

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES
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JOSEPH MORGENSTERN, PUBLISHER

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Born 25 Years Ago

With this issue we celebrate 25 years of publication. When we began there was no Internet or email and contact with our readers was rare. For us it was the beginning of an age of great excitement as we chronicled the development of Israel's high-technology.

We met the Egyptian President Anwar Sadat, when he visited Elscint in Haifa.

We spoke at length with Israel's President Ephraim Katzir. Katzir was a chemist who opened a new world of chemistry.

We spent time with Efi Arazi, the brilliant founder of Scitex. Arazi revolutionized computer graphics and created a world class company.

Eli Hurwitz introduced us to the world of generics. Professor

Michael Sela of the Weitzmann Institute introduced us to copaxone, now a drug buster with annual sales of more than \$3.0b.

Dan Tolkowsky introduced us to the founding of high-tech when General Charles deGaulle banned the sale of military materiele to Israel after the Six Day War.

We met with Baron Edmond Rothschild who came to Israel to celebrate the minting of a gold Rothschild medallion.

We met with David Ben-Gurion whose interest in irrigation was keen.

We were given the opportunity at the Jerusalem Post to write about high-tech and we introduced the Israeli public and the Post's overseas readers to the greatness of Israeli high-tech.

We wrote about our nine Nobel Prize winners.

The first use of drones in knocking out the SAM missile bases in Lebanon was a major achievement. We lamented the cancellation of the Lavi jet



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Actimize has won deal with a major global bank to standardize the bank's anti-fraud systems

Teva reports results

Motorola buys Israeli company

program. We wrote about Ilan Ramon, Israel's astronaut who perished in the untimely crash of the Explorer satellite.

We hailed Warren Buffet's purchase of Iscar a \$4.0 billion stake in that company.

The late 1990s brought with it the exciting period of the dot.com era. Israelis were quick to climb on the bandwagons as tens of companies succeeded in going public, making their founders instant millionaires. Yosi Vardi along with his son and several other youngster created Mirabili, instant messaging. The sale set a new record at that time of more than \$400m.

Israel's satellite program brought Israel into the exclusive group of countries with a satellite capability.

Israel revolutionized agricultural irrigation by creating drip irrigation which brought the supply of water directly to the root of the plant.

Solar energy also became a major field of expertise and more recently so did desalination .

Our website has become a popular place to get information about Israeli high-tech. When we first established the site we were happy to get a few hundred monthly visitors. Today we are on the borderline of 100,000 monthly viewers.

We thank our readership for their faithful following. We notice that some of our readers have been with us for more than 20 years.

As we celebrate our first 25 years, we dedicate ourselves to a future that will bring us all of the excitement that accompanies innovation and achievement.

Special IDF explosives lab attracts international experts

Over the past decade, a small compound of single-story buildings at the IDF base in Tel Hashomer has become a Mecca for munitions

and explosives experts from the world over. These buildings host the materials laboratory for the experiments and quality assurance units at the technological division of the ground forces.

The lab is considered to be one of the world's top centers in the field of improvised explosive devices (IEDs), a kind of weapon the IDF has been dealing with for decades, and which in the last few years began taking a high toll among American and British soldiers in Iraq and Afghanistan.

Any weapon component that reaches the IDF - whether confiscated from smugglers, captured in raids on terrorist explosives labs, or collected and pieced together as shards of shrapnel from bombs aimed at IDF soldiers and vehicles - finds its way to this lab sooner or later. The lab's commander, Lt. Col. Eran Tuval, can outline the developments in a terrorist organization's methods by tracing the ingredients of the bombs and their construction.

In some cases, the labs get the actual bomb assembly manuals, neatly written in school notebooks. In other cases, they themselves need to

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dismantle and rebuild bombs to understand their construction and origins. The lab then produces guidelines for forces in the field to deal with the newest generation of explosives.

Lt. Col. Tuval, a jumpy man with a goatee and a faint Italian accent, is relishing his image of a mad scientist as he carries out controlled explosions in the yard with a cigarette lighter, and skips among the items exhibiting the components of explosive devices currently en vogue in the Gaza Strip. Some are fertilizers and foodstuffs allowed into Gaza as part of humanitarian aid packages. Others are smuggled into Gaza through tunnels under Rafah.

The attempts by Palestinian organization to simplify explosive devices while increasing their impact has led them to try materials not often used in explosives; one example is R-salt, known to Israelis as white cubes for lighting barbecues, which has not been utilized in bombs since World War II. Another innovation is copper covering, which turns the bomb into hollow charges, allowing them to inject a jet of molten metal into armored vehicles - this was how an IDF scout patrolling the Gaza border in his armored jeep was killed in January.

"We see continuous improvement in the materials they use," says Tuval. "They now put copper where they used to put tin. You also get all kinds of chemicals."

Recently, the American military began studying the IDF experience. "They never imagined IEDs like that. They're still back in the 1980s, fighting the Soviets. They're making this huge review and came to us to learn everything about the materials and how to take the things apart," says Tuval.

Delegates from other armies fighting in Afghanistan, including the British, Italians and Germans, have also visited the lab to study the threats ahead. British experts, this time from Scotland Yard, also visited the lab in 2005 to learn the types of explosives used in the 2005 London bombings,

which were different from bombs they knew from the IRA.

The lab also cooperates with the IDF dog-handling Oketz unit, providing samples of the explosives the dogs are trained to discover. Reports by the lab are used to construct instruments to trace explosives in airports.

The staff is also studying Qassam rockets, and produced instructions for the IDF to build exact copies of the Palestinian Qassam, which they then fired at practice targets, trying to determine the type of protection that would withstand a Qassam strike. All improvements in the Qassam construction, range and explosive force are being duly documented by the lab.

Often the lab only gets the complete materials weeks or months after the event. When the lab was investigating the attack on the tank from which Gilad Shalit was captured, they received new evidence several months after the skirmish - but managed to determine that the rocket-propelled-grenade used by the militants was armed immediately, unlike standard RPGs that arm only after flying for at least 30 meters. This allowed the militants to fire from a very close range.

In other cases, the lab is requested to produce results in real time. During Operation Cast Lead the lab deduced from shrapnel embedded in a paratroop officer's helmet that he was not injured by an IED but by a sniper's bullet, thus making the army aware a sniper was operating in that area.

Sometimes the lab influences the political arena, too. After the Second Lebanon War, Israel accused Russia of providing a large part of Hezbollah's missile arsenal. The Russians, for their part, denied the allegations, claiming the missiles were produced elsewhere. A report by the Tel Hashomer lab's metallurgy expert, Dr. Menachem Retzker, showed the alloy used to produce the missile met specific Russian standards. It was sent to the Kremlin, leading to the removal of a senior weapons export official. This particular accomplishment

led to renewed interest by the army in the lab, and to greater funding.

However, despite its many roles - which also include assisting in forensic tests of civilian casualties and quality control of all new weapons introduced into the IDF - the lab is still encountering recruiting problems. "The problem is, we don't have the glow, the aura," says Major Marianne Bitton, who heads the chemical department of the lab. "A lot of our work is classified, and we're not considered to be a sexy unit, so it's hard to bring the right people here."

Like other technological units of the IDF, the lab, too, complains of a shortage in qualified young people with technological background. Tuval is trying hard to persuade veteran officers to stay in the lab, while also hunting for recent immigrants from the former USSR with technical knowledge you can't learn in Israeli schools.

Israel ranks fourth in the world in scientific activity

Israel ranks fourth in the world in scientific activity, according to data compiled for by the Council of Higher Education.

The data, which dates to 2005, puts Israel behind Switzerland, Sweden and Denmark in terms of the number of scientific publications per million citizens.

The report was released at a conference at Bar-Ilan University, near Tel-Aviv.

In 2005, Israeli scientists published 6,309 essays in foreign scientific journals. Following Israel were Finland, the Netherlands and Canada. The United States placed 12th, and Germany, 15th.

Of all the scientific articles published in 2005, 0.89 percent was by Israeli scientists. In 1997, 1.03 percent of all scientific articles in the world were by Israelis.

Israel's role in global scientific activity is almost

10 times larger than its percentage of the world's population.

Even more significant is the number of times the articles were cited by other scientists.

One of the most productive and cited scientist is Professor Avram Hershko of the Technion, Nobel Prize Winner for Chemistry in 2004, according to the report. Hershko published 148 articles and was cited more than 16,000 times.

Dr. Meir Zadok, director of the Israel Academy of Sciences and Humanities, said Israel's scientific success is due to the strict criteria by which scientists are judged here.

"Competition for positions is growing in Israel, and the promotion processes are very rigorous, so people publish a lot to get ahead," he says. "In addition, there are very strong traditions of quality in Israeli academe."

The Council for Higher Education's Planning and Budgeting Committee has warned that new research centers around the world are threatening Israeli universities' status.

The reason for the relative decrease in Israel's scientific activity is the fast growth of research centers in developing countries, especially China and India, while the number of scientists at Israeli universities is dwindling, officials on the committee said.

"Israelis have written about 1 percent of the scientific articles in the world, and that is very respectable," says Professor Yehudit Bar-Ilan, head of the Department of Information Science, Bar-Ilan University, who headed the conference.

"The decrease in public funding for research will lead to a reduction in scientific activity in the coming years," she added.

High-tech drives huge leap in exports

Israel's economy is highly export-oriented, so the

dramatic increase in exports in the August-to-October period is good news. The Central Bureau of Statistics reported that Israel's exports during those three months jumped by 46% in annualized terms, following an increase of 32% in the previous three months.

For much of that, one can thank the high-tech sector, which contributes just over half of all Israel's industrial exports. During the three months of August to October, high-tech exports soared by an almost unprecedented rate of 68%, following a 55% increase in the previous three months.

Breakdown of high-tech exports by sub sector shows that the "higher" the technology, the more exports rose.

At the upper edge, we find a huge increase in global demand for Israeli electronic components. Exports of these components shot up by 141% in annualized terms during August to October. Exports of pharmaceuticals came in second, increasing by 92%.

Over at the other end of the spectrum, "traditional technology exports," which comprise 6% of all industrial exports, dropped by 4.2% in annualized terms in August-October 2009, following a 10% drop in May to July.

Imports of goods also surged ahead during the August-to-October period, though the increase paled when compared with exports.

Broadly, imports of goods increased by 12% in annualized terms, after falling by 1% in the previous three months.

But not all sectors are equal. In the diamond sector, for instance, imports of raw stones totaled just \$3.6 billion in the first 10 months of 2009, down from \$7.9 billion in the same period of 2008. Exports of polished diamonds shrunk to \$4.6 billion in January-October 2009, compared with \$9 billion in the same months of 2008.

The surge in both exports and imports kept the ports jumping. Port figures for the third quarter of 2009 show a 12% increase in transport of containers for export compared with the second quarter, though in terms of volume, total cargo transport has fallen this year compared with 2008, because fewer cars were imported. Surprisingly, the ports reported a surge in passenger traffic: 192,000 people passed through in the first 10 months of 2009, up 52% from the same period of 2008.

Hebrew U. researchers discover mechanism of insulin production that can lead to better treatment for diabetes

How a specific gene within the pancreas affects secretion of insulin has been discovered by researchers from the Hebrew University of Jerusalem, in collaboration with Japanese and American universities. Their work opens the way for a new understanding of possible paths to battle diabetes and diabetes-related health problems, which are on the rise all over the world.

Blood glucose levels are tightly regulated by secretion of insulin from beta cells in the pancreas. Defective insulin secretion results in poorly regulated blood glucose levels and diabetes.

The work of the multi-national research team explored the role of LKB1, a gene involved in many cellular functions, whose role in the pancreas was not examined before. Specifically, they studied the implications of beta cell-specific loss of the LKB1 gene, using a mouse model system. They were able to show that eliminating this gene from beta cells causes the production and secretion of more insulin than normal beta cells, resulting in an enhanced response to increases in blood glucose levels.

The findings have potentially great implications for those suffering from diabetes (excessive blood sugar) due to insufficient production of insulin in the pancreas.

Since it was shown that LKB1 negatively regulates both insulin content and secretion, the way

has now been opened to possible development of a novel therapy that would limit the presence of this gene in pancreas beta cells, thus enhancing insulin secretion.

The researchers involved in the project, whose findings were published recently in the journal *Cell Metabolism*, were led by Dr. Yuval Dor of the Institute for Medical Research Israel-Canada of the Hebrew University-Hadassah Medical School and included students Zvi Granot, Avital Swisa, Judith Magenheim and Miri Stolovitch-Rain, as well as scientists from Kobe University in Japan, and American researchers from the University of Pennsylvania, Washington University in St. Louis and Massachusetts General Hospital in Boston.

IAI to supply UAVs to Brazil in \$350m deal

Israel Aerospace Industries (IAI) has signed a \$350 million agreement to supply unmanned aerial vehicles (UAVs) to Brazil. IAI will supply three aircraft by next April, and fourteen in all over the next few years. 15 agents of the Brazilian Federal Police are already training in Israel to use the UAVs.

ISDS advised the Federal Police and IAI in the deal. The UAVs will be used, among other things, for patrolling Brazil's borders, to prevent crime and arms smuggling. They will also be used for security for the 2014 World Cup and the 2016 Olympic Games, which will be staged in Brazil. The security budget for these events will be some \$5 billion.

Negotiations on the UAV contract were prolonged, and Peres' visit gave the final push to concluding a deal, which still requires approval from the Brazilian government.

India buys upgraded Israeli air defenses for \$1.1 billion



Israel has signed a \$1.1 billion contract to supply an upgraded tactical air defense system to India, with delivery expected

by 2017, an Israeli official said.

The sale of the Barak-8 systems came as India's army chief, General Deepak Kapoor, held high-level talks in Israel, India's biggest defense supplier.

Made by state-owned Israel Aerospace Industries Ltd., the Barak-8 is designed for use aboard ships and can shoot down incoming missiles, planes and drones. The most advanced version can be also deployed on land, the Israeli official said.

India has already acquired an earlier generation of the Barak system, the official said.

Connection between depression and osteoporosis

Research carried out among thousands of people has shown a clear connection between depression and a loss of bone mass, leading to osteoporosis and fractures.

Hebrew University of Jerusalem researchers, Prof. Raz Yirmiya, head of the Brain and Behavior Laboratory, and Prof. Itai Bab, head of the Bone Laboratory, revealed this. They further said that the relationship between depression and bone loss is particularly strong among young women.

Osteoporosis is the most widespread degenerative disease in the developed world, afflicting 1 in 3 women and 1 in 5 men over 50. Sufferers experience decrease in bone density, which often leads to bone fractures. In many cases, these fractures cause severe disability and even death.

Despite the accumulating evidence for a connection between depression and decreased bone density, official authorities, such as the US National Institutes of Health and the World Health Organization, have not yet acknowledged depression as a risk factor for osteoporosis, due to the lack of studies in large samples. To remedy this situation, the Hebrew University researchers assembled the data from all studies on the subject conducted to date, and analyzed them using a special statistical approach called meta-analysis.

The results were recently reported in the journal *Biological Psychiatry*. In the article the Hebrew University scientists assessed data from 23 research projects conducted in eight countries, comparing bone density among 2,327 people suffering from depression against 21,141 non-depressed individuals.

The results, say the researchers, show clearly that depressed individuals have a substantially lower bone density than non-depressed people and that depression is associated with a markedly elevated activity of cells that breakdown bone (osteoclasts).

Yirmiya and Bab found that the association between depression and bone loss was stronger in women than men, especially young women before the end of their monthly period. This connection was especially strong in women with clinical depression diagnosed by a psychiatrist, but not in community studies, in which women subjectively identified themselves as being depressed using self-rating questionnaires.

Based on the present findings, Profs. Yirmiya and Bab propose that "all individuals psychiatrically diagnosed with major depression are at risk for developing osteoporosis, with depressed young women showing the highest risk. These patients should be periodically evaluated for progression of bone loss and signs of osteoporosis, allowing the use of anti-osteoporotic prophylactic and therapeutic treatments".

Local VCs cut investment in start-ups

Investment in Israeli high-tech companies by local venture-capital funds plunged to a six-year low in the third quarter, but total investment rose thanks to foreign funds, according to a report published by Kesselman & Kesselman PricewaterhouseCoopers MoneyTree .

"From the current survey we can draw the conclusion that the present crisis in the hi-tech sector is far from being behind us," Roby Suleiman said in the report. "The level of investment during the quarter was one of the lowest for the decade.

"In addition, a profound analysis of the data found that investment by Israeli venture-capital funds dropped to \$70 million in the third quarter - the lowest amount since the low point in the first quarter of 2003."

Israeli high-tech companies raised more money in the third quarter compared with the second quarter, but compared with the same quarter last year, investment levels were down by more than half, the report said.

VC-backed high-tech companies raised \$178 million during the third quarter, up 10% compared with the previous quarter (\$162m.) and down 55% compared with the same quarter last year (\$393m.).

"The increase in investment in the third quarter was entirely due to investment by foreign funds," Suleiman said.

Domestic VC funds invested \$70m. or 39%, of total investment for the third quarter, compared with \$77m., or 48%, of total investment in the previous quarter and \$181m., or 46%, in the same quarter last year.

In the third quarter, 55 Israeli hi-tech companies raised capital, down from 61 in the second quarter and 78 in the same quarter last year. The average investment per company in the third quarter was \$3.2m.

"Another interesting figure is the immunity of the life-sciences sector in general, and of medical devices in particular, which raised the most capital during the quarter," Suleiman said. "This figure, combined with the fact that this sector had the largest exits over the past year, demonstrates the great strength and importance of the sector in Israel and the industry even in hard times."

Investment in companies in the software sector plunged to a 10-year low in the third quarter. Nine companies raised a total of \$5m. compared with \$47m. invested in 19 companies in the second quarter and \$123m. invested in 28 companies in the same quarter last year.

Investment in life-sciences start-ups reached its second-highest level in the past four years. Eight companies raised a total of \$65m., compared with \$32m. invested in 13 companies in the second quarter and \$28m. invested in 11 companies in the same quarter last year.

Clean-tech start-ups raised \$27m.

Aqwise, provider of advanced water and wastewater treatment solutions, was ranked first at the “Deloitte Technology Fast 50” competition for Israel 2009. The Fast 50 program, ranking the 50 fastest growing Israeli technology companies over a period of five years, is one of the leading ranking programs in the world, and was held by Deloitte Brightman, Almagor, Zohar in Israel for the tenth year in a row.

Aqwise, which demonstrated impressive growing rates during the past five years, is the only cleantech company on the winners list, and the first cleantech company ever to win the first place. This achievement comes alongside with the company’s international expansion into new markets in Asia and South and Central America, as well as its continued efforts in developing new technological solutions for the global water and wastewater industry.

Chinese company to fund D-Pharm Phase III trial



D-Pharm Ltd. (TASE: DPRM), which is developing a stroke treatment drug, has signed a partial licensing agreement for its product with Chinese company Wanbang Biopharmaceuticals, a subsidiary of Fosun International Ltd. (HKSE: 656), one of China’s largest pharmaceutical companies.

Under the terms of the agreement, Wanbang will receive an exclusive license for development, conducting trials, manufacturing pharmaceuticals from active agents, registration, sales and distri-

bution in China of DP-b99, D-Pharm’s lead product for treating strokes.

In return Wanbang will finance D-Pharm’s Phase III trial in China and in addition will pay milestone payments of up to \$25.5 million with the first payment due in the coming days. If and when the product is marketed in China, D-Pharm will be eligible for significant royalty payments on sales of the product.

The Phase III trial, which will include 450 patients, will be supervised by the US Food and Drug Administration (FDA). D-Pharm will be able to use the results as part of its multi-center FDA trial - the final trial required by the FDA before marketing approval is considered.

D-Pharm’s main shareholders are Clal Biotechnology Industries Ltd. (TASE: CBI) (46.5%), Care Capital (8.4%), Israel Health Care Ventures (7.45%), and Pitango (7.45%).

D-Pharm’s shares have a market cap of NIS 590 million, compared with NIS 120 million before money three months ago during its IPO.

Israeli scientists look to ‘smell therapy’ to treat trauma

The aroma of Grandmother’s fresh-baked cookies etch themselves into the brain’s emotional memory, but so does a whiff of rotten fish, Israeli scientists said in a finding that might help in treating trauma patients.

They said bad smells make the biggest first impression - which is likely an evolutionary defense mechanism - but early pleasant scents also make an imprint on the brain.

“We found that the first pairing or association between an object and a smell had a distinct signature in the brain,” even in adults, Yaara Yeshurun of the Weizmann Institute of Science in Israel, whose study appears in the journal *Current Biology*, said.

“This ‘etching’ of initial odor memories in the brain was equal for good and bad smells, yet was unique to odor.”

To test smell-related memories, the researchers presented a group of volunteers with a set of objects, and then associated each with a smell and a sound.

Some of the smells and sounds were pleasant, such as a pear or a guitar, and others were unpleasant, such as a dead fish or the screech of a power drill.

A week later, they asked people to recall the objects and found people tended to remember the unpleasant associations best, whether they were smells or sounds.

Next, they did similar experiments while people’s brains were being scanned using functional magnetic resonance imaging or fMRI.

In these experiments, they noticed that a part of the hippocampus and amygdala lit up when smells were first associated with a new object, but not sounds.

Much more study is needed, but they said the findings could lead to better ways to help improve memories, or even offer better ways to help erase early, traumatic memories

Israeli scientists find stroke drug could help cure cancer

Israeli scientists have identified a substance that can kill cancerous cells without harming healthy ones, paving the way for more effective cancer treatment.

The findings by researchers at Tel Aviv University and Sheba Medical Center, Tel Hashomer, were published in the current issue of the international peer-reviewed journal *Breast Cancer Research*.

“We actually found the Achilles heel of the cancer cell,” said Prof. Malka Cohen-Armon from Tel Aviv

University, who headed the research team. “As soon as you can target cancerous cells without killing healthy ones, you can produce medications that would cause a lot less suffering to the patient. We can even give a much more aggressive treatment without worrying about harming healthy tissues.”

The substance identified by the researchers, which delays cell proliferation in healthy and cancerous cells, is a component of a drug developed a decade ago to preserve nerve cells and prevent them from dying after a stroke.

But while the drug causes the rapid death of cancer cells, healthy cells activate a mechanism that overcomes the delay in proliferation within hours, and those cells continue to proliferate exactly like cells not exposed to the substance.

Cohen-Armon said the drug’s effectiveness in treating cancer cells was discovered accidentally.

“I’m not even a cancer researcher,” she said. “But two years ago an article we published on various functions in the cell got me interested in cancer cells.”

“We don’t even fully understand why this is happening, but we see cancerous cells die and healthy cells overcome this obstacle,” said Cohen-Armon. “They somehow find a way to proliferate even in the presence of the substance.”

She said the drug was tested on several types of cancer, but so far only the breast cancer tests results have been published.

The experiment has been carried out on female mice, which were injected with human cancerous cells. The substance was gradually released over two weeks. The mice that weren’t treated with the substance developed malignant tumors - but in those that got the treatment, the substance either prevented or significantly stalled the development of the cancerous cells.

The experiments did not find any changes in the behavior of the mice treated with the substance.

One of the obstacles to applying the discovery to all forms of cancer is that the medicine is registered as a patent of an American pharmaceutical company. Tel Aviv University's technology transfer company, Ramot, has secured a usage patent enabling it to develop the drug to treat only breast cancer.

The future development of the drug depends on the goodwill of the American company, or on another company developing a similar substance.

"We really want to develop this drug, but there are some completely non-scientific obstacles," Cohen-Armon said. "I hope the research doesn't fade away because of that."

"Better Place" will spend \$1.1b on Israeli electric car project"



A Deutsche Bank report finds profitability depends on the price difference between the cost of the electricity and global fuel prices.

Better Place will have to invest \$1.1 billion over the next six years to buy the batteries and build the battery replacement centers and recharging points for its electric car venture in Israel alone, according to a report by Deutsche Bank on electric cars.

Over the past year, Deutsche Bank conducted an in-depth analysis of Better Place's business plans and economic model, which includes the capital investment for purchasing the batteries, locking in energy costs with long-term contracts with utilities, and payment by customers through subscriber fees.

Deutsche Bank concludes that most of model's profitability comes from the arbitrage gap between

the wholesale purchase price of the electricity and the price of fuel. The bank estimates that as the global price of oil rises, and as governments increase incentives for emissions-free vehicles, the arbitrage gap will widen, rendering Better Place's business model more attractive.

Deutsche Bank believes that Better Place's model could be feasible even without government aid, but mainly in specific areas around the world with high fuel prices and relatively long journeys. The bank figures are partly based on Better Place's own estimates.

The bank estimates that the company could achieve a 5% share of Israel's vehicle fleet by 2016, amounting to 110,000 electric vehicles.

This 110,000 figure is based on a net annual growth rate of 14,000-30,000 subscribers a year in 2012-16. Deutsche Bank believes that if this target is reached, and assuming average annual revenue of \$4,250 per subscriber, Better Place could see \$500 million revenue a year by the end of 2016.

Deutsche Bank estimates that the majority of Better Place's investment will be capital investment in buying the batteries. Deutsche Bank expects the cost of the batteries to gradually drop from \$14,000 each today to \$9,500 each in 2015.

Bezeq sees jump in haredi Internet usage



Bezeq The Israeli Telecommunication Co. Ltd. (TASE: BEZQ) switchboards in haredi (ultra-orthodox) communities have had a 46% increase in Internet hook-ups in just the past two years. The company adds that 26% of its haredi customers now have Internet access, up from 18% in 2007.

The Teleseker survey for September 2009 found that haredi users mainly use the Internet for e-mail, news, banking and financial transactions, downloading software, and instant messaging.

Bezeq VP marketing Ran Guron said, "The growing number of haredi customers with Internet access proves that the Internet is primarily a functional media rather than an entertainment media. In modern society, the Internet is a basic good and is more important as a source of information than for entertainment."

Israeli Solar Gets Its Moment in the Sun

Deals for companies by GE and Siemens give Israel's solar technology new credibility and further its goal to become a leader in renewable energy

Hebrew University ranked in top 100 universities in world

The Hebrew University of Jerusalem has been ranked 64th among the world's 100 top universities in the new Academic Ranking of World Universities issued by Shanghai Jiao Tong University in China. The ranking is one position higher than last year. The Hebrew University was the only Israeli institution included in the top 100. Topping the list were the American universities Harvard, Stanford and the University of California, Berkeley.

UK company M86 buys Finjan



British company M86 Security has announced that it is buying the Israeli network security company Finjan. Financial details were not disclosed, but it would appear that, at least initially, no cash will change hands, and the acquisition will be for a stake in the merged company. Industry sources estimate Finjan's value in the deal at \$30-40 million.

Finjan is a veteran company on the Israeli start-up scene, insofar as it is possible to call a thirteen-year-old company a start up. It has developed software for protection against viruses and security problems on the Internet. It was founded in 1996, but changed its business model several years ago to activity in the enterprise sector. Finjan's solution, which acts as a virtual gateway to content from the Web, carries out real-time checks on content that the user accesses on the Internet. The company's solutions are mainly directed at viruses, malware, and spyware.

Actimize has won deal with a major global bank to standardize the bank's anti-fraud systems

The bank, which NICE described as a top-10 global bank, after many acquisitions over several years, will consolidate many legacy fraud detection systems, and build a single fraud detection and prevention system, based on Actimize's platform.

The Actimize packaged solutions will enable the bank to prevent fraud in real-time, across various channels such as Internet, call center, cards, payments and ATMs. The Actimize platform will also support self-development of proprietary fraud models by the bank's internal experts. In addition, the bank will use Actimize's enterprise case management solution to manage fraud investigations across the enterprise.

The bank will also use the Actimize platform and development tools to develop new internal fraud models.

Actimize CEO David Sosna, calling the deal a major milestone for the company, said, "As financial crime and enterprise fraud become more complex and costly, and also move up financial institutions' agenda, we believe that we can significantly leverage this strategic win to drive further growth.

Teva beats estimates as Copaxone sales hit record

The pharmaceuticals company reported third quarter earnings per share of \$0.89.



Generic pharmaceuticals Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA; TASE: TEVA) reported third quarter net profit of \$806 million, 28% above the corresponding quarter of 2008.

In-market sales of Teva's MS drug Copaxone reached a record \$776 million, up 38% compared to the third quarter of 2008. Copaxone has a

global market share of approximately 30% in MS treatments. In the US, in-market sales increased 53% compared with the corresponding quarter, to reach \$540 million. In-market sales outside the US totaled \$236 million, up 12% in dollar terms, compared to the corresponding quarter. In local currencies, in-market sales of Copaxone outside the U.S. grew 23%.

On a per share basis, Teva's non-GAAP profit was \$0.89, which beat consensus analyst estimates by \$0.01.

Net sales were \$3.55 billion, up 25% compared to the third quarter of 2008. Teva said that its acquisition of Barr contributed to the growth in Teva's sales across the globes, particularly in the U.S., Russia, Poland, Germany, and Croatia.

Teva generated \$1.025 billion cash flow from operations. CEO Shlomo Yanai said it was the first time Teva crossed the \$1 billion mark for that item.

North America pharmaceutical sales accounted for 63% of total pharmaceutical sales, reaching \$2.16 billion. The figure was 34% higher than the third quarter of 2008. Quarterly sales benefited from the launch of generic versions of Ortho Tri-Cyclen Lo and Eloxatin in the quarter, as well as continuing sales of generic versions of Lotrel, Adderall XR), Yasmin, Protonix, as well as Copaxone and ProAir.

As of October 23, 2009, Teva had 210 product applications awaiting final FDA approval, including 40 tentative approvals. Collectively, the brand products covered by these applications had annual U.S. sales of over \$113 billion. Of these applications, 136 were "Paragraph IV" applications challenging patents of branded products. Teva believes it is the first to file on 83 of the 136 applications, relating to products with annual U.S. branded sales exceeding \$54 billion.

Global in-market sales of Azilect reached \$64 million in the quarter, a 39% increase over the corresponding period.

Motorola buys Israeli company

Motorola Inc. said that it has signed an agreement to buy an Israeli technology company that specializes in Internet protocol television.

Financial terms of the deal were not disclosed. Motorola said it expects the transaction to close before the end of the year.

BitBand is based in Netanya, Israel, and its foothold in Europe is important for Motorola as the Schaumburg-based company expands its infrastructure business in emerging Europe, the Middle East and Africa, John Burke, Motorola's senior vice president and general manager of Broadband Home Solutions, said in a statement.

Broadband Home Solutions is part of Motorola's Home and Networks division, which makes cable TV set-top boxes and equipment for wireless networks.



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