

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES JOSEPH MORGENSTERN, PUBLISHER
JUNE 1996 Vol. 12 Issue No. 6 ISSN 0334-6307

-----In this Issue-----

Agritech '96 -- agricultural advances
Amos I Israel's First Comsat launched and Soars
Toward Orbit
Telecom News and Electronics Update
An Insight into World of Venture Capital
On the Wire Services: Public Companies: Scitex,
ECI, M-Systems, Tecnomatix
Laser, Silicom, BTG
Sheba Introduces Carotid Artery Procedure Using
Balloon and Stent Internet Related Companies
Continue to Innovate: VDOPhone, VocalTec

**"They shall beat their swords into
plowshares,
and their spears into pruning-hooks;
Nation shall not lift up sword against
nation,**

Neither shall they learn war any more."

The vision of nations laying down their weapons and taking up agricultural pursuits is so central to the concept of universal peace that it is mentioned by not less than three prophets: Isaiah 2:4; Joel 3:10; and Micah 4:3.

Less than three weeks after the cease fire ended Israel's Operation Grapes of Wrath, Israelis turned to agriculture and business. They hosted visitors from more than 70 countries, who mingled, listened to lectures and talked shop to exhibitors at the Convention Center and Fair Grounds on the outskirts of Tel Aviv, where Agritech 96 took place. The Fair Grounds is relatively small, with only 350,000 sq. ft. of outdoor exhibition area, and an additional 60,000 sq. ft. indoors. Of the nearly 8,000 visitors, some came from as far away as China.

"What is new is that so many of Israel's neighbors are attending, including Jordan, the Palestinian Authority, Egypt, and nations from North Africa such as Morocco and Tunisia," said Israel's Minister of Agriculture, Ya'akov Tzur.

At one time Israel consisted of 25% arable land; the rest was desert. In the 1950s Israel's leaders stressed the need for rapid development of

agriculture to feed the nation's growing population.

The country achieved worldwide success by transforming itself from a small, desert state, poor in water and arable land, into an exporter of \$1 billion a year in fresh and processed foods, and \$1.2 billion in agricultural inputs.

This is actually the fourth agricultural revolution. The first revolution was self-sufficiency. Agro-technologists learned to overcome such hurdles as low rainfall, lack of fertile soil, blistering summers and the scarcity of investment capital. The second revolution was to move from self-sufficiency to export by developing faster and more efficient ways of growing crops. Israeli universities and research institutes worked to meet the demand for increased produce yields.

The third revolution was based on technological achievements, as Israel became a world leader in various market niches. Systems and equipment were designed, manufactured and exported in a number of fields, including irrigation, greenhouse propagation, planting and transplanting, poultry and dairy farming, spraying, harvesting, sorting and new equipment. This resulted in finding markets throughout the world. Israeli drip systems, vegetable seeds, bull semen and agro-chemicals are sold throughout the US, Europe and Australia as well as in Latin America, Africa and southeast Asia.

The fourth revolution involves the application of a modern business approaches to agricultural development, stated Yitzhak Kiriati, Director of the Agricultural Department of the Israel Export Institute.

Israel is ready to share its experience

"We have multiplied the agricultural yield 12-fold in 25 years, all without adding water or land. We see our role in agriculture as an important part of the peace process. It takes 15 years for a population to double, but 25 years to double the food supply. The only way to bridge the gap is by applying technology. We are ready to share our experience in helping solve what the participants in the recent European FAO Conference identified as the world's major problem -- how to close the

produce, my attention was drawn to one of the most incredible pieces of advanced agricultural technology produced in this country -- a robot for picking fruit. Currently, there are systems which pick fruit at an average rate of one every four seconds, but Israel's multi-armed/eyed robot can pick a fruit such as an apple or orange in an average of one second, according to Arie Jacobi, one of the founders of the project. The robot recognizes the fruit and selectively picks it depending on color and size.

The entrepreneurs involved are not farmers. They are specialists in computer science, robotics and computer graphics, computer vision, computational geometry and electronics. The Israel Citrus Marketing Board and the Office of the Chief Scientist, plus personal investment by the entrepreneurs themselves has brought the project to the stage where it is "ripe" for a strategic partner who can assist in marketing and distribution, and who can help move the robot into mass production. If anyone wonders whether it will pay to use this robot in Israel, the answer is a definite "yes," as the cost for a robot to pick 1,600 fruit (an average container load) is \$6.20, while the cost of the least expensive labor available in Israel is \$12.93.

YEHUD, AMOS GROUND CONTROL STATION IAI/MBT - (IHTIR)

The Amos I communications satellite was launched successfully by the Ariane 44L launch vehicle on May 16 at 0:4:56 Israel time from Kourou in French Guiana. On the same rocket Indonesia Palapa-C2 W was taken aloft..

At 5:50 the control over Amos was transferred to the Ground Control Station which carried out the maneuvers guiding Amos to its eventual circular orbit with a radius of 36,000 km. above earth. The first three operational steps worked flawlessly. After, the communications (telemetry) contact was established and the raising of the antennas the critically important opening of the two 10.5 meter wide solar panels went without a hitch. When Amos' solar panels opened punctually at 6:40 the Staff at the Ground Control Station breathed in relief. It assured the satellite of getting its energy requirements from the sun (1200 watts) to allow

it to function independently of its batteries, for its life span of ten to 11 years. It was only then that the champagne was opened and a celebration ensued.

Amos' launch was another major technological achievement for Israel and a major success for Israel Aircraft Industries. The satellite's communication system was designed and manufactured by Israel Aircraft Industries which began the project in 1992. IAI proved that it could deliver a major civilian project whose cost would be repaid in a short time and is expected to bring a handsome return to the investors which include the Israeli government.

The Amos was constructed at cost of \$120 million and an additional \$30 million for the launch. 120 of the most skilled engineers and technicians participated in the project.

As early as 1988 Moshe Karet, managing director of Israel Aircraft Industries had a commitment from the Government of Israel to undertake to use three of the active seven. These have a 72 MHz bandwidth operating in the Ku band.

Amos is engineered to serve as a regional satellite whose customers broadcast to TV cable lines and to carry out distribution of on-line information and point-to-point communication in the areas which include most of the Middle East and as far west as Switzerland. It is the least expensive available communications satellite due to its low weight of just under one ton, clarified Tsvi Kopelman, acting deputy manager of the Amos program. in a post-launch interview with the IHTIR, he indicated that Amos II is already on the drawing boards with Hungary being the prospective customer for a turn-key project which includes the launch of the satellite and the training in the use of

a Ground Control Station. The discussion are well advanced and contract finalization is expected by sometime this summer.

The commercial side of Amos belongs to Spacecom Ltd. a joint venture of IAI, Gilat Communications, General Satellite Services and Mer Services. The Amos direct broadcasting system from the site of origin to the satellite and down again to users. All members of an educational system, regardless how far away from the center, will be able to receive its information

from Amos, indicated David Pollak, Spacecom's general manager. Amos can provide a broad range of services including medical diagnostic services, and for earth quake identifying stations. Amos' future commercial success appears to be assured. Besides a number of Israeli telecommunications customers areas for Internet and cable providers are in negotiations for its use. A number of Israel's neighbors have contacted Spacecom.

U.S. Public Television Service Chooses VDONET

The US Public Television Service (PBS) has signed an agreement with the Israeli VDonet company to use VDOLIVE for relaying TV programs over the Internet, so that live broadcasts that can be viewed with an ordinary modem at the company's Internet site (<http://www.pbs.org>). This is the second agreement signed by VDonet this year. The previous one was with the American CBS TV Network, which will offer news and video by direct Internet transmission using the Israeli company's technology. VDOLIVE is able to supply video at up to 15 frames per second using a 28.8 kbbs modem connection. The Israeli video company was founded in 1995 by entrepreneurs Asaf Mor and Gideon Barak.

3COM and Picturitel Integrate Video-Conferencing Into Local Networks

3COM and Picturitel recently announced that they are cooperating to incorporate Picturitel's video-conferencing solutions on local PC networks, using 3COM network interface cards. 3COM manufactures interface cards for fast telecommunications networks, with over 25 million users hooked up to such networks via its equipment. Picturitel is the leader in the video-conferencing solutions market, and has been focusing in the past two years on marketing video-conferencing solutions on an infrastructure of ISN lines, which will enable users at various sites to share files, view one another's pictures simultaneously, and hold voice conversations.

Third Cellular Phone Operator Tender by End 1996

The Ministry of Communication intends to issue a third cellular phone operator tender by the end of

the year, to supply 900 megahertz European GSM technology services and GSM based DCS-1800 technologies, working on a 1800 frequency, facilitating Personal Communication Services (PCSs).

VocalTec Introduce Enhanced Internet-Phone

VocalTec's new version of Internet-phone, currently available only for Windows 95, introduces important enhancements to the standard Internet phone application, including document-sharing capability via "talk and work" on the same connection. The channel supports both file transfer and voice transfer on the same link, so users can view applications and talk about them at the same time. Other new features include the transfer of "voice mail announcements" over e-mail, the embedding of "audio links" in web pages, and the ability to play up to four different voice sources simultaneously, creating conference calls on-line. Users can download a free player from the net for unlimited play of voices.

VDonet Introduce VDOPhone Internet Conferencing Utility

An on-line conferencing utility, VDOPhone, has been introduced by VDonet. According to Assaf Mohr, president of VDonet, with VDOPhone software, camera and microphone connected at each end of a line, two Internet users can talk to and see each other. With a 28.8 kbps modem and a good Internet connection, full-motion, color images of the people talking are clearly visible in a small window. VDonet's technology is specifically designed for the Internet, since it adjusts to the available bandwidth on the fly. To accomplish this, VDonet uses two core technologies. The first is a scaleable compression algorithm able not only to compress video to run over the small bandwidth portions of the Internet, but also allowing the quality of the video to improve with the quality of the connection. The second core technology -- at the heart of VDonet's overall vision -- is a communications protocol set which maintains the integrity of the video as it makes its way through the "bumpy roads" of the Internet.

Elbit, Kaiser To Collaborate In Development Of Pilot's Helmet Displays
 Elbit and Kaiser Aerospace and Electronics Corp. are establishing a joint venture company called Vision Systems International that will pursue the growing market in Head-Mounted Display (HMD) systems. Elbit and Kaiser are considered world leaders in different forms of HMDs, and Vision Systems International will focus on the mutual strengths of both companies in the development, production, marketing, sale and support of such products for military and paramilitary aircraft on a worldwide basis. Elbit has developed and supplied Head Mounted Displays, including its Display and Sight Helmet (DASH) system, as well as night-vision-equipped HUD displays for US Army helicopters, Israel air-force and other armies.

Kaiser Electronics, a Kaiser Aerospace and Electronics Company, has developed several generations of HMDs sponsored and evaluated by the US

Air Force, US Navy and US Army, including the AGILE-EYE HMD series. The new operation will compete against McDonnell Douglas, Honeywell and GEC Macron. Its advantages are believed to be a mix of advanced technologies for day and night operation, and several head-reference techniques that can yield improved aiming.

Radium's Internet Protocol Analyzer to Help Net Wizards

RADCOM, a part of the RAD-Bynet group, has introduced an Internet Protocol analyzer to help field service engineers troubleshoot and maintain Internet services. The product features special interfaces and software, such as PPP over Async, a Frame Relay troubleshooter package, ISDN with simultaneous B and D channel monitoring, and full decoding of over 140 WAN/LAN protocols. According to Ilan Bar, product manager at RADCOM, the new affordable analyzer is designed to support the ISP's full spectrum of capabilities, matching speeds up to 256 Kbps in the basic version, and up to E1/T1 in an enhanced model -- ISDN wide band or narrow band (PRI/BRI). Further assistance is provided via on-line help and a manual which eliminates the need to carry hard-copy manuals.

The ISP Analyzer connects to any notebook or PC for a graphic interface. Weighing less than five pounds, this Analyzer is truly portable, and sells at an introductory list price of \$5,900.

CDISYS Produces Elections Register CD

CDIS Systems of Jerusalem has produced the 1996 Elections Register CD. The CD lists the following: name, surname, father's name, year of birth, ID Number, and the numbers and addresses of the polling stations. The software facilitates different cross-sections, and enables comments to be added to every record, also providing for searches within the comments. Other options include definitions of voter pools such as new immigrants, and random cross sections for surveys.

Institute to Play Major Role in International Physics Experiment

Following their success in previous experiments, radiation detectors developed by Technion and Weizmann Institute researchers will play a crucial role in the next major international project at the European Laboratory for Particle Physics at CERN, probing the origins of the universe and the ultimate nature of matter.

In the Geneva-based CERN experiments, the largest scientific instrument ever built accelerates fragments of matter to nearly the speed of light and then smashes them together with a fury unequalled by any natural collision. This sprays out sub-atomic particles that physicists believe were present 15 billion years ago, immediately after the Big Bang, when the universe was a trillionth of a second old.

The Israeli-designed detectors will have the all-important task of identifying the particles created by these collisions. Operating at unprecedented speed, the devices will distinguish tiny particles called muons within five billionths of a second. The Technion has been involved in the CERN experiments since 1989. It is currently supplying advanced electronics for detectors to be used in a series of experiments slated for the year 2004. Under the supervision of Israeli scientists, the detectors will be produced in Israel and Japan, where recent tests have proved them superior to any previously built devices.

Scitex Buyout Offer Withdrawn

David Gilo's offer second offer of \$25 a share f was rejected by the company's board and an official letter was forwarded by the bidder informing Scitex that the offer was being withdrawn. During the period of bidding and response by the company the Scitex shares had nearly risen by 50% at one point to \$21. As it became clear that the company would withstand the offer and after the offer was formally withdrawn the shares eased to \$17 allowing the bidder to withdraw with a hefty profit margin.

Silicon Value Demonstrates 75% Savings In Wafer Utilization

According to the microelectronics on-line magazine *Chip-Talk*, Silicon Value, a start-up company in Jerusalem, has demonstrated up to 75% savings in the utilization of surface area on micro-electronic circuits built on silicon wafers. Silicon Value, established in February 1995 by two former employees of Digital's design center in Jerusalem, has demonstrated a unique ability to optimize the layout and placement of such circuits in application of specific components known as ASICs. The systems designed by Silicon Value can shrink a standard design to a quarter of its area on the wafer. The new method enables the young company to offer more attractive, cost-saving production methods that can improve yields and accelerate production. The company has already delivered products to several customers, demonstrating cost savings of up to 80%. Silicon Value has already established businesses with Taiwan's largest fab -- TSMC, and according to its forecasts, sales could reach \$20 million by 1998. The company is considering a public offering or a private placement for the near term.

Venture Capital Update: A Look at America's Venture Capital Industry

One of the legacies of World War II was the many technological innovations developed during the conflict, many of which were destined to enter the civilian market. Most American MBAs will likely point at American Research & Development Corp. (ARD), formed 50 years ago, as the forerunner of the modern American venture capital (vc) industry. Its outstanding success was funding Digital Equipment. At the same time, J.H. Whitney

backed the Minute Maid orange juice company which commercialized an orange juice concentrate used by the American army during the war. Simultaneously the Rockefeller family began to invest their extra capital in risk investments.. In 1950s a shortage of entrepreneurial capital, according to Steven Galante, publisher of the *Equity Analyst* newsletter, resulted in the Small Business Investment Company Program, under President Eisenhower. The SBICP allowed small businesses to leverage their capital up to three or four to one with federal government funds made available at below-market rates.

In the late 1960s an unprecedented boom in Initial Public Offerings (IPOs) on Wall Street attracted new venture capital firms.

Digital Equipment's IPO in 1968 saw the original investment of \$70,000 made in 1946 being turned into a public company valued at \$37 million.

In 1968, 1,000 venture capital backed companies made their debut on Wall Street. But a seven-year draught followed. The slump was deepened by the US government's passage of legislation restraining pension funds from investment abuses.

Predictably, pension fund managers avoided risk investments.

In the 1980s, the government reversed itself and slashed the capital gains tax from 49% to 28%. Federal Express, Genetech and Apple Computer, all high-profile and successful IPOs, attracted a new wave of venture capital investments.

The Boom to Bust to Boom Again Syndrome

Venture capital is characterized by a boom-and-bust syndrome "Bull market" peaks are characterized by record IPOs. These in turn attract additional venture capital.

Between 1983 and 1994, with the exception of 1991, annual capital commitments to venture capital funds exceeded \$2 billion. In 1994 alone, \$5 billion was committed.

The Israeli Venture Capital Industry

In the period following 1967, the Israeli defense establishment, backed by huge budgetary spending, was producing sophisticated technologies, and a few found their way to industry. ECI Telecom was one company founded on military technology. ECI

commercialized the speech-scrambling techniques used by Israeli air force pilots. This technology for speech and fax multiplication became internationally accepted. The company sells more than half a billion dollars of its products each year. Early investors have seen their stake multiplied hundreds of times.

No "angels" in the Holy Land

In the 1980s there were no wealthy individuals ("angels") with operating experience to invest in young companies. But some Israelis, like the Schneider family, sold off their successful retail operations and opted to invest the proceeds in the Tel Aviv Stock Exchange. A growing number of foreign investors appeared, though they preferred to invest in shares listed on American exchanges, such as Elscint, Scitex, Optrotech, Fibronics and Elron. Direct investment in startups was nearly non-existent. The few that appeared were hailed as products of Zionist sentiment, and not the result of hard-headed business decisions.

Until 1985 there were no venture capital firms; few high-net-worth private placements; no leveraged buyout firms; no hedge funds or pension funds invested primarily in government securities. In the 1980s Wall Street's first serious flirtation with Israeli technology led to IPOs. Some, like Scitex, were vastly successful. Other companies going public included Fibronics, InterPharm Laboratories, BioTechnology General and Laser Industries.

In 1985 Dan Tolkowsky, a Scitex board member, assisted by Fred Adler, an American venture capitalist, and guided by Bill Tobias of Bear Stearns launched Athena, Israel's first venture capital fund. The \$25 million fund cautiously committed its capital to technologically oriented enterprises in the US and Israel.

The Downs and Ups of the 1990s

In 1992, the venture capital industry in Israel was still in its embryonic stage. There were few players in the field. In June, the Israeli government founded Yozma Venture Capital Ltd. (YVC) to encourage other venture capitalists. YVC's aim was to serve as a catalyst for international investment in Israel, to promote export-oriented high-tech industries and stimulate the development of a professionally managed, private-sector venture capital industry. Further, it

intended to locate strategic partners for Israeli projects and persuade international corporations to establish subsidiaries.

Yozma saw itself cooperating with well-established venture capital firms and major international corporations in initiating Yozma's daughter funds. It also sought strategic partners to co-invest in selected high-tech companies.

Yozma has established nine venture capital funds with a total capitalization exceeding \$180 million and investments in 75 ventures.

Current Status of Israel's Venture Capital Industry

After the start of the Peace Process in 1993, venture capital funds from Europe and the United States intensified their activities and entered through the window of technology opportunity. At the same time the number of new high-tech IPOs rose at an dizzying rate. Israel now ranks number two in the world, with the largest number of foreign public companies traded on the American stock markets. The figure nears 100.

Success Breeds Success

In 1995 the Jerusalem-based Accent Ltd., a business producing multilingual word processors (including one in Japanese) usable on the Internet, saw its shares soar. According to Securities Data, a financial statistics company, Accent was ninth among the 25 best-performing IPOs in 1995. The shares have advanced by 253.8% since its IPO on July 20, 1995.

Data recently presented by the Tel Aviv-based Investment Giza Banking Group indicate that there are now 36 venture capital companies active in Israel, and that these have raised \$569 million. Of this sum, \$321 million has been committed leaving \$248 million available for new investments.

A Venture Capitalist Tells his Story

Yadin Kaufmann, co-founder of the Anglo American Ventures (AAV) Fund which now has \$27 million under management, recently hosted the Editor at the company's Herzliya-based offices. AAV specializes in early development-stage companies. Kaufman is a member of both the NY and Israeli bars. Before immigrating to Israel, he earned his doctorate at Harvard University, and in 1987 entered the vc industry as manager of the Athena Venture Partners.

Q. What motivated AAV to provide capital for investment in Israel?

A. Anglo-American Corp. and De Beers are giant corporations, and when investing in AAV their expectations are more than financial. They hope to acquire experience in investing in small technology companies. Our first investment, in August 1990, was in Gilat Satellite Networks, Tel Aviv, producers of VSAT satellite earth stations for two-way data transmission. In 1993 the company went public (NASDAQ:GILTF) at a very high valuation, and our reputation was further enhanced by the success of M-Systems Flash Disk Pioneers (NASDAQ:FLSHF), specialists in solid-state memory, subsystems and computer software.

Q. You make picking winners sound easy.

A. Not at all. We review at least 200 proposals a year, though we may receive many more. Most of our investments are in life-sciences, software and telecommunications, but we will look at any project which has an appealing business aspect and good management.

Q. Is software an Israeli specialty?

A. Software-based projects appeal to Israelis because the only equipment needed is a PC.

Q. Is skilled manpower in short supply?

A. The supply is not nearly as great as the demand. Many potential employees are starting their own companies. The Israeli work-force is known for its stability and loyalty. However, "Silicon Valleyism," where companies raid others for key employees, does exist. On the plus side, there are many returning Israelis in addition to Americans who are immigrating to Israel.

Q. Is there a shortage of good investment possibilities?

A. There is no shortage of deals. The bottleneck is the time it takes us to evaluate an early-stage deal -- anything from two to six months. Sometimes it takes even longer. For example, in 1994 we invested in Logal Educational Software and Systems Ltd. of Kiryat Shmona; but we had first looked at Logal's technology, getting to know the people, in 1988. It was a long "courtship."

Another part of our work is ensuring that there are other suitable investors in the deal.

Q. There may be as many 750 start-up companies in Israel looking for investors. Do you agree?

A. That number is probably understated.

(Editors Note: At the rate that entrepreneurs start new companies in a maturing venture capital industry, all obstacles to further growth appear to be solvable. The problem of a growing shortage of skilled personnel is being studied. In a recent discussion between an industrialist and the President of Tel Aviv University, the industrialist stated that if the university doubled the size of its engineering class, industry would cover part of the costs.)

The increasing participation of foreign venture capitalists in Israel is directly related to the number and quality of IPOs. The prospects for these is very favorable. As we prepared this article in mid-May, we were aware that Bank of Israel Governor Jacob Frankel was hosting Mr. Buzzy Krongard, Chairman of the Board of Alex Brown. The company is a prestigious investment banking firm in America, and was the No. 1 underwriter of venture-backed IPOs in the US last year.

On the same day, Mr. Frankel hosted senior officers the American Goldman Sachs investment bank. The group included Robert Hurst, a senior partner responsible for raising capital. The group's visit was aimed at evaluating activities in Israel and the Middle East as part of its international strategy.

McGraw Hill Orders Productions At Geo Multimedia

Geo Multimedia will develop seven new titles for McGraw Hill educational publications under a broad-gauge contract announced recently. Geo will design multimedia productions to provide learning material for primary schools. The first product, designed to teach geography to children aged five to seven, will be completed within a month. The first title will also pioneer the use of a new multimedia engine that will be used throughout the program to accelerate, improve and expand the capabilities of the system, unifying the navigation tools and user interface. McGraw Hill only recently entered the multimedia field, expanding from its traditional book and magazine publishing businesses.

New Intranet Server Announced By NetManage

The new system is native to the Windows NT environment, rather than being retrofitted from a version based on Unix systems. It packs Internet e-mail-like forum services, which can effectively organize on-line group communication, "news group"-like threaded discussion services. It targets the new product at internal networks, based on technologies used on the Internet and its World Wide Web multimedia section, but which are intended to be used internally only, in configurations known as "intra-nets." The package also includes the Intranet Web Server, Intranet NFS Server, the Intranet LPD Server, for file and print sharing, and the Intranet Directory Server, providing a corporate-wide e-mail address book. Use of the system is not limited to an organization's premises, and it provides secure access for remote corporate discussions through Internet links.

NetManage has tested the system for two years, and has demonstrated high usability and availability of service.

Fibronics Announces ATM, Fast Ethernet Upgrades To GigaHubs

Fibronics recently announced a high-performance core ATM switch, which integrates into its GigaHUB high-speed hubs, providing an upgrade path from LAN to ATM. It supports LAN emulation, providing ATM connectivity to work groups and backbone applications.

"We have decided to first introduce our stand-alone device that will help customers start implementing cell-switched networks," said Claude Tartour, Director of Marketing at Fibronics. He stressed that no chassis upgrade is necessary to implement this solution.

The company has integrated new upgrades of fast ethernet (100 mb/sec) and FDDI to ATM in its announcement of the On Demand Bandwidth Hierarchy (ODBH), a strategy which defines the migration rules for increasing network bandwidth and introduces new network applications at the customer's pace with investment protection and cost-effectiveness.

The new 100 Mbps offerings follow this rule, and are available on all installed GigaHUB units

without back plane modification or network downtime.

M Systems Introduces Flash Disk With Capacity Up To 800 MB

Magnetic drives (including hard drives) are much less reliable than solid-state disks. In many environments, motion, vibration and contamination can cause data to become lost or unreadable. M Systems Flash Disk Pioneers have announced the availability of a Fast Flash Disk (FFD), the industry's fastest flash memory SCSI disk. The FFD is designed for systems that require highly reliable data storage in rugged or demanding environments, such as flight instrumentation, mobile systems, and PBX systems. The FFD has a sustained read rate of 3 Mbytes/sec and a write rate of 1 Mbyte/sec, making it the fastest Solid State Disk on the market. To prevent compromising sensitive data, an ultra-fast security erase wipes out all data on the Flash Disk in less than a second. The FFD is offered in capacities ranging from 20 to 800 Mbytes, larger than any solid-state flash disk currently available. M-Systems has combined its industry-leading True Flash File System (TrueFFS(R)) software with enhanced Reed-Solomon Error Detection and Correction (EDC/ECC) to provide full read/write capability, high performance, and data reliability. Evaluation units of the FFD are available now.

ECI Establishes Chinese SDH Manufacturing Site

ECI Telecom Ltd., (NASDAQ: ECILF) and Hangzhou Communication Equipment Factory (HCEF) of China have announced the establishment of a joint venture called Hangzhou ECI Telecom (HET). The new venture will manufacture and market Synchronous Digital Hierarchy (SDH) equipment for the Chinese market. It will operate in Huangzhou, capital of Zhejiang province. HCEF is the largest state-owned communications equipment manufacturer in China, and a specialized manufacturer for the China National Posts & Telecommunications Industry Corporation.

This move comes after ECI scored major successes in the China SDH market, considered the largest in

the world. ECI Telecom is the only company that has received certification from MPT and China Telecom (DGT) for the first national backbone SDH project. ECI Telecom has successfully commissioned a fiber optic chain, deploying SDH Add and Drop Multiplexer equipment from Wuhan to Nanjing. Additionally, in Inner Mongolia, ECI Telecom equipment is operating in one of the world's most complex installations in terms of geographical coverage, challenging terrain and severe environment. This installation carries live traffic over 400 km using 622 Mbit/s managed, Add and Drop Multiplexer (ADM) equipment throughout the Inner Mongolia province.

Tecnomatix Sells ROBCAD Systems To Japanese Car Makers

A major Japanese car manufacturer has chosen the ROBCAD/Paint software developed by Tecnomatix. Tecnomatix reports that the orders, valued at approximately \$460,000, were received by its Japan-based subsidiary. The company said the decision to implement ROBCAD/Paint followed previous successful installations at the customer's painting-related production engineering operations. ROBCAD / Paint is used for designing, simulating, testing and optimizing automated painting lines, mainly in the automotive industry.

Laser Industries Plans Aesthetic Laser Centers

Laser Industries is a developer and manufacturer of surgical laser systems. It is planning to establish several aesthetic laser centers in key metropolitan cities around the world. The first three are scheduled to open by the end of 1996 in New York, Barcelona and Tel Aviv, offering patients a variety of surgical services, including laser skin resurfacing, hair transplantation, removal of tattoos and pigmented lesions, and eventually hair removal.

Laser Industries Chairman and CEO Benjamin Givli said the company is in a unique position to become a service provider. The new centers are expected to provide additional opportunities for increased revenue and profitability. Givli said the company's new role as a service provider will

allow it to stay closely attuned to the demands of an ever-shifting market.

RADguard Offer New Protection For TCP/IP Systems

RadGuard, a part of the RAD Bynet group, has unveiled a new TCP/IP security system that promises to provide a broad range of security services to Internet and intranet communications systems. The new CryptoSystem from RADguard provides a complete array of security services for private networks connected to public nets. It uses both hardware and software to guard data transfer and access, providing full Internet safeguarding. The system includes the CryptoWall tamper-proof encrypting fire wall system, based on advanced packet filtering and cryptographic techniques. This unit functions to protect private TCP/IP networks from illegal access in both directions, and protects network traffic between remote sites. Other subsystems include the CryptoManage security management system and CryptoCA for certification authority.

Balloon/stent procedure adopted for stroke incidence

Among the problems faced by patients who have suffered strokes is a subsequent partial blockage of the blood flow into the brain. For many years, surgeons have had to perform lengthy and difficult surgery in an effort to restore this flow.

A simplified procedure was needed, and much research has been applied to develop alternative methods. Angioplasty has become a common tool, providing a non-surgical alternative to the treatment of atherosclerotic stenosis in the coronary and systemic arteries. The use of balloon technology in conjunction with stents is widely practiced in Israel. We reported these advances in the *Israel High Tech & Investment Report* based on interviews with Dr. Hylton Miller, Head of the Catheterization Department of the Sourasky Ichilov Medical Center in Tel Aviv. We have also reported on Israeli-based InStent Ltd. and Medinol Ltd. These companies are developing -- and in the case of InStent, manufacturing and marketing -- stents. InStent has developed a stent specifically for carotid artery angioplasty.

This balloon-stent procedure is used in carotid surgery both in Europe and the United States. A combination of a balloon and stents is used to maintain vessel patency and decrease the risk of distal embolization of plaque fragments, which can cause fatal strokes.

The technique is now in regular use, for the first time in Israel, at the Chaim Sheba Medical Center, Tel Hashomer. Professor Zalman Rubinstein, who has championed its adoption, says patients are being treated "with local anesthesia and only a short hospitalization." Of the first group of patients treated, several had previously undergone the surgical procedure but the carotid artery had again become restricted. If not for the availability of the new technique, a second surgical intervention would have been required.

Editor's note: Since the start of the peace process, the number of patients from neighboring countries arriving in Israel for medical treatment has grown substantially. It is a dividend for all concerned, and a testimony to the high level of medical care available in Israel.

Israel in EU R&D Programs

The EU (European Union) has signed an agreement with Israel for scientific and technological cooperation to facilitate Israeli participation in its fourth R and D program. This is the first time a non-EU country has been associated with EU non-nuclear research activities. The agreement will allow Israeli research organizations and enterprises to participate in 16 of the non-nuclear-specific programs of the EU. Reciprocally, EU researchers will have access to Israeli projects and results in these areas. The first cooperation agreement between the European Community and Israel was signed in 1975. Since 1983, this agreement has led to the development of scientific and technological cooperation projects. During 1983-1993, the European Community and Israel supported 91 joint research projects in material engineering, opto-electronics and neuro-sciences.

Laser Shares Nearly Double in Four Sessions

Laser Industries (LAS:ASE) has announced record quarterly results and the receipt of a Food and

Drug Administration approval to sell a laser surgery device for removing wrinkles. The combination caught investors' attention and the shares soared, at their peak, to just under \$20. The American market for the wrinkle removing laser has been identified by the company to be 30,000 in the US and more than twice as much worldwide. The new line is priced from \$50,000 to \$100,000 a unit. FDA approval was granted after the company submitted results from 150 patients. Sales for the first quarter were up 20%, 2% below the company's predictions, and net earnings stood at \$1.9 million. Last year the company sold \$11 million, on which it earned \$1.1 million.

BTG in the Black Despite Legal Expense Write Down

BioTechnology General (NASDAQ:BTGC) earned \$900,000 in the first quarter of this year, after a write-off of \$1.4 million related to litigation with Genetech and costs involved in the launch of its Biotropin human growth hormone preparation in the US. Sales for the quarter were \$10.7 million, the highest since its founding in 1982. The company has filed an IND application in Ottawa for a blood clot imaging agent containing a genetically engineered peptide developed and supplied by BTG through its R&D and production facilities in Israel.

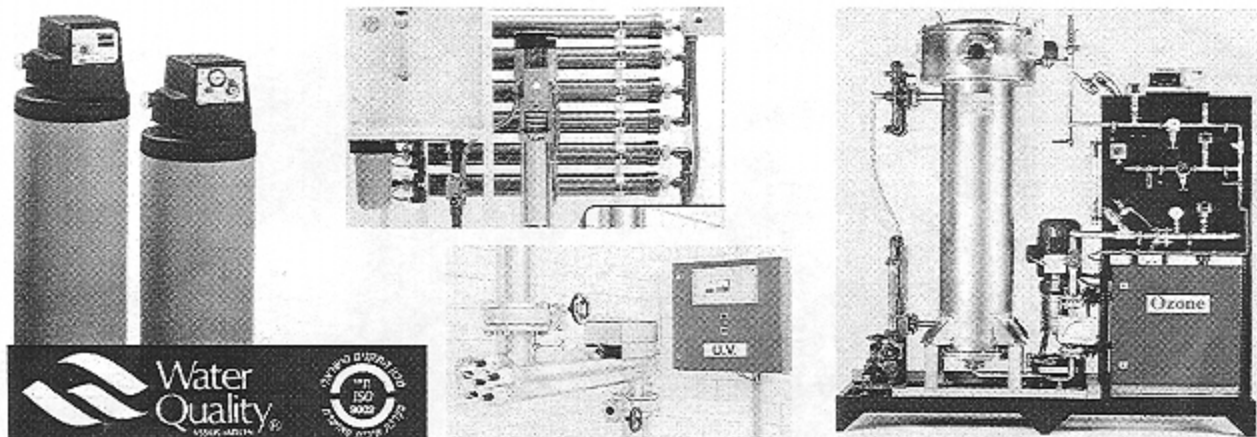
Increased Interest in Silicom's Products

Silicom (NASDAQ: SILCF, SILZF) has increased sales of its TokenModem and Fast Ethernet adapters, resulting in first-quarter sales of \$1.16 million, a sharp improvement over last year's \$403,000. The company reported a small profit of \$87,000, compared with a loss of \$165,000. The company's products enable portable computers to interface with LANs.

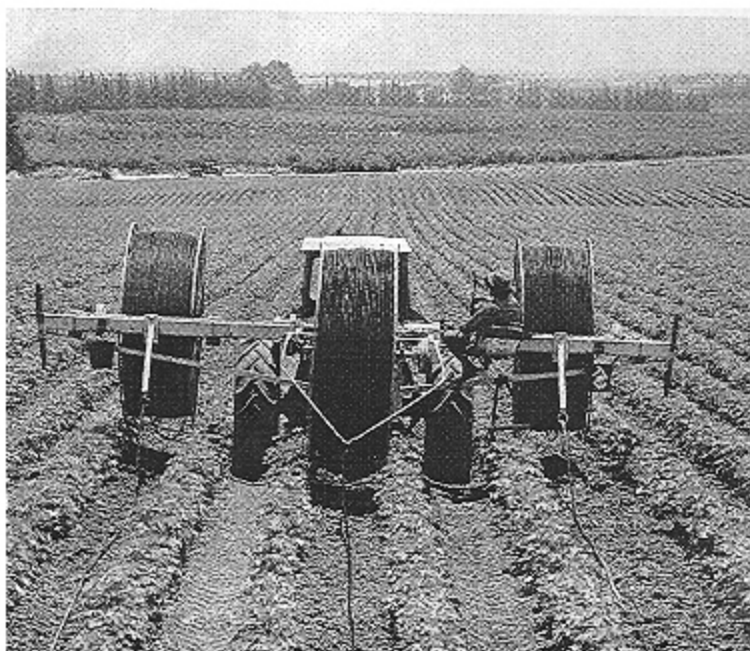
Tentelum Mines in China to Undergo Development

Vishay Intertechnology, (NYSE:VSH), the world's leading producer of resistors and management of the Eisenberg Group of Companies and the Chinese National Metals are planning a joint venture to develop tentelum mines in China. Tentelum is a rare metal which is used in cables and in the electronic industries.

The Tana filter used at IHTIR's editorial offices is an efficient and cost effective way to purify water.



Laying down a line of intensive irrigation sprinklers which can be controlled manually or by computer.

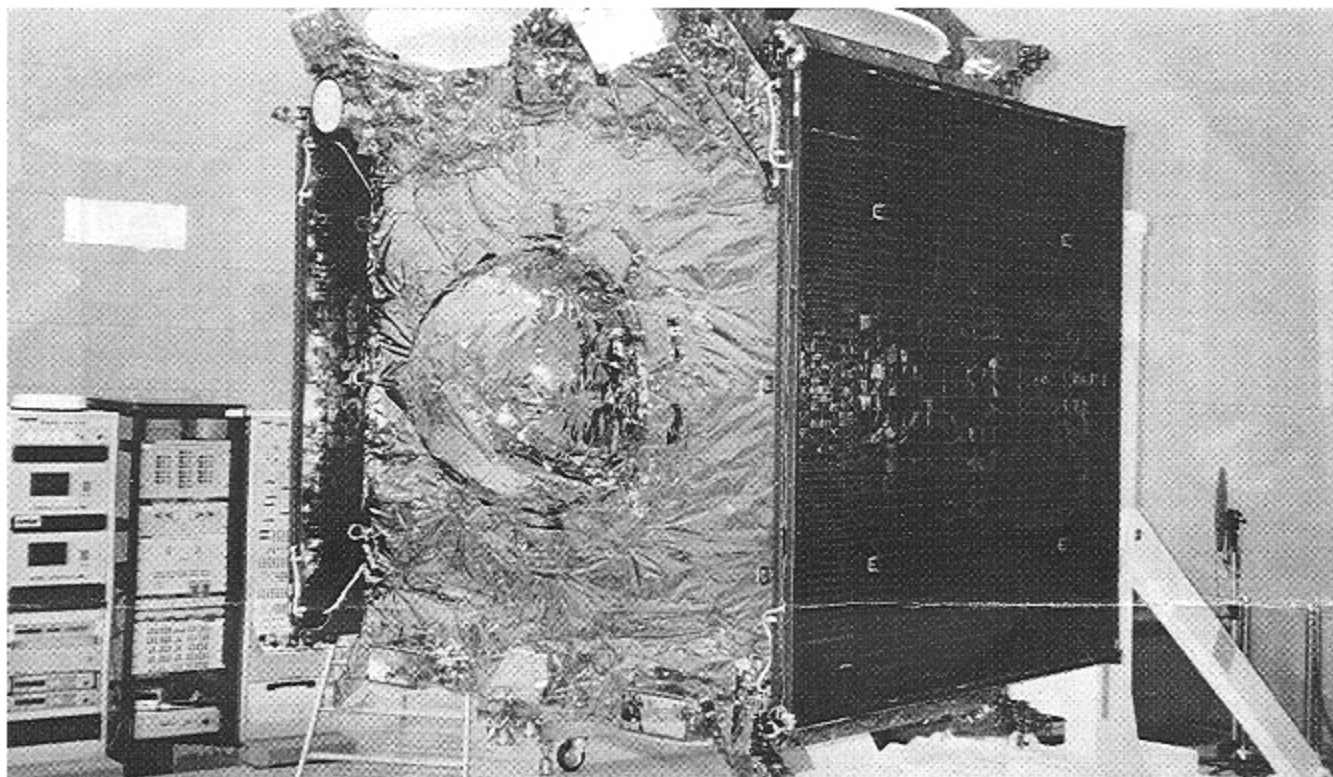


Tissue cultures for growing plants are a sophisticated way for assisting the grower

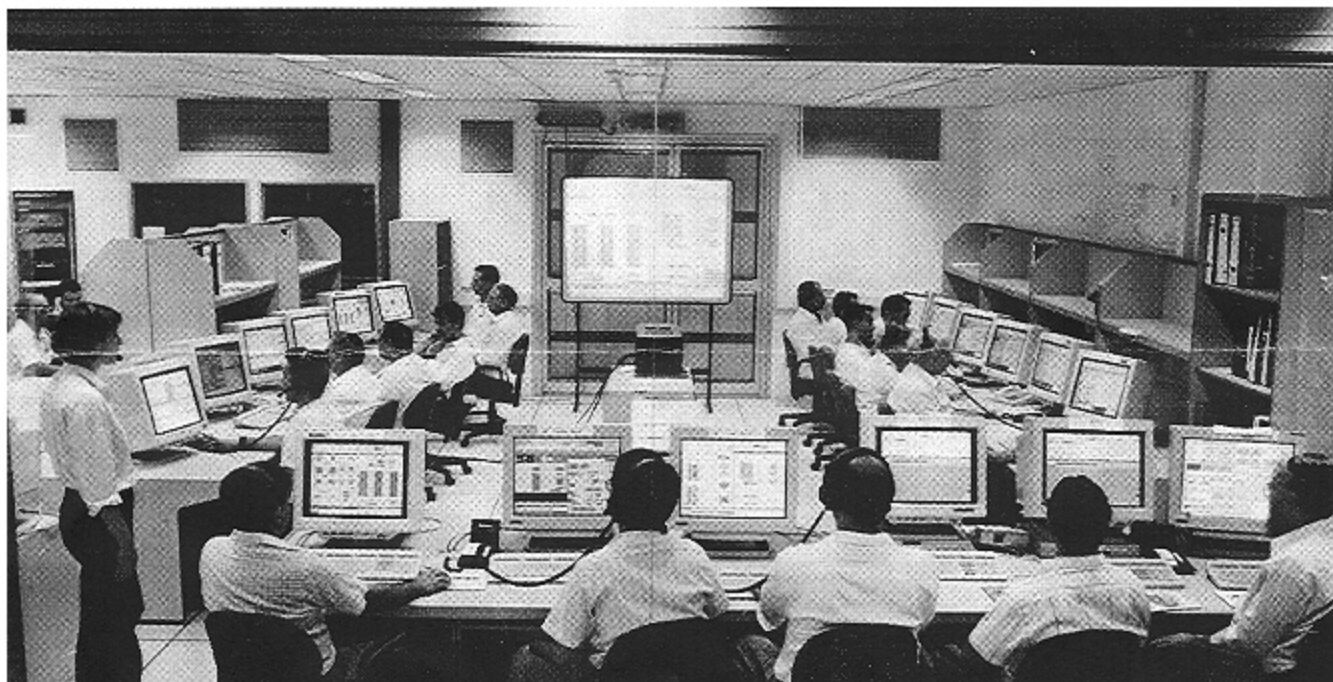


(Agritech).

Amos is designed for domestic and regional communications services in the Middle East and Central Europe.



The rectangular shaped Amos is built around a circular cylinder which contains two propellant tanks, one for fuel and the other for oxidizer.



Ground control station at Yehud, Israel. Shortly after its launch toward its Geostationary Transfer Orbit by the Ariane 44L launch vehicle the technical staff assumed responsibility for control of Amos.