ISRAEL HIGH-TECH
& INVESTMENT REPORT

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Up, Up and Away!

Defense News is a leading international news weekly covering the global defense industry. Barbara Opall-Rome, the Defense News' Israeli based correspondent has written that "Israel's Ministry of Defense has secured tacit U.S. government consent for a prospective remote sensing deal with China based on the Eros B, a commercial, high-resolution satellite nearly identical to the Israeli military's Ofeq-5".

Considering that Israel's satellite program began only 19 years ago the proposed Chinese connection is an outstanding example of how far Israel's satellite industry has progressed in a short period of time.

The history of Israel in space is short but remarkable. It started in 1988 with the launch of Ofeq 1 by the Shavit launcher, affiliating Israel to the very exclusive club of 7 countries who launched a self developed satellite with their own made launcher.

Israel often talks about maintaining a strategic edge over its neighbors in order to survive, and for this it has been developing all kinds of strategic tools and programs. Israel's space program is one of these, and it does have a very clear edge over its neighbors and opponents.

In this respect satellite communication and observation is Israel's major space-based strategic tool.

A consortium of Israeli defense companies, of which Israeli Aircraft Industries (IAI) is the leader, developed the most recent Ofek-7. IAI is also the manufacturer of the Shavit launching rocket. Elop, a wholly owned subsidiary of Elbit Systems, produces the imaging payload. The cost of the satellite is classified. It weighs roughly 300 kilograms and it follows an elliptical orbit at an altitude of between 300 and 600 kilometers. Only 2.3 meters long, it has a life span of about four years with a high-resolution optical imaging payload, which is far advanced over previous Ofek-class satellites.

Ofek-7 was described as having notable and significant improvements over the failed Ofek-6, which in its third boost stage plummeted into the Mediterranean Sea in September 2004. Israeli defense officials hinted that Ofek-7 would grant Israeli Defense Forces (IDF) unprecedented operational capabilities. In this context, ''With this launch we have improved Israel's operational capabilities by dozens of percentage points. This is due to improvements made to the satellite we now have better coverage in the skies'' said Brig.

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Gen. Haim Eshed, director of Space Programming at the Defense Ministry Research and Development Directorate (MAFAT).

What Israeli defense officials mean by operational capabilities is most probably to do with tactical tools to be used during all kinds of military operations. With this new capability Israel seems to have enhanced the strategic as well as the tactical capabilities of its satellites. At that time Defense Ministry Director Gen. Pinhas Buhris also hailed the successful launch of Ofek-7 and said that as a former intelligence officer he knew ''firsthand'' the strategic contribution the Ofek satellites made to Israeli security. What Buhris hinted at by saying ''strategic contribution" is, of course, Ofek-7's ability to spy on Iran, Iraq and Syria. In fact Ofek-7's orbit reportedly passes over those countries every 90 minutes and thereby collects valuable visual intelligence.

In addition to Ofek-class satellites, Israel has Eros B -- a civilian-owned satellite used by the Defense Ministry on a contract basis -- and Amos 1 and 2 communication satellites. IAI is planning to launch the Amos 3 to enhance Israel's strategic communication capabilities.

All this clearly demonstrates that Israel has a very successful satellite program, which has managed to launch close to 10 satellites so far. In fact Israel is one of only seven countries with independent satellite launch capabilities and is an important member of this exclusive club, which also includes the US, France, Japan, China, India and Russia.

Launch history

Ofeq 1, launched September 19, 1988, possessed a weight of 155 kg. It accomplished mainly solar cell and radio transmission tests.

Ofeq 2, was launched April 23, 1990. It also accomplished communication tests.

Ofeq 3, launched April 5, 1995, was the first operational Israeli satellite with reconnaissance (photography) capabilities. It weighed 225 kg and was launched on a new version of Shavit.

Ofeq 4, launched January 22, 1998, did not achieve earth orbit due to a launcher failure and was lost.

Ofeq 5, was launched 28 May 2002.

Ofeq 6, launched September 6, 2004 encountered another launcher failure, failed to achieve low earth orbit and also crashed to the sea. The launcher failure was due to the third stage of the Shavit launcher.

Ofeq 7 was successfully launched on June 11, 2007.

Ofek-7 is the latest in the Ofek (horizon in Hebrew) class of satellites and it replaced Ofek-5, which has been in orbit and functioning successfully for almost five years.

Israeli planes to get anti-missile lasers

Israel is developing a laser system to defend its civilian airplanes against terrorist missiles.

Prime Minister Ehud Olmert's Security Cabinet announced that work will begin next year on a new technology to replace Flight Guard, an Israeli system designed to throw off heat-seeking missiles with flares.

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Flight Guard has been installed on an unspecified number of El Al planes, but Israeli security sources said some foreign airports voiced concern that it could pose a fire risk.

The new technology, known as MUSIC, will employ a non-pyrotechnic laser to "blind" incoming missiles. It is expected to be ready for use by 2010.

Israel became a pioneer in onboard anti-missile systems for civil aviation after al-Qaeda tried to shoot down an Israeli Arkia jet over Kenya in 2003.
"The process of reinforcing Israeli planes against missiles is continuing," said a statement from the Security Cabinet. "Israel is the first nation in the world to reinforce its commercial airline fleet against missile attacks."

Stanley Fischer named one of world's seven leading bankers

"Global Finance" has selected Governor of the Bank of Israel Prof. Stanley Fischer as one of the world's seven leading central bankers, giving him an "A". The international journal said that Fischer had successfully handled the economic effects of the Second Lebanon War and strengthened the central bank's position.

"Global Finance" praised Fischer's interest rate policy. It added that, despite Israel's political instability, the Bank of Israel continued to focus on keeping inflation within the 1-3% target range. It noted that Fischer has been able to promote his reform agenda and strengthen his position at the bank, while focusing on monetary policy.

"Global Finance" also awarded an "A" to Governor of the Central Bank of Malaysia Zeti Akhtar Aziz, Sweden Riksbank Governor Stefan Ingves, Reserve Bank of India Governor Yaga Venugopal Reddy, Bank Indonesia Governor Burhanuddin Abdullah, Central Bank of the Republic of China (Taiwan) Governor Fai-nan Perng.

Federal Reserve Board Chairman Ben S. Bernanke received a "C" and European Central Bank President Jean Claude Trichet received a "C+".

IBM's Haifa Research Lab in AIDS project

IBM Corp. (NYSE: IBM) is expanding its range of medical solutions for the treatment of AIDS. Researchers at the company's Haifa Research Lab are taking part in an EU project called EuResist, which is focusing on the development of a clinical management system for the use of drugs given to AIDS patients and carriers to prevent the reproduction of the HIV virus. IBM says the system will provide the clinicians with a prediction of response to antiretroviral treatment in HIV patients, thus helping the clinicians to choose the best drugs and drug combinations for any given HIV genetic variant and improve the treatment's efficiency.

The EuResist project is part of the EU's 6th Framework Programme for Innovation (the seventh was launched this year), and IBM Haifa is one of the project partners together with universities and drug companies across Europe. The project is using IBM's tools to coordinate the development and testing of the different predictive models for the HIV virus. The project's data base has records on more than 17,000 patients.

New Israeli aviation systems to curb missiles, hijacking

As of 2008, all airlines flying into Israel will be required to equip their pilots with Code positive, a system that allows ground controllers to determine whether planes have been commandeered by terrorists. The Israeli invention, which Israel's Transportation Ministry will distribute free of charge, consists of a personalized card with which the pilot relays a predetermined code upon approaching Tel Aviv.

Should hijackers kill or remove the cockpit crew in the manner of the Sept. 11 attacks on the United States, their non-transmission of the code will let Israel know something is amiss. If a pilot is forced by terrorists to activate Code Positive, he or she has the option of entering false data, which will serve as a discreet mayday message.

The Security Cabinet said in a statement that Code Positive "will significantly reduce the danger of unidentified or hijacked airplanes entering Israeli airspace in order to perpetrate terrorist attacks." When Code Positive was unveiled earlier this year,

Danny Shenar, the Transportation Ministry's chief security officer, said, "You can't bluff this system." Israel 's air force is under instructions to force suspect planes to land at a location far from built-up areas.

In 1973, warplanes shot down a Libyan airliner that strayed into the Israeli-controlled Sinai by accident, suspecting it was on a mission to ram into a ground target. Scores of crew and passengers were killed in the tragedy, which prompted Israel to improve its own aviation counter-measures.

Now Israel relies on its intelligence services, and their foreign allies, to give advance notice on potential hijackings. Should the worst happen, fighter jets could be scrambled within minutes to implement a series of tactical counter-measures. "We buzz the suspect plane, and if that doesn't work, we can fire our cannons very close to its cockpit. The idea is to do everything possible to unnerve the hijackers," a senior air force officer said on condition of anonymity. "But as a last resort, we have shoot-down orders. There is no way we can allow another World Trade Center disaster to take place in Tel Aviv."

"This is a system that has been approved to be installed on civilian planes, and as far as I know there is no comparable system elsewhere in the world," said Nissim Hadas, who heads the company that produces Flight Guard. t

Japan's CSK to invest $100m in Israel

Japan's CSK Venture Capital Co. Ltd. plans to invest about $100 million in Israel, including $15 million this year and $80 million over the next two years, says Israel's economic attaché in Tokyo Amoral Halevy. CSK Venture Capital invests in Japanese and foreign high-tech and life sciences start-ups. It is part of CSK Holdings Corporation (TSE:97370).

Halevy said CSK Venture Capital would make the investments from a recently raised $100 million fund, which is entirely designated for investment in Israel. He added interest in Israel has been rekindled among Japan's business community. "Bilateral trade could be much greater than the $2.3 billion reached in 2006," he added.

CSK decided to invest in Israeli technology companies after senior partners visited Israel in July, during which they toured 25 start-ups. The visit was organized by the commercial attaché in Tokyo and the Investment Promotions Center. CSK Venture Capital managing partner Satoshi Konno headed the delegation. He plans to make another visit to Israel in a few months to review additional investments.

CSK Holdings has 30 financial and IT subsidiaries. The company had $2.1 billion revenue in 2006. CSK Venture Capital has made more than $200 million in investments worldwide.

Konno said that CSK Venture Capital had invested in Israeli start-up Horizon Semiconductors Ltd. He said the investment was a success that CSK wanted to replicate. "The innovations emerging from Israel are extraordinary. The breakthrough technologies that come from Israel catch the attention of investors in general and in Japan in particular. Our investment fund, CSK Venture Capital, hopes to increase the synergy between Japanese and Israeli companies through joint investments in Israeli technology."

Mobydom in parking deal with German city of Wolfsburg

Mobydom Ltd. has signed a contract with the German city of Wolfsburg to install the company's PaNgo mobile parking payment system. The €20 million contract runs through 2011.

PaNgo is already in use in Israel. Payment for parking is made by cellular phone, which facilitates payment. Drivers type in by phone the car number, parking period, type of parking (such as resident), and pay.

Mobydom says that German contract heralds a great vision for the European parking market. "This cooperation agreement with the Wolfsburg municipality is an important step for a broader entry into the European market. It was made in collaboration with leading local industries. Wolfsburg AG (a private venture of the Wolfsburg municipality and Volkswagen AG (XETRA: VOWG; LSE: VKW) will jointly operate with Mobydom and the municipality to promote the service and its use in the city," said the company.

PetroChina chooses Retalix Point-of-Sale Fuel Software Solutions

Retalix Ltd. (Nasdaq: RTLX), a provider of enterprise-wide software solutions for retailers and distributors, announced today that PetroChina Company Limited (SEHK stock code 0857; NYSE: PTR), China's largest petroleum retailer, has selected Retalix StorePoint(TM) and Retalix Fuel(TM) for deployment in its service stations across China. The selection strengthens Retalix's position in the Chinese retail market.

PetroChina is one of the largest companies in China in terms of sales and is ranked 9th among the world's largest oil

and gas companies. PetroChina operates over 18,000 service stations across China. The first phase of the PetroChina POS and Fuel project includes deployment of Retalix StorePoint and Retalix Fuel software applications across 1,200 PetroChina stations in Shanghai, Dalian and Shandong. The deployment will be later expanded to the rest of PetroChina's stations across China.

Summary of Israeli High-Tech Company Capital Raising Q1-Q3/2007

In the third quarter of 2007, 108 Israeli high-tech companies raised $414 million from venture investors – both local and foreign. The quarterly amount was 9 percent above the $381 million raised in the third quarter of 2006, but down 5 percent from the $436 million raised in the previous quarter.

"Q3 figures indicate 2007 may set a five-year record with high-tech investments reaching $1.7 billion," said Zeev Holtzman, Chairman of IVC Research Center and Giza Venture Capital. "In order to complete the positive picture, we hope that the intensive investment activity will be expressed in substantial exits of over $500 million in the upcoming year that will enable the Israeli VC industry to show significant returns on their investments."

The average company financing round was $3.83 million in Q3, compared with $4.38 million in the third quarter of 2006 and $3.69 million in Q2 of this year. Seventy three companies attracted more than $1 million. Of these, 13 companies raised between $5 million and $10 million each, 11 companies raised between $10 million and $20 million each, and three companies raised over $20 million.

In the three first quarters of 2007 Israeli high-tech companies raised $1.256 billion, 10 percent above the $1.145 billion raised in the corresponding period of 2006.

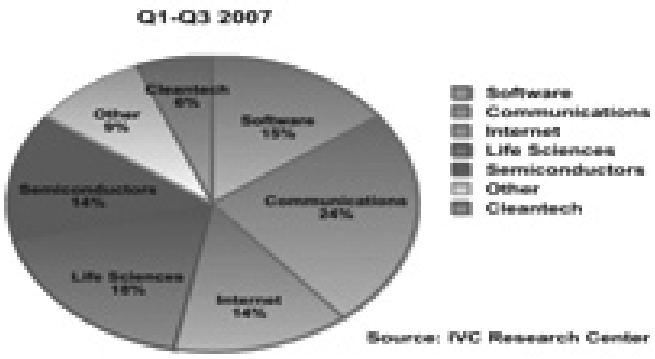
In Q3, Israeli VCs invested $172 million in Israeli companies, compared with $142 million invested in Q3 2006 and $193 million invested in Q2. The Israeli VC share of the total amount invested in Israeli high-tech was 42 percent, with the remainder of capital coming from foreign investors as well as non-VC Israeli investors.

First investments accounted for 51 percent of total dollar investments by Israeli VCs in the third quarter, compared with 44 percent in the in the third quarter of 2006 and 38 percent in Q2. The average First investment by Israeli VCs was $3.25 million, while the average Follow-on investment was $0.83 million.

In the first three quarters of 2007, the Israeli VC fund share of investments in Israeli high-tech companies was 43 percent, compared to 41 percent in the corresponding period in 2006.

Capital Raised by Sector

In Q3/07, the Communications sector led capital raising with $83 million or 20 percent of capital raised followed by Semiconductors with $74 million or 18 percent of total capital raised. The amount raised by Semiconductor companies reflected two especially large financing rounds aggregating over



$50 million. The Software and the Internet sectors share third place with 17 percent of capital raised. "Internet companies attracted $71 million, up ten-fold from the third quarter last year and the most raised by this sector since the first quarter of 2001," remarked Efrat Zakai, Director of Research at IVC. "The Internet sector show consistent increase and capture more distinguished part of the total funds. From the beginning of 2007 internet companies captured 14 percent of total capital raised, this compared with 6 percent in the first three quarter of 2006

and only 2 percent in 2005 parallel period."

Capital raised by stage
Eighteen Seed companies attracted $28 million, 7 percent of the total amount raised in Q3, compared to $20 million (5 percent) in the third quarter of 2006 and $51 million (12 percent) in the previous quarter. During the first three quarters of the year, Seed companies attracted 11 percent of the total funds, compared with 7 percent in Q1-Q3 2006.

Israeli VC investments in foreign companies
Israeli VCs invested $9 million in nine foreign companies during Q3 2007, compared to $6 million invested in foreign companies in the third quarter of 2006 and $18 million invested in the previous quarter. All nine investments were Follow-on investments.
In the first three quarters of 2007, the Israeli VCs invested $36 million in foreign companies.

VC-backed high-tech cos raised $350m in Q3

Israeli venture capital-backed high-tech companies raised $350 million in the third quarter 2007, the highest quarterly amount since the fourth quarter of 2001, according to the PricewaterhouseCooper's MoneyTree report. High-tech companies raised 10% more in the third quarter than the $319 million raised in the preceding quarter and 39% more than the $253 million raised in the corresponding quarter of 2006.

74 Israeli high-tech companies raised capital during the third quarter, compared with 80 companies in the preceding quarter and 66 in the corresponding quarter. The average financing round was $4.7 million in the third quarter, compared with $4 million in the preceding quarter and $3.8 million in the corresponding quarter.

There was a switch to investment in mid and late-stage start-ups from early-stage start ups during the third quarter. 61 mid and late-stage start-ups raised $314 million, 90% of the total amount raised by start-ups during the third quarter, and the largest proportion in ten quarters, since the third quarter of 2004. Most investments by venture capital funds in mid and late-stage start-ups were follow-on investments.

Ernst & Young: 95% jump in early-stage funding

The Israeli venture capital industry invested $361 million in 39 transactions during the third quarter of 2007, 19% more than in the corresponding quarter of 2006, states the Ernst & Young and Dow Jones VentureOne's survey of global venture capital investment.

VentureOne reports a 95% increase in early-stage investment in the third quarter, compared with the corresponding quarter. It says that 17 early-stage start-ups raised an aggregate $113 million, compared with the $58 million raised by 13 early-stage start-ups in the corresponding quarter. This finding contradicts the finding by the PricewaterhouseCooper's MoneyTree report for the third quarter, which states that 13 early-stage start-ups raised an aggregate $36 million, less than the amount raised in the corresponding quarter.

Cisco buys Navini Networks

ICisco (Nasdaq:CSCO) deal, the networking giant announced an agreement to purchase Navini Networks. The move dispelled rumors that Israeli firm Alvarion Ltd. (Nasdaq: ALVR; TASE: ALVR) would be Cisco's target.

Under the terms of the agreement, Cisco will pay approximately $330 million in cash and assumed options. The Navini acquisition is subject to various standard closing conditions and is expected to close in the second quarter of Cisco's 2008 fiscal year. Upon the close of the acquisition, Cisco plans to integrate Navini into its Wireless Networking Business Unit.

Navini offers a portfolio of broadband wireless WiMAX solutions with comprehensive offerings including base stations, adaptive antenna arrays, management systems, and subscriber modems, which have been sold to more than 75 customers.

Reports circulated in the press several weeks ago regarding a Cisco acquisition in the WiMAX sector, and Alvarion's name was mentioned as a candidate. However, more recently, Navini was viewed as a more likely target.

Cisco expects that its broadband wireless solution portfolio, that now includes WiMAX products, will play a key role in Cisco's Country Transformation and "digital inclusion" initiatives to drive broadband penetration to consumers and business in emerging countries.

"Emerging country service providers are in expansion mode, building out broadband wireless networks and are concerned about deployment costs and the availability of skilled resources," said Brett Galloway, vice president and general manager of the Wireless Networking Business Unit, Cisco. "Around the world broadband wireless networks based upon WiMAX have the potential to add millions of new Internet users who cannot be reached economically using copper or fiber infrastructures. Additionally, WiMAX networks will help drive the transition to open IP-based broadband

wireless architectures and accelerate the rollout of new applications and services."

WiMAX technology can be accessed across greater distances than Wi-Fi, and thereby cover entire cities.

WATEC Israel 2007 - Water Technologies & Environmental Control WATEC 2007

The issue of water and environmental technologies is gaining an increasingly central place in the world's consciousness and economy. About 2 billion people around the world either lack access to sufficient quantities of water, or are supplied with water unfit for drinking. This shortage is going to worsen in the near future due to the rise of world's population and to the redistribution of water recourses among the world's regions, which in turn stems from the global warming.

This global warming phenomenon, which the leading experts attribute to the rising concentrations of greenhouse gases resulting from burning fossil fuels for energy generation, presents a multifaceted hazard to the mankind. Its consequences include water shortages in certain regions combined with floods and other natural disasters in other parts of the world; glacier melting in polar areas fraught with catastrophic flooding across many countries and the loss of vast habitable territories; widespread famine and lack of basic supplies - and other calamities, some of them predictable and others still beyond our cognition.

Industrial and vehicular air pollution results in heavy health problems both around the world and in our small Israel. Regions susceptible to air pollution owe many unnecessary deaths to this cause.

The growing environmental awareness has resulted in an impressive boost in the development of new technologies for alleviating ecological problems, particularly for water purification and treatment, and in the corresponding increase of these technologies' worldwide implementation and marketing. The Kyoto Protocol on diminishing the greenhouse gases emission has set up an emission trading market, with a current volume of $22 billion and rapidly growing up.

The world water market stands today at approximately $504 billion, while other environmental technologies account for a further $200 billion.

Non-polluting alternative energy sources have become one of the world's hottest issues. Such sources include solar radiation; wind; biomass; urban and rural waste; using agricultural production for making such liquid fuels as bio-ethanol and bio-diesel; geothermal sources. In the future this list might be augmented with the energy of sea tides and other natural phenomena, and all together they are poised to replace our traditional oil and coal fuel.

The WATEC gathering is Israel's premiere event for reinforcing the position of Israel as the "Silicon Valley" of the global water and environmental technologies market, a part of a national initiative approved by a comprehensive governmental decision in order to accelerate development of new water technologies. The initiative includes: directing and strengthening the academy, deepening the integration with capital, integration with international strategic bodies, encouraging the international activity of the Israeli water industry, mostly by the annual WATEC exhibitions and conferences.

The land of Israel is coping with water deficient and environmental control challenges. As the saying goes: "Necessity is the mother of invention." Since Israel's early days, the country's water sector has been forced to provide its citizenry with advanced solutions. Situated in one of the world's most arid regions, it was Israel that pioneered and lead the concepts of national water management, drip irrigation, recycling and purifying wastewater, water desalination and in the field of alternative energy- geothermal power technologies.

Based on Israel accumulated experience and the following unique advantages, Israel is poised to play a major role in supplying the world with cutting-edge water and environmental solutions:

Israel as a beta site - The Israeli climate zones represent more than 50% of the climatic types in the world, thus Israel can become a beta-site for development of new water and environmental technologies needed in many similar areas in the world.

The spirit of the Israeli technological entrepreneurship - The technological achievements of Israel are well-known, and Israel is considered one of the world's leading high-tech regions. There are more venture deals done and more venture dollars invested in Israeli companies than most U.S. states and most other countries of the world. For example: since 2002, over 200 Israeli technology companies were sold to global firms.
Variety of proven water and environmental solutions - Israel has already implemented water technologies in order to produce 25% of its water consumption and in 5 years from

now it will produce 40% of it.

Supportive National Eco-System in order to promote the water and environmental technology industries - Mekorot, Israel's national water company, is unique with respect to the broad scope of its multiple activities, uses its 3,000 installations as test-bedding for new water technologies.

In the last two years, more than 200 new water and environmental technologies (most of them developed in the academy and in the national program of technological incubators) used this unique mechanism. Furthermore, the established collaborations between leading multinational water and industrial companies and Mekorot, enable access for new technologies to the global market.

Israel believes that based on its relative advantages, it can follow on its successes in communications, software, life sciences and advanced materials, and flourish in the areas of advanced water and environmental solutions.

The WATEC exhibition will create a global market place for state-of-the-art technologies relevant to the Israeli and international environmental industries in such fields as water, reduction of environmental nuisances, alternative energy and others.

Why Israel?
Based on its accumulated experience, Israel is poised to play a major role in supplying the world with cutting-edge water and environmental solutions.

* The world's largest RO desalination plant
* The world's most developed irrigation methods
* The world's highest reused wastewater rate
* The world's most advanced national water management system
* The most advanced solar technologies on the international market for water heating and electricity generation

* The most environmentally friendly and cost effective solutions for MSW (Municipal Solid Waste) treatment, generating clean energy

* The best technology to reduce air pollution from stack eliminating particles as well as SOx & NOx

NICE wins Shanghai Airport multimillion dollar order

NICE Systems Ltd. (Nasdaq: NICE; TASE: NICE) has won a multimillion-dollar order from the Shanghai Pudong International Airport for the company's IP-based video solution with content analytics. The airport will use the NICE solution to improve safety and security for a capacity of tens of millions passengers per year.

Shanghai Pudong International Airport handled more than 17 million passengers on international flights in 2006. The airport is planning to increase its capacity to 80 million passengers a year through three terminals, two satellite halls and five parallel runways. Airport managers will use NICE's simultaneous advanced video content analytics system to identify risk in real time, make optimal decisions, and take action that improves security efficiency. The NICE solution will enable Pudong with real-time threat detection capabilities, including automatic detection of unauthorized entry into secured areas, counting the number of people across multiple entries and exits, with trends analysis, and detection of illegally parked vehicles

Earlier, NICE won a contract from the New York City for its 911 call center, and the company unit Actimize won a contract to supply financial fraud prevention and anti-money laundering solutions to Credit Agricole SA (Paris:ACA).
Financial software co Traiana bought by UK firm
Israeli financial software developer Traiana has been acquired by ICAP plc (LSE:IAP) for $238 million in cash plus $9 in ICAP shares, which will vest within four years. Traiana develops automated post-trade processing services to financial institutions. ICAP is a UK-based inter-dealer broker.

Traiana was founded in 2000 by CEO Gil Mandelzis and Shai Sole. The company has raised $42.5 million from Pitango Venture Capital, Gemini Israel Funds, Evergreen Venture Partners, Sequoia Capital, Eastman Ventures, and other investors.

Traiana predicts $15 million revenue for the year through January 2008, 40% more than in 2007. The company provides global banks, broker/dealers, buy-side firms and e-trading platforms with solutions to automate post trade processing of financial transactions, which were often performed manually. Its systems are installed at a cost of up to $4 million.

Its Harmony network is used by over 50 of the world's leading banks and has become the market standard for post-trade processing of foreign exchange transactions. "Globes" selected the company as one of Israel's most promising start-ups in 2005.

ICAP is listed on the FTSE 100 and has a market cap of $7 billion. The company handles $1.5 trillion in transactions a day in interest rate, credit, commodities, foreign exchange, and equity derivatives.

Israeli scientists identify: genes that affect responses of Multiple Sclerosis patients to Copaxone®

A group of Israeli scientists from the Technion – Israel Institute of Technology, the Weizmann Institute of Science and Teva Pharmaceutical Industries have recently identified genes responsible for the positive response of many multiple sclerosis patients to the drug Copaxone®. These findings may contribute to the development of personalized medicine for multiple sclerosis sufferers. Copaxone® was the first original Israeli drug to be approved by the U.S. Food and Drug Administration (FDA), and is today marketed in over 40 countries worldwide, including the U.S.A., Europe, Australia, Latin America and Israel. The drug molecule was the fruit of research by Prof. Michael Sela, Prof. Ruth Arnon and Dr. Dvora Teitelbaum of the Weizmann Institute's Immunology Department. It was developed for the treatment of multiple sclerosis (MS) by Teva, which produces and markets Copaxone® today. "Until now, medical treatments for all kinds of diseases have relied on trial and error methods to determine dosage and treatment protocols," says Prof. Ariel Miller of the Ruth and Bruce Rappaport Faculty of Medicine at the Technion. "But the process of fixing the correct dosage affects the efficacy of the treatment and can lead to complications in some cases." In the past few years, it has been shown that many drugs are not equally effective for every patient, and this variability is due, at least in part, to genetic differences. Finding medications and doses to suit the genetic make-up of each individual patient is likely to be more successful and to cause fewer side effects

The scientists used state-of-the-art equipment – the first of its kind in Israel –, which allows for the rapid and accurate scanning of variations in the human genome. The scientists then examined the links between the genetic markers they found and the response of MS patients to Copaxone®. They identified several genes that are tied to a positive response to the drug. "We analyzed the DNA sequences in 27 candidate genes from each patient participating in the trial," said Lancet, "and we identified two genes with a high potential for determining the response to Copaxone®. In the future, it may be possible to use this method to scan the genome of MS sufferers, to predict the response levels in advance, and to optimize the dosage and treatment protocol to suit each patient personally."

In the 1950's, Prof. Efraim Katzir of the Weizmann Institute of Science, later fourth president of the State of Israel, commenced research on the properties of proteins – the building blocks of all biological systems. This research led to the design of simple synthetic models of proteins, called "polyamino acids." His research student at the time, Prof. Michael Sela (who later became President of the Weizmann Institute and was the recipient of, among many honors, the Israel Prize), decided to test the influence of these synthetic molecules on the immune system. This research led him to the conclusion that it might be possible to use these synthetic substances to curb symptoms of multiple sclerosis – an autoimmune disease in which the body's immune system attacks proteins in the fatty layer surrounding nerve fibers, preventing the conductance of electrical signals through them. Sela, together with his student at the time, Prof. Ruth Arnon (recipient of the Israel Prize and past Vice President of the Weizmann Institute and Vice President of the Association of Academies of Sciences in Asia), and Dr. Dvora Teitelbaum, conducted a long series of experiments. These experiments eventually led to the development of Copaxone®, and clinical trials carried out by Teva showed its efficacy in treating MS. At the end of the process, in 1996, Copaxone® became the first original Israeli drug to be approved by the FDA. Today, following ten years of active sales in the U.S. and 40 countries around the world, Copaxone® has made a significant contribution to the Israeli economy.

Advanced Vision Technology acquires Graphic Microsystems

Advanced Vision Technology Ltd., Hod Hasharon, Israel, developer of automatic inspection solutions for printing applications, announced its acquisition of Graphic Microsystems Inc., maker of pressroom automation equipment based in Sunnyvale, Calif.

In the deal, which closed recently, AVT paid $33 million to a subsidiary of diversified industrial manufacturer Dover Corp. for all GMI stock and certain intellectual property assets.

AVT develops automatic inspection solutions for print process control and quality assurance in packaging and label converting. GMI supplies closed-loop color-control systems, color-management and reporting software, and remote digital ink-fountain control systems to coldset and heat set printers and press makers.

Besides customers that include Transcontinental Inc., Quebecor World Inc. and RR Donnelly & Sons Co., the

company works with press manufacturers Goss International, MAN Roland Druckmaschinen AG, Koenig & Bauer AG, Manugraph Dauphin Graphic Machines Inc. and Muller-Martini AG.

AVT President and CEO Shlomo Amir noted that GMI parent company Dover chose to divest as it shifted its focus to larger businesses. He said in a statement that GMI sales for the first six months of 2007 were $18.8 million, representing 13% growth over the same period in 2006. In 2007, GMI also returned its field service division to profit. Amir also said international sales are expected to account for 40% of revenue in 2007, with near-term expansion expected for Eastern Europe

SHL sells Raytel Cardiac Services to Philips

SHL Telemedicine (SWX: SHL), a provider and developer of advanced personal telemedicine solutions, has agreed to sell Raytel Cardiac Services and other ancillary operations, comprising SHL's US cardiac monitoring activities, to Royal Philips Electronics (NYSE:PHG, AEX:PHI). Philips will pay an upfront cash consideration of around $110 million plus participation in future revenues from current Raytel services and certain new products and services for up to 9 years. Philips is an 18% shareholder in SHL.

Following its acquisition of Lifeline a year ago, Philips has become the leading provider of personal response services and emergency call systems in the US and Canada. Philips markets its services through a network of more than 2,500 hospitals and other healthcare providers and serves a subscriber base of 750,000 individuals. The companies' announcement said that this transaction would enable SHL's and Raytel's existing products and services to be offered to Philips' broad client base, while generating revenue synergies. SHL says it believes that Philips' strong brand recognition among healthcare professionals should allow for the rapid introduction of new SHL products to this important market segment in the coming years.

Beside the consideration for Raytel Cardiac Services, SHL said it would also benefit from the sales of its proprietary telemedicine devices to Philips as well as from revenues emanating from Philips' access to SHL's future R&D.

The transaction, which is subject to certain regulatory approvals as well as that of SHL's shareholders, is expected to close by the fourth quarter of 2007. SHL said that, on consummation of the transaction, it would record a significant capital gain.

Wachovia Securities is acting as financial advisor to SHL in this transaction.

SHL co-CEO Erez Alroy said, "We are very excited about the agreement with Philips. This is a major achievement for SHL, strengthening our relations with our strong strategic partner with the capacity and capability to significantly increase penetration of SHL products in the North American market.

"In addition the transaction will provide SHL with significant cash resources to increase the pace of its expansion in the German market as well as development of new markets and products"

Philips' Home Healthcare Solutions CEO Ron Feinstein said, "We have known SHL and Raytel for many years and are optimistic that the addition of Raytel's cardiac monitoring capabilities to our portfolio of remote patient management services will strengthen our position in the home healthcare market for consumers with heart disease."

AT&T buys Israeli web-conferencing company Interwise

After 13 years and $98 million investment, Interwise is being sold to the US giant for $121 million.

Telecommunications giant AT&T Inc. (NYSE: T), through one of its subsidiaries, is buying IP network conferencing solutions company Interwise of Israel for $121 million. The acquisition, which is due to be completed by the end of the year, brings AT&T into the Israeli market for the first time. Interwise will continue to operate, as AT&T's local development center within AT&T Global Business Services, which serves the largest enterprises around the world and is led by Group President Ronald E. Spears.

AT&T says it expects to retain Interwise's management team and its 140-strong staff as its R&D center in Israel.

"The addition of Interwise's technology and expertise in conferencing to AT&T's global reach, networking and conferencing capabilities will broaden and enhance the range of solutions for our enterprise customers who are making the transition to IP networking," said Spears.

Video-conferencing has become a hot market in recent years, as witness the valuations of companies in this field and the attention it attracts. Interwise worked with WebEx, which was bought by Cisco for $3.2 billion in May, and with Microsoft and other giant companies.

Interwise has been around for a while. The company was founded by Hillel Kobrinsky and Zvi Frank, now joint CEOs, in 1994, to develop web-based video conferencing. The first product was an e-learning application. After the technology bubble burst in 2001, Interwise was left almost without any use for this product, and so it developed a more generic solution for web conferencing. The company's media server enables enterprises to arrange voice, video, or web conferences over their IP networks.

The relationship with AT&T began four months ago, and the acquisition went through swiftly. From the point of view of the venture capital invested in it, Interwise has not provided a large return. According to IVC, the company raised $98 million. Among its investors are Accenture (which meanwhile has sold it shares), NTT, Shrem-Fudim-Kelner, UBS, First International, GE Capital, and others.

Interwise is estimated to have had sales of some $30 million in 2006 and to be on the verge of profitability.

AT&T is considered the world's largest telecommunications services company, with revenue of $65 billion in 2006 and a current market cap of $250 billion.

Elbit Systems supplies laser-guided bombs to IAF

Defense contractor Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) will supply the Israel Air Force (IAF) with its Lizard laser-guided bombs in a contract worth several million dollars. The company has already begun deliveries.

The Lizard is a new generation laser-guided bomb for air-to-surface attack of diverse targets, which inflicts pinpoint damage while substantially reducing collateral damage. The current laser designator is designed for warheads of various sizes.

The company added that it has already supplied the Lizard laser-guided bomb kit to several NATO and other countries, and existing customers have placed repeat orders.

Elbit Systems airborne division joint general manager Yoram Shmueli said that the IAF's decision to procure the Lizard was an important breakthrough for Elbit Systems as a major supplier of laser-guided systems. He added, "The use of lasers for pinpoint accuracy and reduced collateral damage is in increased demand amongst the world's advanced air forces, and the fact that the IAF has chosen Elbit Systems' Lizard will lead to increased orders for the system worldwide."

Elbit Systems trades at a market cap of $1.99 billion. The company and its subsidiaries have signed a number of major contracts in recent months, boosting its orders backlog by hundreds of millions of dollars.

Nokia Siemens buys Atrica

Atrica, will be sold to the telecommunications equipment maker Nokia Siemens Networks. Atrica, develops carrier Ethernet transport solutions for metro systems. It ha been rumord that the sales pricewill will be about $100 million. This is considerably less than the $180 million, invested in Atrica over the years.

Atrica was founded in 1999 by Avinoam Rubinstain, Zvika Bronstein, and Amir Lahat, all ex-3Com. It's aim was to develop solutions using Ethernet protocol on metro systems. Ethernet is considered a cheap protocol in comparison with the main technology used for data transport on metro systems, based on SONET/SDH. Atrica developed communications switches for metro networks based on Ethernet communications standards.

Atrica was the first to break into this field, but the years 2002-2003 were very tough for the telecommunications world, and the company went through a difficult time. What helped Atrica to cope during this period was the huge sums it managed to raise - some $184 million, much of it in the hard years, including a $71 million round at the beginning of 2002. However, when the problematic period ended, Atrica found itself with several large competitors, among them telecommunications equipment giants such as Cisco and Alcatel. In 2005, one of those giants, Juniper, held talks on buying the company at a valuation of $250 million.

Among the investors in Atrica is 3Com, where the founders came from. The list of investors shows the potential the company was thought to have when it began: Vesbridge Partners LLC (formerly St. Paul Venture Capital), GunnAllen Venture Partners, Intel Capital, Innovacom (France Telecom), JK&B Capital, Investor Growth Capital, and Israel's The Challenge Fund Etgar.

Nokia Siemens Networks is a merger of the infrastructure arms of the two giants. The merger took place in 2006, and the merged entity has shed some 9,000 employees. However, in Israel it has extensive activity, based on three companies: Nokia Siemens Networks Israel (formerly Seabridge, Radnet), which develops advanced infrastructure; a company that sells and services Siemens equipment in

Israel; and Nokia Israel, which deals in the company's infrastructure. the company's Israeli development center will expand by some 150 people and bring the total to 500.

Deloitte Names Jordan Valley Semiconductors to list of fastest growing Israeli technology companies

Jordan Valley Semiconductors, Inc. has been named to the 2007 Deloitte Technology Fast 50 as one of the fastest-growing technology companies in Israel. A manufacturer of next-generation x-ray based semiconductor metrology, Jordan Valley provides patented x-ray technology to leading semiconductor fabs worldwide.

"Achieving sustained revenue growth over five years is a tremendous accomplishment for a technology company operating in a competitive world," said Asher Mechlovich, partner in charge of the Deloitte Brightman Almagor Israel Technology Fast 50 Program. "Jordan Valley Semiconductors deserves a lot of credit for its remarkable growth, and we commend them for it."

To determine the fastest growing companies, Deloitte reviewed fiscal year revenues over five years (2002-2006), calculated the revenue growth percentage over those five years, and compared the growth of technology companies.
New Applications for X-Ray Metrology Helps Boost Growth
"The entire Jordan Valley family is extremely proud to be named to the Fast 50 list for the second year in a row," says Isaac Mazor, Jordan Valley founder and CEO. "Our growth is a testament to our entire organization's commitment to technological superiority and discovering new applications in semiconductor manufacturing for x-ray metrology."

Jordan Valley's selection to the Deloitte Technology Fast 50 follows the announcement that Intel Capital was the sole investor in a US$11 million round of funding in the company.

Agassi in $200m. electric car project

Israeli entrepreneur and former SAP executive Shai Agassi launched his much-anticipated electric-car project with the formation of Project Better Place, an entity focused on developing an electric vehicle that he said would be cheaper to use, conveniently chargeable and, above all, friendlier for the environment.

"It's a very exciting day, we hope this project will be the future of transportation," Agassi said at a press conference in New York as he announced an initial financing of $200 million to transform countries from oil-based transportation to electric vehicles through an electric recharge grid infrastructure.