

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

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From the Editor's Desk

The peace process and Israel's food industry

For months, Palestinian and Israeli negotiators toiled to conclude details governing the implementation of the Memorandum of Principles. Early in May, the agreements were initialed in Cairo by Prime Minister Yitzhak Rabin and a surprisingly reluctant PLO Chairman Yassir Arafat. The Gaza Strip and Jericho were officially turned over to the Palestinians under the autonomy agreement. It was a historical moment.

Though most Israeli were pleased with this step, there were no celebrations in Jerusalem or Tel Aviv. The somberness of the public's mood was based on the realization that this marked an important but not ultimate step towards peaceful relations with Israel's neighbors -- towards conciliation between Jew and Muslim.

In the food industry at least, things are likely to get worse before they get better.

The Arab population in the Middle East totals 250 million and is doubling every 25 years -- a \$100 billion market, according to Dr. Gil Feiler, Bar Ilan University's Arab World specialist.

If there is a Peace Dividend for Israel's food industry, it will be in gaining access to this market. Even a modest 5% market share would result in a \$5 billion increase in this country's exports. A bonanza! Considering that in 1993, food industry exports totaled \$1.0 billion, divided nearly 50/50 between fresh and processed foods, much is to said about the impact of the peace process on Israel and its neighbors.

But are such expectations realistic?

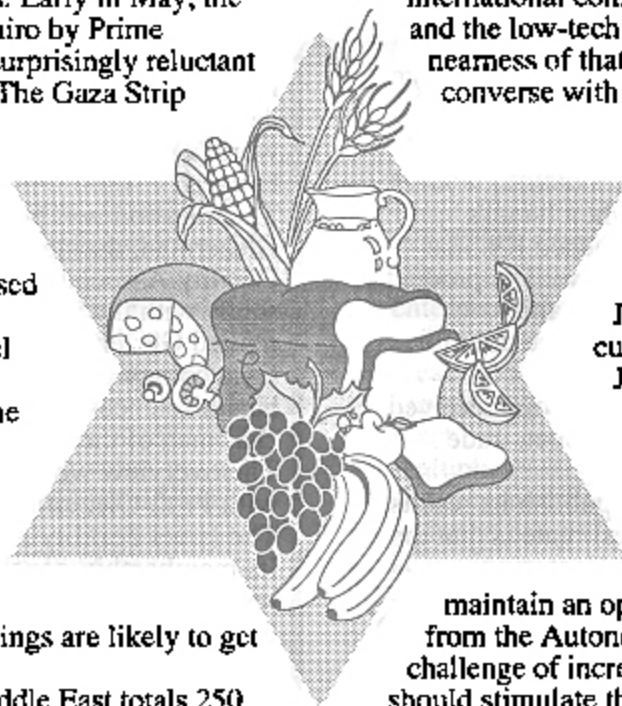
This issue was very much on the agenda during Israel's Food Industry Week held in Jerusalem last month.

What are the possibilities at ground level? The negative aspects of peace include increased international competition, continued buyer restraint, and the low-tech Arab market. Pluses include the nearness of that market, and the ability to converse with potential customers.

We believe that sales to the Autonomy Areas will drop significantly in the short term, but will eventually pick up.

But recognizing the continuing hostility felt by Moslems towards Jews, it is reasonable to expect that customers in the Gaza Strip and Jericho will be tempted to buy from other sources, such as the multinational companies already lining up to do business directly rather than through Israeli subsidiaries.

However, Israel continues to maintain an open door to inexpensive produce from the Autonomous Territories. Yet the challenge of increased international competition should stimulate the Israeli food industry.



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Israel's Food Industry

In May 1994, during International Food Industry week, visitors saw extensive lines of products exhibited by Israel's leading food manufacturers, research and development institutes, food technology companies, packaging specialists and food industry equipment producers.

The event was the most comprehensive presentation of Israeli foods ever seen in this country. Hundreds of buyers came to meet with producers and exporters of fresh and processed foods.

Feverfew for migraines

Feverfew leaves contain a substance known to alleviate the symptoms of migraine headaches. Roy Bouskila, manager of the Galilee Herbal Remedies group, says that while Feverfew is also grown in other parts of the world, the herbs raised and processed at Kibbutz Kfar Hanassi contain 0.45% Parthenolide, the active ingredient. This is well above the levels found elsewhere.

The project was started in 1991, when Israel's Volcani Agricultural Institute approached Kibbutz Kfar Hanasi to adapt Israeli know-how. The product has received the approval of Israel's health authorities as a food additive, opening the door to local sales and exports.

At the recent Food Week Exhibit, the group received many inquiries and orders for the product, trade named Migraleaf.

Galilee Herbal Remedies does not publish its results, but business is booming, and our estimate is that the company topped \$250,000 in sales last year.

Israel's Food Industry - Facts and Figures 1993

Total number of companies 1,100
 Personnel 53,500
 Exporting firms 200+
 Total food exports \$1.1 billion
 Total food sales \$11.3 billion

The export of fresh food has been stable since 1991 at about \$550 million a year. The exports of processed foods has also been fairly static, and at similar levels. The best prospect for a sharp increase in exports is food technology innovation.

An agro-technology exhibit during International Food Week featured joint venture capabilities in technology transfers, turnkey projects involving the establishment of food processing plants, and other forms of mutual cooperation. An example of innovative development:

Tzuf Laboratories Ltd.

Founded in 1993 by kibbutznik Dr. Alexander Goroshit, a new immigrant from Russia, Tzuf was

sponsored by the Ministry of Industry & Trade as a technological enterprise initiation center in the northern part of Israel. The labs develop and produce natural products based on Express Honey -- honey produced by bees that are kept in closed quarters and fed medicinal herbs and other natural ingredients such as blood, milk, juices, various ferments and micro elements. All these products possess the medicinal qualities of the plants which the bees have eaten, strengthened by passage through the winged processors. The honey is currently being marketed as an alternative medicine, though the company plans to register some of its products as conventional medicine.

ADVENTURES IN FERTILE FIELD

There is considerable activity in Israel related to fertility. But why do physicians and researchers devote so much time and effort to increasing the world's population when there is already so much hunger?

The question was posed to Professor Marek Glezerman, during the recently held annual Israel Fertility Association conference. "My concern is solely with the individual couple unable to conceive," replied Glezerman, head of Obstetrics and Gynecology at Soroka Medical Center, vice dean of health sciences at Ben Gurion University, and chairman of the Israel Fertility Association (IFA). The overview which follows is based on discussions with Prof. Glezerman.

The Israel Fertility Association was founded in 1968. Its membership consists of 400 physicians, researchers and scientists active in the diagnosis and treatment of infertility. This is a very high figure, considering that the West German association numbers about 500.

Of 200 research papers submitted, 120 were chosen for presentation.

Conference Highlights

Major areas of discussion included the treatment for patients with whom *in-vitro* fertilization was unsuccessful, the limitations of new technologies, and the ethical problems involved in surrogate motherhood (a 63-year-old recently conceived a child, for example).

Feature Presentations

- Ramban researchers reported on a method of hormone treatment for lymphatic cancer which does not affect pregnancy.
- ICSI intra-cytoplasmic cell manipulation was the most-discussed type of "assisted reproduction technology." Practiced at Israel's seven medical centers, the technology has had impressive results, with an effectiveness of up to 50%. Using micro

manipulation techniques and a pipette under an electron microscope, a single sperm is pushed into the center of an egg. Ultrasound may be used to help fertilization occur. It costs \$5,000 for each cycle of treatment.

- CASA automatic sperm analysis was demonstrated.

Israel's Role

One percent of all biomedical material on fertility is published in Israel. Doctors come to Israeli centers from Gaza, Egypt and the Territories for collaborative work or education.

Changes at the Histadrut - Comments from the Editor

The turnover of administrative control in Gaza and Jericho has dominated the international headlines, and ranks as the single most important event in the first half of 1994.

Yet the overwhelming victory of Labor Party maverick Haim Ramon, who has taken over as Secretary General of the Histadrut, Israel's national labor federation, is a development worth noting.

The Histadrut has been controlled by the Labor Party since the founding of the state. The federation, through its totally owned subsidiaries, controls more than 25% of the economic activity in the country. It boasts 1.6 million members. At one time its influence was much greater, but a recent restructuring of its holdings included a disposal of some assets.

The Histadrut's unrealistic positions have resulted in extended strikes and contracts which necessitated the closing of factories and an erosion of salaries. Its pension funds are showing a \$10 billion actuarial deficit.

A number of years ago, in personal interviews with the managers of these pension funds, it became clear that a crisis was brewing. Criticism of the Histadrut's *modus operandi* grew in the 1980s, when its industrial holdings were near collapse.

Many of the problems have been corrected, but I cannot help but side with those who feel the need for further change. The 45% mandate extended by those members of the Histadrut who voted for Mr. Ramon was one for change, specially of its policies relating to the overhaul of the health system. The Histadrut had resisted the implementation of a new national health bill (originally sponsored by Ramon) which would have robbed it of a portion of the premiums paid by the collective membership. Now it seems almost certain that major health reform is on the way, and that the Histadrut is in for change, whether it likes it or not. J.M.

Promising Advance in Lung Cancer Research

Peptides (tiny fragments of proteins) continue to be the object of intense research and development. Peptides are viewed as a substance with the potential to alleviate symptoms connected with cancer, AIDS, asthma and bone diseases. They may even provide the long-sought-after cancer vaccine. At least one biotechnology company, Peptor, is active in this field.

The early May issue of *Nature* ran a report detailing the promising results achieved by Weizmann Institute scientists in the isolation of a tumor-associated peptide. The immune systems of mice injected with the synthetic peptide were stimulated to create an immune reaction to lung cancer!

Interferon Patent Issued

Type I interferon receptor, a protein which enables cells to bind to interferon, has been isolated and cloned. A patent has been granted the new P40 soluble protein.

WANTED: Strategic Partners with Marketing Skills

When it comes to creating a successful high-tech enterprise, there is no single strategy which if followed, even scrupulously, will guarantee the creation of a profitable enterprise.

Developing a new interferon, a new imaging machine, a specialized software, a speech multiplication system or a telecommunication system is just a start. Modern production, ample financing and marketing which will act as an engine for achieving market share are essential. Israeli entrepreneurs are beginning to appreciate that strategic partnerships are the way to advance technology projects.

Israelis seeking joint-venture agreements and strategic partnerships pursue these goals aggressively. Yet they tend to understate Israel's unique position in terms of personnel, the country's broad-based financial backing for research and development, and its unique leaning towards "smart industries."

The information provided here will form a primer as to conditions within Israel.

About the Israeli partner: The time to learn about local conditions is not when you are thinking about investing or joint venturing, but when the decision is actually being made. Assume that you have met a dynamic, entrepreneurial high-tech type. He claims to have a new product which is innovative, but seeks marketing assistance. After a few meetings, you begin to get the feeling that this may be an opportunity which interests you.

Stop! Check out the man's credibility. The Manufacturers' Association of Israel is a good place to start. Contact the association at 29 Hamered

Street, 68125 Tel Aviv, Tel: 972-3-512-8787 Fax: 972-3-662-026. Ask for Mr. Moshe Nahum, Director of the Department of Foreign Trade & International Relations.

Dan Propper, the association's President, is probably not available, but the manufacturing branch is divided into sectors with unit managers in electronics, chemicals, etc. They are familiar with their fields and the players.

Many Israeli-based innovations originate in academic research. If the technology is university-based, then your point of inquiry should be at the source.

Owning a technology or having rights of exploitation is an important factor in science-based industries.

There is enough hidden gold in the form of patented ideas at the Weizmann Institute, the Technion, Hebrew University and other institutes that ongoing work in these centers should be examined.

Their research and development authorities acquire exclusive rights to the technology and register the patents. When visiting the authorities, ask to meet the research team. The researchers will be happy to discuss their innovations.

R&D Commercialization Centers for Israel's Universities

Bar-Ilan Research and Development Co. Ltd.

Bar-Ilan University

52900 Ramat Gan

Tel: 972-3-531-8402 Fax: 972-3-677 1088

Strength: Computer programs, pharmaceuticals, medical

Hadasit-Medical Research & Dev.

Hadasah Ein Kerem, Kiryat Hadasah

91120 Jerusalem

Tel: 972-2-776 095 Fax: 972-2-437 712

Strength: Medical

Life Science Research Israel Ltd.

POB 139

70451 Ness Ziona

Tel: 972-8-400 987 Fax: 401443

Strength: Broad research in life sciences

Peri Development Applications Ltd.

POB 6, Agricultural Research Center,

50250 Beit Dagan

Tel: 972-3-968 396 Fax: 972-3-960 4044

Strength: New strains of vegetables, herbs

Ramot Ltd.

32 Haim Levanon

Ramat Aviv

61392 Tel Aviv

Tel: 972-3-642 8765 Fax: 972-3-642 9865

Strength: Medical, batteries

Technion R&D Foundation Ltd.

Technion City

Haifa 32000

Tel: 972-4-231 222 Fax: 972-4-221 581

Strength: Computers, medical

Yeda Research & Development Co.

POB 95

76100 Rehovot

Tel: 972-8-470 617 Fax: 972-8-343 013

Strength: interferon, immune system, solar

Yissum-Hebrew Univ. Res.&Dev. Co.

POB 4279 46 Jabotinsky Street

Tel: 972-2-661540 Fax: 972-660331

Strength: Medical, computers, pharmaceuticals

INNOVATIVE SOLAR TECHNOLOGY GENERATES ELECTRICITY AROUND THE CLOCK.

Weizmann Institute scientists working at the internationally renowned Solar Energy Center are finding novel applications for solar energy. Research in the past has centered on concentrating the sun's rays by means of highly polished metal plates. By focusing the rays, temperatures of several thousand degrees have been attained. Recent developments have resulted in an electricity-generating technology which involves a novel gas turbine. During the day the turbine is powered by highly concentrated solar energy plus a steam turbine using heat produced by the gas turbine's exhaust. By night the gas turbine draws its power from chemicals produced by solar energy. This novel technology has caused much excitement in the scientific community, as it points to an alternative source of energy, and is a step towards the goal of providing cheap and inexhaustible energy for future generations.

JERUSALEM COLLEGE OF TECHNOLOGY START-UPS

Zamir, located in Jerusalem, is installing its recognition system in a company that locates stolen vehicles. The Centurium Access Control system is being evaluated by potential buyers.

Speeding-up algae production

The cultivation of algae in ponds is a known Israeli technology which has been purchased by a Japanese interest. The Japanese are processing the algae as a food additive in dietetic candy bars.

The Institute of Applied Research at Ben Gurion University has developed an innovative method for the cultivation of algae in closed bio-reactors. According to Dr. Ephraim Cohen of BGU, the method uses plastic sleeves, and has resulted in a seven-fold increase in algae production compared to ponds.

Algae-tek Ltd. of Be'er Sheva is commercializing this work, and has produced dyes for foods and cosmetics. These include soluble and insoluble red and blue dyes, food dyes and colors for fishfeed to promote pink-tinted fish flesh.

OMAT

The design of OMAT's adaptive control devices to optimize CNC machinery has been completed. OMAT systems, which offer a 20-50% saving in machining time, have been installed at TAAT, Israel Aircraft Industries and Tadiran, and are being set up at Lockheed Corp. in the United States. The company is applying for patents in all major industrial countries.

Urban Waste for Agricultural Growth

In most western countries, individuals concerned with ecology are warning that the creation of garbage faster than it can be removed, recycled, or placed in landfills is turning countryside into one big garbage heap. In Israel, with a population of about 5.3 million, each person produces an average of 1.6 kg of garbage a day, or more than half a ton a year. According to Prof. Yona Chen, Dean of the Faculty of Agriculture at the Hebrew University of Jerusalem, Israelis produce 3.1 million tons of garbage a year, and thereby threaten the country's ecological balance. The garbage ends up in 400 landfills throughout the country, most of them improperly maintained. The resultant pollution is endangering ground water supplies. As a first step to correct the situation, the Israeli Ministry of the Environment is planning to reduce the number of active landfills to seven or eight. This will heighten the already urgent need to find a solution through recycling. In spite of the problems involved with recycling -- including the treatment of heavy metals and bacteria -- there is hope.

Prof. Chen says research has been able to produce a material from organic urban waste which will support plants, supplying them with nitrogen, phosphorous, potassium and metals such as iron, zinc and copper. Results indicate that such recycled urban waste is an effective replacement for peat. Americans have shown an interest in this approach, and have provided research and development funding to accelerate the project.

C \$6 million for Research Projects

The establishment of the Canada-Israel Industrial Research and Development Foundation has been approved by both governments. "The initial funding will be C \$6 million, equally shared by both governments. For Canada it is the first such project ever. Our strengths are in ecology and telecommunications, and this could lead to a new

level of cooperation," says Commercial Secretary Sara Hradecky at the Canadian Embassy in Tel-Aviv. Israel is engaged in three major programs with the U.S. -- the Bi-National Research & Development Foundation, the Bi-National Agricultural Research Foundation, and the Bi-National Science Foundation. In 1993, the BIRD Foundation approved grants totaling \$7 million as its 50% participation in joint research. Two-way trade between Israel and Canada is nearly balanced, and totals C\$250 million spread among many companies. Among these, two sizable business relationships have been forged. One is between Tadiran and Northbridge and the other involves Pratt & Whitney and Israel Aircraft Industries. The latter has a C \$100 million potential.

More Scientists, more Science

The total number of Israeli academicians engaged in R&D was about 47,000 in 1990. However, because the influx of immigrants from the former Soviet Union includes 1,500 scientists and researchers per 100,000 immigrants, Israel can anticipate an increase of at least 10,000 science and technology professionals by the year 2000.

Adding scientists to the workforce is an onerous task, but Israel is moving in the right direction. According to current estimates, the total number of academicians -- both veteran and new Israelis -- engaged in R&D could reach 76,000 by 1995, and 83,000 by the year 2000. This would represent the world's highest ratio of scientists per population, and an increase of about 40% over estimates made before the current flood of immigrants started arriving.

MINISTER SHULAMIT ALONI PRESENTS ANNUAL REPORT

Following is an extract from the recently tabled ministerial report on the 1993 activities of the Ministry of Science and the Arts (MOSA): *In 1993 the MOSA absorbed 1,064 immigrant scientists into research positions at the country's universities, research institutes and industrial concerns. The cost of the program was NIS 30 million (approx. \$10 million). Nearly 70% of the total number were absorbed by research grants, support from regional research centers, support to industry and commercial firms, and by scholarships. The others were absorbed by undergoing professional retraining for entry into areas such as mathematics, physics and scientific exhibitions.*

Israel's science museums, founded by private philanthropy are to be brought under the aegis of the Ministry, in terms of planning and budgeting. These include the Matilde and Daniel Recanati National Science Museum, Haifa, and the Bloomfield Science Museum, Jerusalem.

The Capital Market

Comments

The share prices of Israeli companies on Wall Street have retreated 30% since the beginning of 1994, when measured by the popular index. The movement is in line with other technology shares listed on the American and emerging growth markets, but such parallel declines are of no consolation to investors. Portfolio upgrading may be taking place as investors shun companies where earnings are uncertain in favor of those for which prospects appear to be good. Also, the overall fall in share prices means

their holdings in publicly quoted companies. Clal Electronics, a holding company, reported a first-quarter fall in profits of 47% to NIS 10 million from NIS 18 million last year. The decrease was connected with a decline in profits at Scitex and losses at Mennen Medical, but was ameliorated somewhat by a rise in profitability at ECI Telecom, in which Clal Electronics has a 28% holding. The government's predictions of single-digit inflation for 1994 are unlikely to be realized. The April cost-of-living index was up by 2% -- considerably

FIRST QUARTER 1994 EARNINGS

	SALES (US\$)	PROFITS (mll.)	EARNINGS/SHARE	ANALYSTS-EST.	PRICE 5.26.94
AMPAL	20.2	2.7	\$0.10	NA	\$8.12
BIOTECHNOLOGY	5.5	0.7	\$0.02*	NA	\$3.12
ECI TELECOM	84.7	17.9	\$0.24	0.23-\$0.24	\$16.75
ELBIT	159.5	7.1	\$0.38	\$155 million \$0.45	\$27.50
ELSCINT	54.2	3.1	\$0.04	\$0.05	\$2.50
GILAT	4.3	0.902	\$0.11	NA	\$9.82
HEALTHCARE TECH	-	-	-	-	\$2.25
LANOPTICS	4.5	0.64	\$0.11	\$0.90, for all of '94	\$7.87
MAGIC	4.3	(0.225)	(\$0.05)	NA	\$10.75
RADA	-	-	-	-	\$3.62
TADIRAN	202.5	12.5	-	\$200 million \$0.35	\$17.62
TEVA	136.7	17.1	\$0.32	\$135 million \$0.28	\$23.75

* incl. \$0.04 debt forgiveness

analysts can no longer claim these stocks are overvalued. Taking on stock in such blue-chip companies as ECI Telecom, Teva Pharmaceuticals and Tadiran can be considered.

The Tel Aviv Stock Exchange

May's mayhem took some investors by surprise, yet in retrospect it was clear that the April rally which saw the Variable Share Index of 100 large capitalization shares move up 6% could not be sustained. On May 24, the Variable Share Index was hovering at the 190 level -- a drop of 13% from the end of April's 220.5.

A number of first-quarter reports revealed business results below expectations. The performance of some companies was affected by decreases in the value of

higher than expected -- largely as a result of rising prices in the housing sector. A public debate is developing as to whether the underlying problems can be corrected. In the past 12 months, housing prices have risen 20.6%, for a real rise of 9.4%. At the same time, building material costs fell by 1.7%. Average completion times for residential buildings have nearly doubled, to 23 months. Prices might drop if the government would only agree sell some of its vast pool of real estate -- 92% of all available land in the country.

The Bank of Israel, concerned about a revival of inflation, last month raised interest rates by 0.5%, to just under 11%. The commercial banks have responded by advancing their prime rate for borrowers to 12.8%.

Share Fund Yields

Category: Diversified and Flexible Share Funds

Investment Objective: Growth

Management Policy: Manager invests in equities with mix of investments adjusted to market conditions.

Funds in Category: 47

Top Five Performers

Fund	Manager	% gain
Lemashkiya	Goldman	3.82
Evergreen	Evergreen	(0.06)
Asaf	---	(1.94)
Meyrav	Meyrav	(3.94)
Zeller Ablegon	Z-A	(4.3)

(percentage change in value in US dollars terms 12.31.93 - 4.30.94)

Category: General, Variables and Maof

Investment Objective: Aggressive Growth

Management Policy: Manager invests in the 70 leading shares making up the TASE Share index or in the 25 leading shares which make up the Maof Index

Funds in Category: 47

Top Five Performers

Fund	Manager	% gain
Dovrat Shrem	D-S	(8.61)
Magic	Moritz-Tuchler	(9.27)
Nili	Mirit Silberman	(9.51)
Analyst	Analyst	(10.22)
Zmicha	Zmicha	(10.23)

Database: Meytav Mutual Funds

ECI Telecom Order Book is Doing Well

ECI's subsidiary CTel has captured a \$2.3 million order from British Telecom, with delivery in 1994. The order exceeds all of CTel's 1993 sales. In addition, the company's German branch received an order of DM 16 million for its twisted-pair copper subscriber loops. The items will be employed by the Deutsche Bundespost to double and quadruple its digital transmission capacity.

Good news at Elbit

Elbit Computers' increased sales of defense electronics -- a new commercial business -- offset a drop in Elscint's other income. Nonetheless, Elbit's shares have declined by 15% since the beginning of May.

Elscint's future performance appears to depend on the success of management's personnel changes in the American marketing subsidiary and a restructuring of its departments in Haifa. Lower prices for its products in the States, due to cutbacks in National Healthcare expenditures, also continue to have a negative impact.

Teva Pharmaceutical shares fell 11% in the first two weeks of May, despite quarterly results that exceeded analysts' estimates. Apparently due to the poor market conditions, shares of **ECI Telecom** have declined to about to \$16.50. Our earnings projection for all of 1994 is \$1.47 /share. At current levels, ECI's equities offer good value.

Venture Capital Activity to Expand by \$550 million

Venture capital funds continue to increase their

activity in Israel. Some of the funds that are active are mentioned in the table in this month's report. The issue which is being raised is that with the prospects of a peace economy and expanding economic activity there is a need for more foreign investment as Israelis seek out capital and joint venture partners. Benny Gaon, general manager of Koor Israel's agrees that economic expansion is depended on a flow of foreign investment. There are twenty three venture capital funds active in Israel of which seventeen are private funds. These venture capital funds according to Mr. Gaon have invested \$ 981 million. "Another 15 foreign funds will shortly be active in Israel and invest \$574 million. Bank of Israel statistics indicate \$4.3 billion dollars was invested from outside of Israel in 1993. This represented a 42% gain from the previous year. Most of this activity originated from closed end funds such as the First Israel Fund. The shares of this closed end fund trade on the New York Stock Exchange and \$75 million was committed to Israeli investments," reports Mr. Gaon.

Foreign Investment is Growing

It is difficult to ascertain the exact distribution of foreign investment in Israel. Since Bank of Israel statistics do not break down the activity by categories such as financial investments on the stock exchange, closed end fund investments, venture capital or capital investments. However, we have noted the increase of activity by American venture funds, limited partnerships and the like in the field of high-technology. Medmax Ventures L.P recently brought to our attention that it was a first round

Israel is attracting more and more international Venture and R & D Funds.

Fund	Size (\$ mil)	Description
Athena Fund Veritas	\$25 (1986)	Managed by Dan Tolkowsky, Fred Adler, Yadin Kaufman and others - interested in diagnostic devices and agriculture
BIRD Foundation	\$110	Cofunds joint projects between Israel and US Hi tech industry only 10-11% to Bio-Med Interested in short time span to market
Dovrat-Shrem	\$34	Private Placement Sofar - no biotech investments
First Israel Fund	\$75	Established Oct. 1992, NYSE-traded closed end management investment company investing in equity securities of Israeli companies. Up to 35% may be invested in nonpublic companies. Underwritten by prudential, DJ, Lehman and Merrill Lynch. Giza and analyst IMS are Israeli co-advisors to the Fund.
Gemini Israel Ltd.	Approx. \$20	Yozma Partnership with advent International and Discount Investment Corp.
Mofet	\$18	Founded by Oscar Gruss and Son., DSI and RPM
Office of the Chief Scientist	\$330	Operates as part of the Min. of Industry and Trade of the Government of Israel, Support Industrial R&D through grants and cost sharing programs for incubators, start-ups, established companies and pre-competitive R&D Consortia etc. 8-11% are devoted to Biotech
Oxton Co.	\$29	Yozma Partnership.
Teuza Venture Capital Fund	\$23	Inbal Partnership With Leumi & Co. investment Bank Ltd. and Fairchild. Fund Managed by Avi Kerbs is very active in Ag-Biotech and Bio-Med.
Walden	\$20	Yozma Partnership
Yozma	\$100	Established June 1992 by the Government of Israel, is managed by the former chief Scientist, Mr. Yigal Erlich, share with foreign V.F. and also finance directly.

\$500,000 co-investor in ESC Energy Systems besides investments in Intelligene Ltd., Jerusalem and in TransScan Research and Development Ltd., in Migdal Haemek.

We have noted that the Tel Aviv Stock Exchange which had attracted considerable foreign investment attention in the middle of January moved downward. The down movement of the prices of equities was accelerated by selling which appeared to be connected with the global emerging market sell-off in bonds and shares. This phenomenon was accompanied by equity selling related to international mutual funds specializing in emerging markets and probably related to hedge fund sales. The latter funds were big sellers as they had guessed wrongly on the Japanese yen dollar relation and American interest rate direction. They may well have been sellers of their international holdings. To what extent this was the case is not measurable. However, markets in South America, Asia and in the Middle East moved together and not always related to events within the markets.

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Written for venture capitalists, investment bankers, international traders, industrial researchers, business men, underwriters, private and institutional investors, policy makers, offset specialists, technology scouts and individuals whose interests include following scientific and technological developments and for those who specifically wish to maintain insights into Israel's dynamic high technology fields.

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