

ISRAEL HIGH-TECH & INVESTMENT REPORT

Two days after the 500+ point drop in the Dow Jones Alan Greenspan, the Federal Reserve Board Chairman and considered by many as the single most powerful man in the world stated before the Congressional Economic Committee that investors are likely to look back on the recent world-wide market correction as a “salutary event” that turned out to be good for investors in the long run. As it turned out the Fed Chairman’s remarks had an immediate positive calming reaction as American investors accepted the drops as unrelated to the US economy and within a week nearly all of the stock market losses had been recouped.

However, when Wall Street sneezes the rest of the world inevitably worries about contagious fallout.

The initial consensus among local accountants,

exchanged at a fixed exchange ratio of three quarters of a share of ESC Medical for each Laser Industries share.

On the day of the announcement the Laser shares rose nearly to the \$27 mark. The value of the shares based on the above calculation put the Laser shares at \$31.50. The lower market price indicated, as is usual in such cases, a discount in case the merger is not concluded as planned. Both companies have been instrumental in the development of cosmetic and medical lasers. ESC's pulsed light source devices, lasers and other products are used for non-invasive cosmetic medical procedures and other applications in physician offices. Laser Industries uses laser-based technologies for skin resurfacing, hair removal, laser surgery and other applications in physician offices and hospitals.

Laser Industries' installed base of approximately 12,000 laser systems and its significant worldwide presence in sales, marketing, distribution and manufacturing. ESC Medical Systems Ltd. develops, manufactures and markets medical devices utilizing both state-of-the-art lasers and proprietary intense pulsed light source technology for non-invasive treatment of varicose veins and other benign vascular lesions, as well as for hair removal, skin cancer, skin rejuvenation and other clinical applications. Its growth has been rapid and its financial position has been enhanced by a recent secondary financing.

The transaction is expected to close at the end of the first quarter of 1998, subject to approval by the shareholders of both companies and Israeli and U.S. regulatory approvals.

Goldman, Sachs & Co. and Oppenheimer & Co. served as financial advisors to ESC Medical and Laser Industries.

Endurance Record Set by Electric Fuel Zinc-Air Battery in London-to-Paris Drive

Electric Fuel Corporation (Nasdaq:EFCX) announced its zinc-air battery system set an endurance record for electric vehicles on Sunday by powering a Mercedes-Benz MB410E van from central London to central Paris on a

single charge.

Despite inclement weather and freezing temperatures of 1 to 2 degrees Celsius (34 to 36 degrees Fahrenheit), the vehicle travelled a record 439 km (272 miles) not including the transport through the Channel Tunnel. The drive involved navigating the streets of downtown London, the highways of England and France, and congested traffic conditions in central Paris. The van, with a gross vehicle weight of 4.5 tons (10,000 lbs), travelled an average of 70 km per hour (43 miles/hr).

Utilizing a 150kWh zinc-air battery, the van is of the same configuration as those currently being used in the ongoing Deutsche Post (German Postal Service) field test. No alterations or special preparations were made to the vehicle for the drive.

"This demonstration, carried out with one of our field test vehicles, is yet another big success in a chain of tests which also included the first crossing of the Alps by an electric vehicle," said Wolfgang Buckentin, Director and Head of Section, Transport Principles, Deutsche Post AG. Electric Fuel Corporation, with corporate offices in New York City and manufacturing and R & D facilities in Jerusalem is positioning its zinc-air energy system at the forefront of zero-emission electric-powered transportation. The company is also currently developing other zinc-air applications for portable electronic devices. applications.

NICE Systems 3Q97 Revenue Rises 84 %

NICE Systems Ltd. (Nasdaq:NICEY) reported third quarter revenues of \$18.7 million, up 84 percent, compared with \$10.2 million in the same quarter in 1996. Net income rose 132 percent to \$3.8 million or \$0.35 per share from a net income of \$1.7 million or \$0.22 per share in the third quarter of 1996, excluding a one-time expense related to the acquisition of Dees Communications. Taking into consideration the one-time business combination expenses of \$16.25 million incurred in connection with the Dees acquisition, net loss for the quarter was \$12.4

million or \$1.12 cents.

For the first nine months, NICE posted net income of \$8.5 million or \$0.94 per share, up 158.7 percent, from net income of \$3.3 million or \$0.44 per share in the first nine months of 1996. During the third quarter, in a move to enhance its position in the call center market, NICE acquired all the outstanding capital stock of Dees Communications for \$8 million in cash and 435,000 American Depository Receipts representing ordinary shares of NICE. Dees is a privately held Canadian company, that provides automated call center monitoring solutions for quality assurance. "We consider the recent signing of a global distribution agreement with Lucent Technologies as an important achievement," said a company spokesman. In addition to the acquisition of Dees Communications during the third quarter, NICE also was selected by the Denver Dispatch in the public safety sector, and by Kazakhstan Air traffic Control (ATC) in the ATC market.

'Write Once, Manage Everything'

Further extending its policy-based enterprise management, Check Point Software Technologies Ltd. (Nasdaq:CHKPF) announced Check Point™ Open Security Manager™, a GUI-based solution to centrally configure and manage all network security devices across an organization. Based on Check Point's Open Platform for Secure Enterprise Connectivity (OPSEC™) architecture, Open Security Manager provides management capabilities for Cisco Systems' (Nasdaq:CSCO) PIX firewall, Microsoft Corporation's (Nasdaq:MSFT) Routing and Remote Access Service (RRAS) Windows NT-based router. Available currently, Open Security Manager simplifies and speeds management of enterprise security with an intuitive graphical user interface for centrally managing all enterprise network access points. These include routers, black-box firewalls and other security devices, which traditionally require significant investment in set-up time and maintenance through time-intensive,

one-device-at-a-time configuration and management. With Open Security Manager, all devices can be defined at once with a single enterprise security policy, which is then distributed to the multitude of devices installed throughout the network.

"Companies today have a patchwork of network security devices installed in their enterprise networks with various interfaces and levels of built-in security functions. By enabling users to write one security policy and use it to manage all of these devices, Open Security Manager not only simplifies the task of controlling the network, it reduces the chances for security holes to be introduced," said a company executive.

"Our customers are asking for tools that can manage security in heterogeneous environments," said Lloyd Spencer, group product manager, Windows Communications at Microsoft Corporation. "We are pleased that Check Point's Open Security Manager will offer these features for the Windows NT Server platform."

"Check Point's Open Security Manager greatly simplifies building an enterprise-wide security policy today, while providing a comprehensive user interface for security policy configuration," added Neil Henry, Security Product Manager at 3Com Corporation. 3Com bundles Check Point's management capabilities with the NETBuilder product.

"Our customers tell us they've already received a strong benefit from Check Point's ability to centrally manage Bay Networks devices across the enterprise," said Brian Shanning, senior product manager at Bay Networks, Inc. "We've long been a partner of Check Point Software, and we believe that Open Security Manager's new capabilities make it even more valuable to corporate customers." Check Point Open Security Manager 1.0 is available in for Microsoft Windows NT systems at a price of \$1,495.- to manage a single device, \$9,995.- to manage up to ten devices, and \$19,995.- to manage an unlimited number of devices.

Elbit's Net Income up 40%

Elbit Systems Ltd. (NASDAQ: ESLTF)

announced results for the third quarter, 1997. Revenues for the quarter were \$91.1 million, an increase of 17.2% versus \$77.7 million in the third quarter of 1996. Net income for the quarter ended September 30, 1997 was \$5.4 million, or \$0.24 per share, compared with \$3.8 million, or \$0.18 per share, for the same period in 1996. Revenues for the nine month period ended September 30, 1997 were \$270.1 million, an increase of 28.0% compared with \$210.9 million for the same period last year. Net income for the nine months ended September 30, 1997 was \$15.2 million, or \$0.67 per share, compared with \$11.5 million, or \$0.54 per share, for the corresponding period of 1996. The company's backlog of orders as of September 30, 1997 was \$668 million versus \$614 million at the end of 1996. Approximately 82% of the orders from outside Israel.

ELSTF recently completed a public offering in the US with net proceeds of approximately \$40 mil. The Board of Directors declared a dividend for the third quarter of 1997 of \$0.05 per share.

Elbit Systems Ltd. is engaged in a wide range of defense-related airborne, ground and command, control and communications ("C3") programs throughout the world. The company focuses on upgrading of existing military platforms and developing new technologies for defense applications.

Electronics For Imaging Named "Top Five Growth Company"

Electronics for Imaging, Inc. (NASDAQ:EFII), the pioneer and leading supplier of technologies for high-quality color printing over computer networks, founded by Efraim Arazi, one of Israel's best known entrepreneurs, has been named a "Top Five Growth Company" by the American Electronics Association (AEA). The company carries out development work in Israel and maintains close contact with Israeli companies active in its field. The prestigious award was presented by AEA President and CEO William T. Archey at the AEA's annual financial conference, the AEA Classic. The "Top Five Growth Company" honor is awarded annually by the AEA

to five outstanding high tech companies, based on stock price growth over the past five years. To be considered for the award, a company must be a member of the AEA, based in the U.S., and have over \$125 million in market valuation or over \$100 million in sales for at least five years. Founded in 1989, EFI is a pioneer and market leader in the field of high-quality digital color printing. With 25 consecutive record-breaking revenue quarters, the company's stock price increased from an adjusted price of \$3.19 per share (as of the IPO 10/2/92) to \$51.00 per share (as of 9/30/97), a rise of 47.81 points, or 1,600 percent. The AEA is the largest high technology organization in the country, representing more than 3,000 U.S.-based companies. Member companies span the breadth of the product spectrum, from semi-conductors and software to mainframe computers and telecommunications systems. The AEA's prestigious Classic Financial Conference is highly regarded by investors as a barometer of corporate potential, and attracts more than 1,300 key financial analysts. "EFI typifies the entrepreneurial growth spirit of our industry," commented Archey, AEA president and CEO. "As one of the top five companies in 1997, they are among the cream of an extremely successful crop of high tech firms. We congratulate them, and the rest of our winning AEA member companies."

About Electronics for Imaging, Inc.

Electronics for Imaging, Inc. (EFI) is the industry pioneer and market leader in the development of products and technologies that enable high-quality digital color printing over computer networks. EFI's products are distributed by the company's blue-chip OEM partners— Canon, Digital Equipment Corporation, Epson, IBM, Kodak/Danka Business Systems, Konica, Minolta, Océ, Ricoh, Sharp, and Xerox. Fiery Color Servers and Fiery Driven color printers are installed worldwide in leading corporations, advertising agencies, graphic design studios, and print-for-pay businesses. Founded in 1989 and headquartered in San Mateo, the company employs more than 498 people and has 24

worldwide sales offices.

Orbotech Earnings Sharply Higher Up

Orbotech Ltd. announced Sept. '97 three-month earnings per share of \$0.70 vs \$0.35 for same period a year ago. Nine-month earnings of \$1.81 vs \$1.10 for same period a year ago.

Orckit Reports First Profitable Quarter

Orckit Communications Ltd. an Israeli high-tech company (Nasdaq:ORCTF), a leader in the development, manufacture and marketing of Digital Subscriber Line systems and modems, reported that revenues for the quarter ended September 30, 1997 increased 155% to \$7.2 million, compared to \$2.8 million for the third quarter of 1996. Revenues for the nine months ended September 30, 1997 increased 155% to \$20.1 million, compared to \$7.9 million for the same period in 1996.

Net income for the third quarter was \$108,000, or \$0.01 per share, against a net loss of \$736,000, or (\$0.06) per share, during the third quarter of 1996. The net loss for the nine months ended September 30, 1997 was \$680,000, or (\$0.05) per share, compared with \$2.2 million, or (\$0.18) per share, for the same period in 1996.

Highlights of the quarter include the signing of a definitive agreement with Harris Semiconductor for the development of a VDSL chip set, and with Fujitsu Microelectronics for the development of next generation high performance ADSL II chips.

Another notable achievement during the quarter was Orckit's demonstration of the world's first ADSL modem that can run simultaneously with an ISDN line at the recent Telecom Inter@ctive exhibition in Geneva. The first shipment of ADSL over ISDN modems was sent during the quarter to a European telecom operator.

VocalTec Communications Ltd.

announced a Sept. '97 three-month loss per share of \$0.19 vs loss of \$0.23 for same period a year ago. and nine-month loss of \$0.71 vs loss of \$0.59 for

same period a year ago. Results for the nine months of 1996 includes a charge of \$0.16 per share related to acquired in-process research and development.

ZAG Industries Forms Venture Capital Company

ZAG Industries, Ltd. (NASDAQ:ZAGIF) announced that it had formed Tripod Investments Ltd. along with two other companies. Tripod will be a new venture capital company that would invest and leverage the experiences and strengths of the partners to assist Israel-based start-up companies that develop and manufacture homecare medical devices that are made primarily of plastic.

Joining ZAG as general partners in the venture are two Israeli companies, T.C. Export Ltd., an export and marketing organization, and Technoplast Ltd., a plastics manufacturer.

AIDS Incidence Meaningful in the Middle East but Low in Israel and PA

In the past three years the number of reported HIV carriers in the Middle East has gone over the 200,000 mark. These figures were reported as a result of regional cooperation between Israel, Palestinian and Jordanian health professionals and educators. The object of the cooperation is to overcome various AIDS education barriers in the conservative and religious settings of this region. AIDS has, as yet, not become widespread in the Middle East but the pace of its transmission is alarming. A U.N. AIDS official has pointed out that the number of HIV carriers in the region has exceeded the 200,000 mark and two years ago 10,000 people died from AIDS. Part of the reason for the higher number of known HIV carriers is attributed to improved reporting of the HIV cases. The Israeli health ministry has issued statistics indicating that there are only 1,425 known cases of AIDS in Israel. In the Palestinian self-rule areas the number of AIDS cases is negligible. There is some fundamental research being carried out in Israel with a view to finding cures for the HIV virus but most of the work is concentrated

on diagnostics. One company, Organics Ltd, has been marketing world-wide a patented family of solid-state enzyme Immunoassay Test Kits which permit diagnosis of diseases caused by several infectious agents, including HIV-1 and HIV-2 (the viruses associated with AIDS).

Early AIDS Detection Kit

A product, developed by the Israeli Shiluv company, for the early detection of the aids virus in human blood, has been given a permit for use in Mexico - the first country to permit use of this preparation. The product is now being tested by the medical licensing authorities of Israel, South Africa, Kenya and the USA. Shiluv will start clinical trials of the product in the USA early in 1998, and after that they will request rapid approval from the US Food and Drug Administration. The aim of the product is to give early, accurate diagnosis of the presence of Aids antibodies in the blood. Today, the antibody can be detected only after a period of some months, while with this new product detection is possible within a few weeks. The product received Mexican approval after research performed by the American Medical Center, which examined 200 samples of blood donated by a high risk section of the public. Shiluv Medical Technologies specializes in developing new products for the early detection of diseases.

Three Submit Bids in Israeli Mobile Phone Tender

Three groups submitted proposals to the Israeli government tender to operate a third cellular telephone network, the Israeli Communications Ministry said. It said the three groups were: GSM Group, whose chief shareholders are Israel's Clal Industries (30.9 percent) and Germany's Mannesman AG (30 percent); Tapuz, whose shareholders include Arison Investments (22.25 percent) and AT&T Wireless (10 percent); and Partner, which is 57.5 percent controlled by Hutchison Telecom (57.5 percent), Matav Cable Systems Media (25 percent) and Elbit

Ltd (17.5 percent).

Feature

Biological Glue Approved in Israel

About four years ago Harry Taub, a Belgium based entrepreneur, was a partner to a medical research and development project with Octapharma, an Austrian company. The aim was to develop a substance which would enhance clotting, stop bleeding and eliminate the need for blood transfusions, without the attendant risk of infection. The Austrians decided to withdraw but Mr. Taub continued the effort in Belgium and in Israel. The R&D activity was transferred to Omerix in Israel whose R&D is carried out at Nes Ziona Science Based Industries Park and production at a manufacturing plant at the Tel-Hashomer Sheba Hospital. Omerix is a private company and is not required to reveal its results but IHTIR has learned that annual sales are in the millions of dollars.

Hemostasis

The arrest of bleeding is as old as time and in due course developers of medical instrumentation invented the hemostat -- an instrument, generally forceps for compressing a bleeding vessel. The Omerix researchers concentrated on breaking down blood plasma into its very basic components and to create a combination of substances which would check bleeding or shorten the clotting time of blood. Their persistence was eventually rewarded when they discovered that by "combining" fibrinogen, a plasma constituent and a biologically active component, together with thrombin, also a plasma constituent, instantaneous clotting occurred when the substance was applied to bleeding tissue. Research with animals indicated that the substance was effective on animals with high blood pressure. The so-called biological glue is a natural product which is easily accepted by the human body. Essentially it works by imitating the body's natural clotting process. At the medical center the research focussed on finding a way to speed up blood clotting for haemophiliacs who suffer injuries. The promising results of the "instant clot" led to clinical

tests and the results satisfied orthopedic surgeons who tested the substance in knee and hip replacement surgery. Blood transfusions, a normal occurrence in these operation were eliminated. A side benefit was the self-dissolving action of the clot which disappeared after several weeks. The big news in early November was the approval by Israel's Ministry of Health which found Quixil, the commercial name for the "instant clot" substance, as suitable for use in knee and hip replacement surgery. The approval opens the road for Omerix to obtain similar approvals in other parts of the world. Besides trials which have been carried out at Israeli hospitals, Sheba, Soroka and Kaplan, it has been tested at the American John Hopkins hospital. Omerix insiders believe that an American FDA approval is likely in 1998.

The market for this substance is said to be in excess of \$500 million with most of the demand expected from the US and Japan.

Robert Taub, Quixel's majority owner, is currently raising another round of capital by means of a private placement to British investors.

Japanese Export Institute Opened

Japanese Export Institute, the Jethro, recently opened its Israel branch with an official ceremony. The Jethro has only one other branch in the Middle East, located in Cairo. Opening an additional branch in Tel Aviv is considered the beginning of Japanese investment momentum in Israel. The expected investments are primarily in the areas of high tech and infrastructure and will establish Japanese government presence for economic cooperation with Israel.

New Investment Bank Announced at High-Tech Conference

Bank of America, which in October acquired Roberston Stephens, and Evergreen Capital Markets an Israeli investment company chose the venue of the Third Annual BancAmerica Robertson Stephens and Evergreen Capital Markets Conference in Tel-Aviv to announce the formation a joint company

whose business will be investment banking. The focus of the new entity will be to provide Israeli high-technology companies with a broad range of services including private placement IPO's, mergers and acquisitions. Michael MaMcCaffery, President and CEO BancAmerica Robertson Stephens told the attendees of his the successful activities which led to the expansion of activities in Israel. The two years of activities in Israel had yielded twelve deals including an IPO --- Galileo Technology Ltd. and an debenture issue for Technomatix.

The conference presented, over two days, more than 90 high-technology companies to 800 attendees including 100 from outside of Israel

New \$50 million Investment Fund

At the recently held Lawyers' Conference for the Encouragement of Investments in Israel a \$50 million fund was set up for technology investments.

NASDAQ Licenses IHTIR

Most Israeli stocks traded in the United States are found on Nasdaq. Israel's high-technology companies have been attracted to Nasdaq in

Silicom Ltd. Ships New Product

Silicom Ltd. an Israeli company (NASDAQ: SILCF) announced that it has begun shipping its advanced combination Ethernet and 56Kbps Modem PC Card. The Silicom EtherModem 56PC Card (SEM56) supports Ethernet networks as well as modem speeds of up to 56Kbps(a) for high performance connectivity in a single 16-bit PC Card. The Silicom Ethernet + Modem56 innovated PC Card plugs into any Type II PC Card slot to connect to Ethernet networks while at the same time surfing the Internet, accessing e-mail, downloading data or faxing documents using the fastest available modem technology.

The product is intended as a cost effective solution for the increasing number of portable computer users traveling internationally and needing high speed remote communication.

Texas Adopts Logal's Internet Biology Software Statewide

LOGAL SOFTWARE, INC. (Nasdaq:LOGLF) with U.S. headquarters in Cambridge, MA., and corporate headquarters in Hatzor, Israel, announced that in a landmark move, the Texas State Board of Education adopted LOGAL's software solution delivered over the Internet, as an alternative to a Biology textbooks. LOGAL's award-winning Biology software is available for all Texas Biology teachers in an Internet version, as well as in CD-ROM versions. LOGAL is the first educational software publisher in the nation to have their Internet-enabled products adopted by a state board that brings interactive simulation software directly to students' desktops.

LOGAL's Internet-enabled software, called LOGAL.net, enables students to access the its simulation-based products, and to utilize them in conjunction with the powerful learning features of the Internet, such as collaboration and on-line assistance. LOGAL's solution is a highly interactive simulation-based curriculum that has won awards from Technology & Learning and Parents' Choice magazines, among others. The

software provides on-screen tutorials with text and audio, and enables students to record their work in an electronic portfolio which in turn enables teachers to assess the work.

LOGAL's products correlate with standards set forth by the National Science Teachers Association and the National Science Education Standards.

The Texas software adoption corresponds with the Texas Education Agency's Long Range Technology Plan. The Long Range Technology Plan states that all teachers will have the training and support they need to help all students learn through computers and through the information highway.

LOGAL Educational Software & Systems Ltd, designs, creates, publishes, and markets interactive simulation-based, educational software for curriculum in high schools and colleges. LOGAL currently sells its products through its own sales

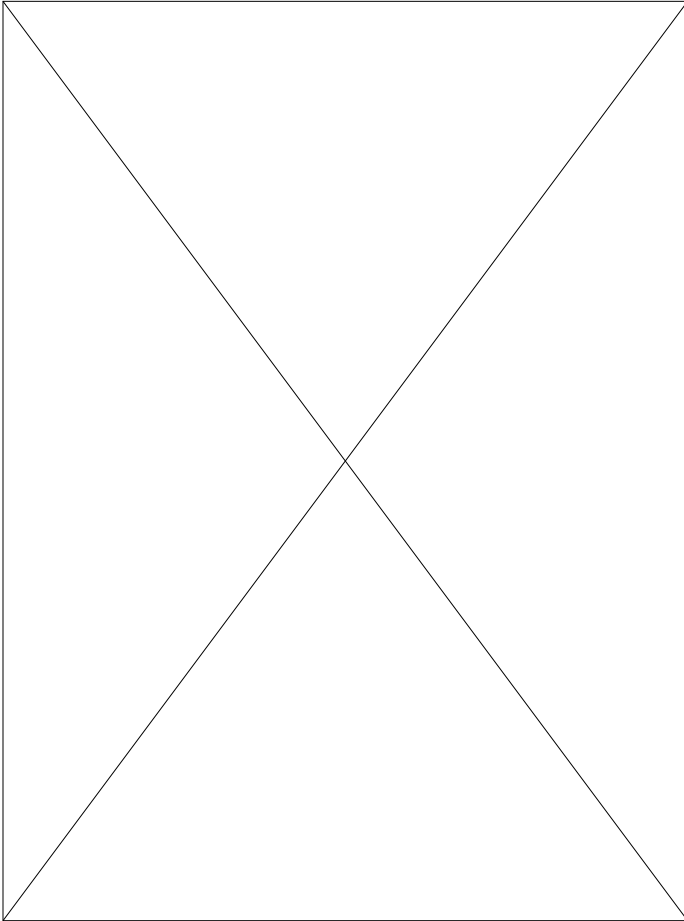
force and distributors and has strategic alliances with Prentice-Hall, Computer Curriculum Corporation, and Houghton Mifflin Company

Elron Reports Third Quarter Net Income of \$13.3 Million

Elron Electronic Industries Ltd.

(NASDAQ:ELRNF), an Israeli multinational high technology holding company, announced 1997 third quarter net income of \$13.3 million, or \$0.66 per share, as compared with \$2.5 million, or \$0.12 per share, in the same period last year. In the nine months ended September 30, 1997 net income amounted to approximately \$22.5 million, or \$1.11 per share, as compared with \$7.5 million, or \$0.37 per share, in the same period last year.

Elron's earnings result from three main sources: Elron's share in the net income (loss) of affiliated companies and gains on equity from change in holdings in affiliated companies. In the third quarter of 1997 Elron had a gain of approximately \$7.4 million from change in its holding in Elbit Systems Ltd. (Nasdaq: ESLTF) as a result of ESL's successful completion of a public



offering in the U.S.

Elron's other income, in the third quarter and the first nine months of 1997, amounted to approximately \$6.1 million and \$16.8 million, respectively, as compared with approximately \$2.7 million and \$7 million, respectively, in the same periods last year. Approximately \$7.8 million, in the third quarter of 1997, was derived from the sale of 200,000 shares of Orbotech (Nasdaq:ORBKF).

Elron Establishes Elron Software

Elron Electronic Industries Ltd. (NASDAQ:ELRNF), a leading multinational Israeli high technology holding company, announced that it has entered into a definitive agreement with ON Technology Corporation (NASDAQ:ONTC) to acquire through a newly established, wholly-owned U.S. subsidiary, Elron Software Inc., all of their Network Management and Network Security

business assets, subject to the approval of ON Technology's shareholders which is expected in the first quarter of 1998. Under the terms of the agreement, Elron Software will pay to ON Technology \$12 to \$13.5 million in cash.

Scitex Corporation Ltd. Announces Profit

Scitex (NASDAQ:SCIXF) announced net income of \$2.2 million, or \$0.05 per share for the third quarter ended September 30, 1997. This compares with a net loss of \$151 million, or \$3.53 per share, reported for the same period last year. Revenues for the quarter were \$171 million up 20% from \$142 million in the third quarter of 1996 and compared with \$167 million in the second quarter of 1997. The third quarter 1996 results include \$110 million of nonrecurring restructuring expenses and other charges. Cash flow from operations in the third quarter of 1997 was \$9 million compared with \$5 million in the third quarter of 1996 and \$9 million in the second quarter of 1997.

The main improvement was the performance of the Graphic Arts Group whose revenues for the third quarter of 1997 were \$117 million, up 38% compared with \$85 million in the third quarter of 1996 and up 3% from the second quarter of 1997. At the September PRINT97 show in Chicago Scitex secured first orders for its LotemTM computer-to-plate system, and the novel 74-KaratTM digital offset press system.

Tadiran Telecommunications Financials

(Nasdaq: TTELF -) today announced results for the third quarter and nine months ended September 30, 1997. Sales for the third quarter of 1997 were \$108.9 million compared to \$110.7 million for the third quarter of 1997. Net income was \$9.1 million, or \$0.36 per share, as compared to \$9.1 million or \$0.36 per share, in the third quarter of 1996. Sales for the first nine months of 1997 were \$348.0 million, compared to \$366.5 million for the first nine months of 1996. Net income for the first nine months of 1997 was \$21.6 million, or \$0.86 per share as compared to \$37.6 million, or \$1.61 per share for the same period in 1996.

Third quarter results reflect the continuing successful shift of sales from Bezeq, Israel's telephone operating company, toward exports. Sales to Bezeq during the quarter declined by 45% to approximately \$26 million compared with \$47 million in the third quarter of 1996.

Conversely, export sales increased by 35% to approximately \$61 million in the third quarter of 1997 from \$45 million in the third quarter of 1996. Bezeq sales constituted 23% of total revenues, and exports were 56% of total revenues, compared with 42% and 41%, respectively, in the third quarter of 1996.

LanOptics Questions and Answers

Early in November ago LanOptics announced its third quarter results followed by a conference call. We quote from the transcript of the conference call:

Q. (Gil. Aboodi): When do you anticipate returning overall profitability in the company?

A. (Eli Harry, LanOptics' President and CEO): As mentioned during the call, we identified an opportunity with Bandwidth Control and Management for which we are introducing some new products and making additional investments. This will result in a loss also in the current quarter and we will be breaking even some time in the beginning of next year.

Q. (Gil. Aboodi): And profits?

A. (Eli Harry): Soon afterwards.

ECI Lands China Contract

ECI Telecom Ltd. (Nasdaq:ECILF) announced that it has received an order amounting to \$ 31 million from the Hunan Post and Telecom Administration (PTA), and a majority of the Hunan Post and Telecom Bureaus (PTBs) in China, to supply SDH equipment to Hunan's local networks.

The new SDH local networks will include ECI Telecom's S Multiplexers, (ADM), SDM-4 622Mbit/s ADM and SDM-1 155Mbit/s multiplexers. The equipment will be used to facilitate distribution of voice, data and video

throughout Changsha (Hunan's capital) and 13 major cities all over the province.

Teva Pharmaceutical Industries Ltd. Results

Teva's (Nasdaq:TEVIY) net income for the third quarter 1997 reached \$35.8 million, or \$0.58 per ADR, up 50% and 49%, respectively from the corresponding quarter of 1996.

Total sales increased 21% to \$286.7 million, another quarter in which net profits grew at a faster rate than sales.

However, NatWest, brokers downgraded its rating for Teva to hold from buy amid sentiment that the company's U.S. release of its multiple sclerosis drug Copaxone would be delayed.

