

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES
June 2010 Vol. XXV Issue No.56

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Israel Invited into OECD



Referring to the OECD invitation to Israel to become a member of the Organization: "This is an important step towards

Israel's integration into the global economy," stated Stanley Fisher, the Governor of the Bank of Israel,

The Governor added: "The OECD decision to invite Israel to become a member of the Organization is an important step towards Israel's integration into the global economy, and is an expression of Israel's commitment to meet the highest international standards." The Governor added that Israel's joining the OECD will strengthen investors' confidence with regard to Israel's economic standing, and is expected to encourage investment in the economy.

The Governor noted that certain funds abroad invest only in OECD member countries, so that membership of the Organization will extend the range of potential investors in Israeli bonds and in the Israeli economy.

Israel has been active in OECD work groups since 1994. In May 2007 the OECD Ministerial Council decided to start the accession process for five new potential members, including Israel, and Israel's government immediately decided to approve the accession process in principle. The decision to invite Israel to become a member of the OECD followed a thorough investigation of

Israel's economy by the OECD, via the Organization's committees.

Israel has an annual per capita gross domestic product of almost \$30,000 higher than several

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Israel invited into OECD

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Three Palestinian girls win trip to California science fair

Israel Corp unit Inkia wins large energy deal in Peru with Kallpa power company

European Union states and is similar to that of New Zealand.

A statement from the OECD said: "Israel's scientific and technological policies have produced outstanding outcomes on a world scale."

Joining the organization offers few direct benefits, although Israeli officials insisted yesterday that the national economy would receive a boost.

Yuval Steinitz, the finance minister, said: "It has economic importance. As we know, in the years after countries joined [the OECD], there was an increase of billions of dollars in foreign investment."

However, Israeli leaders were quick to add a political dimension to the OECD move. Mr. Steinitz argued that the admissions marked "a political achievement of great import. We are now receiving a very significant seal of approval."

Israel has been one of the best-performing western economies in recent years - regularly achieving annual growth rate of above 5 per cent.

Israel was one of the few economies in the world to show growth in 2009 during the world economic crisis, drawing praise from the OECD. Israel's gross domestic product grew 0.7% in 2009, according to the Central Bureau of Statistics. The OECD expects Israel's economy to grow at least 3.5% in 2010.

The country emerged from the global credit crisis earlier than the US and Europe, allowing the central bank to raise interest rates before any of its counterparts in the current economic cycle.

Unemployment stands at 7.4 per cent and is expected to fall, while the economy is forecast to grow by 3.7 per cent this year and 4 per cent in 2011.

Bitstream Inc. acquires Press-sense Ltd. Responding to customer desires for more auto-

mated business processes, Bitstream Inc. a software development company with core competencies in browsing, font, and publishing technologies -- announced today that it has agreed to acquire substantially all of the assets of Press-sense Ltd. for

\$6.5 million in cash. Based in Israel, Press-sense is a developer of business flow automation systems. The Press-sense business will complement and expand Bitstream's Pageflex product line of enterprise brand management and web-to-print solutions to create one of the most robust end-to-end offerings of business management tools available in the marketing and print industries. By fully automating the creation, production, and back-office processes for document orders, Bitstream will provide the tools to enable its customers to maximize production efficiency, monitor and reduce costs, and increase profits.

A privately-held company founded in 2001 and financed over the years by several venture capital firms, Press-sense has become a dominant solu-



Israel High-Tech & Investment Report
Published monthly since January 1985

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tion provider at the intersection of Web-to-print and MIS. The company's flagship Press-sense iWay print-on-demand workflow and management solution has been adopted as the sole OEM web-to-print solution by major digital print manufacturers, including Xerox Corporation, Hewlett-Packard, and Océ, resulting in an installed base of more than 1,500 customers in North America, Europe, and Asia Pacific. There is very little overlap between the customer base of Bitstream and Press-sense, so there is great opportunity for up-selling and cross-selling products throughout the combined customer bases.

Press-sense is based in a high-tech development center outside of Tel Aviv. Bitstream will maintain an office in Israel, which will include product development, sales, and customer support capabilities. The Israel office will allow Bitstream to expand its real-time support for existing customers in Europe, the Middle East, and Africa (EMEA).

"Israel plays a substantial role in both the graphic arts and mobile technology fields. The technical talent in Israel is very impressive," comments Magliocco-Chagnon. "By establishing an office in Israel, Bitstream not only will be able to support Press-sense and Pageflex customers, but also will have an EMEA base from which to staff and support our other business lines, including our Bolt browser."

"Bitstream brings to Press-sense a proven business environment in which to support our 1,500 customers, major OEM partners, and dedicated employees," comments Amir Shaked, Press-sense CEO. "I have been very impressed with the synergy and shared vision between Press-sense and Bitstream. The combination of these two software leaders will produce a solid platform on which the corporations that drive most of the document production across the world--our OEM partners as well as print service providers and corporate clients--can rely on to bring them into the next generation of managed document production."

Bitstream plans to continue to develop and expand

the Press-sense iWay and Press-sense Manager products. The Company will explore integration opportunities between Pageflex Storefront, the company's award-winning Web-to-print offering, and the complementary Press-sense products.

"Our two teams balance each other very well. Pageflex has experience in direct sales, while Press-sense has had significant success in selling through OEMs. The Pageflex customer base is predominantly in North America, while Press-sense customers are located in the US, Europe, and Asia Pacific. Pageflex is known for the power and usability of its SDKs and APIs, as well as its enterprise-level architecture, both of which will be areas of future growth for the Press-sense iWay product," says Magliocco-Chagnon.

Israel and China sign R&D agreement

Minister of Industry, Trade and Labor Benjamin Ben-Eliezer and China's Minister of Science and Technology Wan Gang signed an R&D cooperation agreement in Jerusalem. The agreement is important for Israeli entrepreneurs who want to do business in China, which is an increasingly important market for foreign companies, including from Israel.

China's rapid urbanization, its huge need to build infrastructures of every kind, and the big money that this rapidly growing economy has at its disposal creates a magnet for entrepreneurs. At the same time, the euro crisis is dragging down the world's stock markets, further strengthening China's attractiveness.

The agreement came after two years of negotiations between the Ministry of Industry, Trade and Labor and China's Ministry of Science and Technology, which oversees industrial R&D in the country.

Ben-Eliezer said, "China is one of Israel's key trading partners in Asia, but Israeli exports to China totaled less than \$1 billion in 2009. As part of the Ministry of Industry's strategy to expand the activity of Israeli companies in the East, we've

formulated this agreement, which will provide the infrastructure for collaboration, especially between knowledge-rich industries, and boost bilateral trade.”

The R&D cooperation agreement sets out collaboration between Israeli and Chinese manufacturers. Israeli companies will be eligible to receive up to 50% of R&D costs through the Office of the Chief Scientist, headed by Dr. Eli Opper. Chinese companies will receive support from the Ministry of Science and Technology. In this way, companies from both sides will be exposed to different market demands, and the governments will share in the risk through financial support.

China operates 56 national industrial and high-tech parks, which produce 10% of the country's GDP. Minister Wang Gang, “Israel has huge technological know-how and the largest number of foreign companies traded on Nasdaq. China's burning needs are in water, clean energy, air pollution reduction, and smart agriculture technologies.

Israel launches huge seawater purification plant



A huge new desalination facility on Israel's Mediterranean seashore, with a network of pipes beneath the beach reaching far into the ocean, could help solve Israel's chronic fresh water shortage,

officials said..

The plant, one of the largest in the world, turns seawater into drinking water. It stands next to the northern city of Hadera, the third of five large facilities that will dot the coastline, designed to provide two-thirds of the country's drinking water and will reroute the National Water Carrier, a water transport system that has sustained Israel for 50 years.

“Up until now, it was a government monopoly regulating all water transportation,” said Teddy Golan, vice president of IDE Technologies, a com-

pany responsible for the plant. “Then we found it was cheaper to desalinate water on the shore than transfer it from the (Sea of Galilee) in the north.”

The facility, which Israeli President Shimon Peres inaugurated in a ceremony, includes a series of interconnected round and rectangular concrete buildings. It has been in operation since January.

Water has been a source of conflict for Israelis, Palestinians and other Arab neighbor states for decades. With the development of desalination techniques, Israeli officials began to look to the sea for a solution to the region's water woes. The current push to build desalination plants began in 2000 during a prolonged drought.

The coastal construction boom is not without controversy, however. While cheering the plants' healing impact on natural bodies of fresh water environmentalists worry about the impact on ocean life.

The \$425 million Hadera plant is the world's largest using reverse osmosis technology, a process that does not involve heating the seawater as larger plants do. The plant is designed to produce 33 billion gallons of fresh water each year. A larger plant near the southern port of Ashdod is scheduled to come online in 2013.

Israel has dedicated more than \$500 million to connect the string of coastal plants to the country's water system, according to Mekorot, Israel's state water company.

Because of years of inadequate rainfall, the Sea of Galilee, a main source of water in the north, has reached record low water levels in recent years, while



the Jordan River, which flows out of the southern end of the little sea, may slow to a trickle in some places, according to a report released this month by Friends of the Earth Middle East.

“The more desalination we use, the less we’ll need to exhaust these resources and allow them to get back to their natural state,” IDE Technology CEO Avshalom Felber said.

Rivi Federman, Mediterranean coast coordinator for Zalul, an Israeli environmental group, said there needs to be more research on the effects of desalination’s byproducts, which include iron and nutrients released into the ocean.

“We are in favor of desalination but not so sure about building so many plants. It should be just one part of a solution, along with conservation,” she said.

Last February, the Palestinian Water Authority released a statement saying they would not explore “alternative water sources” such as desalination before they were given back rights to the Jordan River and aquifers they claim belong to them, saying they were, “unwilling to purchase water at such a high cost ... knowing that this water in fact partially belongs to the Palestinians but is inaccessible.”

PwC report shows disappointing 2010 for start-ups and VC

There is little good news for high-tech entrepreneurs in 2010, even if talk about the economic crisis is now mostly in the past tense. Venture capital investment in high-tech start-ups continued to fall in the first quarter, and the hopes for improvement later this year probably won’t materialize. Consequently, 2010 is shaping up as another lost year for Israeli high tech.

The PricewaterhouseCooper Israel MoneyTree Report for the first quarter provides particularly

poignant figures. 72 high-tech start-ups raised just \$170 million in the first quarter, 15% less than the \$201 million raised in the fourth quarter of 2009, and 12% less than the \$194 million raised in the corresponding quarter. Average investment was \$2.4 million, the lowest figure since 2002.

The only glimmer of good cheer was investment in semiconductor companies, which was higher in the first quarter than in 2009 as a whole.

A breakdown by industry shows that software attracted the bulk of investment in the first quarter, with 22 start-ups raising \$46 million. The amount is 37% less than in the preceding quarter, but 147% more than in the corresponding quarter.

Eight semiconductor start-ups raised \$38 million in the first quarter, up from the \$14 million raised by six start-ups in the preceding quarter, and the \$12 million raised by three start-ups in the corresponding quarter.

Investment increased in the life sciences, rising to \$36 million in the first quarter from \$18 million in the preceding quarter and \$11 million in the corresponding quarter. The decline in investment in cleantech continued.

The drop in investment in Internet start-ups was especially great. Only four Internet start-ups raised \$4 million in the first quarter, 88% less than the amount raised in the preceding quarter and 73% less than in the corresponding quarter.

US to fund installation of Israeli rocket defense system

US Congress has approved an extra \$200m in military aid to help Israel get a short-range rocket defense system in place.

The system is designed to intercept mortars shells and rockets from Gaza or Southern Lebanon using guided missiles.

The system, called Iron Dome, has gone through testing and installation will start later this year.



According to US State Department figures, direct military aid to Israel was \$2.55bn in 2009.

This is set to increase to \$3.15bn in 2018.

A White House spokesman reaffirmed what he called the administration's "unshakeable commitment" to Israel's security - adding that Mr. Obama recognized the threat posed by missiles and rockets fired by Hamas and Hezbollah.

Iron Dome was conceived and developed in Israel following the Lebanon war of 2006, during which Hezbollah launched about 4,000 rockets into northern Israel.

Southern Israel has also come under fire, with thousands of rockets and mortars fired by Palestinian militants.

Israel completed tests on the system in January. Officials say the next phase in its development is its integration into the Israeli army.

The announcement on US funding for Iron Dome coincides with the resumption of indirect talks between Israel and the Palestinian Authority.

Shai Agassi's Better Place raises \$350 million

Better Place, which is developing infrastructure for electric cars, has raised a huge \$350 million in fresh equity as part of a second round of financing.

The company, founded by former SAP executive Shai Agassi, formed the concept of battery-swapping stations to complement a network of charging sites. Electric cars such as Zoe, being developed by partner Renault, would be able to extend their range by swapping depleted batteries with fresh ones, without the need of an additional back-up engine that burns fossil fuel.

Another key concept behind the swapping stations is that service would be very fast.

Agassi, an Israeli who left a rapid-rise career track at SAP to focus on making the world "a better place" through green technologies, aims through the company to reduce the world's dependency on oil.

Better Place noted that the investment is one of the biggest ever made in the "clean tech" sector. It values the company at about \$1.25 billion, Better Place added.

Kevin Adeson, HSBC's head of global capital financing, will now join the Better Place board. HSBC invested \$125 million of its own funds in the company, giving it an equity stake of roughly 10% in Better Place.

"We are absolutely convinced that the paradigm change from cars with internal combustion engines to electric vehicles offers great possibilities for growth both in the auto industry as well as for utilities," said Stuart Gulliver, HSBC executive director and head of its Global Banking and Markets business.

Better Place reaffirmed its original target of beginning full commercial operations in Israel at the end of 2011, when industry partner Renault plans to offer the first car with a replaceable battery.

"Due to our technology, our concept and the stable partnership with Renault, we have a lead over all other alternative energy mobility concepts of at least two years," Shai Agassi said in the statement.

Renault entered into an alliance with Better Place in February 2008. The French car company's role in the partnership is to create a 100% electric vehicle, while Better Place's role is to build an electric battery switching network throughout Israel. Renault's concept for Zoe is a zero-emission vehicle that also looks smart, the company said.

Computer software decodes emotions over the phone

Less than two minutes into a cell phone conversation, a new computer program can predict a broken heart -- literally and figuratively.

Some companies in the United States already use the system in their call centers. eXaudios is even testing the software's use in diagnosing medical conditions like autism, schizophrenia, heart disease and even prostate cancer.

"When agents talk with customers over the phone, they usually focus on content and not intonation, unless the customer is screaming," said Yoram Levanon, President and CEO of eXaudios, which recently won a \$1 million prize at the Demo 2010 conference. "If a customer is screaming, you don't need the software. But if we can identify the other emotions of a customer, we can save customers and companies money."

When Discovery News' technology correspondent's voice was decoded using the Magnify software, the output read like a psychologist's notebook: "Struggling to contain an inner excitement. Keeping emotions and/or creativity in check. Warm and fuzzy."

In a call center, the Magnify system then suggests various tactics to a customer service representative, depending on the needs of the company.

If a person is interested in a company's product or service, the software suggests various ways a customer service agent can pitch it. Magnify can also tell if a person is unlikely to buy and suggest the agent end the conversation before angering the client.

The program can even predict when a customer will start yelling up to one minute before it happens, said Magnify's SVP of Business Operations, Alon Klomek. It's taken eXaudios well over a decade to develop Magnify, said Levanon. Magnify

works by teasing apart a person's voice, separating the frequencies and measuring various qualities of those wavelengths, such as their intonation and intensity.

Magnify is not 100 percent accurate, however. Between 17 percent and 24 percent of the time Magnify fails to identify a caller's correct emotions.

"We tried to find physical rules that explained why we were wrong," said Levanon. "What we found was that there was a medical reason we were wrong."

Certain diseases have an unmistakable impact on a person's speech. Many autistic patients require speech therapy to communicate effectively. Nearly 90 percent of Parkinson's disease patients eventually develop some form of soft, mumbled speech.

Yoram Bonne, an autism researcher at the Weizman Institute of Science in Israel, used the Magnify software in his work with autistic five-year-old children. Out of 80 children -- 40 previously diagnosed with autism and 40 non-autistic children -- Magnify successfully identified 85 percent of the autistic kids.

These were children with very mild forms of autism, said Bonne. "They can speak, and when you listen to them you cannot tell a difference (between the autistic and non-autistic children)," said Bonne. "But when you analyze their voices, you find differences that are significant, which allows us to classify a child as autistic or not."

In addition to Bonne's autism study, eXaudios cites other research in Parkinson's disease, schizophrenia, heart disease and dyslexia. The company even has anecdotal evidence that they can diagnose prostate cancer by analyzing a person's voice. According to Levanon, a person with prostate cancer has a "Grand Canyon" of missing tones that is "catastrophic to the voice."

New Israeli technology, making a tank disappear

In the modern battlefield, as thermal imaging and radar detection systems grow more sophisticated by the day, war machines are increasingly vulnerable to enemy fire. Would an armored battalion commander want to be able to make his tanks simply vanish from enemy eyes? You can bet on it.

Eltics Ltd., an Israeli start-up that develops electronic warfare systems, says it has come up with technology that will eventually turn fantasy into reality -- a system that can make tanks, armored personnel carriers, helicopter gunships and even naval vessels invisible to night vision systems and heat-seeking missiles.

The Black Fox system equips any tank, helicopter or ship with a FLIR camera that photographs the surroundings in which they are operating. The system then analyzes the area's thermal signature and screens the exact same signature onto plates fitted on the machine, thus enabling it to completely disintegrate from sight.

"A tank, armored personnel carrier or ship, equipped with this system, become invisible to thermal night vision systems, guided missiles and a missile's sight," explained Eltics CEO Ronen Meir.

"The Eltics system promises something that has never been done before" he added/

Armies around the world are investing enormous resources in finding original ways to protect their hardware and human assets. So far, the results are far from satisfactory.

According to Fresh.co.il, a prestigious Hebrew website on recent military technological innovations, the Danish military, for instance, has fitted its Leopard tanks in Afghanistan with Barracuda, a mobile camouflage suit that reduces the tanks' heat signature.

Bluecher Systems have developed Ghost, special

anti-thermal fatigues, for combat troops, which are part of the German Army's *Infanterist der Zukunft* ("soldiers of the future") program.

Black Fox, which has a potential to revolutionize the future battlefield, is currently at the advanced prototype level.

"In the past, it was customary to say 'we own the night' but today it is said 'we share the night,'" said CEO Meir referring to the fact that sophisticated night vision technology has become accessible to everyone, both regular armies and militants.

The CEO declined to comment on further questions about the system, citing its high secrecy. However, he did say that Eltics is financed by private investors and is now awaiting a substantial capital flow of \$5m.

Meir would neither comment on when he expects the system to turn operational nor on future customers. However, Israel will probably be the first to benefit

"With this system, we give the advantage of night warfare back to some guys, beginning at the intelligence level and up to the tactical and strategic level," added Meir.

High-tech military socks save on wear and tear

Who would have thought that a pair of socks would become such an important part of the Swiss Army – well they are more high-tech than you would have ever imagined. The Swiss defense ministry has been conducting tests to measure how these socks are able to absorb sweat, which as we know is a huge problem for military personnel.

Soldiers have been testing these socks by wearing one on each foot. Sixty recruits have been taking part in these tests; they have ten socks from the range of three different types. According to AP, the Swiss defense ministry said that the men were sent on a "merciless" five-day test mission" while wearing odd socks.

None of the men knew about these tests before the mission, which consisted of a six-kilometer march on each day. They were then checked for blisters and how much sweat was produced. The men were then asked a number of questions about the socks themselves.

These high-tech military socks are made from wool and synthetics and will help recruits when they have to go on long marches or work in hot environments. This is not the first time that socks have been tested by military, earlier in the year the Israeli army developed socks that could be worn for up to two weeks at a time without developing an odor.

Teva beats earnings estimate

Strong sales of its multiple sclerosis drug Copaxone helped Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA; TASE: TEVA) beat analyst estimates in a strong first quarter.

Revenue for the quarter was \$3.65 billion, 16% higher than the corresponding quarter of 2009.

Non-GAAP net profit was \$830 million (\$0.91 per share). The earnings per share figure was 28% higher than the first quarter of 2009. Analysts had expected \$0.89 per share for this quarter.

Teva reported record quarterly global in-market sales of Copaxone of \$796 million, 28% higher than the corresponding quarter of 2009.

North America sales in the first quarter, rose 20% compared with the corresponding quarter, to \$2.31 billion, and accounted for 63% of total sales. Teva said the increase in quarterly sales resulted from the launch of a generic version of Mirapex in the quarter, as well as the continued strong sales of generic versions of Adderall XR, Pulmicort Respules, Accutane, and Eloxatin launched in previous quarters. The quarter's sales also reflected continued strong sales of Copaxone.

As of April 26, 2010, Teva had 210 product applications awaiting final FDA approval, including 44

tentative approvals. Collectively, the brand products covered by these applications had annual U.S. sales of over \$113 billion. Of these applications, 133 were Paragraph IV applications challenging patents of branded products. Teva believes it is the first to file on 83 of the applications, which represent products with annual US branded sales of more than \$50 billion.

First quarter sales in Europe were \$812 million, 22% of total sales. Sales in Europe rose 10% compared with the corresponding quarter of 2009. Teva attributed the rise to higher sales of Copaxone and Azilect. As of March 31, 2010, Teva had approximately 3,207 marketing authorization applications pending approval in 30 European countries.

Sales outside North America and Europe rose 10%, mainly due to sales growth in Israel and Russia, and reached \$532 million, 15% of total sales.

Teva said Copaxone remains the number one multiple sclerosis therapy in the world. Global sales were \$796 million. In the US, quarterly in-market sales increased 19% from the corresponding quarter to \$513 million. In-market sales outside the US jumped 48% to \$283 million.

Global in-market sales of Azilect reached a record \$77 million in the quarter, a 40% increase over the comparable period in 2009. Teva said sales growth both outside the US (primarily in Spain, Italy, Turkey and France) and in the US contributed to the increase in in-market sales in the first quarter of 2010.

Elbit Medical files for major biomed IPO

Elbit Imaging Ltd. (Nasdaq: EMITF; TASE: EMIT) the spin-off Elbit Medical has published its draft prospectus for an IPO on the Tel Aviv Stock Exchange (TASE). Elbit Medical was set up as a holding company for Elbit Imaging's biotech holdings, including a 71.3% holding in InSightec Ltd. and 31.6% holding in therapeutic stem cell developer Gamida Cell Ltd.

Insightec planned to go public on Nasdaq in 2005 at a company value of \$500 million, but never did. Gamida Cell held its last financing round at a company value of \$80 million. The draft prospectus did not disclose the valuations Elbit Medical hopes to obtain, but the company reportedly wants to raise \$50-70 million at a company value of \$250-350 million.

Insightec has developed and MR guided focused ultrasound treatment for treating uterine fibroids and certain tumors.

Some facts about Israel

*Solar water heating is used by over 90 percent of Israeli homes.

*International Technology companies such as Marvell, Intel, IBM, Google, Hewlett-Packard, Cisco, Oracle, Motorola, Microsoft, and CA have research and development facilities in Israel.

* More than 3,000 start-ups have been launched in Israel, second only to the United States.

*In 2009, foreign direct investment in Israel reached \$3.8 billion.

BriefCam video synopsis wins security industry award

BriefCam Ltd., a developer and provider of Video Synopsis systems for reviewing, analyzing and indexing of surveillance camera content, was recently awarded the IFSEC Security Industry Award 2010. BriefCam won against five other contenders in the category of "CCTV System Product of the Year".

Video Synopsis is BriefCam's major innovation, a proprietary image-processing technology that creates synopses of original full-length surveillance videos. BriefCam provides a complete representation of all events occurring during hours of video footage in a condensed clip as short as a few minutes in length.

The synopsis is made possible by simultaneously

presenting multiple objects and activities that have occurred at different times. Video Synopsis enables the rapid review and indexing of captured video footage -- with an index to the original source video; live video feed online and archival video footage offline -- for on-the-spot event tracking, forensic investigation and evidence discovery.

The company has 161 employees, after firing 6% of its workforce last year. The company is targeting markets worth an estimated tens of billions of



dollars. Most sales in 2009 were in Europe, where two companies, GE Healthcare and Rosslyn Medical Ltd., account for over 20% of Insightec's sales. GE Healthcare also owns 16.9% of Insightec. The company's orders

backlog totaled \$12.7 million at the end of March 2010.

Elbit Imaging invested \$14.2 million in Gamida Cell through the end of 2009, compared with its investment of \$89.3 million in Insightec. Gamida Cell's other investors include Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA; TASE: TEVA), with a 7.5% holding, and Clal Biotechnology Industries Ltd. (TASE: CBI), with a 16.8% stake, which it acquired through its in April of Biomedical Investments (1997) Ltd. a month ago, and Israel Healthcare Ventures Ltd., with 16.3%.

Steinmetz sells mining stake for \$2.5b

Beny Steinmetz Group Resources Ltd. (BSRG) has sold 51% of its subsidiary BSG Resources (Guinea) Ltd. to Brazil's Vale SA (Bovespa: VALE) for \$2.5 billion, reflecting a company value of \$5 billion for the unit. The valuation makes this the deal of the year by an Israeli company, on par with the sale of 80% of Iscar Ltd. by the Wertheimer family to Warren Buffet's Berkshire Hathaway Inc. (NYSE:BRK.A; BRK.B), also at a company value of \$5 billion.

Vale will initially pay \$500 million in cash for BSG Resources (Guinea), and will pay the rest in milestone payments. The down payment will turn

BSGR into a more liquid company.

Vale, the world's largest iron-ore producer, has a market cap of \$156 billion. Its mines also produce gold, nickel, copper, aluminum, and other metals.

BSGR and Vale will set up a joint venture for BSG Resources (Guinea), with Vale owning 51% and BSGR owning 49%. BSGR says that it will continue to play an important role in the venture, and that its employees will continue to work there.

The valuation for BSG Resources (Guinea) was derived from the iron-ore deposits in its mining licenses at Simandou and Zogota, among the world's largest iron ore deposits. Before the Vale deal, BSGR had an agreement with the Guinea government to develop the Zogota deposit and had an exclusive export license for the ore through neighboring Liberia.

BSG says that it plans to start producing from Simandou in 2013, with output reaching up to 100 million metric tons a year. Zogota, set to start producing in 2012, will have the capacity to produce 25 million tons a year.

Elbit Systems wins IDF UAV contract

Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) has won a \$50 million contract to provide the IDF with Hermes 900 and 450 unmanned aerial vehicles (UAV) over the next three years. The Israel Army will acquire the new Hermes 900 UAVs and also expand its current Hermes 450 fleet. Elbit Systems will also upgrade current UAV intelligence capabilities.

The Hermes 900 is a development of the Hermes 450. It has a flight altitude of over 30,000 feet, large payload capacity and flight capabilities in poor weather.

Three Palestinian girls win trip to California science fair

Watching her blind aunt and uncle struggle to navigate the steep slopes and scant sidewalks of this hilly city, one Palestinian girl decided to rein-

vent the stick.

Armed with spare parts that are hard to find in the West Bank, Asil Abu Lil and two classmates patched together an obstacle-detecting cane that has won them a trip to San Jose, California, for Intel Corp.'s international youth science fair.

The three girls are the first Palestinians to participate in the prestigious event.

"Of course, I want to go to America, but this project is important for the blind and we want it to help them," Asil said.

Students from more than 50 countries will compete in next month's International Science and Engineering Fair, vying for the grand prize of \$75,000.

The 14-year-old girls built the beeping walking stick for a class project at their United Nations-funded girls' school. The cane uses two infrared sensors, one front-facing and one in the tip of the cane, to detect obstacles and drop-offs.

The students produced two prototypes after making multiple trips to Ramallah, about 45 minutes away and past two Israeli checkpoints, to scour electronics stores for proper circuits and sensors.

Although various types of laser canes have existed since the early 1970s, the girls' design resolves a fundamental flaw in previous models by detecting holes in the ground, said Mark Uslan, director of the American Federation of the Blind's technology division.

The cane beeps when it passes over a hole or steps going downward.

The United Nations Relief and Works Agency provides schooling to more than a quarter million children in Gaza and the West Bank, often in crowded schools that run two shifts of students a day.

“These girls are the Albert Einsteins of tomorrow,” said Chris Gunness, a spokesman for the agency. “We need to teach the next generation rational thought, to think through problems and talk about problems. “It’s a microcosm of the peace process, if you like, and we need to spend time and invest in education because that is the peace dividend of tomorrow.”

The girls beat dozens of contestants in the West Bank to win the prize. But even after that, they ran into one last obstacle: There was only enough prize money to allow one girls to make the trip. After drawing lots, Asil was to be left behind as her classmates headed to San Jose.

UN workers heard this and pooled money last week to purchase an additional ticket. When Asil heard the news on Monday, she broke into tears, leaping up from the table to embrace her classmates.

“Even when I’ll be old, I will remember this time forever,” Asil said

Israel Corp unit Inkia wins large energy deal in Peru with Kallpa power company

Kallpa’s contracts will use the capacity in all of the company’s power plants as well as the plants under construction.

Israel Corporation (TASE: ILCO) wholly-owned subsidiary Inkia Energy Ltd. has signed power purchase agreements (PPA) worth at least \$1.5 billion through its Peruvian unit Kallpa Generacion SA. Kallpa signed several 8-10-year PPAs with a local power distributor for the sale of 560 megawatts of electricity beginning in 2014.

The electricity will be produced from Kallpa’s gas turbine power plants. The new PPAs follow Kallpa’s current long-term contracts, and boost electricity sales to 850 megawatts from the company’s existing power plants as well as power stations under construction.

Inkia operates power plants in several Latin American countries through local subsidiaries, such as Kallpa, in which it owns a 75% stake. The company currently produces 3,000 megawatts, mostly in Peru, where it produces 40% of the country’s electricity. For the sake of comparison, electricity production in Israel is 11,000 megawatts a year.



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