

# 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

### ALL FOR ONE, AND ONE FOR ALL: THE SUMMER OF 1992

It is a hot summer. August is particularly quiet for certain parts of the economy, with industries such as aviation and diamonds shutting down for the duration.

But if the climate is laid back for parts of the economy, things have been a hoppin' in other sectors ever since Prime Minister Yitzhak Rabin assumed his post. After his election victory in June, he has moved rapidly to realize one of the planks of his political platform: a complete freeze on building in Judea and Samaria. Furthering the peace negotiations is also a high priority, while the security of the nation is at the top of the list.

In an obvious though nonetheless delicate minuet of power, President Bush and Prime Minister Rabin showed the world how easily confrontation can become cooperation when two politicians speak the same language. There was a meeting of political minds (one with an election just won and a debt unpaid, the other with an election almost lost and a piper to placate) and presto! Building is frozen in the territories, the missing loan guarantees suddenly turn up and both parties get to share center stage while pursuing peace in the Holy Land.

Prime Minister Rabin has pledged that the Israeli economy will be well fed: a stronger infrastructure, reduced budget deficit, more privatization, and jobs for all, including Russian immigrants.

Not a moment too soon, either. The country's purse was beginning to look a little gaunt by mid-year, and there were enough people underpaid or out of work to create a little rumbling in the national belly.

In this issue we will report on the mid-year results of

some of Israel's best-known science-based industries and high-tech exporting companies. In most cases the high expectations have been met, though Wall Street would like to see even higher profit figures before agreeing that Israeli corporate reality is reflected in its P/E ratios.

The lower stock market valuation for one company was an object lesson on the danger of believing that you can fool all of the people all of the time, while the general health of the Israeli offerings testify yet again to the lasting appeal of these firms on Wall Street, and to the abiding faith of American investors.

The Russian scientists, engineers and technologists are beginning to enter the economy – some newly hatched into the capitalist world after taking crash courses in technological entrepreneurial incubators, others picked up by industry or reaping the rewards of their own persistence. With wise use of the funds acquired through the loan guarantees, and a continuing effort to reform the nation's economy and banking system, it should soon become clear to everyone that the Russian immigrants are as good for the country as the country has been good to them.

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## In this Issue

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All for One and One for All: The Summer of 1992—Editorial Comment

Desert Scientist to Study Japanese Snow Algae

SRD Shorashim: an emerging growth company

The Russians are Coming into the Market

Mid-Year Results for Public Companies: A Survey of P&L and Main Developments

A Step in the Industrialization of New Ideas

Waste Management by Dating Ground Water

Incubators Hatch Interesting Projects

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### **DESERT SCIENTIST TO STUDY JAPANESE SNOW ALGAE**

The Japanese Government has extended a 3-year grant for the study of algae which grow in the snow of Japan's Toyoma province. How to study such Arctic plants? Examine their desert cousins! Dr. Avigad Vonslak of the Ben-Gurion University of the Negev points out that there are similarities between growth habitats in sand and snow. This is particularly so in regard to the light stress known as photo-inhibition.

The project is far from being a mere scientific exercise, however, as the algae which exist in the snow accumulate carotinoid pigments while becoming acclimatized to strong light. These pigments are in great demand as coloring agents in food and cosmetics.

At Ben-Gurion University, researchers have completed the first stage of a light reactor which functions as a hot house, enabling intensive algae cultivation in cold climates.

From whence comes the Japanese fascination with Israeli know-how and experience with algae?

At the end of the 1980s, the Japanese acquired rights to the technology and production facilities of ponds near Eilat used to grow *dunaliella bawardiel*, an alga which produces beta-carotin. Development was based on biological research at the Weizmann Institute, where the sea-algae were isolated.

To get to the product, many problems were overcome, including the growing, harvesting, dehydrating, extracting and purifying of the algae. The *dunaliella bawardiel* is a red single-celled alga. It gets its color from beta-carotin, which it contains in relatively massive quantities – about 100 times that found in most other natural sources.

Beta-carotin is the most important pigment in nature, giving the yellow-red color to fruits, vegetables and flowers. Beta-carotin also has applications in the food, pharmaceutical and cosmetic industries. One molecule of beta-carotin is converted in the body to two molecules of vitamin A, and as a result the substance plays an important role in nutrition. An expected benefit may come from the fact that beta-carotin is one of the most anti-carcinogenic agents in natural foods.

Since the Japanese company has taken over algae production in Israel, millions of nutritional algae bars have been consumed by the Japanese, who have learnt to like not only the taste, but the very special nutritional benefits.

### **SRD SHORASHIM**

"We did not want our cash flow to come from traditional agricultural activities such as cows, chickens and the like. The Jewish Agency funds money for such activities and then products are sold on quota allocations," states Stephen Bellin, a founder of Shorashim, a collective settlement in the Galilee hills. Together with other settlers, mostly from the U.S. since 1985 they have been pursuing their goal of "establishing a collective settlement based on export oriented high-tech products". In the early years after establishing Shorashim in 1985 the settlers who brought with them technical and business experience followed a policy of contract development and manufacturing for some of Israel's leading firms including a biotechnology leader and an important medical device manufacturer. "Two years ago we changed our philosophy and set out to develop our own products and enter into agreements such as OEM and distributor". SRD Medical recently scored a major success when it signed a multi-million dollar agreement to supply its own developed process portable EEG monitor tradenamed Cerebro Trac 2500, to a major European company, a world leader in anesthesia delivery systems for its own developed.

### **THE RUSSIANS ARE COMING—NTO THE MARKET**

They immigrated as a group of friends from the Russian heartland, Rodina, which Russians call the motherland. They were born and grew up there, studied at the Ural's State Universities, and most hold doctorates and masters of science degrees. Five of them formed a company called Urbis Software Management Systems Ltd. At least one of them, Pavel Warshavsky, has acquired an excellent command of spoken Hebrew.

The new immigrants don't speak much of the old country, but had worked together at Ural Systems, a leading software house with a broad clientele in industrial, space and military conglomerates, as well as in public facilities and scientific institutions in the Urals and Siberia. In the Urals, the group developed a hotel chain management system for no less than 4,000 suites.

Integrating themselves into the Israeli economy well enough to penetrate the Israeli software market posed considerable challenges. Having rented a little space at the back of one of the markets in Tel Aviv, the group installed a computer and uses that to demonstrate the software being prepared. Here they were very pleased to obtain their first commission -- the information system of the Tel Aviv Municipality Department for the Disabled.

In addition to its own five programmers, the group has up to 50 others who work behind the scenes to develop programs. These programs are in various stages of development; Warshavsky estimates that 35 months are required, with an investment of nearly \$750,000.

Closer to reality is a system which supports all aspects of a dental clinic. The project is being completed with the cooperation of the dental department at the University of Tel Aviv.

The program, explains Warshavsky, is not necessarily unique, but it is better and less expensive. He hopes it will provide a flow of capital and establish the firm as a serious entry on the local market.

## MID-YEAR RESULTS FOR PUBLIC COMPANIES

### TEVA'S PERFORMANCE INFLUENCED BY ITS US OPERATIONS.

Teva's net profit for the second quarter soared to NIS 17.1 million from NIS 11.7 million – a 46% increase. Translating the results into dollar terms shows that the company had a three-month profit of \$7 million on sales of \$93 million. Over the past six months, Teva recorded profits of \$14.7 million on sales of \$185 million, so sales and profits were actually flat from quarter to quarter.

#### Mid-year Report

	1992	1991
Sales	\$185.9 mil	---
Net income	\$ 14.7 mil	---

Lemmon company, which is Teva's U.S. generic drug manufacturing subsidiary, is responsible for the increase in net income on a year-to-year basis for the second quarter. Teva's sales outside Israel, which are nearly 50% of the company's total sales, are proving its ability to increase penetration and achieve good profitability in the highly competitive US market. Lemmon continues to get approvals for new generic products, and has received nine such since the end of 1991. It recently has received approval from the U.S. Food and Drug Administration to sell Diflunisal Tablets – the first generic version of an analgesic, anti-inflammatory drug. The company has estimated that the branded version of this drug will enjoy sales of \$100 million in the American market alone.

Teva is growing and expanding both locally and overseas. However, looking closely at its most recent results, it can be seen that the company's exports are growing at twice the rate of their sales to the local market. In Israel the public health system is in the process of a major overhaul, as the General Health Fund is virtually bankrupt. The fund owes Teva \$47 million, but this is secured by a \$40 million mortgage, held by Teva, on a major hospital in Israel.

### ECI TELECOM MAINTAINS GROWTH PROFILE

ECI Telecom over-the-counter shares fell by \$2.25 to \$23.25 on August 8 – a one-day drop of nearly 9%. Why? Israel's financial daily, *Globes*, had carried a story suggesting that ECI's second-quarter results would be lower than expected. The company's shares have traded as high as \$30.75 in 1992, and at current levels are trading near their yearly low of \$22.62. The drop reflects the nervousness on the world's stock exchanges, and the emphasis which is being put on quarter-to-quarter results. ECI Telecom continues to be seen as a premier investment among Israeli companies.

#### Mid-year Report

	1992	1991
Sales	\$74.8 mil	\$49.4 mil
Net income	\$17.9 mil	\$11.8 mil

After six-month profits of \$17.9 million which, on a quarter to quarter basis, was strongly up in the second quarter when compared to the first, and total sales in the six-month period of \$74.8 million, which included \$38.7 million in the second quarter, one can only begin to wonder whether the writer of the newspaper story had some reason to create the selling wave. The price of these shares has since bounded back somewhat. ECI continues to increase its research and development spending, in keeping with its management's goals. At the current rate of spending, R&D for 1992 will cost close to \$20 million. The company's financial position is good, as it earned \$1.3 million in net income in the first six months of this year. ECI continues to experience strong demand for its digital circuit multiplication equipment (DCME). This is the company's core product, and more and more carriers are joining the retrofit program to achieve the six-fold multiplication of fax transmissions. This is another area where ECI has commanded strong growth. ECI is to be among the first suppliers of operational SDH closed ring

networks. Soon live traffic customer testing will take place in Germany by the Deutsche Bundesposte Telecom. The global SDH market is vast.

#### **GROWTH IN SALES AND PROFITS AT SCITEX**

Wall Street may have downgraded Scitex Corp. from a high-flying high-tech company to one which it describes as experiencing maturing growth, but the company remains a world leader in colour electronic pre-press systems for the graphic design, printing and publishing markets.

##### Mid-year Report

	1992	1991
Sales	\$215.4 mil	\$173.6 mil
Net income	\$54.7 mil	\$47.1 mil

Its recently published business results deserve excellent grades. For the first six months of 1992, it reported sales of \$250 million and profits of \$54.7 million – growth on a quarter-to-quarter basis. Scitex is cash rich, with \$359.3 million in its treasury. Future growth will come not only from its own R&D projects, but also from acquisitions. It recently spent \$35 million to buy 100% of Leaf Systems. The strategic acquisition should help Scitex in its marketing and extend its product range, as Leaf's products are used in scanning and transmission.

#### **ELRON ELECTRONIC INDUSTRIES REPORTS FLAT EARNINGS**

Elron reported nearly identical results of \$3 million in profits for each of the two quarters of 1992. The flat results are to be seen as a combination of very good and not-so-good news.

##### Mid-year Report

	1992	1991
Sales	---	---
Net income	\$6.0 mil	\$13.6 mil

Elron's subsidiary Elbit Ltd., which consolidates the results of Elscint within itself, contributed \$6.7 million for the six-month period.

Smaller subsidiaries such as Optrotech Ltd. and Fibronics International, together contributed \$2.7 million in losses for this period.

#### **INTERPHARM EXPERIENCING GOOD SALES GROWTH**

The company's sales for the six months ending June 30 totaled \$23.4 million, a major jump over the same period in 1991, when its sales were \$16.0 million. It also recorded the highest six-month profit in its history – \$2.9 million, compared with \$1.8 million a year earlier.

##### Mid-year Report

	1992	1991
Sales	\$23.4 mil	\$16.0 mil
Net income	\$2.9 mil	\$1.8 mil

Continuous growth of sales of the company's Frone (Human Beta Interferon) in Italy accounted for much of the increase in sales and income. The company has obtained registration approvals for Frone in Spain, and this should continue to add to overall sales.

#### **ELSCINT SALES AND PROFITS CONTINUE TO RISE**

After the company's announcements of its results, audited reports showed that Elscint had only slightly higher second-quarter sales over that of the first quarter, and for the six months it totaled \$103.5 million. Total profitability for the six months was \$9.1 million, of which \$4 million was achieved in the first quarter.

##### Mid-year Report

	1992	1991
Sales	\$103.5 mil	\$90.2 mil
Net income	\$9.1 mil	\$6.6 mil

The word from Haifa, where Elscint is located, is generally optimistic. Part of this can be traced to its second-half order backlog of \$68.4 million, the better part of which is for new products. Market response is also positive to the company's new, portable computer-based mammograph, with initial orders well accepted in the U.S.

Elscint management is stressing marketing efforts in Eastern and Central Europe. It recently established a new subsidiary in Vienna, the 13th in that part of the world.

**TADIRAN ON THE NEW YORK STOCK EXCHANGE**

Having completed its initial offering in the United States, Tadiran Ltd. is now listed on the New York Stock Exchange. The company had established a valuation for its shares of between \$15.5 and \$18, but Wall Street has its own rules, and when the issue came out it was priced at \$14.50.

The issue had been postponed for a week because of poor conditions in the American capital markets, and had Tadiran not obtained the price it did, it probably would have opted out, choosing the Tel Aviv Stock Exchange instead. Israeli institutional and private investors did not receive all the shares they requested, since the allocation was about 70% of the orders.

Tadiran is generally viewed as a solid company, but not one with a high-tech image. This could be changed if some of the income derived from the underwriting were used either for a high-tech acquisition or for research and development leading to some unusual product.

**DID LANNET NOTIFY THE STREET?**

During the week of August 3rd -- the day Lannet Data Communications announced its second-quarter results -- the price of its shares tumbled by more than 25%. This in spite of the fact that the company reported a rise of 76% in second-quarter net income, to \$3.31 million from \$1.88 million in the earlier period. In the three months ending June 30th, sales rose by 99% to \$11.74 million from \$5.89 million.

But on a quarter-to-quarter basis, sales actually fell, as in the first quarter there were \$3.4 million and in the second quarter \$3.1 million. Wall Street found these results highly disappointing. And therein lies the tale.

**Mid-year Report**

	1992	1991
Sales	\$22.3 mil	\$10.5 mil
Net income	\$6.2 mil	\$3.2 mil

Lannet had been heralded as a super-growth company. Expectations were that sales would continue to advance on a quarter-to-quarter basis throughout 1992 and 1993.

When Lannet reported a drop, the boom fell. Blocks of shares were dumped by American institutions, and in no time the shares plummeted from 29.75 to 23.5.

Mr. M. Zandman, a Detroit analyst, asked whether Lannet had advised Wall Street in advance that things might not be as rosy as others had expected. Apparently not.

It is unlikely that the big American institutions will soon return to Lannet. In a July 21 report issued by Oppenheimer & Co., Lannet Data was rated at \$30 a share -- an attractive high-P/E-growth situation. In fact, Oppenheimer has Lannet covered by one of its analysts. Enthusiasm, in this case, ran ahead of performance.

**HAVING GOTTEN WHIPPED CREAM ON THEIR FACE..**

Lior Bregman and Oppenheimer & Co. Inc., with their ill-timed recommendation of Lannet Data, are probably much more on target with a recommendation to invest in PEC Israel Economic Corporation (IEC-ASE), which they call the best vehicle to capitalize on above trends.

Oppenheimer picks PEC as a holding company which trades at a significant discount compared to its net asset value, and which is recovering from a depressed level.

It also recommends Scitex (SCIXF:-NASDAQ) in view of its being a high-tech growth company selling at an inexpensive multiple.

Since both these shares are selling below the recommended prices of \$17 and \$36 respectively, Oppenheimer has suggested that short-term risk is high, but there is the case for longer-term potential.

Many Israeli companies are being mentioned as attractive investments, and these include Teledata Communications, Sapiens, Elscint, Elbit Computers and Elron Electronics. Added to these may be Biotechnology General, InterPharm, Healthcare Technologies and a host of other players.

We here at *IHTIR* continue to be very favorably impressed by ECI Telecon, which continues to maintain its niche, expand its marketing base and make inroads in its field.

**PEC GETS A BOOST**

PEC, the Israel Economic Corporation, with shares in the United States, continues to gain support from brokers and analysts. Most recent is a report produced by Pacific Mediterranean Investments. The past month's analysis rates PEC as a short-term buy and a long-term core holding. Rated as an almost country fund, with a portfolio of investments in all aspects of the Israeli economy, PacMed explains that PEC shares are trading at a nearly 30% discount

compared to the estimated net asset value quoted in its report.

### **OPTROTECH CONTINUES TO PROCEED TO THE REAR**

The news coming out of Optrotech Ltd. continues to be bad. Results for the second quarter of 1992 show a loss of \$1.6 million – exactly the same as in the first quarter. This high-tech firm, which provides computer integrated manufacturing solutions and printed circuit boards, blames the dismal performance on poor conditions in its major market, the United States.

#### Mid-year Report

	1992	1991
Sales	\$36.2 mil	\$35.9 mil
Net income	(\$3.2 mil)	\$0.36 mil

Nonetheless, the company has maintained its sales, which total \$36.2 million so far this year, as opposed to \$35.9 million a year ago. In a subsequent surprise announcement Optrotech has agreed to merge with Orbot Systems Ltd. a privately held company specializing in applications of machine vision. In reaction the Optrotech shares soared by 20% to \$12.75. The terms of the merger are complicated and its details can be obtained from the company. The merged entity will account for approximately 70% of the world market for PCB testing equipment.

### **LASER INDUSTRIES BEGINS TO LIGHT UP**

Laser Industries Ltd. is looking forward to a clear profit for the rest of 1992, with two new products having obtained FDA marketing clearance in June.

The first, Surgicenter, is a carbon dioxide 40-Watt unit specially engineered for the needs of the 1,700 surgical centers in the United States.

The second product is an accessory called SwiftLase, which facilitates the removal of tumors, the purpose being to rapidly scan the whole lesion, heating it intensively and resulting in the char-free removal of tissue.

For the three months ended June 30th, Laser Industries reported a net income of \$302,000, compared with a \$40,000 profit in the first quarter. Sales continue to be flat, however, affected as they are by poor economic conditions in the United States.

### **HEALTHCARE TECHNOLOGIES INCREASES SALES**

Healthcare Technologies, producer of medical diagnostic kits for sexually transmitted diseases, urinary and respiratory tract infections and other infectious diseases, reported continued sales growth for the second quarter in 1992, and sales for that period of \$1.7 million. Healthcare moved into the black for the first time in the first quarter of 1992, when it recorded \$39,000 profit, and in the second quarter the company reports a profit of \$59,200. For the time being United States and Japan are the two keen markets ... considering these are diagnostic systems to detect chlamydia antibodies. Uriscreen and Diaslide are two products which are beginning to obtain registration approvals and patent protection. Diaslide is a novel urine culture device with the growth media built into the slide. It has sold extremely well in Israel, and holds a commanding market share in urine culture diagnostics in this country. Demand is building for this product in Japan, and there are expectations that it will do well in other parts of the world.

### **THE BIRDMAN - GOOD NEWS AND BAD NEWS**

Dr. Ed Malovsky, who twelve years ago became the Executive Director of Bird, the Israeli and US Binational Industrial Research, & Development Foundation, has announced that he is resigning his post. Prior to coming to Israel, Ed was Vice President of Tyco Solar Energy, where he was active in technological developments.

From the Foundation's point of view, his departure is probably bad news, because in the period that he served as Executive Director, the organization invested more than \$90 million in projects implemented by Israeli and American companies. This stimulated more than \$2.5 billion in exports from Israel and sales from the U.S.

The Israeli BIRD Foundation also served as a model for other countries, especially India, where a similar type of entity has been promoted and established.

The good news is that Dr. Malovsky intends to remain active in Israeli high-tech. He will probably be a major asset for anyone investing in Israeli high technology. This might even be a venture capital fund.

### **A HITCHHIKERS GUIDE TO VENTURE CAPITAL**

Tolkowsky Company Venture Capital has published a miniature guide titled Venture Capital - What Is It? Contributors are Gideon Tolkowsky, Fred Adler, Kesselman & Kesselman, and Advocate Gene

Kleinhendler. The Hebrew guide offers some interesting new insights into economic practices, legal considerations, and the Israeli venture capital market.

It is available from Tolkowsky & Co.

#### **MRFC -- MULTI-ROLE FAST CRAFT**

Most craft do not take full advantage of the latest developments, construction materials, manufacturing techniques, hydrodynamics, propulsion systems and command/control electronics. Since this statement was made by a member of the Ferruzzi-Monte Edison Company, one of the world's largest industrial and financial concerns, with more than 60,000 employees and a turnover of more than \$30 billion, it should be taken seriously. Rescue authorities, navies and coast guards, it is stated, require levels of performance above those found in most existing craft. The combination required involves application of the latest developments in advanced composite materials as well as advanced construction methods.

Yuval Harari, an Israeli marine engineer currently working overseas, reports that his company exhibited a prototype at a show in the United States. The company for which Yuval works is currently seeking sales from bodies like the U.S. coast guard. Feeling very strong about the value of its technology, the firm would seek a partnership arrangement to develop, build and market the boat. We are fascinated with the project, and if you are more than mildly interested yourself, contact us.

#### **A STEP IN THE INDUSTRIALIZATION OF NEW IDEAS**

During the Gulf War, an advertisement appeared in the Israeli press calling for immigrants to take advantage of a new program at the Faculty of Management, School of Business Administration in Tel Aviv University. The program offered an opportunity for the best projects submitted to be written up in the form of a business plan. Submissions were to involve innovative ideas with the potential to create exporting factories, or industries with sales of at least \$4 million per year.

The response was fairly slow, partially due to the tensions associated with the war, but applicants did come in and the staff and students at the Business School got busy. The results of their efforts are a number of impressive plans outlining several innovative ideas. A novel welding helmet, a zip lace – an easy and adjustable fastening mechanism for shoes – and a novel boat-building project. The plans are being viewed by engineers, business people and

other interested parties.

Members of the Omer Foundation were at the birth of the project. The Omer Foundation represents a commitment to expanding and strengthening Israel's economy by applying the technical expertise and talents of incoming Russian immigrants to existing industries and new enterprises for the benefit of the immigrants as well as their new country.

#### **SHE IS OLDER THAN ADMITTED**

Up to this year she has admitted to being no more than 100,000 years old. Scientists believe now that she is really more than 160,000 years old. She is the skeleton of a Neanderthal female found in the Tabun Cave on the Carmel Mountains in the 1930s. Haifa University Archeology Professor Avraham Ronen has concluded that the upper layer of the Tabun Cave, which was examined by using doses of radioactivity on the remains of stone tools, reveal that this layer is 160,000 years old.

#### **WASTE MANAGEMENT BY DATING GROUND WATER**

Populations near nuclear reactors can be exposed to radioactive waste products. These are generally stored on-site in metal containers. Various major users of atomic energy are looking for permanent, safe solutions to the radioactive waste disposal problem. In Sweden and Switzerland, one possibility being explored is the use of geologically isolated pockets of ground water trapped more than 1,000 meters below the surface. These reservoirs may be considered safe storage sites, as the water in them is unable to escape to the surface or to any other water channels. Aquifers which are being recharged continuously are considered unsafe and unstable.

Studies being carried out in Sweden and Switzerland employ a method of dating ground water which was developed at the Weizmann Institute by Prof. Emanuel Azor. The technique allows experts to determine with great certainty whether a given aquifer or ground water repository is ancient or relatively recent. The approach is an improvement over previous methods, which studied the amount of helium gas in the water.

In Sweden, an international team is applying the new method to date wells at the Stripa Iron Mine, which is being considered as a nuclear disposal site.

#### **FORCING WEEDS TO LET GO**

A warning was sounded by Weizmann Institute scientist Prof. Jonathan Gressel at a presentation during the International Crop Science Congress at

Iowa State University. Prof. Gressel suggested that weeds which are resistant to all herbicides usable with wheat are a growing threat to the world's wheat supply. The emergence of resistant weeds has become a problem in Australian and English wheat fields. This resistance could become a major danger to North American wheat as well.

A partial solution lies in rotating crops and diversifying herbicides so as to slow the development of resistance. The only way to truly curb the problem is to develop genetically engineered varieties of wheat that can tolerate a wider range of herbicides, especially the less common ones, maintains Prof. Gressel.

#### **SOLAR ENERGY RESEARCH GETS A DAY IN THE SUN**

Prof. Albert Sabin, the developer of the oral polio vaccine, has donated I.L. 130 million in prize money which he recently received to the Weizmann Institute. This gift follows an October 1991 donation of \$500 million, all for solar energy research, specifically for the development of a commercially useful technology for the conversion of solar energy into storable and transportable chemical energy. I have made these contributions because I believe that the earliest possible development of a suitable technology for replacing the exhaustible, polluting fossil fuels by inexhaustible, clean solar energy, is of the greatest importance for the world. I would like the Institute (Weizmann Institute) to continue to be the leader in this effort, stated Prof. Sabin.

#### **INCUBATORS HATCH INTERESTING PROJECTS**

The growing popularity of technological incubators has brought them to Israel in recent years, and 20 such high-tech hatcheries are currently in operation. These incubators, open to all applicants, have provided an excellent opportunity for new immigrants to develop ideas, technologies and innovations which they brought with them to Israel. The know-how is expected to create new products, technologies and jobs.

One program is known as The Incubator for Technological Entrepreneurship, and is located at the Kiryat Weizmann Science Based Industries Park next to the Weizmann Institute. The incubator has recently seen the founding of four new companies which are providing employment for 15 immigrant scientists. Proposals of scientists and engineers serve as the basis for each new company, and each is formed in partnership with an industrial sponsor. The industrial partners are counted upon to provide guidance and marketing. Two hundred and fifty proposals were

received. Eventually ten will be implemented, but for the time being, one of the four includes a scale that weighs objects in motion; another a more economical electric motor; another a device for measuring the freshness of milk products and juices, and the fourth represents a novel electro-optical instrument.

The project to develop a scale that would weigh dry goods in motion has as its industrial partner, IST Engineering, a Kiryat Weizmann company originally established by Russian immigrants. Powerful connections, a marketing company and Evatex Ltd., an investment firm, have sponsored another project, which consists of an instrument that would provide an on-the-spot indication of the freshness of milk products and juices.

IST Engineering is also sponsoring the motor proposal. According to the plans, a prototype is to be ready within two years. Over that period, the Chief Scientist of the Ministry of Industry and Trade will be subsidizing salaries and contributing to the cost of equipment and materials. The Weizmann Institute, a partner to the project, offers scientific advice and access to specialized equipment and other facilities, including the library.

Africa-Israel investments, which has bought the Kiryat Weizmann Industrial Park, is providing office and lab space, and the Municipality of Nes Ziona has granted tax exemptions.

#### **ISRAEL HIGH-TECH & INVESTMENT REPORT**

##### **NEWS AND INVESTMENT OPPORTUNITIES**

Written for venture capitalists, investment bankers, international traders, industrial researchers, business men, underwriters, private and institutional investors, policy makers, offset specialists, technology scouts and individuals whose interests include following scientific and technological developments and for those who specifically wish to maintain insights into Israel's dynamic high technology fields.

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