

# ISRAEL HIGH-TECH & INVESTMENT REPORT

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## Providing the Market with Financial Prowess

The House of Evergreen, situated on Tel-Aviv's prestigious Rothschild Boulevard, is a stylish building on the oldest and stateliest boulevards in this city. In recent years Rothschild Boulevard is in the process of restoration. The boulevard is named after the fabled Rothschild family, international bankers, and one whose members have been closely identified with various investment and philanthropic projects in Israel. Prominent local and international financial institutions have made it their address and their offices have replaced the private residences of once famous Tel Avivians.

The Evergreen group's activities have developed from a one-time investment holding company to a full-service financial house. Three years ago with a view to satisfying the expanding financial needs of Israel's burgeoning high-tech sector Evergreen forged an affiliation with San Francisco based financial power house Robertson Stephenson & Company, an investment bank focused on providing a wide range of investment banking services to emerging growth companies and growth oriented investors. BancBoston in March 1998 replaced BancAmerica which had previously acquired Robertson Stephens. As a result of the corporate changes BancBoston Robertson Stephens became a fully owned subsidiary of BancBoston Corp., America's oldest commercial bank. BancBoston has the third largest overseas network of any US bank, maintaining offices in 23 countries.

BancBoston Robertson Stephens is a leading underwriter of public financing offerings of equity and convertible securities and a leading strategic provider to emerging growth companies. The result of the joint effort is Robertson Stephens Evergreen Ltd.

"With our Israeli office well established we are now able to compete with any investment bank," points out Andrew Kaye, general manager of Robertson Stephenson Evergreen Ltd.

Robertson Stephenson Evergreen Ltd have participated in Israeli or Israel related financing for more than five years. In the first half of 1998 the investment bank participated in three Initial Public Offerings; Fundtech, Paradigm and Amdocs, a private placement; Back Web and two follow-on offerings; Formula Systems (1995) Ltd., and ForSoft. Prospects for new public financial offerings for Israeli companies on the US NASDAQ markets have been slim since August of this year when the initial public offering market in the United States

### In this Issue (Click to Go To Article)

Providing the Market with Financial Prowess  
Israeli Internet Market to Reach \$1.0 bil. by 2002  
Listing and Reporting Requirements to be Relaxed  
NICE Gets Nicer  
Zoran's Results Exceed Analysts' Mean Estimates  
Electric Fuel's Battery in \$4.0 mil. Fiel Test  
Lockheed Obtains \$62 mil. Contract from IMI  
LanOptics Announces Dismal Q3 Results  
Indigo Reports Improved Results  
Check Point Software Dominates European Market  
Wiztec Solutions to Supply Mediakabel BV  
Silicom Announces Full Windows CE Support  
Pharmos Announces Marijuana Aid for Brain Injured Patients  
Scitex Faces Gloomy Future?  
Will Orbotech Exceed Expectations? Will Cisco buy VocalTec?  
Koor's Bid Sweetened: MedisEI Changes Direction  
PEC Results Negatively Impacted by Scitex Losses  
Teva's Prospects Looking Up!  
ECI's Revenues Up by 24%  
POSIF Reports Record Revenues and Earnings  
Gilat Communications Reports Strong Q3  
Surgical Laser Manufacturer Gets FDA Approval  
Profits from Investing in GILTF  
ICQ Surpasses 20 Million Registrants  
Tel-Aviv Hailed as One of World's Top High-Tech Centers

became dormant. "Has this affected strategies for new financing?" asked the Israel High-Tech Investment Report (IHTIR). "Yes, as the trend seems to be moving in the direction of mergers and acquisitions. This type of a "deal" benefits the company which is able to reach its goals and provides the opportunity for the venture capitalist to exit from his investment," explained Mr. Kaye. Alan Adler, a managing director of Evergreen Canada Israel Management Ltd. remains bullish on Israeli high technology and its prospects. "We have invested more than \$100 million and still have \$40 million available for additional investments. In the past year we have had two major successes. Galileo and RADNet became public companies and we were able to realize profits of more than 500% in a space of two years." "What is the success ratio for Evergreen's venture capital activities?" IHTIR questioned the fund manager. "I would estimate that one third of our portfolio companies became very successful, one third perform in average fashion and one third are disappointing. Evergreen's total capital under management, in various forms, now exceeds \$200 million and our investments continue to return more than 30% compounded annually."

The Growth & Technology Conference which was held on Nov. 16th and 17th in Tel Aviv, attracted more than 1,000 participants making it the best attended high-tech conference ever to be held in this country. Participants were investors and analysts who had come to listen to presentations by 100 Israeli private and public companies. Twenty minute presentations by company executives followed by breakout sessions were conducted throughout the two days.

"In spite of the situation on Wall Street BancBoston Roberston Stephens continues to see a major potential for Israel's high-technology sector while investors are also showing a high degree of interest. Roberston Stephens Evergreen the joint venture partnership established in 1997 has carried out transactions in excess of \$1.0 billion, on behalf of Israeli high-tech companies.

BancBoston's Jeremy Fand, a managing director and a senior foreign exchange strategist, widely

quoted on CNN, delivered a lecture on current foreign exchange trends. "Foreign exchange markets are driven by themes. At this point the themes connected to the Israeli shekel include the position of your Governor of Bank of Israel, inflation and recession in the economy. Israel's economy is not ready to function independently of those of emerging countries. The new high interest rates will bring in new funds into the shekel. On balance I am positive on the shekel but if Prof. Frenkel would leave his post, it could change the situation drastically. Maintaining Israel's credit rating is a key issue which affects the flow of foreign investment," said Mr. Fand.

The downturn in some of the financial markets, until the rebound in late October, had cast a pall over expectation for new funds being committed to local high-tech companies. The attendance at the Conference and the interest in finding the "good deals", was certainly an indication that for the foreseeable future institutional and venture capital moneys will continue to flow. As we were going to press we were notified by Kesselman & Kesselman, a leading accounting firm that: "a new record level of venture capital investments in 72 Israeli companies totaling \$159 million, was achieved during the third quarter of 1998."

#### **Israeli Internet Market to Reach \$1 bil. by 2002**

A new market survey carried out by the international research organization IDC set the volume of the Internet market in Israel at \$300 million for 1998. IDC's Israel branch estimates that the local Internet market is likely to reach \$1 billion by the year 2002. Meanwhile, Internet use in Israel was some 20 percent higher from noon to 6 P.M. during Yom Kippur than during a regular day, one Internet supplier reported. The study examined usage of Internet-related hardware and software, such as servers, browsers, security programs and the like, as well as the "Internet services" market, such as access and linkage services (Internet suppliers), site-construction services and electronic trade. IDC reports that during 1998 some 360,000 people in Israel have used the Internet, including both permanent subscribers to access vendors and "opportunistic" subscribers such as students and

people who won one-time usage packages as a marketing ploy. The study predicted that the number of users in Israel would increase by 30 percent a year on average, reaching some 1.3 million people by the year 2002. In the area of home consumers, the number of Netvision and Internet Gold (Israeli ISPs) subscribers is roughly the same. Meanwhile, the fastest growing company is ISDN.Net. The study showed that the largest market segment in the Israeli Internet market consists of access to the Net-linkage services provided by Internet suppliers such as Netvision and Internet Gold. The study assessed the total value of access services in 1998 at \$115 million. IDC also predicted that revenues from access services would grow at faster rates in Israel than revenues from any other Internet-related segment. At a growth rate of 45 percent a year, the access services segment will reach \$325 million a year by the year 2002, the study predicted. The study found that other fast-growing segments include site storage services, telephony and video products for the Internet, and intranet-extranet establishment services. Electronic trade, which has so far failed to become popular in Israel, is predicted to develop gradually, first between companies, which have more access to security products, and only later reaching the general public.

#### **BTG's Anti-takeover Strategy**

Stock prices have tumbled since the beginning of August. Blue chips like Coca Cola and American Express fell by 30% or more. The NASDAQ high-technology stock index began to feel selling pressures at the end of September and the first 10 days of October. Microsoft and Cisco and Dell fell by substantial margins. The shares of small capitalization companies fell by as much as 50% in some instances and have made the companies attractive as takeover prospects. A company whose market capitalization has fallen by 50% simply implies that the same amount of money can now buy twice the number of shares as before the price drop. To individual investors who have cash funds undoubtedly they will consider investing at what some may perceive to be bargain levels. It can be assumed that Corporations who are

cash rich, are also on the lookout for acquisitions. BioTech General, an American biotech company with all of its research and development activities in Israel is among the few profitable public biotech companies. Even more important is it has a rich pipeline of biotech products in various stages of development and in the clinical testing stages. The Biotech General shares which traded in 1998 above \$10 a share have recently traded at just above \$6. BTG's board has recently adopted a strategy to make it difficult for any predator which might be looking to takeover the biotech company. It has adopted a stockholder rights plan to strengthen its ability to fend off any potentially unfriendly takeover and to discourage coercive takeover tactics. To implement the plan, BTG's board declared a dividend of one preferred stock purchase right for each outstanding share of common stock. The rights will become exercisable and trade separately from the BTG common stock upon the public announcement of the acquisition by a person or group of 20% or more of BTG's common stock.

#### **Listing and Reporting Requirements to be Relaxed**

Tel Aviv Stock Exchange (TASE) Managing Director Saul Bronfeld said that the TASE would make every effort to assist the Israel Securities Authority the Authority to encourage dual listings. Bronfeld said he "believes that the listing of dozens of new Israeli companies on to the TASE would increase trading volume and further improve the Israeli capital market's standards." Chairperson, Miri Katz, recently said that she would take steps to encourage the dual listing of Israeli companies traded in the US on TASE. After Canada, Israel has the largest number of foreign companies traded on the US capital markets. Over 100 Israeli firms are listed on US stock exchanges, but only 20 of them are dually listed companies -- i.e. also traded in Tel Aviv. A commission headed by former Treasury Director General David Brodet has recently recommended that listing and reporting requirements for dual listing be significantly relaxed. In a meeting with the TASE's Board of Directors, Katz said that the implementation of the Brodet

Commission's recommendation would assist in establishing the TASE as an additional trading arena for those Israeli shares presently traded only in the US. Katz added that she would act for the establishment of a separate list for the USA.

### **Israel's Hot Technology Companies on Display**

New Internet and network technology, products, and developments from Israel were focused at a special showcase, "Israel's Network and Internet Technology" held at the Metro Atlanta Chamber of Commerce, Atlanta.

The event featured a networking reception and briefing by two guest speakers and showcased the technology of several Israeli companies, including four start-ups and more established firms. Ammar Hanafi, from the Business Development Division of Cisco Systems, Inc. discussed opportunities offered by Israel's Internet and networking industry to Atlanta-area firms and other companies attending the Network+Interop 98 trade show. Cisco Systems, Inc., which develops, manufactures, markets, and supports multiprotocol inter-networking systems enabling customers to build large-scale integrated computer networks, recently purchased an Israeli company, Class Data Systems, for \$50 million.

An ECI Telecom Ltd.(Nasdaq: ECILF) manager explained the evolution of ECI Telecom Ltd. in terms of Israel's advantage in telecommunications, data, and internet technologies. ECI Telecom Ltd. creates, designs, manufactures, sells, and services telecommunications, data, and internet equipment to virtually every major carrier throughout the world -- in 140 countries worldwide. ECI Telecom Ltd. recently agreed to merge with Tadiran Telecommunications(NASDAQ: TTELF) another Israeli company, which serves to enhance ECI Telecom Ltd.'s position as a leading supplier of advanced telecommunications solutions to the world's telecom service operators and business users.

The four companies whose technologies and products will be showcased were:

Shunra Software Ltd. develops testing and evaluation tools for Internet and Internet-based network technologies and products, allowing users to accu-

rately evaluate Wide Area Network technologies prior to full-scale development.

Mobix Communications Ltd. is known as a world leader in Wireless Communications providing wireless solutions and system integration for the embedded systems market.

Vanguard Security Technology Ltd. provides unique policy-based security management systems to protect the enterprise messaging system.

Anota Ltd. provides a solution of high-end terminal emulation connectivity needs that let all users in an enterprise connect smoothly to mainframes and other hosts, using the same Java-based software on all platforms.

## ISRAELIS ON WALL STREET

### **News & Financial Results**

#### **NICE Gets Nicer**

NICE Systems Ltd. (Nasdaq:NICEY), said it expected to launch a revised version of its mid-range call center product in 1Q 1999 and that it was confident the delay would not cost it a market share. "We expect it to be released from R&D this month. Beta site testing will take a few weeks. We plan to commence commercial sales in the 1Q of 1999," stated NICE CFO Yuval Yanai. The company pulled its NiceUniverse product from the market during the 3Q due to technical difficulties, a move it warned last September would hurt revenues and profits.

NICE Systems Ltd. a leading global provider of Computer Telephony Integrated (CTI) recording and quality measurement solutions, reported that 3Q 1998 revenues increased 10 percent to \$20.6 million, compared with \$18.7 million for 3Q 1997. In accordance with the company's stated expectations on September 24, revenues for the 3Q were 14 percent lower than the second quarter of 1998, resulting in a nominal operating margin and impacting on the net income and earnings per share (EPS).

Net income was \$1.5 million, compared with \$3.3

million (excluding the one-time charge related to the acquisition of Dees Communications) for the same quarter of last year. Diluted earnings per share for the quarter were \$0.13, as compared with \$0.30 (excluding the one-time charge) for 3Q 1997.

Of all the companies that have issued profit warnings recently, NICE Systems made the headlines, mainly because the surprise came from the company which had become an "investors' favorite". NICE's share crashed 53% in September on Wall Street and in Tel Aviv, a result of excessive disappointment by investors who chopped the company down to a market value of \$160 million, though it subsequently it rose by more than 35%.

Without doubt, the most disappointing figure is the company's operating profit: \$120,000 in 3Q 1998, compared with an operating profit of \$2.1 million in the corresponding quarter last year. "The operating profit was disappointing, but not surprising," NICE's Chief Financial Officer, Yuval Yanai, commented: "Although we missed out in 3Q 1998, we are thinking of the long term. We could have reduced research and development expenses by \$2 million, and have presented a report that would have surprised investors", he stated.

NICE's reports also contain a positive surprise. Although the current quarter's revenue is lower than that of the second quarter of 1998, the gross profit is identical in the two quarters. The importance of this statistic is that it indicates greater efficiency in production and from the transition to CTI quality control products, which typically carry a higher gross profit.

"We are on course to release the new version of the NiceUniverse quality measurement solution, tailored to meet the needs of small to medium sized call centers. This offering is based on our successful high-end solution and utilizes NICE's field-proven CTI recording technology. Following the shortfall in revenues, we are redoubling our efforts to introduce this new solution to our channels including Lucent Technologies, to support our existing customer base, and to increase the number of customers using the high-end solution,"

said Benny Levin, Chairman and Chief Executive Officer of NICE Systems Ltd.

#### **Zoran's Results Exceed Analysts' Mean Estimates**

Zoran Corporation (NASDAQ: ZRAN) reported 3Q EPS of \$0.04 vs \$0.08 in the prior year, on revenues of \$8.99 million vs \$8.49 million in 1997. Analysts' mean estimates were \$0.01, according to First Call.

#### **Electric Fuel's Battery in \$4 million Test**

A consortium of Electric Fuel Corporation (Nasdaq: EFCX), the Center for Sustainable Technology, L.L.C. (CST), and the Regional Transportation Commission of Clark County, Nevada announced approval for \$2 million in federal funding for a cost-shared \$4 million Zinc-Air Electric Transit Bus Program. The Department of Transportation funding will be allocated from the Federal Transit Authority's R&D 1998 budget.

The Zinc-Air Electric Transit Bus Program, which includes General Electric Company and Nova Bus Corporation as project partners, will demonstrate the ability of the Electric Fuel battery system to power a full size, all electric transit bus, providing a full day's range for heavy duty city and suburban routes, under all weather conditions.

The bus prototype for the program will be a standard 40-foot transit bus manufactured by Nova. It will have the capacity of 40 seated and 37 standing passengers and its gross vehicle weight will be 39,500 lbs. General Electric will provide the power train, including the traction motor, controllers, AC/DC inverters, hardware and software interfaces. Electric Fuel will provide a 320kWh zinc-air battery to be integrated into the bus with the assistance of GE and Nova. Other project partners include the Community College of Southern Nevada and the Desert Research Institute.

The bus will utilize the new all-electric, battery/battery hybrid propulsion system being jointly developed by Electric Fuel and General Electric with funding from the Israeli-U.S. Binational Industrial Research and Development (BIRD) Foundation. The all-electric hybrid system consists of a main power source, an Electric Fuel zinc-air battery, and an auxiliary battery. The vehi-

cle draws cruising energy from the zinc-air battery, and supplementary power for acceleration, merging into traffic and hill climbing from the auxiliary battery.

Transit buses require a large energy storage battery to power the vehicle while attending to passenger needs such as air-conditioning, handicapped access, etc. The test program is designed to prove that an all-electric bus can meet these and all other Los Angeles and New York Municipal Transit Authority mass transit requirements including performance, speed, acceleration, and hill climbing.

“Electric Fuel's technology is ideal for meeting the performance needs of mass transit operators since it offers long range, large payload capacity and high-speed travel,” said Kenneth Partain, President of CST. “As part of the global commitment to achieving a clean air agenda for our cities, Electric Fuel's system furthers CST's mission to develop more energy efficient, environmentally friendly transportation solutions.”

Diesel engine transit buses operate in large urban areas where congestion is a fact of life and traffic is largely stop-and-go. As a result, they are the leading contributor to inner city toxic emissions, and are a major factor for those U.S. cities that have been designated as in “non-attainment” with respect to air quality standards.

Mass transit is an especially appropriate application of the zinc-air technology because transit buses must operate for up to 12 hours a day on a single battery charge.

#### **Lockheed Obtains \$62 million Contract from IMI**

Lockheed Martin Vought Systems has received a \$60.2 million contract from

Israel Military Industries (IMI) for the development and production of a portion of the Multiple Launch Rocket System (MLRS) to be integrated with the Israeli Trajectory Correction System (TCS).

Lockheed Martin Vought Systems will build 72 rockets and support flight testing in Israel during the 27 month development phase. The production phase runs concurrently and extends an additional 11 months. It calls for 1,902 rockets to be deliv-

ered to IMI for integration of the TCS.

The Trajectory Correction System was designed for inflight, ground control of MLRS flight paths. The TCS increases the number of targets engageable, yet decreases the number of MLRS rockets required to defeat a given target. The TCS ground control unit, located in the battery command post, can simultaneously control 24 rockets, selectively targeting single rockets to different aim points.

Lockheed Martin Vought Systems is a business unit of Lockheed Martin Electronics Sector, a global leader in the design, development and production of advanced electronics for defense, civil and commercial applications.

#### **LanOptics Announces Dismal 1998 3Q Results**

LanOptics Ltd. (Nasdaq: LNOPF), a manufacturer of Policy Based Networking Solutions combining Fast Ethernet, Gigabit Ethernet Policy Switches and Policy Servers, announced results for 3Q ended September 30, 1998.

Revenues totaled US\$ 3.9 million versus US\$ 5.8 million in 3Q of 1997. Net loss for the quarter, after a non-cash one-time Software Capitalization write down of the discontinued NetXchange product line of US\$ 1.0 million, was US\$ 4,394,000 -- a loss of US\$ 0.77 per share -- compared to a net loss of US\$ 997,000 or US\$ 0.16 per share for the same period last year.

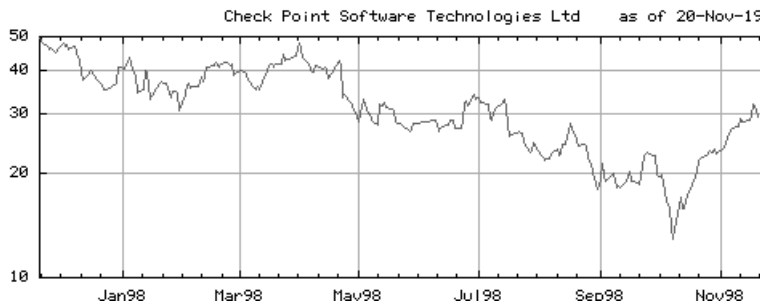
Management also reported that the NetXchange's facsimile product line has been shut down to allow the company to refocus on its two potential high growth business units, networking and its Net-Guard subsidiary.

#### **Indigo Reports Improved Results**

Indigo N.V. (Nasdaq: INDGF), an innovator in digital color printing systems, reported that 3Q 1998 total revenues rose 30 percent to \$36.0 million compared with \$27.7 million for 3Q of 1997. Total revenues for the first nine months of 1998 increased 45 percent to \$104.7 million compared with \$72.1 million for the same period in 1997. Indigo's net income for the quarter was \$1.4 million compared with a net loss of \$9.7 million in 3Q of 1997.

### Check Point Software Technologies Dominates European Market

Check Point Software Technologies Ltd. (Nasdaq: CHKP), the leader in policy management solutions for IP networks, announced that it has extended its position as Europe's leading provider of enterprise security and virtual private network-



ing (VPN) solutions. The "European Firewall Market Study" report prepared by International Data Corporation (IDC), confirms Check Point's leadership position by measuring both booked units and revenues.

According to the study, the top seven vendors combined -- Check Point, Cisco Systems (Nasdaq: CSCO), Cyberguard, Axent Technologies (Nasdaq: AXNT), Secure Computing (Nasdaq: SCUR), Sun Microsystems (Nasdaq: SUNW) and Network Associates (Nasdaq: NETA) -- booked a total of 12,664 firewall units in Western Europe in 1997. Check Point accounted for 61% of these units. Additionally, for the first time, the IDC report broke out the 1997 firewall-based VPN market according to installed base. Once again, Check Point emerged as the dominant leader with a 64% share of the firewall-based VPN units installed in Western Europe by the top seven vendors.

On a pan-European level, "...both measured in terms of unit and revenue bookings, Check Point came out as the clear leader among the seven firewall vendors tracked," the IDC report stated. "Measured in unit bookings, Check Point was followed by Cisco and Raptor [now Axent Technologies]. Measured in revenue, Check Point was followed by Cisco and distantly by TIS [now Network Associates]." The report further stated, "Check Point accounted for more than half of the installed base of firewalls in the entire region by

year end 1997." IDC projects the total Western European firewall market to grow from \$67.2 in 1997 to \$590.5 million in 2002.

### Wiztec Solutions to Supply Mediakabel BV

Wiztec Solutions Ltd. (Nasdaq: WIZTF), a leading provider of Customer Care and Billing (CC&B) Systems for Pay Television and Convergence companies, announced the signing of a contract with Mediakabel BV in the Netherlands to provide its WIZARD System to support all Customer Care and Billing services for the launch of its Digital Television services. Mediakabel is a Consortium set up by a number of Holland's leading Cable Operators with a charter to provide advanced Digital Television services to the 1.6 million subscribers served by the consortium's members. Wiztec Solutions Ltd. reported 4Q EPS of \$0.19 vs \$0.10 in the prior year period, on revenues of \$5.3 million vs \$3.2 million.

### Silicom Announces Full Windows CE Support

Silicom Ltd. (Nasdaq: SILCF) announced that the Company completed the development of the industry's most comprehensive family of Windows CE data communication adapters. The Silicom family of Windows CE data communication adapters includes modem, serial and Ethernet PC Card products. Windows CE is an operating system developed by Microsoft especially for the Handheld PC market. By using the Silicom Windows CE compatible modem PC Card the user can surf the Internet or communicate via e-mail using a small form factor Handheld PC.

Silicom Limited reported 43Q EPS of \$0.00 vs \$0.08 in the prior year period, on revenues of \$1.5 million vs \$1.7 million. Silicom's shares have fallen from \$5 to \$1.50.

### Pharmos Announces Marijuana Aid for Brain Injured Patients

Pharmos Corporation (Nasdaq:PARS) presented the results of a successful Phase II clinical study with dexanabinol, a non-psychotropic synthetic analog of marijuana, in the treatment of severe head trauma patients. Highlights of

the study included a significant reduction in intracranial pressure, a 26% reduction in mortality, and a higher percentage of patients able to resume a normal life ("Good Neurological Outcome") among the treated group. No drug is currently approved to treat severe head trauma, the leading cause of death among children and young adults in the U.S.

"The demand for a product like dexanabinol is difficult to overstate, since there is no drug currently available for the treatment of head trauma. In the U.S. alone, about 370,000 cases of severe head trauma are hospitalized every year, with the global incidence more than twice that amount," said Dr. Nachshon Knoller, the study's principal investigator and a neurosurgeon at the Sheba Medical Center in Israel.

Pharmos Corporation reported 3Q EPS loss of (\$0.03) vs a loss of (\$0.06) in the prior year, on revenues of \$92,406 vs \$0.00.

#### Scitex Faces Gloomy Future?

Scitex Corporation Ltd. (NASDAQ: SCIXF) reported 3Q loss of (\$ 0.23) vs \$0.15 in the prior year period, on revenues of \$150.3 million vs \$156.3 million.

Scitex blamed the 3Q shortfall on the economic weakness plaguing the Far East, Japan and Latin America, and expenses of \$2 to \$3 million related to the elimination of over 100 jobs. The company had only \$10 million in sales to Asia in the third quarter, compared with its quarterly regional average of \$30 million. Scitex expects its sales in Asia to continue at a low level, given the growing competition in the area.

Results were also hurt by low sales and profits at the Scitex digital printing division, due to delays in closing a number of large purchase orders. Scitex also said its digital video division had a weak quarter. The firm's president and CEO, Yoav Z. Chelouche, said the company plans to sell the division, and has hired Alex Brown, the American investment banker, to promote the sale. If it does sell the division, Scitex can expect to see a substantial additional capital loss.

Traders said that Scitex would find it hard to recover from its slump in the coming quarters,

because of weak international markets and increasing competition. Scitex provides digital imaging solutions for the graphics communication, digital preprint and printing and digital video markets. Scitex presented itself at the recently held Evergreen Robertson Stephens Conference. Several analysts were quite pessimistic about the company's ability to return to profitability in the foreseeable future. Furthermore Israeli press placed the blame on the company's CEO, Yoav Shelouche, while others were critical of the company's Board of Directors which appears to them unable to turn the ailing company around.

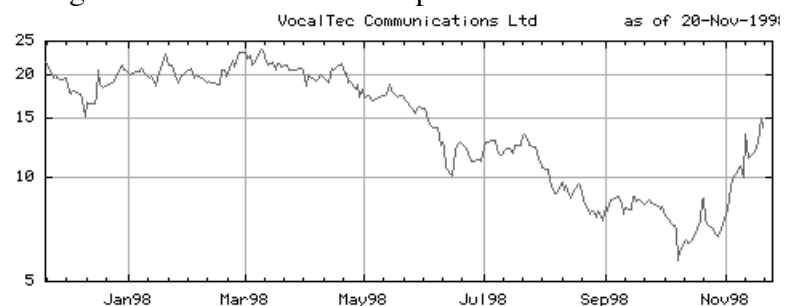
#### Will Orbotech Exceed Expectations?

Orbotech Ltd. (Nasdaq: ORBKF) reported 3Q EPS of \$0.75 vs \$0.70 in the prior year period, on revenues of \$58.3 million vs \$49.9 million. The results were considerably above expectations. Analysts' mean estimates were \$0.70, according to First Call.

Lehman Brothers said in a report that it raised its 1998 and 1999 earnings estimates for Orbotech Ltd. Analyst Ted Kundtz said he raised his 1998 EPS estimate for the developer of automated optical inspection equipment to \$3.01 from a previous \$2.91. For 1999 he raised it to \$3.36 from a previous \$3.20.

#### Will Cisco buy VocalTec? (Nasdaq:VOCLF)

On November 19 investors reacted strongly and bid up the price of Vocaltec's shares. Movement was boosted by a news report that Internet equipment leader, Cisco system was in talks to buy the Internet software company. It has come to our attention that "a cooperation agreement" was signed between the two companies.





### **Koor Bid Sweetened**

Koor Industries Ltd (NYSE:KOR) said it had made a cash tender offer for all outstanding shares, including American Depository Receipts, of Tadiran Ltd at \$31.15 each. The offer is conditioned upon the tender of at least 90% of the outstanding ordinary shares not owned by Koor, and is currently scheduled to expire on December 7. Tadiran sources had thought that the \$31.15 offer was under-evaluating their company. In the event, on November 19 Koor announced that it would its takeover bid for the company to \$36.375 a share. Koor currently controls 66.4% of Tadiran. Koor also stated that its Telrad Telecommunication & Electronic Industries Ltd. unit had approved a restructuring, which would include the loss of about 1,000 jobs. The restructuring, which is aimed at focusing on profitable operations, will cost about 150 million Israeli shekels, the Tel-Aviv-based company said. The holding company said it expects to see a 150 million shekel charge in its 1998 financial statement. The current conversion rate for dollar/shekel was 4.1352. Koor earned \$138 million, or \$8.75 per share in fiscal 1997. First Call expected it to earn \$2.08 for the fiscal 1998. On November 16, the companies said it was putting off any plans for new acquisitions because of the turbulent world financial markets.

### **Medis El Changes Direction**

In a recent discussion between a Medis El executive and IHTIR, it was learnt that Medis El, the developer of the cell-scan technology, now sees itself as a developer of new technologies. Medis El pointed out that it has acquired a number of exciting technologies, and that it is developing these technologies to the prototype stage. At this point it will offer these technologies for sale. Medis El reported 3Q EPS loss of (\$0.07) vis a vis a loss of (\$0.07) in the prior year, on revenues of \$0.00 vs \$0.00 in 1997.

### **PEC Results Negatively Impacted by Scitex Losses**

PEC Israel Economic Corp.(NYSE:IEC) reported 3Q EPS of \$0.01 vs \$1.21 in the prior year period, on revenue of \$5 million vs \$33 million. PEC's

results reflect decreases from 1997 of \$11.4 million in equity in net income of affiliated companies of which \$5.3 million is attributable to PEC's share of write-downs and operating losses incurred by Scitex Corp., \$5.8 million in net gain on sales of investments in affiliated companies, \$5.3 million in net gain on sales and change in market value of trading securities, \$5.0 million in net gain on issuance of shares by affiliated companies and \$920,000 in other income.

### **Teva's Prospects Looking Up**

Teva Pharmaceutical Industries Ltd (Nasdaq: TEVIY) said that its products in the local market would remain competitive against imports, even after a price increase. Teva said it would raise prices at a rate below that of the Israeli shekel's recent depreciation, while prices of imported goods would reflect the full extent of the currency's weakness. Teva is currently in negotiations with Israel's General Health Fund for the supply of products in 1999. Sales to the fund represent about 5% of the company's aggregate sales. Wall Street has taken a more constructive attitude to the company's future which could help Teva's shares which have been trading under \$38.

### **Elbit Systems Reported 3Q 1998 Results Higher**

Elbit Systems Ltd. (Nasdaq: ESLTF) announced unaudited results for 3Q ended September 30, 1998. Revenues for the quarter were \$101.3 million, an increase of 11% versus \$91.1 million in the third quarter of 1997. Net income for the quarter ended September 30, 1998 was \$7.1 million, or \$0.26 per share, compared with \$5.4 million, or \$0.23 per share, for the same period in 1997. Gross profit for the third quarter was \$28 million, an increase of approximately 12% compared with \$25.1 million in the corresponding period of 1997. The company's backlog of orders as of September 30, 1998 was \$691 million versus \$670 million at the end of 1997. Approximately 75% of the backlog are orders from outside Israel.

### **ECI Revenues Up by 24%**

ECI Telecom Ltd. (Nasdaq/NM:ECILF) announced that it has been chosen by Bezeq, the

Israel Telecommunications company, to provide its SDH solutions for the Israel's new backbone network. The Backbone 2000 network was contracted by Bezeq to ECI Telecom to enhance the capabilities and traffic capacity of Bezeq's domestic telecommunications infrastructure.

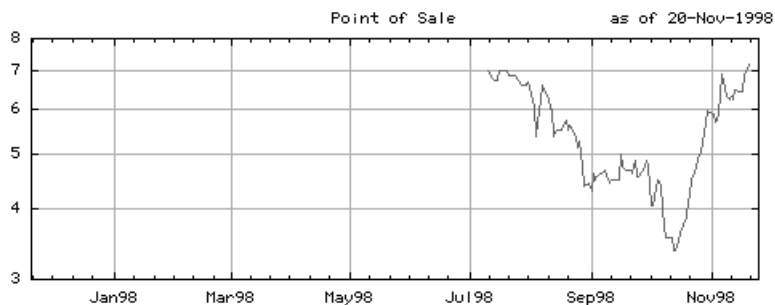
Under the contract terms, valued at \$6.0 million and valid until the middle of 2001, ECI Telecom will supply its SDM-16, 2.5 Gbit/s Add/Drop Multiplexers and 10 Gbit/s solutions to Bezeq. The new Bezek Backbone 2000 network will be managed by ECI Telecom's ENM, high level central management system.

Stretching the length of the country, the new network will be configured in a multi-ring topology, carrying traffic between cities and towns throughout Israel.

ECI Telecom Ltd reported 3Q EPS of \$0.38 vs \$0.42 in the prior year period, on revenues of \$210.2 million vs \$169.4 million. Analysts' mean estimates were \$0.54, according to First Call. The company said current 3Q net results include a \$14.4 million one-time charge for in-process R&D associated with the previously announced purchase of NKO. Excluding this expense, net income for the quarter would have been \$44.4 million or \$0.56 per diluted share.

#### POSIF Reports Record Revenues and Earnings

Point of Sale Ltd.(Nasdaq: POSIF) reported financial results for 3Q and nine months ended September 30, 1998. This quarter represents the second reporting period for the Company since it completed its initial public offering in the U.S. on July



10, 1998. Revenues for 3Q 1998 increased approximately 45% to \$4.4 million as compared to \$3.0 million reported in the same period in 1997. Net income for the third quarter of 1998 was \$1.1

million, or \$0.11 per share, compared to \$728,000, or \$0.08 per share, for the corresponding period in 1997.

#### Gilat Comm. Reports 140% increase in Net Income in 3Q1998

Gilat Communications Ltd. (Nasdaq: GICOF) announced results for 3Q and nine months ended September 30, 1998, which showed an increase of 140% in Net income, over the same period last year. Net income for the three months ended September 30, 1998 was US\$ 1.39 million or US\$ 0.15 per share compared with US\$ 0.58 million (US\$ 0.08 per share) for the same period last year, representing a 140% increase. Total revenues for the quarter increased 55% to US\$6.46 million, from US\$ 4.16 million in the third quarter of 1997. Revenues from sales of Interactive Distance Learning (IDL) products increased 72% to US\$ 3.13 million in 3Q of 1998, from US\$ 1.82 million in the same quarter of 1997, while revenues from sales of satellite-based communication services increased 42% to US\$ 3.33 million, from US\$ 2.34 million for the same period. Commenting on the quarter, Gilat CEO Mr. Shlomo Tirosh said, "Gilat's 3Q performance underlines the success of our business strategies, and the acceptance of our technology on a wider scale".

Lehman Brothers said it had raised its earnings estimates slightly for Israel's Gilat Communications Ltd. and set a 1999 target share price of \$17. Analyst John Bensché said he had raised his earnings per share (EPS) for the company which is the dominant provider of satellite based communications services in Israel and is a leading developer and provider of interactive distance learning systems worldwide.

#### iRiS Software Offers Novel Anti-Virus Solution

iRiS Software announced the introduction of iRiS CAT (Compact Anti-Virus) 2.0, the world's first

if you are looking for an up-to-the hour quote on any of the Israeli companies on Wall Street just bookmark our webpage on the Internet

<http://www.ishitech.co.il>

## Overheard

"The Internet is growing at a tremendous rate. It's the biggest driver of new services in the Western World. We see ourselves as a major player in everything over Internet Protocol (IP)," said David Rubner CEO ECI Telecom.

### Defense Profits Up but Prospects Less Rosy

The rapid fall of the shekel over the past few days will increase defense industry profits, Defense Ministry Director-General Ilan Biran said. Israel Aircraft Industries profits alone will probably grow by \$4 million to \$5 million because of the depreciation, he said.

Like other export companies, the defense industries' expenditures are mainly shekel-denominated, while revenues are in foreign currency.

In other respects, however, the outlook for the defense sector is less rosy. Biran reiterated the ministry's prediction that the defense industries will win only \$1.5 billion worth of export contracts this year - a decline of \$1.1 billion from 1997. The main reason for the sharp decline, he said, is the worldwide financial crisis, especially in southeast Asia and South America.

The worldwide defense market, Biran said, has fallen from \$60 billion last year to \$30 billion this year, and the best way to combat the drought is for Israeli companies to embark on joint ventures with foreign firms.

### Memco-Platinum Merger Nears

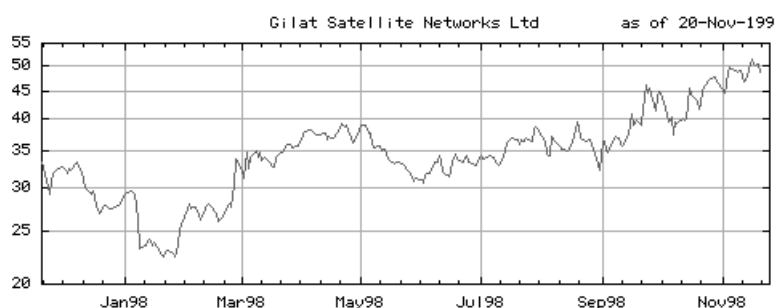
Memco Software Ltd. (Nasdaq: MEMCF) said its revenues and earnings for the 3Q ended September 30 were expected to be at or above analysts' consensus expectations. The company expected to report 3Q earnings at or above \$0.11 per share, the consensus estimate. In the event on November 5 the company reported earnings of \$0.13 on revenues of \$14.8 million. In 1997 in the comparable period the company's revenues were \$8.1 million and earnings per share were \$0.15. Memco said it is still committed to being acquired by Platinum Technology Inc. "Combining fully-featured Finjan mobile code security with the PIX Firewall is a smart and proactive move for Cisco, and their

enterprise customers will be pleased that another layer of security is being provided by the networking market leader," added Bill Lyons.

### Profiting from Investing in GILTF

Israel's Clal Electronic Industries Ltd has sold more than half its stake in Gilat Satellite Networks Ltd (Nasdaq: GILTF) for 88 million shekels (\$20.7 million). "Gilat's share price rose by 100% in the last 10 months since we bought it," said Rimon Ben-Shaoul, CEO of Clal's parent company Clal Industries & Investments (TASE: CLIN). "We are an investment company and that means we have to identify which companies to invest in as well as to know when it's time to sell our holdings." Following the sale, Clal will own 3.5% of Gilat, down from 7.5%. In a statement, Clal Electronics said it would post capital gains of 43 million shekels (about \$10 million) from the sale in the 4Q and Clal Industries a gain of 23 million shekels (about \$5.5 million).

Gilat Satellite Networks Ltd. reported 3Q EPS of \$0.55 vs \$0.39 in the prior year, on revenues of \$40.0 million vs \$27.3 million in 1997. Analysts' mean estimates were \$0.54, according to First Call.



### ICQ Surpasses 20 Million Registrations

Nearly 60% Increase in Registrations for Free Instant Communication and Chat Technology Since Company's Acquisition in June. America Online, Inc. (NYSE:AOL) announced that registrations for ICQ, a free Internet-based instant communication and chat technology, have surpassed 20 million. That marks more than a 7 million, or nearly 60%, increase in registrations for the early versions of the ICQ software since its acquisition by America Online last June. Current-

ly, new registrations are running at about 65,000 daily. The Company said ICQ's community of active registrants is also showing extremely strong growth, surging almost 45% since the June acquisition to nearly 9.5 million. Each day, an average of 4.6 million registrants are connected to ICQ for an average of 2 hours and 35 minutes, and are using the software for an average of 69 minutes. With recent technology and capacity upgrades, provided by America Online, ICQ now exceeds more than 700,000 simultaneous users during periods of peak usage.

Bob Pittman, President and Chief Operating Officer of America Online, said: "ICQ's 20 million registrations mark a tremendous milestone in its continuing success. With the full support of the America Online organization, ICQ's independent spirit and culture is growing even faster than before we acquired it. And the time that active registrants spend connected to and using the ICQ software sets the standard for 'stickiness' and far outstrips the usage of search-and-directory portals."

Created in 1996 by the Israel-based company, Mirabilis Ltd., the ICQ software offers registrants the ability to keep track of friends and colleagues online, send instant messages and conduct chats with other ICQ registrants. It is the most popular software on C/NET's download.com and the recipient of PC Magazine's "Best Shareware Award". In addition, C/NET named ICQ "The Biggest Messaging Phenomenon" of 1998. The ICQ Web site (www.icq.com) has also spawned one of the Internet's most active and loyal registrant-based communities, with thousands of ICQ registrant-created Web sites, message boards and lists. ICQ is part of AOL Studios.

Ted Leonsis, President of AOL Studios, said: "ICQ's little green flower has become a real symbol for a new generation of young, international and technologically savvy people -- the people who live on the Web. Because of this strong response to ICQ's early version software, we are continuing our efforts to add new features and functionality to this technology."

In addition to its desktop client, the ICQ Web site with its diverse array of message boards and user-created areas continues to be a popular portal. The Web site garners more than 4.4 million page views per day, but that represents less than 2% of ICQ's total traffic.

America Online, Inc., based in Dulles, Virginia, is the world's leader in branded interactive services and content. America Online, Inc. operates two worldwide Internet online services: America Online, with more than 13.5 million members; and CompuServe, with approximately 2 million members. America Online, Inc. also operates AOL Studios, a leading builder of Internet brands for new market segments. Other branded Internet services operated by America Online, Inc. include AOL.COM, the world's most accessed Web site from home; Digital City, Inc., the No. 1 branded local content network and community guide on AOL and the Internet; AOL NetFind, AOL's comprehensive guide to the Internet; AOL Instant Messenger, an instant messaging tool available on both AOL and the Internet; and ICQ, an instant communication and chat technology on the Internet.

#### **Tel Aviv Hailed by NEWSWEEK as One of the World's Top Hi-Tech Centers**

The American magazine Newsweek picked Tel Aviv one of the top ten capitals of the high technology industry worldwide. The nine other capitals include seven cities in the United States, Bangalore in India, and Cambridge in Great Britain. According to Newsweek, Tel Aviv is flourishing as a technological center mainly as a result of immigration from the former Soviet Union, a high percentage of which were trained in the computer science field.

The magazine also states that the Israel Defense Forces provides talent to the industry with youngsters who obtain knowledge and experience during their military service.

"Some say that of all the cities in the world, Tel Aviv is the most serious competitor to Silicon Valley," Newsweek states.

**(7A) Check Point Software Technologies Ltd**

Nasdaq: CHKPF

## Address:

3A Jabotinsky Street,  
Diamond Tower,  
Ramat Gan 52520  
Israel

Tel: (41) 562 0400

## Industry:

Software Programing

## Sector:

Technology

## Employees

333

## Officers:

Nir Barkat, Chairman  
Gil Shwed, Presidnet/CEO

## Profile

Check point Software Technologies develops, markets and supports network security software products that enable connectivity with security and manageability. The company's FireWall-I technology provides easy-to-use software solutions that enable system administrators to define and enforce an integrated, centrally managed enterprise-wide network security policy. Check Point's products address the increasing demand for network security solutions, which has been fueled by the rapid growth of the Internet and the emergency of corporate intranets.

For the nine months ended 9/98, revenues rose 82% to \$101.4 million. Net income totalled \$51.3 million, up from \$25.6 million. Results reflect growth n the market for enterprise security products, increased sales through SunSoft and the introduction of new versions of FireWall-I.

**(9a) Koor Industries Ltd.**

NYSE: KOR

## Address:

4 Kaufman Street,  
Tel Aviv 68012,  
Israel.

## Tel:

(972) 3 - 519 5201

## Industry:

Diversified operations.

## Sector:

Technology

## Officers:

Lyon (Lenny) Roth, VP  
Chrles R. Bronfman, Chairman  
Jonathan Kolber, CEO

## Profile

Koor Industries Ltd is a diversified holding company that invests in businesses with the following characteristics:

1. recognized players in industries with attractive near-and long-term growth potential;
2. deriving (or possessing the potential to derive) more than 50% of their revenues or earnings outside Israel;
3. capable of generating consistent annual earnings growth and equity returns in excess of 15%.
4. possessing highly regarded management teams with international experience and proven track records.

Based on these criteria, Koor has identified agro-chemicals, telecommunications equipment and electronics as core business segments. The company's subsidiaries in these segments include Makhteshim-Agan in agro-chemicals, and Tadiran and Telrad in telecommunications equipment.

Koor currently holds 18.5% of the outstanding common shares of ECI Telecom. Koor also sold Gvanim (Telrad Holdings), Granite, Shalon, Hornet, Home Center, Soltam, Pri Hagalil and Tambour in the first six months of 1998.

**(4B) NICE Systems Ltd**

Nasdaq: NICEY

Address:  
3, Hapnina Street,  
Ra'anana 43107,  
Israel.

Tel:  
(972) 9 - 775 3777

Industry:  
Electronic products - miscellaneous

Sector:  
Technology

Officers:  
Benjamin Levin, Chairman/CEO  
Mordechai Golan, President

**Profile**

Based in Israel, NICE Systems Ltd designs manufactures, markets and services CTI products which provide logging, monitoring and management solutions for voice, fax and data. The company's products are based on an open architecture and incorporate enhanced digital networking and voice, fax and data processing technologies in the areas of CTI, digital signal processing, mass storage and database management.

For the three months ended 9/30/98 revenues were \$20.6 million; after tax earnings were \$1.5 million.

**(8B) Orbotech Ltd**

Nasdaq: ORBKF

Address:  
P.O. Box 215,  
Yavne 81102,  
Israel.

Tel:  
(972) 8 - 942 3560  
(978) 667 6037 (USA)

Industry:  
Scientific and technical instruments

Sector:  
Electronic - semiconductor equipment

Officers:  
Yochai Richter, President/CEO  
Shlomo Barak, Chairman.

**Profile**

Orbotech Ltd is a major supplier of automatic optical inspection equipment, computer aided design, verification, engineering and tooling generating systems and laser plotting/scanning systems for application in the production of printed circuit boards. These products and related services account for approximately 90% of the company's annual revenues. The company also supplies automated optical inspection equipment for liquid crystal flat-panel displays.

For the nine months ended 9/30/98, revenues rose 23% to \$169.8 million. Net income rose 24% to \$30.6 million. Revenues reflect continued strong demand for printed circuit-board products. Earnings also benefitted from higher margins.

**(7B) Pharmos Corporation**

Nasdaq: PARS

Address:

33 Wood Avenue South #466,  
Iselin,  
NJ 08830,  
U.S.A.

Tel:

(732) 603 3526

Industry:

Medical - Biomed/Genetics

Sector:

Technology

Officers:

Prof. Haim Aviv, Chairman and CEO

**Profile**

Pharmos Corporation is a biopharmaceutical company specializing in the design, formulation and development of proprietary drugs with novel or unique characteristics that are commercially adaptable into superior products. As drug candidates move through the company's R&D pipeline, Pharmos seeks corporate partnerships to support the development process and to commercialize its products. Pharmos' partnership with Bausch & Lomb to market the ophthalmic drugs Lotemax™ and Alrex™ received marketing approval from the FDA. The company combines state-of-the-art science with a clear vision of a product's commercial viability. Dexanabinol (HU-211), in trials for head trauma and stroke, is a promising compound for these two indications where no effective treatment currently exists.

For the nine months ending 9/98 revenues were reported for the first time, at \$1.3 million. Before extraordinary item Pharmos recorded a net loss of \$4.4 million.

**(8A) Scitex Corporation Ltd**

Nasdaq: SCIXF

Address:

P.O. Box 330,  
Herzlia 46103,  
Israel.

Tel:

(972) 9 - 959 7222

Industry:

Computer Graphics

Sector:

Technology

Officers:

Yoav Z. Chelouche, President and CEO

Dov Tadmor, Chairman.

**Profile**

Scitex Corporation Ltd designs, develops, manufactures, markets and supports graphics communication products and systems that provide a full range of digital solutions from image capture through image printing. Scitex and its subsidiaries are world leaders in digital imaging technologies for the digital preprint, digital printing and digital video markets. A worldwide network of direct sales and service offices, dealers, resellers and OEM partners provide global sales and customer support. The company's core businesses, digital preprint and digital printing accounted for 65% and 26% of 1997 total revenues, respectively, and digital video accounted for 9% of total revenues.

For the three months ending 9/30/98 revenues were \$150.3 million, a net loss of \$78.7 million.

**(9B) Teva Pharmaceutical Industries Ltd**

Nasdaq: TEVIY

## Address:

Harmarpe 2  
Har Hozvim,  
Jerusalem 9774,  
Israel.

## Tel:

(972) 2 - 589 2840

## Industry:

Medical - Ethical Drugs

## Sector:

Technology

## Officers:

Eli Hurvitz, Chairman of the Board  
Dan S. Suesskind, CEO

## Profile

Teva Pharmaceutical Industries Ltd primarily manufactures generic versions of brand-name drugs, including anti-infectives, heart drugs, pain relievers and others. The company also sells drug ingredients and chemicals, medical disposables, and veterinary products. Teva's leading product in the U.S. is clonazepam, an anti-seizure drug. The company's subsidiaries include Teva Pharmaceuticals USA, the #2 generic drug maker in the U.S. after Henry Schein. Its Teva Marion Partners joint venture with Hoechst Marion Roussel has developed a treatment for multiple sclerosis called copaxone. The company has an alliance with Merck and rights to the Canadian firm Biovail's product pipeline of generic drugs. Teva recently completed the acquisition of Netherlands-based Pharmachemie Group, a manufacturer of generic drugs. The company also recently announced its intention to produce and market diclofenac potassium, a nonsteroidal antiinflammatory agent for the treatment of rheumatoid arthritis and osteoarthritis.

For the three months ending 9/30/98, revenue were \$303.3 million; after tax earnings were \$25.3 million.

**(8B) VocalTec Communications Ltd**

Nasdaq: VOCLF

## Address:

1 Maskit Street, Herzliah 46733  
Israel

## Tel:

(201) 768 9400

## Industry:

Computer Software - Internet

## Sector:

Technology

## Employees:

79

## Officers:

Elon A. Ganor, Chairman/CEO  
Dooron Zinger, President.

## Profile

VocalTec Communications Ltd develops and markets award-winning software that enables voice, fax and multimedia communications over packetized (IP) networks, the Internet and corporate intranets. The company also develops open systems to bridge the Internet/intranets to the public switched telephone network (PSTN). Going forward, the company's mission is to serve the evolving communications needs of global carrier, corporate and consumer customers by developing and marketing software that enables multi-point audio, video and collaborative communications and seamlessly integrates the traditional telephone network, PC's, the Internet and corporate intranets. In June 1998 VocalTec entered into an agreement with Lucent Technologies to make the two companies' Internet telephony products interoperable. The company has also entered into a reseller/distribution agreement with Digital Equipment Corporation.

For the three months ended 9/30/98 revenues were \$6.5 million after tax results indicated a loss of \$3.9 million.



**(7B) Wiztec Solutions Ltd**

Nasdaq: WIZTF

Address:  
8 Maskit Street,  
Herzlia 46766,  
Israel.

Tel:  
(972) 9 - 952 6555

Industry:  
Computer Software Enterprise

Sector:  
Technology

Officers:  
Yaron Polak, President and CEO  
Dan Goldstein, Chairman

**Profile**

Wiztec Solutions Ltd is a leading international provider of customer care and billing solutions for the pay TV market. The company develops, markets and support WIZARD, an advanced subscriber management and billing system for pay TV operators. WIZARD is a fully integrated system that provides Pay TV operators with comprehensive information management and sophisticated billing methods along with the flexibility to be customized to client requirements. Pay TV operators employing WIZARD are enjoying the benefits of optimal operational effectiveness, expanded market penetration and increased revenues. Wiztec Solutions' North American subsidiary is one of the leading providers of subscriber management and billing systems for small to medium sized pay TV operators in the U.S., and serves as a marketing and support base for WIZARD in North America. The company also operates a statement processing center with printing and mailing facilities.

Revenues for the nine months ended September 1998, revenues rose 45% to \$13.2 million. Net income rose 94% to \$3 million. Revenues reflect expansion of the customer base and higher revenues from existing customers. Earnings also benefitted from increased gross profit margins.

**(11A) Memco Software Ltd.**

Nasdaq : MEMCF

Address:  
24 Raoul Wallenberg St.  
Tel Aviv, Israel 69719

Tel:  
(972) 3 645 0000

Industry:  
Software & Programming

Sector:  
Technology

Employees:  
249

Officers:  
Israel Mazin, Chairman/CEO  
ELiahu Singer, President  
Ori Mazin, COO

**Profile**

MEMCF develops, markets, licenses and supports security software products designed to protect and manage access to critical information assets and system resources in an open client/server environment.

For the 3 months ended 09/30/98, revenues were \$14.8 million; after tax earnings were \$2.3 million

**(10a) Point of Sale Limited**

Nasdaq : POSIF

## Address:

33 Ben Gurion Street  
Herzlia 46100, Israel

## Tel:

(972) 956-5686

## Industry:

Software &amp; Programming

## Sector:

Technology

## Employees:

158

## Officers:

Brian Cooper, CFO

## Profile:

Point of Sale Ltd. provides enterprise-wide open software solutions. The Company's software solutions cover a wide variety of retail applications, including point-of-sale and back office store systems. For the three months ended 3/98, revenues rose 47% to \$3.5 million. Net income rose from \$210 thousand to \$805 thousand. Results reflect higher revenues associated with the Tesco arrangement. Net income also reflects decreased cost of product sales as a percentage of revenues.

## Recent Earnings Announcement

For the 3 months ended 06/30/98, revenues were \$3.9 million; after tax earnings were \$902,000.

**(9b) Elbit Systems Ltd.**

Nasdaq : ESLTF

## Address:

Advanced Technology Center,  
P.O. Box 539  
Haifa 31053, Israel

## Tel:

(212) 838-3777

## Industry:

Aerospace &amp; Defense

## Sector:

Capital Goods

## Employees:

1,820

## Officers:

Joseph Ackerman, President/CEO  
Emmanuel Gill, Chairman

## Profile

Elbit Systems Ltd. is engaged in a range of defense-related airborne, ground and command, control and communications programs throughout the world, with a focus on upgrading existing military platforms and developing new technologies for defense applications.

For the 3 months ended 09/30/98, revenues were \$101.3 million; after tax earnings were \$7.1 million.

**(7b) Silicom Ltd.**

Nasdaq. SILCF

Address:  
Kfar Saba  
Israel.

Tel:  
(972) 9 767 8989

Industry:  
Computer peripherals

Sector:  
Industry

Officers:  
Avi Eizenman, President.

Profile

Silicom is the supplier of the Fast Ethernet Modem56 (FEM56) and the 56Kbps Cardbus Modem PC Card product. Silicom Ltd. is primarily engaged in the design, manufacture, marketing and support of modular, miniature connectivity products which combine hardware and software to enable portable computers (including notebook, laptop and hand held) to interface with Local Area Networks and Wide Area Networks.

Revenues for the third quarter 1998 \$1.4 million. Net income for the third quarter was \$ 6,000.

**(6B) Indigo N.V.**

Nasdaq : INDGF

Address:  
5 Limburglaan, 6221 SH  
Maastricht  
The Netherlands, Netherlands

Tel:  
(617) 937-8800

Industry:  
Misc. Capital Goods

Sector:  
Capital Goods

Employees:  
810

Officers:  
Benzion Landa, Chairman  
Shlomo Nimrodi, CFO.

Profile

Indigo N.V. and its subsidiaries develop, license, manufacture, market, distribute and service liquid ink-based electrophotographic products.

For the nine months ended 9/30/98, revenues rose 45% to \$104.7 million. Net loss \$11.7 million.

Revenues reflect an increase in product sales, services and license fees.

**(5b) Electric Fuel Corp.**

Nasdaq : EFCX

Address:

885 Third Avenue, Suite 2900  
New York, NY 10022

Tel:

(212) 829-5536

Industry:

Electronic Instr. & Controls

Sector:

Technology

Employees:

147

Officers:

Robert S. Ehrlich, Chairman/CFO

Yehuda Harats, President/CEO

Profile

EFCX pioneers the use of zinc-air battery technology for electric vehicles, consumer electronic products, and industrial applications.

For the 3 months ended 09/30/98, revenues were \$678,000; after tax earnings were \$2 million.