ISRAEL HIGH-TECH
& INVESTMENT REPORT

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The China Syndrome

We have no memory of ver mentioining China in the pages of the IHTIR. Our closest contact with China was when the Tel-Aviv base Chinese Embassy subscribed to our report. China has recelty expressed ineterst in investing in Israeli companies. Moreover, a further show of inetrest has been the establishing of a $50m. venture csapital fund which is an excellent way of enetring the locasl season. Moreover, since it is notrelated to our report China has expressed an interest in investing in Tnuva, Israel's largest dairy.

We can only conclude that China is building a pipeline into Israel's high tech world.

Everbright invests in breast cancer company Real Imaging

This is the first major investment in an Israeli company by the Chinese private equity fund.
Breast cancer diagnostics company Real Imaging Ltd. has raised several million dollars from China Everbright Investment Management Ltd. This is the company's first financing round since the failure of its run as a public company on the Tel Aviv Stock Exchange (TASE), and the first major investment in an Israeli company by the Chinese private equity fund.

Real Imaging merged with stock market shell Bee Connect in 2011, but was unable to raise financing for its business. In 2012, just before it faced delisting for failing to meet trading terms, it was acquired by a group of investors headed by Israeli-Canadian businessman Amos Michelson, who now serves as chairman.

Real Imaging CTO and COO Boaz Arnon founded the company in 2004. In November 2011, Maiki Yoeli was appointed CEO.

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"The product is now automated and can advise doctors on follow-on tests. In China, the product is especially important as an initial scanner, because of the lack of expert mammography and ultrasound technicians, and many women there have dense tissue breasts, and breast cancer appears at younger ages," says Real Imaging VP R&D Dr. David Izhaky.

China Israel Synergy CEO Amir Yaar mediated the deal and has invested in Real Imaging. He says that the Chinese government's five-year plan calls for 150 million breast cancer tests by 2015. He adds that China Everbright manages $7 billion, and makes few investments outside the country and directly in companies.

Real Imaging is preparing to obtain Europe's CE Mark for its diagnostic device.

Cyber innovation and start-up opportunities hrough the eyes of strategic investors was presented at the session by he JVP CyberLabs partner" at a conference session the CyberTech 2014 conference heldin Tel Aviv..

he cyber market will reach $93 billion in 2017, and that investment in US cyber companies totaled $931 billion in 2013, up 41% over 2012, says Jerusalem Venture Partners (JVP) Cyber Labs partner Yoav Tzruya, moderator of the JVP, which focuses on cyber, says that the number of companies seeking investment rose by 31% in the fourth quarter of 2013, after stronger growth in the preceding two years. JVP, which has almost closed the $120 million funding for its latest fund, is a beneficiary of interest in cyber. A Cisco Systems Inc. (Nasdaq: CSCO) executive at the conference announced that the company would participate in the $60 million part of the fund that is designated for investment in cyber.

Despite the warm embrace of cyber at the conference, it is clear to everyone that it cannot last. "For years, investors avoided cyber. What has changed to cause the current romance?" asked Tzruya.

"Some will say that the romance is too much, but I think it's a good thing," replied Cisco head of investment and acquisitions in Russia and Israel Tal Slobodkin. "This is because the world has adopted a lot of new technologies in recent years and computer use has changed. These changes create options for start-ups. I'm trying to stay optimistic, but these companies should realize that the market is tough."

US Venture Partners partner Jacques Benkoski is less unequivocal, saying, "I think that the investors' romance has gone too far, because it is already too late." USVP's investments include Check Point Software Technologies Ltd. (Nasdaq: CHKP) and Trusteer.

As for the question whether company valuations were too high, the consensus was that while there is no bubble, valuations seemed

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unrealistic. “We’re very sensitive to valuations,” says Intel Capital director Merav Weinryb. “I’ve seen many companies hold their first financing round at a high valuation, but the question is what will the value be at the next round. I fear that a lot of companies will get stuck at the next round and hold them at declining valuations.”

New Enterprise Associates partner Ravi Viswanathan agrees, saying, “In contrast to 2000, companies have real performance. It’s very hard to believe in a company with high earnings multiples; you’d have to believe that the companies will dominate the market. I believe that valuations will fall.”

Symantec Inc. (Nasdaq: SYMC), once synonymous with information security, realizes that that the market has changed and talks about “reimagining security”. Symantec VP Information Security Group product management Samir Kapuria says that while new needs will create new technologies vendors, in the longer perspective, solutions will not come from “new and shinier technologies”, but from better integration of products by vendors of general solutions”.

Check Point Software Technologies Ltd. (Nasdaq: CHKP) chairman and CEO Gil Shwed agrees. Ironically, the firewall solutions company is totally absent from the government cyber initiative, including the Cyber Lab in Beersheva. Shwed’s remarks may explain why. “The number of viruses rose by 87% from 2012 to 2013. Managers’ natural response is to add security. But there are a lot of technologies and a lot of technology vendors. Does it work? Surveys show a 9% drop in security this year compared with the effectiveness of security systems in 2009. Today, it’s harder to see the forest for the trees. Just adding technologies doesn’t work. You need a variety of vendors and technologies and to continue the merger of solutions.”

Green Smoke partners rake in nearly $110m

Green Smoke’s partners Robert Levitz, Sam Kapuano and Ori Adivi, will reap almost the full proceeds from the sale of the company to Altria.

The partners in e-cigarette company Green Smoke Inc., CEO Robert Levitz, and co-founders Sam Kapuano and Ori Adivi, will reap the full proceeds from the sale of the company to Altria Group Inc. (NYSE:MO) for $110 million.

Levitz is an American lawyer who owns Green Smoke through a management company, Iroma, and Kapuano is an observant American-Israeli. They have very diverse experience and all worked in retail or consumer products. Levitz had worked in the import/export of appliances and was later a manager at an investment bank, where he built strong ties with Israeli high tech. Kapuano, who invented the company’s e-cigarette, has a background in website design and retail. Adivi is a lawyer who resides in the US.

Levitz owns 10% of Green Smoke, Kapuano owns 56%, and Adivi owns 33%.

After Kapuano spotted the potential of the e-cigarette market, Green Smoke went into business in 2008, importing and exporting e-cigarettes made by other companies. This is how the company gained its initial capital, and required no external financing, relying solely on its founders. When Levitz joined the company in 2010, he changed it from a trading firm into an R&D company.

Green Smoke’s products closely resemble e-cigarettes that are on the market, but industry sources say that the uniqueness of the company’s products is their reproducibility and user experience, giving the company an edge, and apparently the reason Altria acquired it.

Green Smoke’s Beit Shemesh premises includes a laboratory which produces the vaporizing liq-

uid and the prototype of the vaporizer - basically the cigarette. Production is carried out in China.

Green Smoke has 150 employees at its R&D center in Beit Shemesh, and 30 employees in the US and China. It had $40 million in sales in 2013. The company has operated quietly in Israel, and cannot sell its products in the country, because e-cigarettes are still banned. The company also never raised capital in Israel. Monday's press release said, "The agreement contains provisions to retain key management infrastructure and talent," implying that Green Smoke will continue its operations in the country.

Green Smoke's employees are a diverse lot, coming from Beit Shemesh, Modiin, and Jerusalem. They are secular and religious, with backgrounds in biology, engineering, chemistry, and marketing. Most employees are English speakers.

IAI to unveil Katana unmanned ship at Defexpo

The Katana was designed to protect critical nfrastructures, including ports, undersea pipelines, oil and gas rigs.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) will unveil its new unmanned ship, the Katana, at the Defexpo 2014 Land, Naval & Internal Homeland Security Systems Exhibition,. The Katana expresses IAI's concept of expanding in unmanned aerial vehicle (UAV) business. The company says that the Katana was designed to protect critical infrastructures, including ports, undersea pipelines, oil and gas rigs, and that it is equipped with state-of-the-art electronic warfare systems.

In the past decade, IAI sold has sold $2 billion worth of UAVs to Asian countries. The company's contracts with India have given it a taste for more. One contract alone, for the sale of Barak 8 sea missiles to the Indian Navy, is worth $1.4 billion.

Israel Aerospace Industries has presented its Combat Team Battle Management System.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) has unveiled its unique and advanced Combat Team Battle Management System (CT-BMS) at the DEFEXPO 2014 Exhibition in New Delhi. The CT-BMS, developed by subsidiary ELTA Systems Ltd., is specifically designed to address the challenges of tactical land forces command, control, collaboration and real-time situational awareness.

The CT-BMS connects combatants, tactical sensors, weapons systems, combat platforms, headquarters and supporting forces to create real-time common situational awareness for the entire combat team. The system integrates automation, collaboration and mission planning tools with command and control software to provide full battle planning and management capabilities down to the level of individual soldiers. The system uses multiple software servers to create a fully redundant and accessible combat team Intranet that provides secure access and services for customers.

CT-BMS was designed to support Elta's on-the-move Tac4G (tactical 4G) cellular network. The system can also operate with a wide variety of communication networks including Combat Net Radio, line of sight, or satellite communication. "The CT-BMS provides the next generation C4I system for the combat team and battalion level," said IAI president and CEO Joseph Weiss. "The system addresses the challenges of the modern battlefield with advanced multimedia BMS applications and collaboration tools that deliver voice, data and video to hundreds of users from battalion level to individual soldiers."

IAI successfully tests tactical radar system
ELM-2311 is a compact, mobile artillery weapon radar and weapon launch locator.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) has successfully demonstrated the ELM-2311 tactical C-RAM radar during a live fire test. The test included the firing of several artillery shells, radar detection and tracking of the incoming projectiles, and identification of the launch and impact point coordinates with high accuracy.

The ELM-2311, developed by IAI subsidiary Elta Systems Ltd., is a compact, mobile, multifunction artillery weapon radar and a hostile weapon launch locator C-Band radar system. The radar includes an advanced 3D active electronically-scanned array (AESA) which requires only two operators. With either a persistent surveillance sector mode of 120º or a 360º rotating mode, the ELM-2311 C-RAM radar can provide protection and artillery fire assistance at the battalion level.

“During the tests the radar performed well above expectations,” said IAI EVP and Elta president Nissim Hadas. “We were able to tailor a unique and much needed solution for the task of artillery assistance and tactical ground force protection.”

Imperva has acquired Incapsula and Skyfence.
Imperva Inc. (NYSE: IMPV) has acquired two Israeli cloud information security start-ups Incapsula Ltd. and Skyfence Ltd. The company also launched its SecureSphere Web Application Firewall (WAF) for Amazon Web Services (AWS). Imperva did not disclose the size of the deals.

“Our acquisition strategy for Skyfence and Incapsula are very similar. We seeded Incapsula four years ago because we recognized that cloud delivery would change the web application security landscape,” said Imperva CEO Shlomo Kramer. “In the case of Skyfence, we believe that Software as a Service (SaaS) delivery models for internally facing corporate applications will substantially change the landscape for data center security and compliance. We are investing in this space early to put us in the best position possible to help new and existing customers.”

Imperva cited a study by Gartner, which predicts that global spending on public cloud services will grow from $155 billion in 2014 to $210 billion in 2016. As cloud adoption accelerates, enterprises are prioritizing how to integrate and migrate existing systems, from Enterprise Resource Planning (ERP) to Customer Relationship Management (CRM) systems, to cloud-based platforms. Cloud services often run critical applications and store business-critical data, but the majority of existing security controls do not cover the range of different cloud deployments because they were designed for on-premise applications.

Incapsula was founded by CEO Gur Shatz and VP marketing and business development Marc Gaffan in 2010 with the backing of Imperva. Skyfence was founded by CEO Ofer Hendler and VP R&D Michael Kantarovich in 2012.

IAI unveils Super Heron UAV
Heron
The Super Heron’s innovative diesel engine gives it greater flexibility and higher speed.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) unveiled its new medium altitude long endurance (MALE) Super Heron UAV at the 2014 Singapore Airshow. The Super Heron has a 17-meter wingspan and a maximum payload weight of 450 kilograms and takeoff

weight of 1,450 kilograms. It was developed in secret over years. IAI CEO Joseph Weiss told "Globes" that the company already has potential customers lined up worldwide.

IAI begins Arrow 3 production

The Super Heron's main innovation, compared with the Heron UAV, is its innovative engine, which gives it greater flexibility and higher speed. Instead of an aviation fuel engine used by other Herons, the Super Heron uses a 200-horsepower diesel engine and advanced motor that enables it fly at over 150 knots and gives it a faster rate of climb. "The new UAV's improved engine gives it a somewhat bigger and heftier look than the other Herons," said Weiss.

The Super Heron has 45 hours endurance, a flight ceiling of 30,000 feet, and a loiter speed of 60-80 knots. It is equipped with satellite communications and state-of-the-art avionics. It was redesigned for simplified and easier use of payloads, attached under the wings, in order to operate new payloads for different future missions.

The Super Heron's configurations are suitable for intelligence, surveillance, target acquisition and reconnaissance, maritime patrol, and other missions. "The Super Heron greatly expands the mission capabilities of UAVs," says Weiss. "Its development reflects our continuous investment in UAVs and advanced technologies. We previously identified this sector as a key growth engine for the company."

Weiss says that the Super Heron was developed quickly because it was adapted from the Heron and Heron TP platforms. "The Super Heron's use of a diesel engine greatly improves its operational safety," he says. He adds that while potential foreign customers have shown great interest in the Super Heron, "The Israel Air Force is sitting on the sidelines," and has not yet made a decision to procure the new UAV.

Stratasys introduces precise tooth color 3D printing

VeroGlaze enables the 3D printing of crowns and bridges with accurate tooth color shade.

Stratasys Inc. (Nasdaq: SSYS) has launched VeroGlaze dental material for use with its Objet EdenV and OrthoDesk 3D Printers. VeroGlaze enables the 3D printing of dental models with precise A2 tooth color shade, combining quality, accuracy and efficiently produce natural looking dental models such as crowns and bridges.

The dental material for digital dentistry can be used in conjunction with all open intra-oral, impression and plaster scanners and is optimized for 3D printing models for crowns, bridge restorations, diagnostic wax-ups, and try-in veneers.

VeroGlaze expands Stratasys' materials for digital dentistry. Designed especially for use in dental and orthodontic solutions, these materials combine accurate detail visualization with high dimensional stability. They are used by the Objet EdenV and OrthoDesk line of 3D Printers which print ultrafine 16 micron layers for exceptional detail and surface finish.

Stratasys global dental director Avi Cohen said, "We are committed to bringing added value to our dental lab customers through new 3D printers and material innovations. The new VeroGlaze dental material is our first step towards 3D printing teeth color models with remarkable color matching of the A2 color shade."

Solar power in Israel

The Negev Desert is home to the Israeli solar research industry, in particular the National Solar Energy Center and the Arava Valley, the

sunniest region of Israel

Solar power in Israel refers to the use of solar energy in Israel, which began in the early days of the state. In the 1950s, Levi Yissar developed a solar water heater to address the energy shortages that plagued the new country. By 1967 around one in twenty households heated its water with the sun and 50,000 solar heaters had been sold. With the 1970s oil crisis, Harry Zvi Tabor, the father of Israel's solar industry, developed the prototype of the solar water heater now used in over 90% of Israeli homes. Israeli engineers are at the cutting edge of solar energy technology[3] and its solar companies work on projects around the world.

With no oil reserves and the country's tenuous relations with its oil-rich neighbors, the search for a stable source of energy is a national priority. Solar technology in Israel has advanced to the point where it is almost cost-competitive with fossil fuels. The high annual incidence of sunshine in the Negev Desert has spurred an internationally renowned solar research and development industry. At the end of 2008, a feed-in tariff scheme was approved which has led to many residential and commercial solar energy power station projects.

Israel's goal is to produce ten percent of the country's energy from renewable sources by 2020.

Israeli company building America's largest desalination plant in California
Israel is a technological leader in the field and a model that points the way for drought-stricken California.

The cracked-dry bed of the Almaden Reservoir in San Jose, California.
The politics of water: Palestinians bracing for another dry summer
Is desalination the solution for Israel's water problems? Depends who you ask
With rainfall aplenty, Israel to rely less on expensive desalinated water this year
An Israeli company is involved in building what is expected to be the largest seawater desalination plant in the Western Hemisphere, the Orange County Register reports.

When completed in 2016, the plant in Carlsbad, California will be able to provide 50 million gallons of potable water a day. Three smaller plants already operate in California, and 15 more have been proposed.

The $922 million plant is being developed by Israel's IDE Technologies in cooperation with local company Poseidon Resources Corp.

"This is the one supply that San Diego County is investing in that is truly drought-proof," said Poseidon senior VP Peter MacLaggan. "It does cost more, but it has some reliability benefits that are very important to the regional economy."

Six decades of providing water in a country that's 60 percent desert have made Israel a technological leader in the field, a model that points the way for drought-stricken California.

In Israel, desalination now provides about one-quarter of the country's water supply. Each of IDE's three plants in Israel provides roughly double the output anticipated from the facility in Carlsbad, MacLaggan said.

Sesame Enable: Touch screens for the disabled
Hands-free technology enables the disabled to make calls, read books or even play Angry Birds.

Aside from ubiquity, today's smartphones and tablets generally share one feature: the touch screen, used to operate the device. However,

the touch screen, which has become second nature even for small children, is problem for some - people with limited mobility.

Enter Sesame Enable, which brings hands-free technology to help the disabled control these devices by moving their heads.

It enables hands-free reading, dialing and even entering and posting information, such as a status on Facebook. You can even play Angry Birds on the phone.

The company's goal is for any application to be usable by the disabled, without restriction.

"Our goal is to return people with disabilities to the workforce," said Uri Keren, the company's vice president for strategy and business development. "That's a big goal for a small startup, but a startup needs a vision. Many people with disabilities have good speech capabilities, so if we made it possible for them to easily operate computerized systems, they could, for example, operate systems at a call center and return to the job market."

Turning a page with a nod

Sesame Enable was founded in 2012 after a meeting between Oded Ben Dov, a veteran of the army's high-tech intelligence unit 8200 and an expert in computer vision, and Giora Livne, an engineer who was paralyzed in an accident seven years ago.

Sesame Enable's hands-free technology can allow the disabled to do things like turn a book's pages by nodding one's head (or waving a hand) or send an email hands-free. It has also developed a hands-free cookbook application, so you don't have to dirty your tablet with food-stained fingers, and a virtual sheet music application that enables you to turn the pages of a score without touching it.

Sesame Enable has also made its technology available to outside developers (by packaging it as an SDK, or software development kit), so their own applications can be similarly controlled simply by integrating a few lines of code. The company's business model is to allow its technology to be used for free in applications aimed at people with disabilities, but to charge a fee for commercial applications aimed at the general public.

It is also continuing to research the needs of people with disabilities and exploring how its technology could help them. To this end, it is working with the Loewenstein Hospital Rehabilitation Center in Ra'anana and the Onn Special Education School, which mainly serves children with cerebral palsy, in Tel Aviv.

Keren points out that the technology is also suitable for elderly people with palsy, who can't operate devices requiring a delicate touch.

The technology is based on processing images taken using the smartphone's camera. The first time an application based on Sesame Enable's technology is used, it learns to identify the object (aka, the user's head) that will exert control. The system examines the object's range of movement in every direction, and based on this, determines the movements that will operate the device. Then, whenever the system identifies the object that controls the device, a cursor will appear on the screen that can be moved to operate the application.

Sesame Enable's technology supports devices using iOS and Android platforms, however devices running on Apple's iOS don't allow the technology to be inserted into the operating system.

Sesame Enable employs six people and is trying to raise capital. Keren estimated the European market of people with disabilities, which is the company's primary target, at about $40

billion a year.

Could China supplant U.S. as top source of Israeli tech capital?

A slow but significant change has been coming to the Israeli high-tech sector over the past year. Chinese investors have started pouring money into Israeli firms.

For years, Americans and Europeans were the sole investors in the sector but now, after countless delegations have visited Israel from the Far East in recent years, Israeli companies and investment funds are starting to see more Chinese interest.

The Chinese investment model is often different than the American one that Israelis are used to. The Chinese do not always invest in companies directly, but they still may offer a major source of capital for Israeli firms.

Partners in many venture capital funds can feel the shift. $40 million of the $270 million raised by Pitango for its latest fund came from China. In this case, Pitango spent years and lots of effort laying the groundwork and building relationships with the Chinese offering a look at what it takes to win them over. Many other funds are now interested in taking advantage this opportunity and attracting investors from the Far East, instead of American pension funds, which have cut back on their venture capital investments.

Another indication of the growth of Chinese interest in Israeli high-tech is the Horizon Ventures fund of Li Ka-shing, the Hong Kong billionaire. His fund was the most active in investing in Israel, according to the ranking by IVC Online that monitors Israel's high-tech industry.

A major milestone in the new relationship came last summer when China's Fosun bought Alma Lasers for $240 million.

'To grow organically in China'

This month, a number of funds and other Chinese organizations will announce investments in Israel. On Tuesday, for example, WBP Venture Partners will announce a $50 million initial fund raising round. Both American private investors and the Chinese government have put money into the fund. The announcement will be made as a part of a conference on the opportunities for Israeli high-tech firms in China sponsored by IVC Online.

"The goal of the partnership is to create infrastructure that will allow the companies to grow organically in China and control their businesses," said Zvi Shalgo, the CEO of the PTL Group and a partner in WBP Venture Partners. The fund will close and start making investments in the third quarter of the year. The fund will invest in Internet and industrial technology startups looking to move into the Chinese market.

The fund will invest in firms that already have products ready for the market, and that are also interested in moving into the Chinese market. Life sciences and medical equipment, clean tech, telecom, mobile, and online media are the major areas of interest for investments. The average investment by the new fund is expected to be in the several millions of dollars each.

Easy access to innovation

The Catalyst CEL fund is a joint venture of the Israeli private equity Catalyst fund, headed by Edouard Cukierman, and state-owned China Everbright. The fund will announce the closing of its first $100 million for the new fund. The fund, which was announced last October, can now start investing in Israeli firms - at the same time it continues to raise money. The fund is looking to raise $200 million, with an option to increase that to $300 million. China Everbright

has invested $75 million so far, and other investors have come from Europe and emerging markets.

Catalyst CEL will make relatively large investments of some $20 million in companies that have tens of millions of dollars in sales. As opposed to most Chinese investors, the fund will not limit its investments only to companies that are interested in developing their business in the Chinese market, but companies that wish to do so will be able to benefit from the connections with Chinese investors.

“The fund will invest in companies that have innovation and international growth potential. Not only in classic high tech but also in medical equipment, water technology, agriculture and materials,” Cukierman said.

Clal Biotech sells diabetes treatment co Andromeda pharmaceuticals

Future milestone payments and royalties could reach hundreds of millions of dollars.

Clal Biotechnology Industries Ltd. (TASE: CBI) has signed a non-binding letter of intent to sell diabetes treatment developer Andromeda Biotech Ltd. to a US pharmaceutical company for an immediate payment of several million dollars. Future payments could reach hundreds of millions of dollars, if Andromeda meets development, registration, and sales milestones for its treatment of type 1 diabetes, Diapep277, and double-digit royalties on sales.

Clal Biotech, owns 96% of Andromeda, after acquiring Teva Pharmaceutical Industries Ltd.’s (NYSE: TEVA; TASE: TEVA) stake in the company. Clal Biotech is controlled by Len Blavatnik’s Access Industries Inc.

Clal Biotech acquired Teva’s 16% of Andromeda for a future payment of $72 million, giving a company value of $450 million. Andromeda bought back Teva’s rights to Diapep277 as part of the deal.

DiaPep277 is a unique peptide to prevent the destruction of insulin producing cells in the pancreas in type 1 diabetics. To date, there is no therapy that can prevent the destruction of insulin secreting beta cells. DiaPep277 is designed to treat type 1 diabetes patients with residual insulin secreting cells in order to preserve their function. It is currently undergoing two Phase III clinical trials. The first trial was successful and the results of the second trial are due by the end of the year. If successful, Andromeda can apply to market the drug.

WBP launches $50m Israel investment fund
The Chinese, US, Israeli fund will invest in Israeli high-tech firms operating in China.

A group of US, Chinese, and Israeli investors have set up WBP Venture Partners, which will raise a fund to invest $50 million in high-tech Israeli companies seeking to do business in China. The fund was founded by B&P Management (China), headed by David Fuchs, Israel’s PTI Group Ltd., headed by CEO Zvi Shalgo, and Wujin Economic Zone (WEZ), in Changzhou, one of the most active Chinese cities collaborating with Israeli companies. Fuchs and Shalgo will serve as WBP’s managing partners.

WBP Venture Partners is seeking to raise an initial 300 million renmibi ($50 million), to invest in Israeli companies that will operate in China, with an option to a subsequent closing. The average investment in a company will be $2 million. The fund will focus on the life sciences and medical devices, cleantech, telecommunications and mobile, online media, and industrial technologies.
Portfolio companies will get financial strategyassistance, including an exit strategy for listings on the New York, Hong Kong, London, or

Shanghai stock exchanges, or acquisition.

“Partnering with PTL Group enables us realize our joint vision regarding the operations of Israeli companies in the Chinese market. I really believe in this unique model, combining investments with a platform of local services, which is an exception in the market,” said Fuchs, adding “Technology and innovation are an important advantage, but not sufficient to succeed in China. I’ve seen American companies fail in China because they lacked local support of the kind the new fund is offering.”

“Our objective is to enable Israeli and foreign companies penetrate the Chinese market and grow while preserving their technology and controlling their own business. Experience has shown that a company must have a local team to develop its business in China, as a crucial infrastructure enabling growth and expansion,” said Shlago.

Aircraft protection system successfully tested

The SkyShield system protects passenger aicraft against shoulder-launched missiles.

The Ministry of Defense and Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) announced yesterday that they have successfully completed a series of trials to certify a defense system to protect passenger aircraft against shoulder-launched missiles. The SkyShield system, also known as C-MUSIC uses a laser beam to deflect shoulder-launched missiles through jamming. Development of the system began more than a decade ago after an attempt to shoot down an Arkia Airlines Ltd. passenger jet that had just taken off for Israel from Mombasa Airport in Kenya.

The project was led by the Ministry of Transport’s Israel Civil Aviation Authority and developed by the Ministry of Defense R&D administration with Elbit Systems acting as the chief contractor. The development process was long and arduous with the need to obtain permits to fit the system on passenger aircraft landing at airports worldwide. Developing the system cost several hundred million shekels.

Ministry of Defense director of R&D Brig. Gen. Eitan Eshel said, “The system provides a response to the threat of shoulder-launched missiles held by terror organizations and provides comprehensive protection for the planes on which it is installed. The system allows identifying and jamming missiles shot towards planes using breakthrough technology and there are no similar such systems worldwide.” http://

For venture-backed companies, the total for 2013 represents a ten-year high.

2013 set new records for investments in and exits by Israeli high-tech companies. A report by the IVC Research Center and SiSense, which has developed big data analytics technology, says that exits by Israeli high-tech companies totaled $6.64 billion in 2013.

PwC: Israeli tech exits worth $7.6b in 2013

Although the total for exits is far from the records set in 2006 and 2012, exits by venture capital-backed companies totaled $4.2 billion in 2013, a ten-year high, during which the average of exits was $2.2 billion. 2013 may have been the best year ever in Israel, if the Chromatis Networks deal in 2000 is excluded. Altogether, there were 80 exits by high-tech companies in 2013, of which 35 were by venture capital-back companies.

In ten years, exits by Israeli high-tech companies totaled $47 billion in almost 800 deals. The most prominent trend in 2013 was the large proportion of mid-sized and large sale transactions (i.e. more than $100 million) out of the total number of deals.

This trend, which indicates a level of maturity in the industry, and was accompanied by a drop

laser-based defense system against rockets, mortars and airborne attacks will shortly be unveiled by Rafael Advanced Defense Systems .
The high energy laser (HEL) system, called Iron Beam, will be unveiled at next month's Singapore Air Show.

Iron Beam will complement the battle-proven Iron Dome short-range rocket defense system by assisting in intercepting very-short-range rockets fired at Israel.

The system will add an extra dimension to Israel's missile defense program, according to Israel Defense website. The future full lineup will comprise Iron Beam (very short-range,) Iron Dome (short-range,) David's Sling (medium-range) and the Arrow 2 and Arrow 3 (long-range.)

Igrant, which could reach $900 million, spread over several years.
PwC: Israeli tech exits worth $7.6b in 2013
Three Israeli cos tipped for major 2014 IPOs

Although the total for exits is far from the records set in 2006 and 2012, exits by venture capital-backed companies totaled $4.2 billion in 2013, a ten-year high, during which the average of exits was $2.2 billion. 2013 may have been the best year ever in Israel, if the Chromatis Networks deal in 2000 is excluded. Altogether, there were 80 exits by high-tech companies in 2013, of which 35 were by venture capital-back companies.
In ten years, exits by Israeli high-tech companies totaled $47 billion in almost 800 deals. The most prominent trend in 2013 was the large proportion of mid-sized and large sale transactions (i.e. more than $100 million) out of the total number of deals.
This trend, which indicates a level of maturity in the industry, and was accompanied by a drop in the number of exits for less than $10 million, contributed to the sharp increase in returns for venture capital funds, which benefited from last year's exits. According to IVC and SiSense's calculations, the funds' average return on equity was 5.3 in 2013, almost double the 10-year average of 2.91.
As for the big exits in 2014, IVC doubts that there will be many $1 billion-plus deals. "Deals like the Waze or Given Imaging Ltd. (Nasdaq: GIVN; TASE: GIVN) acquisitions are still few and far between, and that's unlikely to change anytime soon," says IVC Research Center CEO Koby Simana.

Israeli Tech Brings Clean Water Solutions To China's Cities

Israeli high tech is helping to solve China's water crisis.

Water contamination is a serious worldwide concern. Particularly in China, it is becoming an increasingly dangerous issue. Presently, chemical waste and trash have already forced the government into extensive cleanups and legislating more stringent laws. But despite these efforts pollution continues unabated in many areas; just earlier this year thousands of pig carcasses were found floating in the Huangpu River, Shanghai's main source of drinking water.

Residents and visitors to China are advised to use tap water for hygiene purposes only, and to either boil water or buy bottled water for drinking. This can be a considerable expense and extreme inconvenience. It also means that Chinese households are constantly looking for a way to ensure that their tap water is fit for domestic use.

Blue I Water Technologies, an Israel-based provider of water analyzers, is trying to supply

the solution. The company's devices, which are meant for both residential and industrial use, can identify, quantify and analyze the chemical components of water. They measure parameters such as Chlorine, pH, conductivity, etc. This allows users to adjust and clean water for varying purposes, including, and most importantly in China's case, ensuring safe drinking water.

Blue I is currently promoting their new water analyzing device, Prizma, in Chinese cities in which many residential buildings supply water to homes via rooftop water tanks. These tanks further contaminate municipal waters because they can develop mold or bacteria, or even become infected with bird droppings or dead fowl. Though they are usually emptied, inspected and cleaned about once every year, this is not enough to ensure the water's cleanliness or chlorine levels.

prizma-300x191
Blue I's device uses electro-optic test strip technology to monitor the water's chemical levels. The system automatically tests the water in the residential tank at regular intervals (usually once a day) and assures there is an ideal chemical balance. Alerts of inadequate disinfection are sent to those in charge via real time, online reports allowing for prompt responses.

Importantly, maintenance of this technology only requires switching the test strip cartridge and does not involve training or technical know-how. This will allow easier keep-up and management.

Blue I Water Technologies is currently exhibiting Prizma and other water testing solutions at the Aquatec/

Israeli Company Testing Ambulance Drones
The unpiloted AirMule can fly with up to 800 pounds of cargo

The AirMule, an unmanned emergency rescue vehicle. (Tactical Robotics)
Israeli startup Urban Aeronautics is testing a flying ambulance drone they hope to release before 2020, Business Insider reports. The vehicle, which is called the AirMule, would be used to perform rescues in places like dense urban environments, where helicopter maneuvering is difficult. The AirMule is directed and controlled remotely and it can fly unpiloted with up to 880 pounds of cargo.

Its primary purpose is to assist with rescues during military operations:

A much quieter, remotely-piloted aircraft like this would be a game changer for military personnel. Medical evacuations for wounded troops have greatly improved since the introduction of the helicopter, but pilots still must be weary of enemy fire. That won't be the case with a pilot controlling the aircraft far from the danger.

The drone would also be able to deliver aid to isolated populations and rescue civilians in the event of a natural disaster. While the concept sounds futuristic, it might not actually be so long before these ambulance drones start being utilized by the military—according to Popular Mechanics, the AirMule successfully undertook a series of fully automated test flights last month.

Still, the first pilot-less emergency rescue vehicle is going to cost you. Each AirMule is $2.5 million—and their continued production will, naturally, depend on increased demand.

18 Israelis make "Forbes" 2014 Billionaires List
Eyal Ofer is the richest Israeli followed by Idan Ofer and Stef Wertheimer.

There are 18 Israelis in "Forbes" 2014 Billion-

aires list, which was published today. The richest Israeli is Eyal Ofer in 191st place with a fortune of $7 billion. He is followed by his brother Idan Ofer ranked 244 with $5.7 billion.

In third place among Israeli billionaires is Eitan Wertheimer ranked 267 with a fortune of $5.3 billion followed by Shari Arison and Arnon Milchan tied at 319 and each with $4.7 billion. Beny Steinmetz is ranked 367 with $4.1 billion and Yitzhak Tshuva is ranked 520 with $3.1billion. Dan Gertler are Teddy Sagi are tied at 687 with $2.5 billion each, while Gil Shwed is at 988 with $1.8 billion.

Also listed as “Forbes” Billionaires are Alexander Machkevich (1046 - $1.7 billion), Shlomo Eliahu and Marius Nacht (tied at 1210 each with $1.4 billion), Lev Leviev and Shaul Shani (tied at 1284 each with $1.3 billion), Mori Arkin (1372 - $1.2 billion), Zadik Bino (1540 - $1.05 billion), and Morris Kahan (1565 - $1 billion).

Money Pours into Mutual Funds

High prices on the Tel Aviv Stock Exchange (TASE) are not deterring investors. Mutual funds raised a net NIS 3.9 billion in February 2013, boosting assets under management to over NIS 240 billion.

Debt and equity mutual funds (stock, bond, and tracking funds) raised a net NIS 4.5 billion in February. However, money market funds again saw net withdrawals, amounting to NIS 560 million in February. The withdrawals from money market funds have continued for several months, with the exception of January, in which they raised a net NIS 400 million, because of the negative yield in the markets.

In February, mutual fund investors benefited from price rises in all instruments, averaging 1.3%. The TASE rally, partly because of the 25-basis point cut in the interest rate for March by the Bank of Israel to 0.75%, benefited equities mutual funds, which continued to see strong demand. However, in February, equities mutual funds raised a net NIS 600 million, compared with NIS 900 million in January, even though their average yield was the highest in the industry at 3.7% in February.

It should be noted that, similar to January, the largest amount

of net capital raised by mutual funds was by funds specializing in foreign stocks. These funds raised a net NIS 814 million in January-February, compared with the net NIS 516 million raised by funds specializing in Israeli stocks. However, Israeli equities mutual funds had a higher average return in this period than foreign equities mutual funds: 2.65% to 1.1%.