

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

WATER SHOULD NOT BE AN EXCUSE FOR WAR

At this time of year, Jews enjoy a holiday known as Shavuot. The celebration marks the giving of the Law by God to Moses. It also celebrates the conclusion of the grain harvest. The agricultural aspect of the holiday is a reminder of the vital importance of agriculture in biblical times.

Generally speaking, from the time the Jews were exiled from their land in 135 CE until 1948, they were forbidden to own land, and therefore had to become proficient in trade and other pursuits. But they returned to farming after the founding of the modern state of Israel. In a few years, a strong and innovative farming community developed.

Barring the unexpected or miraculous, ingenious man-made methods are needed to farm successfully in this part of the world. An adequate water supply is never assured, and its efficient use is critical to the long-term wellbeing of 160 million people in the Middle East.

Just how scarce is water here? Well, the United States in 1990 had a freshwater potential of 10,000 cubic meters for each citizen, Iraq 5,500, Turkey 4,000 and Syria more than 2,800. However, Egypt's potential was only 1,100. Israel had 460 cubic meters, and Jordan only 260, according to an article in National Geographic called "Water: The Middle East's Critical Resource."

The modern Israeli response to the scanty water supply has been to develop thrifty drip irrigation systems to bring precious water directly to the root of a plant. Related technologies include advanced tillage equipment; planting and transplanting equipment; efficient plant protection and spraying systems; milking systems; harvesting systems; sorting, packing and transportation systems. Also, a fertilizer industry was established, using phosphates found in the Dead Sea. The desert bloomed as long-parched land responded to the intensive irrigation. And other countries took notice. In 1992, agricultural exports of close to \$1 billion were nearly evenly divided between products and know-how. The export of technology can be expected to grow as a percentage of the total in the foreseeable future.

Agritech is an international conference which serves as a window on Israel's agricultural achievements. This year, the publicity stirred up by the Israel Export Institute, one of the co-sponsors, was reminiscent of the promotion

prior to the 1990 exhibition. In that instance, the exhibit was poorly attended as many countries failed to show up, mostly for political reasons.

This time, the number and quality of visitors exceeded all predictions. China, Moldova, Vietnam, South Korea and India were among the countries that sent representatives, some at the prime ministerial level. Representatives came from countries that did not exist three years ago. Eastern European countries, Bulgaria, Czechoslovakia and Latvia, Belize, Cameroon, Lesotho and Malawi were represented. Australians and Hong Kongians were there. Israel's geographical location between East and West facilitated visits from the newly created Eastern European countries. Altogether, more than 6,000 people attended.

Unexpectedly, a number of "deals" were concluded during the week-long exhibition. For example, the Indian Jannai Group closed a joint venture to establish a tissue culture laboratory, the products of which will be marketed in the Far East.

The sharing of water resources and agricultural technology is one road to a better future for everyone in the Middle East. Agritech was open to all countries of the world, but especially to Israel's neighbors. Yet though a high-level delegation from Egypt was present, neighboring countries such as Lebanon, Jordan and Syria chose not to attend. And not because they have the problem solved, either. After all, The Green Line was named The Green Line for a good reason; satellite photos clearly show where Israel ends and its neighbors begin.

If a nation's oil supplies are cut, massive disruption results. But such disruptions pale to insignificance compared to what happens when a nation finds itself without water... a resource that's not as renewable as some may think. Disputes over water have already caused tensions between countries in the Middle East. An indifferent approach to its efficient utilization could provide an excuse for war.

In this Issue

Water Should not be an Excuse for War: Editorial Comment
Some Insights on Public Companies on Wall Street
Heard and Overheard, Public and Private
Technology '93 A Special Report on Incubators
The Continuous Case for Mutual Funds

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Some Insights on Public Companies on Wall Street

Another underwhelming performance by Rada

Rada Industries continues to surprise... unpleasantly. Expectations in Tel Aviv were that the company would end 1992 with a loss of approximately \$600,000. Rada reported a loss of \$2.8 million on sales of \$31 million! Nevertheless, broker Shlomo Greenberg of Brenner International states: "Nissenson has cleaned up the balance sheet, and we can expect a flow of profits."

Company sources confirm the assessment. The company attributes the massive loss to a \$2.1 million increase in marketing and R&D costs. In 1991, Rada reported a small profit. However, James Capel & Co., the London-based investment bankers, executed a private placement of share and warrants -- 956,000 shares at \$7 a share, plus 478,000 warrants exercisable at \$9.25 for three years. The balance was sold to Israeli institutions at the same terms in November 1992. At that time, Capel estimated that Rada could earn a pretax profit of \$1.2 million in 1993. There are 5.6 million shares outstanding. At \$58 million capitalization based on its recent \$9 market price per share, investors are hoping for much better news in 1993.

Capel continues to recommend Rada.

One of the strategies being pursued is to acquire a company which will provide testing services to airlines. The airline industry is currently in a slump, and companies are ready to pay handsomely to have their aircraft tested by an outside firm rather than spending scarce money for testing equipment of their own.

If it succeeds in acquiring a suitable company, Rada will speed up its march into the black, according to company sources. Also, 1993 should see existing customers such as Continental and British Airways purchase software applications for various avionic parameters. Applications are very profitable, and the programs are ready for quick delivery.

Expectations and Realities

(According to US analysts' estimates of first-quarter earnings)

Company	Estimated Date	Estimated Earnings per Share
Scitex	May 13	\$0.73-\$0.79
ECI Telecom	May 17	\$0.34-\$0.35
Tadiran	May 20	\$0.63-\$0.94
Lannet Data	May 13	\$0.14-\$0.16
Teva	May 10	\$0.20-\$0.12

Elscint

Elscint saw higher earnings of \$9.3 million, compared with 1992. But don't be fooled, as \$4.8 million of the extra profit came from accounting changes. Nonetheless, sales were up to \$56.8 million from \$51.2 million.

Teva shows no signs of slowing

Teva's first-quarter profits of \$13.4 million were sharply higher from last year's \$7.6 million. Sales totaled \$118 million, up from \$92 million.

ECI Exceeds Expectations

ECI Telecom's decision to market the SDH products used for fiberoptic networks is proving to have been the correct business strategy. In the first quarter of 1993, the German Bundespost approved an order. Since then, a number of other countries have reportedly expressed a growing interest.

The first quarter results announced on May 17 were positive, and above general expectations. Sales for that quarter were a record \$47.5 million, and the bottom line showed a net income of \$11.77 million. Earnings per share were \$0.37, even after allowing for \$0.015 as a special one-time financial income.

This exceeded Wall Street's best expectations of \$0.35 per share. In the fourth quarter of 1992, ECI reported sales of nearly \$44 million, and a net profit of \$10.7 million.

The market capitalization of \$1.2 billion is approximately 31 times earnings, and not exactly cheap, yet local investors remain bullish on the company's future, according to bank and broker reports.

After all, the shares did advance from about \$34 to the current level after the announcement of the record performance.

Laser Industries shows profit on lower sales

For its first quarter in 1993, Laser Industries reported a net profit of \$370,000. On a year-to-year basis, sales of \$7.3 million were up by \$300,000. But on a quarter-to-quarter basis, sales declined by about \$200,000.

The results are indicative of cost reductions related to the restructuring of the company.

Laser Industries is a leader in supplying equipment for carbon dioxide laser surgery, with more than 2,000 installations worldwide. However, it is premature to suggest that the firm is capable of achieving high growth, since its only potential growth segment is dental lasers.

Russian Lauds Israeli Polymer Science

Polymer science in Israel is "at the highest world standards"

Professor Victor Kabanov, a full-fledged member of the Russian Academy of Science and a professor at Moscow's State University Department of Polymer Science, praised the achievements of Israel in his field.

Following a bi-national workshop on polymers at the Weizmann Institute of Science, the consensus was that mutual cooperation could lead to progress in the transfer and storage of information, the manufacture of drugs and delivery systems, the purification and filtering of industrial and biological fluids, the removal of toxic metal ions, and the recovery of precious metals from water.

Former Russian scientists who emigrated to Israel are already active in recovering precious metals from industrial scrap.

For those who are interested, funding for the workshop came from the Ministry of Science, the Goldschleger Conference Foundation, the Technion and Israel Plastics and the Rubber Center.

Speeding up the \$15 billion Genome Project

An advance in DNA sequencing

The speed at which the human genetic code is being deciphered is constantly increasing, and the world is beginning to see the fruits of exploration at this "final frontier." Almost every day, there is news of some newly possible treatment for genetically based processes such as cancer, aging, strokes and heart attacks.

Five immigrants from the former USSR now at the Weizmann Institute have discovered a technique which could speed gene sequencing tenfold. This could do wonders for the Human Genome Project -- a \$15 billion, 15-year effort to unravel humanity's genetic blueprint.

US National Academy elects Israeli scientist

Prof. Meir Wilchek has been elected a Foreign Associate Member in the Institute of Medicine of the US National Academy of Science. He is the only Israeli, and one of only 32 non-Americans, to have received such an honor.

Prof. Wilchek has developed an innovative chromatography technique that makes possible the extraction and purification of the tiniest quantities of biochemicals from complex sources.

Israel affected by South African ban

The South African government has ceased to approve its nationals' requests for investments outside that country. Israel, which was one nation in which investments had been allowed, has found that for the time being, all projects originating in South Africa will have to be deferred. There is a large number of former South Africans living in Israel. These immigrants have provided attractive investment programs, with real estate projects being particularly favored.

Heard and Overheard, Public and Private

The government sells a bank

The government's sale of holdings in Israeli banks has gone into high gear. A few days before the May 23 deadline, 20% of Bank Hapoalim BM shares went on the block. The value of Bank Hapoalim BM was set by academics at NIS 4.0 - 4.5 billion. The government was expecting to get about NIS 900 million (\$325 million) from institutional investors and the public. Both the institutional and public part of the sale were on tender.

Institutional investors did not disappoint. The institutional part of the issue was oversubscribed by 2.2 times, and allocations were set at 45%. The institutions upped their bids to the limit, and the estimate is that the government will eventually receive more than \$340 million.

Leading managers for the underwriting were Clal Issuing Ltd., Leader Securities Ltd., IBI Share Market and Investment Services Ltd., and Eyal Securities and Issuing (1988) Ltd.

Small Smart Firm Seeks Funds

SRD Medical Ltd. has turned to Paradise Valley Securities Inc. in Phoenix for financing in the form of a private placement. SRD successfully raised \$1.45 million earlier this year, and the current financing is to bring in up to \$2.2 million, of which \$500,000-\$600,000 would go to the company. SRD Medical is a private firm.

Assutech Ltd. has completed its private placement memorandum of \$1.5 million. Private and institutional investors participated. The firm is a young, privately held company in the health food and pharmaceutical field. It is in the second year of sales, which are aimed at markets outside Israel. Dr. Emil Katz, formerly an executive at Healthcare Technologies, has recently joined the company.

Pharmos Corp., with offices in Kiryat Weizmann and Florida, is rumored to be seeking up to \$14 million in the US. The private placement is to

(Cont'd on page 5)

The Continuous Case for Mutual Funds

The market is dominated by big institutions and the individual investor is served best by hiring professional managers rather than competing against them. This is provided by the country's mutual fund industry.

Performance over the trailing twelve months

The tables presented here indicate performance of the leaders. If you are invested in these funds then you are getting the best results. They are classified by category, investment objective and investment policy. The Top Performing Funds are measured against their performance over the past twelve months, between April 30, 1992 and April 30, 1993.

The results are calculated in US dollar terms

The mutual funds are sold in shekels. However, many investors prefer to do their accounting in dollars and the results are expressed in US dollars, reflecting changes in the shekel's value in terms of the dollar.

FOLLOWING THE TOP PERFORMERS

If you are invested in the best-performing share funds based on the preceding 12 months' performance and as adjusted for shekel currency differentials -- as published in the past issues -- then

you should sit tight. Top performers among the diversified and flexible share (gemishot) funds for the 12 months ending April 30 Yesodot and Emda. Yesodot jumped two rungs to the top of its category. Emda a strong performer was a close second.

In the General, Maof and Specialized share funds Magic, Mivneh, Manof, Zik and Kochav were again rated remained as the highest and best performing investment .

One needs only to compare their positions two months ago with those at the end of April to appreciate how well they are doing and deserve investment consideration or maintaining the position, as the case may be.

The case for mutual funds is heightened by the observable phenomenon of the General Share index falling to 200 the week of May 20. At that level the index stood where it began at the start of 1993. However, all of the mutual funds listed among the leading performers, for the same period of time, were ahead by margins of up to 10%.

The performance also reinforced our conviction that the smaller funds managed by brokers and money managers outperform those of the large banks. Bank Hapoalim's Kochav was the single exception to our generalization.

Share Funds

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: 43

Top Five Performers

Fund	Manager	% gain
Yesodot	Moritz Tuchler	58.74
Emda Meshulevet	UMB	58.51
Sivan	Amban	54.79
Lapid	Unitrust	53.01
Avoka	Unitrust	50.99

Category: General, Maof and Specialized

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: 55

Top Five Performers

Fund	Manager	% gain
Magic	Moritz Tuchler	75.14
Mivneh	Amban	74.59
Manof	Leumi Pia	66.16
Zik	Unitrust	62.49
Kochav	Hapoalim	61.56

(percentages represent gain in value in U.S. dollar terms for 12 months ending April 30, 1993)

Foreign Currency Funds

Category: Denominated or Linked in Foreign Currency

Investment Objective: Conservative Growth

Management Policy: Manager invests in foreign currency linked bonds

Funds in Category: 22

Top Five Performers

Fund	Manager	% gain
Tevel	Emda UMB	10.86
Meytav F/C	Meytav	10.17
Rosen Cont.	Continental	7.53
Pia Hul	Leumi Pia	6.86
Kahal	Lahak	5.91

(percentages represent gain in value in U.S. dollar terms for 12 months ending April 30, 1993)

Database: Meytav Mutual Funds

(Cont'd from page 3)

American institutional investors. According to our sources, these have already subscribed to \$10 million. Pharmos is a public company specializing in the development of pharmaceuticals. One of its products is nearing Stage III clinical trials.

A well-known Minnesota-based venture capitalist is part of a group ready to review the financial needs of Israeli high-tech companies with a view to investing between \$50,000-\$100,000 in ten firms. Companies wishing to have their projects exposed to him may send us their executive summaries.

Financing of Israeli corporate activities continues in Israel and the United States. The window of opportunity is still open. But perhaps not for long. Reports that Finance Minister Avraham Shohat is recommending a capital gains tax on securities investments, plus the current wave of financing issues, weighed heavily on the Tel Aviv Stock Exchange. On May 23 it suffered a near 3% drop -- the largest fall since the February correction. Analyst Amir Becker of Meytav has pointed out that there is little to indicate the future course of the market. We expect the next leg up to be powered by some major development such as the peace talks, now in recess. In the meantime, there is little reason for investors to rush in, especially while the calendar is crowded with 200 new financing issues in the pipeline. At this writing, popular averages are where they stood at the beginning of the year, about 200 on the share

index. But it has been a selective market, with some shares continuing to perform well. Leading mutual funds, after the one-day drop, are showing negative yields for May, but are ahead by 10% or more since the start of 1993.

The International Exhibition

TECHNOLOGY '93, Incubators, the Hothouses of Technology -- A Special Report

At Technology '93, a pavilion was set aside to expose visitors to the activities of the country's industrial incubators. Active incubators have been established throughout the country, from Galilee in the north to Ofakim and Beersheba in the south. These incubators -- 24 have been set up in the past two years -- provide professional, physical and financial support to allow R&D-based businesses to establish themselves with minimal start-up expense.

Such units exist in western countries, but the move to establish them at a rapid pace in Israel came about as a result of the massive immigration from Russia, which brought with it large numbers of scientists and technologists.

The Office of the Chief Scientist of the Ministry of Industry and Trade is implementing the program, with the aim of supporting the first stage of technological entrepreneurship on a continuous basis. A framework was set up to promote various aspects of a prospective project. These include initial organization; focusing of the idea; building a team of researchers; proving feasibility; market research, and the preparation of a sound business plan. The aim is to bring a project to the point where it is ready to apply for regular government financial support, or outside financial investment.

To qualify for the special programs, an incubator must be an independent, non-profit unit headed by a public committee representing local industries, business and research institutes. Each has to have its own building, which must be able to house 10-20 projects, each employing up to five people. Research institutes or appropriate industrial enterprises in the area have to offer their support. Management of the incubator has to supply each project with central administration services, including secretarial help, buying of supplies, personnel hiring, financial management and suitable assistance in locating investment sources and strategic partners.

Furthermore, to qualify, each project has to be organized as a company, with at least half of the employees being new immigrants. Each project's employees are to be allocated at least 30% of the founding shares.

The current group of incubators represents 170 projects. So far, according to Minister of Industry and Trade Micha Harish, "600 immigrant scientists have been absorbed by technological incubators. One hundred and forty Israelis are employed in these projects to form a powerful basis of future innovative industry."

"We have been in operation for two years. Six projects are in process, and two are in the pipeline. The budget calls for NS 350, 000 for two years. The Office of the Chief Scientist of the Ministry of Industry and Trade provides NS 300,000, and NS 50,000 was raised from other sources. They include Israel Military Industries, the Jewish Agency and the public," says Dr. Dov Derman, General Manager of NAIOT, an incubator in Upper Nazareth.

Nazareth is somewhat distant from a research institute, but Dr. Derman insists that he has gotten strong support from the nearby Israel Military Industries, the staff of which has provided consulting assistance. The motto is: "We give ideas a head start into the future."

At Mofet B'Yehuda near Hebron, an incubator combines stained-glass technology with polymer coatings painted on transparent glass. Stained glass is thus produced at a price of \$200 per square meter -- one half to one quarter the cost of stained glass produced by traditional methods, I was told by a Russian technologist.

The project is promising due to the product's attractive appearance and competitive cost. A cottage industry for now, I was told one individual can produce 10 square meters a day. Five huge windows were ordered for Moscow's Tchaikowsky Concert Hall. Jerusalem visitors to the recently held Presidents Conference in Jerusalem viewed windows made by this system.

Groups interested in obtaining marketing rights are being sought .

The following list of incubators is not complete. It represents only those that appeared at Technology '93.

Ofakim Innovative Technologies
 Director: David Dolev
 Address: POB 633 Ofakim 80300
 Phone: 972-57- 925580
 FAX:972-57-926581

Eltam-Technology Incubators Ltd.
 Director: Yossi Turkaspy
 Address: Scientific Industries Center, Haifa 31905
 Phone: 972-4- 550484
 Fax: 972-4-550372
 Service: Providing scientists and entrepreneurs with

central services, as well as managerial, financial and technical guidance to help them transform their technological ideas into commercial applications.

Ashkelon Technological Industries Ltd.
 Director: Dr. Jack Azran
 Address: POB 717, Ashkelon 78601
 Phone: 972-7-711852
 FAX: 972-7-711855.

Service: Industrial incubator dedicated to developing new export products. Projects in process: pharmaceuticals, diamond identification, interferometry, computer software, sound optic transfer, medical devices, lasers and optics.

Misgav Carmiel Technology Center
 Director: Eliahu Stern
 Address: MP Misgav 20179
 Phone: 972-4-906793
 Fax: 972-4-906355

Service: Technological incubator; assistance to start-ups, administration services

Gat High Tech Center
 Director: Itzhak Ran
 Address: Derech Hatasya 6914 Kiryat Gat
 Phone: 972-07-811761
 Fax: 972-07-811763
 Service: Administrative, legal consultation, business plan preparation

Golan Initiative Center
 Director: Dr. Lev Diamant
 Address: Industrial Zone POB 12 Kazrin
 Phone: 972-6-962561
 Fax: 972-6-962564
 Service: A technological incubator for development of new projects by scientists and inventors -- newcomers from the former Soviet Union and Israelis -- at the first stages of R&D work, and before commercialization

Har Hotzwim Business Incubator
 Director: Dr. Dov Frohman
 Address: Har Hotzwim POB 23127 Jerusalem 91230
 Phone: 972-2-1812380
 Fax: 972-2-1812386
 Service: Logistics, professional support, access

Technology Incubator Arad
 Director: Izak Perez
 Address: 34 Chen Street, Arad 80700
 Phone: 972-57-952579
 Fax: 972-57-952693
 Service: Incubator framework helps transform ideas into products, and assists in the marketing stage, financial advice, surveys, feasibility studies, business plans, patent registration, contacts with government authorities, and capital/risk funds

Incubator for Technological Entrepreneurship Kiryat Weizmann Ltd.

Director: Shmuel Yerus

Address: Bldg. 3, Kiryat Weizmann, Nes Ziona 70400

Phone: 972-8-409086

FAX: 972-8-408-085

Service: Fosters industrial development of ideas by immigrant scientists and technologists, as well as by Israeli entrepreneurs via the creation of startup companies. Offers management services and follow up, aids in obtaining government support and helps in finding strategic partners for marketing and investment

Scientific Incubator Company Ltd.

Technion Entrepreneurial Incubator Co. Ltd.

Director: Amiel Lowenstein

Address: Technion City, Gutwirth Park, Haifa 32000

Phone: 972-4-325386

Fax: 972-4-228531

Service: Development of new high-tech products involving ultrasound load cells, dermatological illuminators, atomizers, very high precision motors, advanced scientific software, acoustic devices, fish (larva) food, non-invasive heart diagnosis systems, ceramic materials, learning systems

YTB Technological Enterprises Ariel

Director: na

Address: na

Phone: na

Fax: na

Service: na

Yosmot-Granot Initiative Center

Director: Abraham Afori

Address: Granot m.p. Hefer 38100

Phone: 972-6-321390

Fax: 972-6-321392

Service: Startup incubator projects approved: moving mannequins, fish sperm bank, cryogenic fish sperm storage, safety instruments for cars, science teaching computer

Mofet B'Yehuda Ltd.

Director: M. Livni

Address: POB 80 Kiryat Arba 90100

Phone: 972-2-963880

Fax: 972-2-961571

Service: Technological and business incubator programs

Initiative Center of the Negev Inc.

Director: Lesley Anne Rubinstein

Address: POB 844 Beersheva 84106

Phone: 972-57-231212

Fax: 972-57-231246

Service: Assists innovators with ideas having a competitive edge

Advanced Technologies Center Association

Director: David Delbar

Address: Temed Industrial Park Mishor Yamin Arava 86800

Phone: 972-57-558631

Fax: 972-57-556106

Service: Technological incubator

NAIOT Technologies Incubator Center

Director: Dr. Dov Derman

Address: POB 678, Nazareth Illit 17106

Phone: 972-6-500764

Fax: 972-6-566735

Service: na

Nitzanim Initiative Center Ltd.

Director: Dan Wolfman

Address: Nahal Soreq Yavneh

Phone: 972-8-434415

Fax: 972-8-434798

Service: Initiation, establishment and operation of technology projects

Am-Shavc Technological Applied Development Center

Director: Menashe Bark

Address: Sde Boker

Phone: 972-57-565726

Fax: 972-57-558068

Service: Technological incubator offers assistance from Dr. Boker and the Desert Research Institute at Ben-Gurion University

PATIR Research and Development Ltd.

Director: Joel Warschawski

Address: Havaad Haleumi 21 POB 16031, at the Jerusalem College of Technology

Phone: 972-2-751123

Fax: 972-2-422075

Service: Supports startups in electro-optics, microelectronics and medical physics.

Updating the Guide to Israeli Investment Banking and Venture Capitalism

In April 1992 you were presented with a review of some of the leading investment companies. They were chosen for their willingness to exhibit some of the traits of the classical venture capitalist. Most Israeli companies tend to talk about investing in high-tech but actually prefer and do put their money in low tech or no tech. Real estate and more recently infrastructure development projects are their target. They tend to concentrate on investing in proven mousetraps rather than original ideas or technologies. We did predict however, an increase in the number of venture capitalist." To a degree the prediction is

coming true as we read recently that there is a move towards the setting up of a venture capitalist association. Below are listed some of the new faces added to the venture capitalist group.

The debate whether there is more money chasing investments than investments needing money is no longer so passionately debated. There is more money than ever available for investment or R&D financing.

Eddie Mlavsky has a point when he speaks of the availability of "dumb" money. The "dumb" money being directed by investors who do not know the field and can not be useful to the startup after they make their commitment.

Athena Venture Capital Fund, is led by Dan Tolkowsky, along with son Gideon and Yadin Kaufman. Tolkowsky & Co. - though less than ten years old, is Israel's senior venture capital company.

A good portion of Athena's \$24 million is invested in fledgling Israeli concerns such as Rosh Intelligent Systems, Gilat Communications and Mercury Interactive. Athena has also invested in Efi Arazi's Electronics for Imaging. Gilat Technologies recently made its highly successful initial US public offering

The Discount Bank Investment Company was a pioneer in high-technology investments, in the past year it became a participant in the field by investing in Gemini Israel Ltd. Dov Tadmor - Discount's General Manager took a major step forward in the field by putting \$8 million, the American Advent International is about to complete its \$8 million founding participation while the Israeli Government is also investing \$8 million. Gemini has so far committed about \$2 million in two companies. Ed Mlavsky who manages Gemini was not ready to disclose the names of the companies.

Blech & Co. Investment Bankers is one of the most dynamic firms in the United States specializing in biotechnology. In the past seven years the firm has committed more than \$700 million in a broad bouquet of biotechnology companies. Mr. Blech has invested more than \$20 million in Israel and maintains equity in in BioTechnology General, Fidelity Medical and Pharmos. He has also invested \$3 million in Neoprobe an American company which includes an Israeli surgeon and a part of its clinical may be carried out in Israel. He also is an investor in Peptor the new biotechnology startup.

Evergreen Canada-Israel Investments

Evergreen's funds come from a private group of Canadian investors who have discovered that investing in Israel does pay. Under Yaacov Burak the company is one of the most profitable of the Israeli based and is still expanding its capital raising

and investment activities. It invests in a broad range of companies with accent on health care.

Teuza Venture Capital

The fund, has raised \$23 million. Investors are protected by a government guarantee for 80% of the original sum raised, should the fund fail to make a profit after seven years. Founding partners include the US Fairchild Co. and Leumi Investments. Managing the local fund Teuza is Haifa based Avi Kerbs.

In the second year of operation it has invested in Galram, a Raphael subsidiary and in Dagon.

Foraz, managed by Formula, Liraz and Sapiens was set up under the Government guarantee scheme. It raised approximately \$8 million at the end of 1992. It has invested so far, in Hydrocom.

Focus is in the process of formation, under the Inbal formula, the 80% government guarantee scheme.

Walden, a US company is in formation and it hopes to raise \$20 million to fund its investment program.

Oxton, another US company is raising \$20 million for local operation

Mofet, founded by Oscar Gruss & Son with DSI and RPM is ready with a money chest of \$8 million.

Dovrat-Shrem, investment bankers are targeting \$8 million for high-technology investments.

ISRAEL HIGH-TECH & INVESTMENT REPORT NEWS AND INVESTMENT OPPORTUNITIES

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