, while VimpelCom is the second-largest in Russia

The Modu is slightly smaller than the current iPod Nano and weighs 1.5 ounces. It has a small color screen and a limited keypad, which allows it to work as a rudimentary cell phone on its own

The jackets that will come with the Modu look like cell phones, with standard numeric keypads and other features like cameras. But they lack the antenna and chips that communicate with a wireless network, and this is where the Modu comes in — it pops into a slot, turning the jacket into a fully functional phone.

The jacket is cheap to make, has almost no electronics, and doesn’t need to be tested by the carrier to see that it conforms to its network standards

Dov Moran, the company’s founder, estimates that carriers will be able to sell a Modu and two jackets as a bundle for about \$280, a price that they can then subsidize down to free or almost free with a two-year contract

The jackets that will be available at launch in the other countries reflect the differences between them. The Russian carrier wants an emphasis on kids, who are the big growth market for cell phones there, so Modu is making jackets with cartoon themes for them. The Israeli carrier wanted a cell phone for soldiers, so Modu is making a rugged, green jacket with a built-in flashlight

Modu is also talking to consumer electronics companies like Magellan Navigation Inc., a California-based maker of Global Positioning System devices, and car-stereo maker Blaupunkt, a unit of Robert Bosch GmbH of Germany

The idea is to have consumer electronics companies build slots for the Modu into their devices to give them network connectivity. That could allow a GPS device to receive updates on traffic or map changes. A picture

frame with a Modu slot and loud speakers could act .as a music-playing, picture-showing charging station

### **Fish farms for urban environment**

Israeli Prof. Yonathan Zohar has spent a lifetime researching fish production and has a solution that might stop the world's dramatic decline in fisheries. Hip .«green» environmentalists and sushilovers will like it too

Zohar has created fish farms for the urban environment. His special self-contained fish pools can be built close to fresh food markets, in city .warehouses and even in your condominium

It is clear that the consumption of seafood and fish is» on the rise, because of the great health benefits... but now we are over-harvesting,» warns Zohar, director of the Center of Marine Biotechnology at the University of Maryland. «We need to change that practice and become «.more efficient in a way that is compatible to the earth

Zohar, who was born in Jerusalem and is a graduate of Hebrew University, thinks his solution is ideal. In the basement of the center in Baltimore, he has built a series of high-tech fish pools. They are filled with freshwater from the tap, and have been adjusted with .salts and buffers to mimic the marine environment

Using advanced concepts of microbiology, Zohar has entrained special microbes to live in symbiosis with the fish in order to digest their waste. Aerated by plastic plugs that house the microbes, the fish pools are bio-secure and contaminant free, according to Zohar

In addition, part of the solid waste that is created by uneaten food or microbial byproducts is converted into methane and used as biofuel, says Zohar. This is significant. Zohar was one of the original team to develop the technology .of fish farming in floating cages at sea in Israel

These cages have become deeply controversial because the waste created by the farmed fish pollutes the surrounding seawater. In addition, the waters where the fish are raised are often heavily polluted with heavy metals such as mercury, leading to problems .such as the recent toxic sushi scare in the US «I am trying to develop the next generation technology, to address cages and nets in light of environmental concerns,» he says. «It is clear we are over-harvesting the ocean and running out of fish. We've focused on an alternative land-based

method that can be used in the urban environment.» The urban fish pools, each about the size of a children's pool with higher walls and a roof, can be put into operation anywhere Zohar stresses. «They can .be placed in the mid-West or in Las Vegas,» he says

These urban fish pools certainly address the problem of declining fish populations. According to the Food and Agricultural Organization, about 75 percent of the world's commercially fished species are either depleted, overfished or fully fished. If current .trends continue, the fisheries will collapse by 2050

The pools can also address another environmental issue - our carbon footprint - how far food needs to travel before it arrives at the dinner table. Eating locally grown food is becoming not only fashionable in the United States; some people consider it to be more important than eating organic.

Zohar is now looking for an investor to build a pilot plant. But the idea is not a dream - a prototype, replete with living fish, now resides in Baltimore. There, he is growing Mediterranean gilthead seabream (*Sparus .aurata*), also known as dorade royale, or aurata

And the taste? «Our fish were tested by local seafood restaurants and were highly praised for their taste, texture and freshness,» says Zohar. We are currently shifting our focus to additional high value marine fish, to include the European seabass (*bronzini*) and *cobia*.»

### **British Library adopts more Ex Libris technology**

The British Library and the University of Auckland, New Zealand, joined the nearly 100 libraries and universities that offer patrons Ex Libris's Primo interface, to their entire library collection. Other institutions that have adopted Primo technology include Vanderbilt University, the Royal Library of Denmark, the University of Minnesota, the University of .Bridgeport, and the University of Iowa Primo offers a unified solution for the discovery and delivery of all library resources, regardless of format and location. .It allows quick and effective searching and retrieval

The British Library, a long-time Ex Libris customer running the Aleph integrated library system, the SFX



context-sensitive link server, and the DigiTool digital asset management system, chose Primo to provide patrons with access to the library catalog through a user-centric interface that adheres to Web 2.0 concepts

Primo provides us with a greatly improved catalogue” interface and allows us to collaborate more closely with our users,» explained Roger Butcher, Primo project manager at the British Library. «It will also help us increase the exposure of our other «collections such as recorded sound and manuscripts

Janet Copsey, university librarian at the University of Auckland, explained “Primo will enable the library to improve access to all its print, electronic, audio, and video resources by reintegrating these increasingly fragmented collections into a Web “2.0 environment that will engage our users

### **Carmel Ventures completes \$235m fund**

Carmel Ventures has completed the raising of \$235 million for its third fund.. The financing round was reportedly almost 2.5-fold over-subscribed Pitango Venture Capital has recently completed the raising of \$300 million for a new fund, Gemini Israel Funds has raised \$140 million toward a \$200 million fund, and Giza Venture Capital has raised \$100 million of a planned \$150 million fund. These figures assure that Israel’s high-tech industry has enough venture capital money for the next two years

### **Israel’s new TESCAR spy satellite transmits first top quality images**

Footage from Israel’s TESCAR satellite, recently launched into space has successfully transmitted images The Israel Aerospace Industries (IAI) reported that the satellite, which could boost Israel’s intelligence gathering capabilities regarding Iran, was working perfectly

The IAI added that satellite’s first photos, including a topographical picture of the Latrun memorial monument, were received with very high quality

Yitzhak Nitzan, head of IAI, said the satellite’s capabilities were a huge technological achievement. Nitzan added that the IAI had initially begun the TESCAR project with only little knowledge and large financial constraints, yet managed to achieve perfect results

Defense establishment officials stated that the TESCAR, which was sent into orbit from India

on January 21, is Israel’s best satellite to date

### **Magal shares jump on large project**

Magal Security Systems Ltd. (Nasdaq: MAGS; TASE: MAGS) announced that it recently received a series of orders totaling approximately \$45 million for a turnkey project to protect critical infrastructure facilities. The project incorporates fence perimeter protection systems, access control systems and CCTV products

The contract is the largest in Magal’s history. Magal’s management expects to recognize income from these orders over the next two years. The company has also announced that it has received a \$2.4 million order for a security project to protect the Eilat seaport. The majority of the project will be executed during 2008

The order includes a turnkey solution to supply fully integrated security systems based on a variety of Magal’s products including its fence vibration system, access control system, surveillance cameras and CCTV cameras with intelligent video analysis, digital recording system and video matrix, all integrated and controlled by Magal’s advanced management system

Magal CEO Izhar Dekel said: «This is the second order that we have received to protect a commercial Israeli seaport in the last 8 months. I am pleased to be able to say that after carrying out a number of projects around the globe to protect commercial seaports, we have acquired a strong ability and experience in supplying comprehensive security «solutions for these particularly sensitive sites

In June the company won a contract to protect the port at Ashdod. Several weeks ago, Magal reported the largest order in its history - a group of projects worth \$45 million, to protect critical infrastructure facilities for an unnamed customer

### **Samsung Ventures makes Investment in Israel’s Micro Components.**

Micro Components Ltd. a leader in semiconductor packaging technologies, announced that Samsung Ventures Investment Corp. has made a multi-million dollar strategic investment in the company as part of its current financing round. This is the first investment that Samsung Ventures has made in an Israeli technology company

We are excited to make this strategic investment in» MCL, a company providing strategic technology to one



of our important Group companies,» said Jong Won Kim, Samsung Venture's VP of Investment. «As highly selective investors, we invest in highly innovative market leaders and MCL provides a breakthrough packaging «.technology positions it to become a market leader

Mr. Jae Wan Kim, Samsung Venture's Senior Investment Manager, added, «Our investment in MCL follows our assessment that its solution will be a key enabler for the rapidly developing LED market, as well as for a wide spectrum of additional markets and applications. As a strategic investor, we intend to strongly promote the «.excellent relationship between our two organizations

### **AquAgro Fund makes first investment**

AquAgroFund, a cleantech fund of Gaon Agro Industries Ltd. (TASE: GAT) has made its first investment when it invested \$4 million in Advanced Desalination Technologies Ltd. at a company value of a few million dollars. Advanced Desalination Technologies has reportedly completed a pilot at a municipal facility. Desalination and improving well quality are two fields where every saving is essential, and the company's reverse osmosis technology is designed .to greatly improve the efficiency of desalination

Reverseosmosis, theoppositeofosmosis, isaseparation process that uses pressure to force a solvent through a membrane that retains the solute on one side and allows the pure solvent to pass to the other side. The membrane is semi-permeable, meaning it allows the passage of solvent but not of solute. In the case of desalination, .the solute is the salt in seawater or brackish water

AquAgro managing partner Nir Blazer declined to comment on financial matters, but confirmed that an investment had been made. He added that a major internationalfundwasconsideringinvestinginAdvanced Desalination Technologies. He said that the investment in the company was in line with the fund's policy of investing in companies with proven technologies .undergoing pilot programs prior to commercialization

Advanced Desalination Technologies is a family firm founded by Prof. Avi Efrati, and his son, Nadav, who will shortly take over as CEO. The company employs subcontractors, and raised \$2 million prior to Aqua .Agro's investment. The company has no website

AquAgro invests in late-stage cleantech ventures. Its founder and chairman, Benjamin Gaon is the chairman

of Gaon Agro and its parent company, B. Gaon Holdings Ltd. (TASE: GAON). The fund has raised \$40 million, .and plans to close on \$100 million by the end of 2008

### **eBay unit pays \$169m for Israeli start-up FraudSciences**

FraudSciences, which develops fraud detection and protection products, registered its first sales at the end of 2006.

Israeli fraud detection software start-up FraudSciences Corp. has been acquired by eBay Inc. (Nasdaq: EBAY) subsidiary PayPal for \$169 million. FraudSciences, which was founded in 2001, raised \$7 million from BRM Capital, which holds a 40% stake, angel investor Guy Gamzu, and Redpoint Ventures of the US. The company, which had its first sales at the end of 2006, will .remain in Israel and become PayPal's local R&D center

FraudSciences began marketing its products about a year ago. The company was founded by chief scientist Saar Wilf and CTO Shvat Shaked. Wilf was formerly CFO at online payment solutions provider Trivnet Ltd. and has extensive experience in the field. Shaked, also a former Trivnet executive is an expert in e-commerce, web-based information security, and software and telecommunications systems. He owns patents on a series of user identification, electronic payment, and fraud detection technologies. Both founders served .in classified technology divisions in the Israeli army

Wilf and Shaked said that «we have been given a rare opportunity to work with an «.exceptional group of talented people

Sources report that Wilf and Shaked will receive \$20 million each following the acquisition. BRM has made a handsome twelve fold return on its investment making .almost \$70 million on an investment of \$5 million

This will be eBay's second Israeli acquisition, after it bought out Shopping.com in 2005, whose system .provides price comparison solutions, for \$634 million

### **Israeli-Russian-German venture in hydrogen car breakthrough**

C.En's 50-kg, 60-liter hydrogen fuel .tank provides a range of 600 km  
An Israeli-Russian-German venture, C.En, headed by Prof. Dan Eliezer, has recently completed a

design and test program that aims at producing a safe and lightweight hydrogen tank for use in cars.

One of the biggest technological and economic challenges delaying the development of cars operated by hydrogen is the problem of safe and lightweight storage of hydrogen in the vehicle. C.En conducted more than 120 experiments over three years, which demonstrate that it is viable to store twice the amount of hydrogen than current solutions, providing a 600-km range with a .60-liter tank that weighs 50 kg, including the hydrogen

C.En's hydrogen tank is undergoing another series of tests and experiments at the German Federal Institute for Materials Research and Testing (BAM), after which it will be presented to the US authorities and international carmakers. C.En has written .five patents on the basis of the first set of tests

C.En employs scientists from Israel, Germany, Russia, Japan, and South Korea. Moshe Stern leads the investors group, which includes Shlomo Nehama and Dr. Ya'acov Sheinin, as well as Korean, Japanese, and Russian investors. C.En has raised \$10 million to date; the most recent financing .round was held at a company value of \$50 million

Stern predicts that if the results the tests scheduled for the next six months at a European laboratory that specializes in hydrogen meet expectations, they will demonstrate that an alternative energy source exists for cars, thereby .significantly reducing the world's reliance on Arab oil

### From the world of high-tech

Scientists in Israel, found that the brackish ,water, drilled from underground desert aquifers hundreds of feet deep, could be used to raise warm-water fish. The geothermal water, less than ,one-tenth as saline as sea water, free of pollutants and a toasty 98 degrees on average, proves an ideal environment.

Israeli-developed designer-eyeglasses, promise mobile phone and iPod users, a personalized, high-tech ,video display. Available to US consumers next year Lumus-Optical's lightweight and fashionable video ,eyeglasses, feature a large transparent screen floating in front of the viewer's face, that projects .their choice of movie, TV show, or video Game When Stephen Hawkins visited Israel recently, he shared his wisdom with scientists, students, and even

the Prime Minister. But the world's most renown victim of amyotrophic lateral sclerosis (ALS), or Lou Gehrig's disease, also learned something, due to the Israeli Association for ALS's advanced work in both embryonic and adult stem cell research, as well as its .proven track record with neurodegenerative diseases The Israeli research community is well on its way, to finding a treatment for this fatal disease, which affects 30,000 Americans.

Israeli start-up, Veterix, has developed an innovative new electronic capsule that sits in the stomach of a cow, sheep, or goat, sending out real-time information on the health of the herd, to ,the farmer via Email or cell phone. The e-capsule ,which also sends out alerts if animals are distressed injured, or lost, is now being tested on a herd of cows, in the hopes that the device will lead to .tastier and healthier meat and milk supplies

The millions of Skype users worldwide, will soon have access to the newly developed KishKish lie-detector. This free internet service, based on voice stress analysis (a technique, commonly used in criminal investigations), will be able to measure just ,how truthful that person on the other end of the line .really is

Beating cardiac tissue has been created in a lab from human embryonic stem cells by researchers at the Rappaport Medical Faculty and the Technion-Israel Institute of Technology's biomedical Engineering .faculty. The work of Dr. Shulamit Levenberg and Prof Lior Gepstein, has also led to the creation of tiny blood vessels within the Tissue, making possible its implantation in a human heart..

It is common knowledge that dogs have better night vision than humans, and a vastly superior sense of ,smell and hearing. Israel's Bio-Sense Technologies recently delved further, and electronically analyzed different barks. Finding that dogs of all breeds 350 and sizes, bark the same alarm when they sense a threat, the firm has designed the dog bark-reader, a sensor that can pick up a dog's alarm bark, and alert the human operators. This is just one of a batch of innovative security systems to emerge from Israel , which Forbes calls «the go-to country for anti-terrorism technologies.

Israeli company, BioControl Medical, sold its first electrical stimulator to treat urinary incontinence to a US company for \$50 Million. Now, it is working on CardioFit, which uses electrical nerve stimulation to treat congestive heart failure. With nearly five million Americans presently affected by heart failure and more than 400,000 new cases diagnosed yearly, the CardioFit is already generating a great deal of excitement as the first device with the potential to halt this deadly disease.

### **BEL ties up with three Israeli concerns**

Indian Bharat Electronics Ltd reports that it has entered into joint venture agreements with three Israeli companies during the just-concluded Defexpo in Delhi

It will form a joint venture with Rafael Armaments Defense Systems to buy missile electronics and guidance technologies. This will enable Rafael to take up offset requirements by transferring technology and have indigenous production, according to a BEL release

V.V.R. Sastry, BEL's CMD, said the joint venture will enable BEL to expand its portfolio to meet the growing demand of missile electronics. BEL also signed a memorandum of understanding with Israel Aerospace Industries Ltd Malat to jointly work on unmanned aerial vehicle systems for Indian defense requirements

BEL will undertake the product support function for the UAVs and manufacture and supply designated sub-systems. IAI will provide the technical know-how for maintenance support. A 12-year tie-up with Elisra envisages joint working for various airborne electronic warfare programmes for Indian defense requirements

### **New flight regulations**

Israel last year began requiring that all pilots who fly to its airports use the Security Code System (SCS), a local invention designed to ensure any plane commandeered for an al Qaida-style ramming attack is spotted and intercepted in time.

On most flights, which approach Israel from the west, pilots equipped with the SCS must enter a personalized, technologically secured code when 290 kilometers out, so that air traffic controllers in Tel Aviv know the cockpit is in the right hands. Aviation experts have suggested that hijackers could wait for SCS compliance to have been established before striking. Keeping passengers seated until landing would

help diminish such a threat, an Israeli security source said.

The new regulations are definitely linked to our introduction of the SCS,» the source said

Since the al Qaida attacks of September 11, 2001, the United States has instituted mandatory pre-landing seating regulations for flights to some of its airports. There are also U.S. rules against incoming passengers congregating in plane aisles

### **Cell phone-cancer link claimed by Israeli scientist**

Siegal Sadetzki, a physician, epidemiologist and lecturer at Tel Aviv University, has published a study of heavy users of cell phones and their likelihood of getting a particular form of cancer

Sadetzki, published the results of the study in the American Journal of Epidemiology, in which she and her colleagues found that heavy cell phone users were subject to a higher risk of benign and malignant tumors of the salivary gland

According to the findings, there is an increased risk of about 50 percent for developing a tumor of the main salivary gland (parotid) on the side where subjects hold the cell phone, compared to those who did not use cell phones

The study was done on an Israeli population. «Unlike people in other countries, Israelis were quick to adopt cell phone technology and have continued to be exceptionally heavy users. Therefore, the amount of exposure to radio frequency radiation found in this study has been higher than in previous cell phone studies,» said Sadetzki

This unique population has given us an indication that cell phone use is associated with cancer,» added Sadetzki, whose study investigated nearly 500 people who had been diagnosed with benign and malignant tumors of the salivary gland

Subjects were asked to detail their cell phone use patterns in terms of the frequency and length of calls. They were compared to a sample of about 1,300 healthy control subjects

The study also found an increased risk of cancer for heavy users who lived in rural areas. One explanation offered is that because there are fewer antennas in rural areas cell phones need to

.emit more radiation to communicate effectively

Sadetzki said the consistency of the results within her study support an association between cell phone use and these tumors. In past studies the correlation had been hard to prove because of short term use of cell phones and the long development time of many cancers, she argued. Sadetzki predicted that the largest number of cancers would be found among heavy cell phone users and children

**Microsoft buys Israeli start-up YaData**



Microsoft Corp. (Nasdaq: MSFT) has acquired Israeli start-up YaData Ltd., provider of advanced tools for the discovery of unique customer segments. The companies did

not disclose the price tag or other financial details.

YaData’s technology will enable Microsoft to provide its advertisers with richer targeting capabilities so they can connect with their audience in more efficient and engaging ways, at the same time providing its customers more relevant and focused ads. The YaData team will join Microsoft’s R&D center in Herzliya and YaData’s solutions will be deployed through Microsoft’s Advertiser and Publisher Solutions group

Microsoft Israel R&D Center president Moshe Lichtman said, “The purchase of YaData brings the Israeli R&D center into the field of online advertising, which is undoubtedly one of Microsoft’s most strategic fields. This is a great example of how Israeli technology has considerable value that is contributing to our most important areas of development. In recent months, I have become familiar with YaData’s top quality personnel, and I am convinced that their contribution to the Israeli R&D center and to Microsoft globally will be significant.»

YaData CEO Amir Peleg said, “YaData fully believes in the potential of behavioral targeting to enhance the value of online advertising for publishers, advertisers and users. Microsoft has the resources to unlock the potential in YaData’s technology and create a truly innovative online advertising solution. We’re excited to see what the future holds.”

Ormat 4th-quarter net doubled, revenue up 6%

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ORA 43.82, +0.02, +0.1%) the Reno, Nevada, developer of geothermal and recovered-energy power plants, reported that fourth-quarter net income doubled on 6% higher revenue. Earnings reached \$8.9 million, or 22 cents a share, from \$4.2 million, or 12 cents, in the year-earlier period. Shares outstanding rose 13% to 40.9 million. Revenue rose to \$70.7 million from \$66.7 million. Ormat is a unit of Ormat Industries Ltd. of Israel



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