

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, PUBLISHER

APRIL 1996 Vol. XII, Issue No. 4

ISSN 0334-8307

## Competitive International Banking (for those with free foreign currency privileges)

The Manager of the International Private Banking Department of the Union Bank of Israel (Israel's sixth largest bank) makes a credible case that private banking at UBI is as good as that found in major money centers.

This may come as news to international investors. Until recently, Israeli banks specialized in maintaining interest-bearing foreign accounts. There are estimates that more than \$11 billion is held at local banks for clients who have free foreign currency rights. The banks once lacked the skills and know-how in international portfolio management and private banking services. The once highly regulated economy extended to capital markets until just a few years ago. Trends toward liberalization and deregulation made it worthwhile for banks to enter into global financial investment transactions. Union Bank offers the possibility of establishing trusts and foreign corporations. It uses its trust company (a subsidiary of the bank) for these activities: discretionary management of financial assets; the handling of purchases and sale of real estate in various parts of the world; advice on the use of complicated foreign currency transactions with minimum risk; and the purchase and sale of shares and bonds on international exchanges.

### Investors Attracted by High Returns on Bank of Israel Bonds

"Isn't it true that one can invest in safe financial instruments and obtain an above-average return on one's capital in Israel?" asked one of our advisory board members. This presented an opportunity for an interesting exercise, namely to compare nearly risk-free investments in Israel with those available abroad.

*The Economist* recently reported that German government bonds are yielding 6.3%, while American bonds return a somewhat lower 6.1%. Government of Israel borrowing in 1996 is estimated at \$9.5 billion. The policy of both the Treasury and Bank of Israel is to issue unlinked shekel bonds, rather than the traditional bonds linked to the C.o.L. index. So as to promote

personal investment, the bonds carry high rates of interest. Bank Hapoalim's research department states that unlinked shekel bonds, issued and guaranteed by the Bank of Israel, yield 15.3% to 15.4% on bonds. Yields have risen recently to 16-16.5%.

Israel has opened the doors of its capital market to foreign investors, who may now invest in government bonds, in the same manner as Israelis.

In 1994, the US dollar-Israeli shekel exchange rate was stable, and in 1995, there was a 3.9% devaluation of the dollar.

The net yields on the bonds, adjusted for minor currency differentials, are satisfactory to local and most international investors.

The Bank of Israel continues to vigorously pursue its monetary policy aimed at single-digit annual inflation. As part of a conservative monetary policy to maintain low inflation, the Central Bank favors a policy of maintaining only small changes in the rate of exchange, considerably below the rate of inflation.

This means that the Israeli investor may obtain as high as a 5-8% inflation-adjusted return on government bonds carrying a rating of A-. International investors are being lured away from bond markets in many European nations because of a drop in interest rates. They are turning towards share markets, which appear to them to have a greater chance of satisfactory return. However, Israeli investors are continuing to invest in Bank of Israel short- and medium-term

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### In this Issue

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bonds that offer current yields of between 15% and 16%. Dollar-oriented investors, investing in Israeli shekel-denominated bonds, may use dollar options or forward sales of currency to lock in interest rate differentials available between the Israeli bonds and those offered by American or European bonds.

Bank of Israel bonds are available in two forms: one with floating semi-annual payments of interest, the other with fixed rates of interest which remain in force until maturity. The bonds are traded daily on the Tel Aviv Stock Exchange. The international investor, especially in countries with low rates of interest such as the US, Germany and Switzerland, after deducting any rate of exchange difference, may expect returns higher than those currently available in Canada, Germany, Switzerland or the US.

### **New Wireless PBX CTP**

CTP Systems, a subsidiary of DSP Communications, has introduced a new wireless PBX system (the CTPhone), allowing employees to use a portable handset as a fully-featured wireless extension to their desktop telephone. PBX manufacturers will offer the system on new or previously installed equipment. The first such agreement was concluded with Harris Corporation of the US. Recently, the joint R&D team of Harris and CTP were awarded the Joint Venture of the Year award from the Israel-U.S. Binational Industrial Research and Development Foundation (BIRD-F) to mark the joint development of the wireless PBX product.

### **Electronic Wallet to Evolve from Algorithms Research**

Israeli-based Algorithms Research, specialists in data security, has signed an agreement with Gemplus, a major French smart card and electronic cash company, to develop a new generation of electronic wallets. The R&D budget has been set at \$8 million. When developed, the product will integrate strong security codes based on algorithms. The object is to produce a smart card for making payments in lieu of cash and credit transactions, as well as for home banking.

### **Next Test to Include Interception of Enemy Missile**

Following the successful second test launch of the Arrow 2 anti-missile missile, Israel Aircraft Industries (IAI) intends to launch another Arrow 2 in an attempt to intercept a decoy enemy missile. Test launches including interception of decoy

missiles were originally planned to begin after three test launches to check the missile's flight trajectory and maneuverability.

Each Arrow 2 missile battery to be received by the Israeli Air Force, will include dozens of missiles. Israel has yet to determine the total number of operational missiles it intends to deploy.

### **\$600-million Order to Upgrade Turkey's Phantoms**

Turkey's Phantom aircraft are to be upgraded at Israel Aircraft Industries; its \$600-million tender was accepted by the Turkish Ministry of Defense in late 1995. Turkey's aging combat and bomber aircraft will be upgraded on the basis of IAI's upgrading of Israeli Phantom aircraft. Turkey's President Suleiman Demiral visited Israel in mid-March, and was received at IAI, where he was shown their production lines for conversion of combat aircraft.

### **EFI Supplies Improved Software**

Electronics for Imaging (EFI) is demonstrating a major software upgrade for its Fiery XJ Color Servers. Under the new Version 3.0, these systems are said to improve color handling, increase productivity and provide better network support.

According to Dan Avida, president and CEO of EFI, the new software enhances color handling with support for trapping and overprinting, calibration to press standard targets (SWOP, Euroscale, DIC), and local color calibration at the Fiery XJ Server. It also provides for two user-definable note fields, for improved job accounting.

### **1996 Begins with Strong Interest on the Part of Foreign Investors**

Foreign companies from the Far East, Europe and the United States are continuing to show great interest in furthering their presence or initiating real investment in Israel.

1995 marked the first year in this decade in which investments in Israel by foreign investors were greater than those by Israelis outside Israel, according to a just-released report by the Bank of Israel. There was a quadrupling of "real" investment (investments in industry and real estate, as opposed to investments in securities) by foreign investors -- from \$300 million in 1994 to \$1.2 billion in 1995. Only a small percentage of the total was in real estate. The Bank of Israel points out that most of the sum was represented by large investments in a small number of leading Israeli companies.

### **Netvision's Internet Pager**

Netvision is promoting a new service with Beeper communications paging services. When you get a new e-mail message, the sender and subject fields are displayed on your pager screen, so you can log in and grab the mail instantly... Cool!

### **Packard Bell Subsidiary Invests in Shani Technologies**

Super Shivuk, the local distributor of Packard Bell (also affiliated with Packard Bell's major shareholders) has bought 13% of the shares of Shani Technologies, an internet provider and content developer. This acquisition is part of Shani's current expansion plans. The strategy will lead to improved connectivity, an expanded POP array and wider services.

### **Internet Users Want More Performance**

Do you think that Internet service in the US is better? According to a survey of 27,000 American respondents, only one out of ten users is satisfied with the speed and service he gets. One out of three users disable the graphics to gain performance. Users also complain of difficulty in locating meaningful information. Only one out of six responded positively. According to the survey, 48% use on-line services for access, and of these, Microsoft Network (MSN) is the slowest. Almost half the users have thought about switching to another service, hoping for better performance.

### **Netscape Offers Navigator 2.0 for PowerMac -- With MacJava**

If you have a power Mac and want to see what Java is all about, rush to Netscape to download the new Navigator 2.0 MacJava 2.0 from home.netscape. It's free, for a limited time, but it does not support 68k Mac. You would do better to refer to Java software for their developer's kit.

### **Aladdin to Buy German Competitor**

Aladdin Knowledge Systems has announced an agreement with one of its biggest competitors, the German FAST Software Security Company. FAST is rated second, a leading provider of software protection systems. Aladdin will pay for the acquisition with 3.15 million shares, plus a number of shares at a value of \$8 million at the closing. The total value of the transaction could reach \$36 million, based on current Aladdin values.

FAST, a privately held company with headquarters in Munich, is very profitable, and

considerably larger than Aladdin. However, the company has shifted its focus from software security to multimedia, and has been very successful in this activity. Its presence in Europe (and Germany in particular) is strong, and the current move, considered a "pooling of interest," will provide Aladdin with a foothold in this active market.

FAST's 1995 revenues were \$13.5 million, and operating income stood at about \$6 million. The leading FAST product is the Hardlock line of software protection plugs, marketed through their offices and distributors in 20 countries. Similar to Aladdin HASP, it combines hardware and software to prevent unauthorized use of computer programs.

According to a spokesman, the merger will position the joint company as the industry leader in technology, product quality, growth and profitability.

### **Chyron Buys RT-SET's Shares and Will Market Its Virtual Studios**

RT-SET Ltd. and its parent company BVR Technologies have announced a stock acquisition and joint marketing agreement with Chyron Corp. Chyron has issued 2.4 million shares of its common stock to RT-SET (equivalent to about 3% of Chyron's outstanding common shares) in exchange for 19% of RT-SET. Chyron also received call option rights to increase its holdings to up to 51% in RT-SET. RT-SET develops, markets and sells real-time virtual studio set software and proprietary hardware.

RT-SET developed a 3D computerized virtual studio broadcasting system, for the broadcasting, post-production and other video production markets. RT-SET's systems were exhibited for the first time last year, at the 1995 National Association of Broadcasters (NAB) Convention in Las Vegas. Last November, demonstrations were initiated at several customer sites.

Aviv Tzidon, chairman of RT-SET and co-chairman of BVR, sees the agreement as an optimal choice for a strategic partnership. "Since the virtual studio requires intensive and continuous support and service, Chyron's backing and excellent reputation in these fields will be significant assets to RT-SET in entering the virtual studio market."

According to the agreement, Chyron will provide the worldwide infrastructure for installation, service and support functions for RT-SET systems. "Chyron has set the standard for high-quality video graphic displays. It is the market leader in North America, and is aggressively

expanding its international installed base," Tzidon said. Both companies will take part in the trade's largest show, the NAB Convention, next month.

### **EduSoft Enters US Marketing Agreement with IBM**

EduSoft expects a dramatic acceleration of its penetration of the US school market for educational software, especially its Spanish-speaking segment.

This month, EduSoft's Orlando-based US subsidiary, EduStar America, signed a non-exclusive distribution agreement with IBM and TRO Learning of Edina, Minnesota. The new agreements cover EduSoft's English Discoveries multimedia English learning series, distributed to the US school market. Discussions for the expansion of these agreements to include additional EduSoft products, are now underway.

According to EduSoft Chief Executive Officer Menachem Hasfari, the combined sales force of IBM and TRO in the US exceeds 500 representatives "and we expect their efforts in carrying English Discoveries to result in substantial growth of our American operation this year."

### **ECI Opens Secure Remote Access to NT**

ECI Telecom is gearing up to integrate its product into Microsoft's Windows NT communications facilities. A new product from ECI called Multi-Protocol VPN, allows secure and seamless dial access to their private networks, across the Internet. Undertaken as a joint technology effort between ECI Telecom Telematics and Microsoft, it enables businesses to securely extend their private networks across the Internet with no changes to existing remote user software.

These calls are grouped at the telecom service's node with ECI's ACP 50 Dial Access Concentrator. With its managed, integrated modems, it can connect 24 simultaneous remote dial-in users to their corporation's private network. The security and address management services are provided by Microsoft's Windows NT, with a new technology called PPTP (Point-to-Point Tunneling Protocol). It is used to transport the dial-in user's data between the ACP Dial Access Concentrator and the local NT Remote Access Server. The product was developed by ECI Telecom's Telematics Business Unit (Access Business Group).

### **Indigo Plans International Ad Campaign for Digital Printing**

Two years after Indigo introduced the first digital printing machine in 1993, over 500 E-Print 1000 Digital Offset Color presses are operated by customers worldwide. E-Print 1000 is the most widely used digital color press around the globe. Indigo has also announced the launch of its 1996 advertising campaign to speed worldwide growth of the on-demand digital color printing market. The campaign, the first of its type in the printing industry, is aimed at current and potential end-users of short-run color printing.

Based on an "Ask For Indigo!" theme, the campaign shows how Indigo Digital Offset Color hurdles the barriers of conventional color printing with new digital printing solutions and innovative opportunities for everyone who communicates and sells with the power of color in print.

At the recent Seybold Seminar in Boston, Indigo N.V. was honored with the first Seybold Editors' Market Pioneer Award for its trailblazing leadership in creating, establishing and expanding the short-run color digital printing market, and for opening a completely new spectrum of growth opportunities in the computer publishing industry.

Presented at ceremonies held during Seybold Seminars, the world's most comprehensive annual event for the electronic publishing and graphics industries, Stephen Edwards, Editor Seybold Publications, said Indigo is one of the true industry leaders "who exemplify the innovative technological development that's leading the industry into 21st-century publishing."

### **Geotek Expands its East Coast Communications System**

An infusion of \$115 million by George Soros and a group of investors headed by CIP Capital, (a \$50-million venture capital fund managed by Geotek) smooths the introduction of Geotek's commercial services. Since late January, the first network has been operating in Philadelphia. The company is scheduled to offer commercial service in New York, Boston, Miami and Dallas this spring.

Geotek began operations and marketing of its new mobile communications networks in two of the East Coast's largest markets. The company announced the commercial start-up of its FHMA digital network in Washington, DC, and Baltimore.

The company has raised \$75 million in private financing from a group of investors, and a further commitment for a \$40-million credit facility from

Soros Investment Partnership, bringing the total investment to \$115 million.

The start-up of the Washington/Baltimore network is part of Geotek's accelerated six-city network roll-out, scheduled for early 1996. The company is planning to expand similar commercial services in Dallas in the spring of 1996, as part of an accelerated US network roll-out. By the end of 1997, Geotek intends to deploy FHMA networks in at least 35 US markets, including Atlanta, Chicago and San Francisco.

These networks provide integrated voice and data communications to small- and medium-sized businesses that need to manage a mobile workforce. In the US, the company is targeting two million small and medium-sized businesses with upwards of 25 million employees, who comprise the mobile workforce.

"Until now, the benefits of advanced mobile communications have only been available to Fortune 500 companies," said Yaron Eitan, President & CEO, Geotek Communications Inc. "We're an innovator in the mobile information market. We are bringing integrated wireless solutions to businesses that previously could not afford them."

#### **Bankers Trust Increases Activity**

At a financial seminar held in Tel Aviv in mid-March, Ron Gutler, General Manager of Bankers Trust (Tel Aviv Office) announced that the international investment manager (more than \$180 billion in assets!) is expanding its activities in Israel. Advisory services and implementation of risk management strategies for Israeli companies are being offered.

The seminar included an address by Dr. David Klein, senior director of the Bank of Israel, and was attended by officers of Bankers Trust's London and New York branches.

Ari Bergmann presented sophisticated examples of the use of financial derivatives for strategic business applications. One of these was the granting of equity options to employees, whereby the recipients were guaranteed against losses.

"Our policy of restraining strategies has attracted foreign currency from overseas. As a result, a high shekel rate of exchange is evident," Dr. Klein noted. "Three policies were enacted by the Bank of Israel: deregulation, liberalization and reform of financial services." There are no limitations in obtaining foreign currency for companies wishing to invest

overseas. Institutional investors are allowed to invest in foreign securities on recognized stock exchanges. Israeli institutional investors are also allowed to invest overseas. Still ahead for the decision-makers is whether or not Israelis can hold foreign currency deposits in Israel and overseas and invest in real estate outside the country. "In order for monetary policy to work successfully, the necessary ingredients are a healthy capital market, fiscal discipline and an agreed-upon fiscal policy (economic growth, control of inflation and a favorable balance of payments)," Dr. Klein observed.

Cosponsoring the International Finance Seminar were members of the Clifford Chance Law Offices of London, and of the law firm Dr. D. Tadmor and L. Tadmor of Tel Aviv.

#### **Science Ministry Launches Ten Projects**

The Ministry of Science has activated ten projects to assist the electro-optics industry. Almost \$9 million was made available. These projects combine the academic institutes and industry, which identify the aims, applications and groups of researchers/developers of technological research. The three-year projects are intended to develop technology for engineering and for products which can be quickly marketed. Projects will include lasers, sensors, conventional optics and light reflection.

#### **Nice Systems to Integrate Digital Recorders with Nortel's Call Centers**

Micro-transformers will soon become a market reality, in a joint Israeli-Taiwan operation. Under a newly signed MOU, Nice Systems and Nortel will offer integrated services for telephone call centers, using advanced CTI (Computer Telephony Integration) technology offered by the NiceLog Call Logging System. This digital recording and retrieval system will be linked directly to Nortel's ACD (Automatic Call Distribution) technology, allowing concurrent accessing, recording and playback of any segment of thousands of hours of digitally recorded telephone conversations from a customized database. Nortel is one of the biggest manufacturers of ACD phone systems, serving one-third of all call centers in the US. The telecommunications company welcomes the affiliation with Nice Systems as a way to provide vital solutions demanded by its customers in today's rapidly advancing world of CTI technology.

## Electric Fuel Corporation

### Anatomy of a High Tech Industry

In the early 1900s, the automobile was used mainly for short rides in the city or outings in the countryside. Since then the world's car population grew by leaps and bounds, in some periods by geometric progression. Along with the blessings attending the automobile revolution, the car, powered by a gasoline engine, is a major and a dangerous health hazard. In Tokyo and Mexico, the air is so polluted that bicycle riders use gauze face masks to protect themselves from the smog. Recently BBC reported the phenomenon of an

exceptionally strong wind scattering the ever present smog over Mexico. It enabled the Mexican city dwellers to see, for the first time, the magnificent mountains surrounding their capital. This global problem has led to high-tech solutions aimed at developing mechanical and chemical means to limit pollution. The American Energy Research Corporation has signed multi-million dollar projects with the Department of Energy to work on alternative sources of energy. At Berkeley University zinc-air battery technology is being developed. Professor J. W. Evans is a leading proponent of

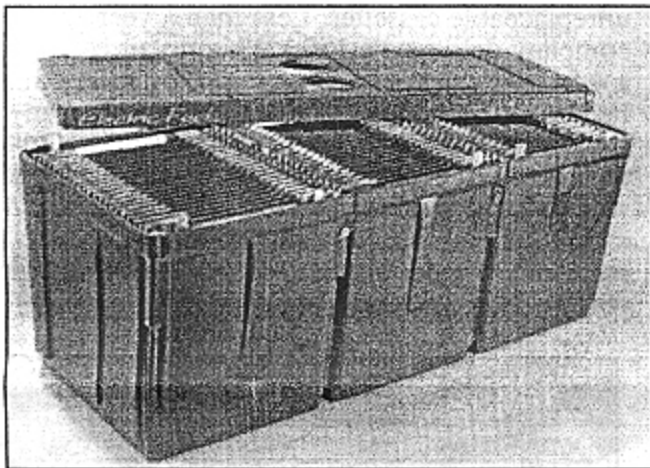


Will the current tests lead to a major automotive breakthrough?

the use of batteries for electric car applications. "Zinc-air cells may find application in electric vehicles where they have the advantages that one electrode (air) need not be transported and that zinc is easily recovered from aqueous electrolytes," says Prof. Evans.

### Israel's Answers to the Energy Crisis

However, in Israel where water and energy resources are dismayingly scarce, a number of projects resulted in alternative means to oil based energy. Some more viable than others, but all have found application internationally. Nearly every home in Israel has one or more solar collectors to supply hot water. One Israeli firm--Ormat Ltd. provides turnkey projects for converting geothermal to domestically usable energy. Giant seven meter solar collectors built in Israel are in use in California. They follow the movement of the sun and capture its energy which is converted to electricity. Two developments, strongly felt in Israel, inspired efforts to develop electric powered cars. One was a concern, for the increased air pollution and the shortages of petroleum fuel in the 1970s. Israeli innovators in the field of non-conventional energy considered the sun which is available



*Battery: 20 kWh*

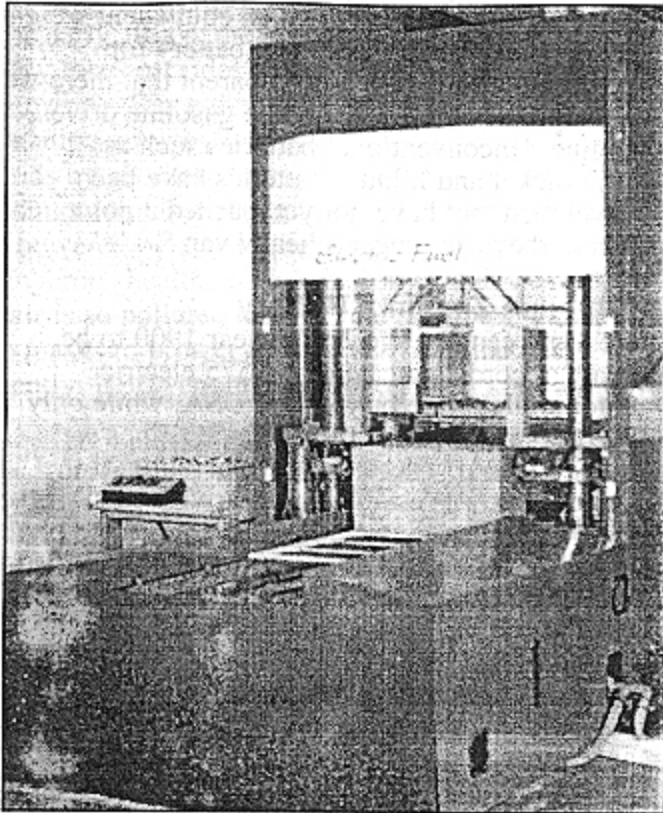
around 8 months of the year, as a source of harnessable energy. In the '70's the young American immigrant, Arnold Goldman, established Luz Industries of Jerusalem, which developed a cylindrical, parabolic, solar concentrator which produced inexpensive power and was used in a 13.8 MW solar energy plant established in California. Goldman surrounded himself with engineers and technicians who were encouraged to develop unconventional ideas in the field of energy. In 1989 Electric Fuel Ltd.

was founded. Chief Scientist Dr. Jonathan Goldstein, at the Jerusalem based company recalls the background leading to the electric car zinc-air battery: "comparing the output of calories for each system on an equivalent weight basis, when using a lead-acid battery for powering a car, it became apparent that there was a margin of 60:1 favoring the gasoline driven engine. Unconventional batteries such as zinc-nickel and lithium batteries have been developed, but have not yet reached a point where they can power a heavy van".

### Why use Zinc in a Battery

Nearly a century ago, in the year 1900 to be exact, records indicate that 1,575 electric automobiles were built in the USA, while only 939 cars equipped with gasoline engines were manufactured. Therefore the feasibility of the electric car was established nearly 100 years ago. The electric car powered by the lead-acid storage battery disappeared by the 1930s. However, it was adopted for many applications including electric trucks, fork lifts and the like, used in industrial material handling operations. Zinc is a much lighter metal than lead, therefore the plates in such a battery make the whole battery lighter and more suitable for vehicles. "The factor is 5-8 in lightness, compared with the lead battery," estimates Dr. Goldstein. Can an electric battery succeed in the marketplace? There are numerous interested parties related to the automobile field who can be seen as formidable competitors. Companies much larger than EF aimed at developing systems which target the exhaust fumes. Major oil people are anxious to maintain their position as sole suppliers of energy for cars. Then there are the developers of various battery systems and fuel cells, such as hydrogen-methanol, nickel hydride, lithium-ion. Is the Zinc-air battery a viable answer to zero emission and a competitive energy power system? EF's Jonathan Goldstein is optimistic. If the German trials using our system conclude positively, it would be the final proof that our system is the first truly economic answer to an ecologically acceptable replacement of the gasoline driven engine. Incorporated in December 1990, Electric Corporation (NASDAQ: EFCX) today has more than 25 US and several European patents, achieved with only 200 Major employees working at the company's manufacturing and R&D facilities in and around Jerusalem. Electric Fuel bases its business strategy on creating cooperative ventures with corporations

and organizations committed to introducing and promoting clean electric transportation as a realistic alternative to the internal combustion



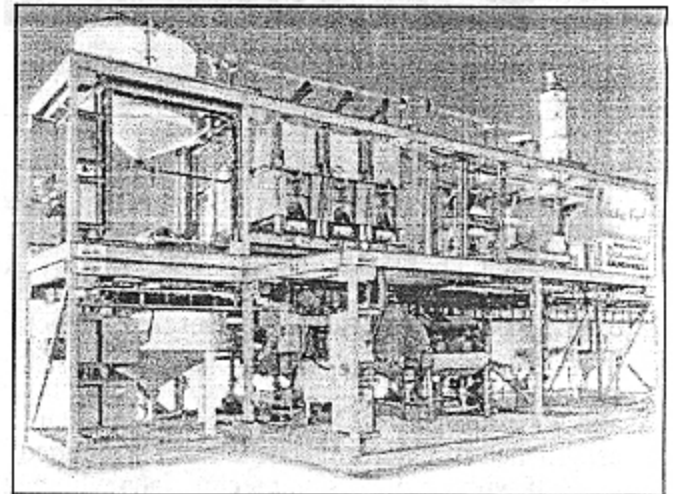
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engine. A key facet of this strategy is the forging of strategic alliances to build and operate electric fleets to test and demonstrate the Electric Fuel energy system under actual operating conditions. Major Europrograms are underway. The Deutsche Post AG, the German Postal Service, is sponsoring an extensive field test of 60 electric vans and light pickup trucks powered by Electric Fuel zinc-air batteries. Other project participants include Deutsche Telekom, Mercedes-Benz, Opel, Siemens, Hoechst, Webasto, and German municipalities and electrical utilities. The Swedish Post and Vattenfall, the Swedish electrical utility, have also joined the program. During the field test, which will run into 1997, the vehicles will be serviced by Electric Fuel refueling and regeneration systems, to be manufactured in Bremen later this year. Edison SpA, Italy's largest private energy producer and a strategic partner working to commercialize Electric Fuel technology in southern Europe, has installed the first European regeneration plant at Trofarello, Italy, near Turin. Edison plans to use this facility to regenerate zinc

for a demonstration fleet, and has announced the installation of a refuelable 484-pound Electric Fuel Corporation zinc-air battery in a subcompact car.

The vehicle was declared fully operational after being test-driven in snowy, sub-zero weather in hilly terrain, and will be used as a demonstration prototype for the European market for electric passenger cars.

"We are very pleased with the performance of the Electric Fuel zinc-air battery, especially in cold weather," said Roberto Renon, General Manager of Edison Termoelettrica SpA. The car was previously driven using a lead-acid battery pack weighing 814 pounds. "Pound for pound, the zinc-air battery offers us eight times the driving range," added Renon. The Electric Fuel company is attempting to commercialize its own environmentally-safe zinc-air battery system for powering electric vehicles. Ongoing multi-million-dollar tests now being carried out in Germany, Italy and elsewhere will determine the systems' viability. The system consists of three interconnected elements: the on-board, charge-only, zinc-air battery pack with removable zinc cassettes, refueling stations for the replacement of the cassettes, and regeneration stations for unreplaceable cassettes. Less than a year ago, the company delivered a 150 kWh zinc-air battery in a 4.5-ton electric van being tested by the German Federal Mail System (Bundespost). A company spokesman indicated that, if these tests live up to the company's claims and expectations, the road will be wide open for Electric Fuel to position itself as a leader in the non-conventional fuel market. Estimates are that the system's feasibility will be determined by the fourth quarter of 1997.



*Regeneration: recycling zinc electrodes*



### Assistance in Scientists' Absorption

An employer engaging a "returning Israeli" scientist is eligible for assistance in employment for one year, or to half the assistance package for two years (the assistance amount is modified from time to time). The scientist may also obtain assistance for research expenses.

Inquiries should be directed to the Science Absorption Center, Ministry of Absorption, Building No. 2, Kirya, Jerusalem 91150; tel: 972 2-752796.

### InStent to be Merged into Medtronic

The only pure stent company, InStent, whose development work continues in Israel, featured in depth in IHTIR 11/95 is being purchased by Medtronic Inc. a major American cardiac medical device company. Medtronic will pay \$214 million for InStent in a swap of 0.383 shares for each share of InStent.

### Walla Debut as a Hebrew Search

A new Super-Site now taking shape is a reference guide developed by Teletel. The site is built to support Hebrew and English searches, and points to interesting internet sites in Israel and abroad. Walla is based on an Informix database and a search engine developed by Teletel to support Hebrew searches. The site will lead users to a point of interest, according to keywords or free search, and provide relevant information and advertising suitable for the topic.

### Elron Net Exceeds \$10 Million

Elron Electronic Industries (NASDAQ:ELRNF) reported a net income of \$10.3 million for 1995, compared with \$6.3 million in 1994. Some \$3.3 million of the total resulted from the completion of an initial public offering by Zoran, a VLSI producer and marketer, in which Elron invested at an early stage of its development.

### Israeli Companies at CeBit '96

Over 80 Israeli companies displayed their products at the CeBit Exhibition in Hanover, Germany. Many of them presented solutions for communication among computers, telephones, cellular, Internet, networks and satellites.

CeBit is the largest exhibition of its kind; this year, in 25 pavilions, the exhibition spread over 300,000 square meters. Altogether, 6,000 companies displayed computers and communication equipment.

#### Key Israeli Participants

##### Motorola Communications Israel

Motorola Communications exhibited applications for their "Forte" portable computer in a full "Windows" environment, for wireless and cellular communications networks operating in Europe. "Forte," designated for the security and

professional markets, is the first personal digital assistant in the world based on an Intel 486-compatible processor. It is one of the first to include structured wireless data communications.

##### RAD Group

RAD Computer Communications received Data Communications Magazine's "Hottest New Product" award for its product, which allows digital connections in cellular networks using GSM technology, as well as a unique compression solution for ISDN lines. RAD also exhibited its ATM switch for workgroups at 25 megabytes per second.

*Silicom Ltd.* (NASDAQ: SILCF), a public company in which RAD Group holds a major interest, presented miniature PC cards which integrate a product and a network, such as modem and Internet or modem and token ring.

##### Telrad and Tadiran Communications

The two largest communications manufacturers in Israel showcased the Kohav (Telrad) and Korel (Tadiran) switchboards, their integration with ISDN, and voicemail products. Tadiran Communications also presented its assortment of wireless switchboards.

##### IBM Israel

IBM presented the Internet telephone communications technology developed by IBM Israel at its Haifa research center.

##### Elsclint Gains After Reverse Split

On March 11, Elscint (NYSE:ELT) put into effect a reverse stock split on a 1:5 basis, making the price of the new shares \$11 7/8. The move was made "to attract institutional investors." A week before the reverse split, Elscint reported its 1995 financials, resulting in a 20% increase in sales and a 42% increase in net income.

Investors responded favorably to the reverse split, and, in the week ending March 15, Elscint shares advanced by \$1 3/4 to \$13 5/8. At year end 1995, Elscint had a total order backlog -- an all-time record -- of \$86 million, up more than 50% over the previous year. Jonathan Aderet, President and CEO of Elscint, cited the continuous improvement in the company's results in spite of "constant pressure on selling prices."

(Editor's note: Elscint is now selling at a 14 price earnings ratio with a book value of nearly \$11 per share and a market value of \$217 million.)

**ANALYSTS' PREDICTIONS - buy/hold/sell**

	SYMBOLS	LEHMAN BROTHERS	OPPENHEIMER	BEAR STEARNS	PRUDENTIAL BACHE	SMITH BARNEY
<b>TOWER SEMI- CONDUCTORS</b>	TSEMF			BUY 15.02.96.		
<b>COMVERSE TECHNOLOGIES</b>	CMVT					BUY SPECULATIVE 25.01.96
<b>GILAT SATELLITES</b>	GILTF		BUY 14.11.95			HIGH RISK SPECULATIVE 25.01.96
<b>TECNOMATICS</b>	TCNOF		OUTPERFORM 9.02.96			BUY SPECULATIVE 25.01.96
<b>TELEDATA</b>	TLDCF		NEUTRAL 13.02.96	OUTPERFORM 15.02.96		
<b>MERCURY</b>	MERQ					OUTPERFORM SPECULATIVE 25.01.96
<b>NETMANAGE</b>	NETM					BUY HIGH RISK 25.01.96.
<b>EFI</b>	EFFI				BUY 15.02.96	
<b>NICE</b>	NICEY		BUY 21.02.96			

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