HAREL · HERTZ
INVESTMENT HOUSE LTD.

Israel -Japan

Economic Insight

Year 2004

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January

Israeli, Japanese lawmakers launch friendship league

A group of Israeli lawmakers launched a friendship league with Japanese lawmakers in a fresh bid to revive the exchange of two countries' lawmakers stalled by the deterioration of the Israeli-Palestinian conflict in recent years.

The league's inaugural ceremony, which took place inside the Knesset building in Jerusalem, was attended by Ehud Rassabi, a lawmaker from the centrist Shinui party who also heads the league, Japanese Ambassador to Israel Tadashi Imai and others.

Mr. Elchanan Harel was nominated as advisor to the friendship league, by
Mr Rassabi MP.

Olympus in conflict with Given Imaging

Request To Reexamine Part of a Given Imaging Patent Submitted to the USPTO.

Given Imaging announced that **Olympus Corporation** has submitted a request to the United States Patent and Trademark Office (USPTO) to re-examine certain claims of one of Given Imaging's five U.S. Patents. This process is expected to be protracted and no final decision is expected this year. Since the request does not propose that Given Imaging has in any way infringed a third party patent, the outcome of this process can not limit Given Imaging's on-going business of marketing and selling the Given® Diagnostic Imaging System and M2A® Capsule Endoscope, the only naturally-ingested diagnostic tool to detect diseases of the small bowel, or its newly commercialized M2A® Patency Capsule. “This initiative is an indication that Olympus shares our view that the market for Capsule Endoscopy holds enormous

potential and has attracted their attention," said Gavriel D. Meron, President and CEO of Given Imaging. Mr. Meron further noted that, "Given Imaging's broad patent estate includes over two hundred patent applications worldwide, and ten issued patents in a number of countries. These patents and patent applications include thousands of claims addressing features of our current and future capsule endoscopes as well as other technologies."

About Given Imaging

Given Imaging develops, produces and markets the Given® Diagnostic System featuring the M2A® Capsule Endoscope, the only method for direct visualization of the entire small intestine that is naturally ingested. The system uses a disposable miniature video camera contained in a capsule which is ingested by the patient. The M2A capsule passes naturally through the digestive tract, transmitting high quality color images, without interfering with the patient's normal activities. The system received clearance from the FDA in August 2001 and received permission to affix the CE mark in May 2001. Distribution channels for the system have been established in more than 50 countries worldwide. More than 65,000 capsules have been used in clinical practice. Thousands of patients around the world have benefited from the M2A which has been used to diagnose a range of diseases of the small intestine including Crohn's Disease, Celiac disease and other malabsorption disorders, benign and malignant tumors of the small intestine, vascular disorders, medication related small bowel injury, as well as a range of pediatric small bowel disorders.

Israel's Vertex and Mitsui Venture Capital invest in DoOnGO of USA

The US-based company provides over-the-air mobile device software management. **Vertex Venture Capital Israel** announced that it has invested $2 million in **DoOnGo Technologies, Inc**.

DoOnGo is a privately held company headquartered in San Jose, California with worldwide offices in China and Japan. The company provides over-the-air (OTA) mobile device software management.

The investment was part of an $18 million round of financing led by **VantagePoint Venture Partners. Additional investors included CDIB Ventures, CDIB Inc., and Mitsui Venture Capital**.

DoOnGo said that it will use the new funds for product development, business expansion in the United States, Europe and Asia, and for sales and marketing programs. DoOnGo products enable wireless carriers and mobile device manufacturers to provide customers with software upgrades and services over wireless networks. Working with NEC, Sharp and Panasonic, DoOnGo brought the first commercialized OTA-capable phones to market for NTT DoCoMo.

Vertex Venture Capital Israel managing partner Moshe Shahaf said, “We believe DoOnGo addresses an important requirement in the wireless communication market and we look forward mutually leveraging our relationships in Asia, Europe and USA.” DoOnGo Technologies chairman, CEO, and co-founder Dr. Luosheng Peng said, “We are pleased to add Vertex as an investor with its strong international relationship.”

Vertex Venture Capital Israel is a member of the International Vertex Venture Holdings (VVH). Vertex Venture Capital’s strategic investors include Singapore Technologies, one of the leading technology concerns in Singapore, Israel Discount Capital Markets and Investments, **Creative Technology, Nomura International, JAFCO, NTT, Hitachi, Seiko Instruments, Nikko,Antfactory, Murata, SCP Private Equity Partners and Mellon Ventures.**

NTT Leasing Joins Wisair's $15.5 Million Second Round Investment As A Strategic Investor

Wisair announced that **NTT Leasing** has joined its $15.5m B funding round, led by **Apax Partners' Funds.** Wisair recently announced this funding, which included **Vertex**, **RAD Ventures**, **Bynet Ventures**, **Tamar Ventures** and the founders of RAD and Bynet.

Wisair is a key contributor to the Multi-band OFDM based proposal in the IEEE standards body for the Very High Speed Personal Area Networks, (PAN). MB-OFDM is the winning proposal developed by the MB-OFDM Alliance (MBOA). MBOA is an open, informal industry group dedicated to creating the best technical solution for UWB, meeting market requirements. IEEE is expected to confirm the MBOA proposal in the coming months. This proposal has a vast industry support from the leading consumer electronics and semiconductor manufacturers and various technology companies and academia. It is also a forward looking technology which will allow the standard to be extended to support data rates beyond one giga bit per second, within the current UWB spectrum.

Tel Aviv, Israel's Wisair is a privately held company founded in May 2001 as part of the RAD Group with their seed investment. In April 2002, Wisair completed its first round of financing led by Apax Partners. Other participating investors in this round were: Tamar Ventures, Bynet Ventures and RAD Ventures. Wisair develops and markets a high performance wireless communication chipset solution, based on UWB (Ultra Wide Band) technology. This chipset enables the implementation of low cost, low power, and high bit-rate communication modules and system solutions for the fast emerging home/office connectivity market.

Japan's NTT Leasing Co., established in 1985 as the first affiliate of NTT, which provides full spectrum and service including international telecommunications. NTT Leasing offers various finance service business; leasing and installment, credit card and finance.

Amiram Cohen of PARTNER to Head NTT CoCoMo-Hutchinson JV

Amikam Cohen, the renowned chief executive of Partner Communications will shortly be leaving the Israeli cellular provider and taking the helm at a joint investment venture being set up by **NTT Docomo of Japan and Hutchison-Whampoa of Hong Kong**.

Hutchison-Whampoa knows Cohen well, as it also owns the controlling interest in Partner, as well as the controlling stake in NTT Docomo.
The JVs purpose is to invest in developing programming and services for third-generation cellular communications.

Cohen, who refused to comment, helped found Partner, Israel's sole GSM provider, and has headed the company since 1999. Partner operates using the orange brandname.

By the end of 2003, Cohen had begun talking to Hutchison about moving on. But in seeing Partner as one of its greatest success stories in Europe, Hutchison was keen to keep Cohen on in some capacity.

When Partner went live in Israel, its chances were considered slim. Israel already had two incumbent cellular providers, the veteran Pele-Phone Communications, a subsidiary of Bezeq and Cellcom. Yet it was a dizzying success, drawing Hutchison's attention to Israel, leading it to promote the Israeli talent to its international activities.

February

Harel-Hertz to initiate M&A business in Japan together with DBJ and JAFLO

Harel-Hertz Investment House will represent the bank for mergers and acquisitions in Israel

Harel-Hertz Investment House has signed an agreement with the **Development Bank of Japan** (DBJ) to represent the bank in mergers and acquisitions in Israel.

The move comes after Israeli companies showed unprecedented interest in Asian markets, and especially Japan.

Harel-Hertz has signed a contract with the **Janssen Foreign Law Office**, a registered associated office of **Asahi Koma** Law Offices, one of the three leading legal firms in Japan. The firm will provide legal services to Israeli companies, which are interested in expanding their activity to the Japanese market, in their dealings with local counterparts.

DBJ is wholly owned by the Japanese government and has $138 billion in assets. Standard and Poor's gives the bank an AA rating.

The agreement with DBJ will enable Harel-Hertz to provide comprehensive services for Japanese companies seeking Israeli companies for mergers and acquisitions, providing the latter with a springboard to business opportunities in Japan and the rest of Asia.

This week, Harel-Hertz will hold a presentation on Japan's potential for Israeli companies. Senior Japanese executives will attend the presentation and meet with Israeli companies interested in investing in the Japanese market.

Elchanan Harel and other investors founded Harel-Hertz in 1994, to specialize in investing in and providing investment advice for Japan. The company has offices in Tel Aviv and Tokyo**.**

NEC to Develop Chips for Wireless Computer Connection Devices

NEC Electronics Corp., the world's largest maker of chips for cell-phone screens, said it will develop chips for use with high-speed wireless connections between computers and peripheral devices.

The chips for Universal Serial Bus technology will be developed jointly with Staccato Communications Inc. of the U.S. and **Wisair Ltd. of Israel**, aiming for production at the end of June next year, Kanagawa, Japan-based NEC Electronics said in a faxed statement.

NEC Electronics, a unit of NEC Corp., plans to ship 14 million units of the so-called system LSI chips in 2007, targeting sales of about 10 billion yen ($94 million) in the year, the company said. It is targeting a market share of more than 50 percent among devices available for wireless USB technology.

USB is a technology specification that allows computer peripheral products such as printers, hard disk drives and even digital still cameras, to be connected to a computer without shutting down the computer.

About Wisair

Wisair develops and markets UBLink(TM) chipsets and solutions based on the UWB technology for high performance wireless communication.
Wisair is a privately held company founded in May 2001 as part of the RADGroup. In October 2003, Wisair completed its second round of financing led by Apax Partners. Participating in the round were: Vertex, RAD Ventures, Bynet Ventures, Tamar Ventures, **NTT Leasing** and additional strategic investors.

Wisair has offices performing business development and marketing activities in both Japan and the USA. The Wisair office headquarters is located in Israel, along with its research and development facilities.

Preminet Receives Additional Orders for PLC Equipment from China

Tokyo (JCNN) - **Preminet, a Kinden Corp**. subsidiary, announced February 9 that it has received new orders for power line communications (PLC) devices from a Chinese power company.

A joint venture established by **ITRAN Communications of Israel**, Macnica, Alps Electric as well as Kinden, Preminet has been participating in a PLC trial service in China since March 2003, providing 150 residents in Beijing with Internet connectivity that is purely based on PLC technologies.

Recently, the Chinese company decided to expand the trial service to cover a total of 2,000 households, which will all be using PLC devices that are manufactured by three Preminet affiliates.

In the first half of 2003, the number of Internet users and broadband users in China reached 68 million and 9.8 million, respectively. The Chinese broadband market is tripling annually.

Kawasaki Microelectronics Partners with Mysticom Semiconductor to Add 10/100 Ethernet PHY to Its ASIC IP Portfolio

Kawasaki Microelectronics, a leader in advanced yet affordable ASICs, and **Mysticom Semiconductor**, of Israel, a supplier of innovative high-speed communication ICs and cores, announced that Kawasaki has licensed Mysticom's MystiPHY(TM)110, a DSP-based 10/100 Mbps Ethernet physical (PHY) core. This agreement will enable Kawasaki's customers to add a 10Mbps or 100Mbps Ethernet interface to a Kawasaki ASIC to support their high-volume networking applications. Because Mysticom has joined Kawasaki's recently announced IP Partners Program, customers can be assured that Kawasaki can quickly acquire this intellectual property (IP) on their behalf, speeding their ASIC's time-to-market.

The MystiPHY110 is a DSP-based 10BASE-T and 100BASE-TX/FX Ethernet PHY that is compliant with the IEEE 802.3u standard. Its DSP-based design approach provides superior performance that exceeds the IEEE 802.3 requirements for cable length and noise immunity, while also providing exceptionally low power consumption and a small die size. The MystiPHY110 operates over cable lengths of up to 160 meters.

"As a Kawasaki IP partner, we are pleased to work with them to fulfill the Ethernet needs of their growing customer base in the networking market," said Rex Kiang, director of marketing at Mysticom. "MystiPHY110 is a perfect fit for Kawasaki's growing ASIC IP portfolio because it was designed specifically for integration into

complex SoC devices with special emphasis placed on portability, embedded testing, ease of integration and reliable performance. By taking advantage of this technology, Kawasaki's customers can speed their time-to-market for high-speed communications products."

About Kawasaki Microelectronics

Kawasaki Microelectronics is the leader in advanced yet affordable ASIC semiconductor technology solutions. The company's innovative core technologies and world-class design support are used in the consumer electronics, computer, office-automation, networking, wireless, and electronic-storage markets. The company is an active participant in industry standards organizations, including the Network Processing Forum (NPF), Optical Internetworking Forum (OIF), PCI Special Interest Group (PCI-SIG), USB Implementers Forum, MPEG Industry Forum (MPEGIF), Mobile Computing Promotion Consortium (MCPC), and the Digital Display Working Group (DDWG). Kawasaki has design centers in Boston, Osaka, San Jose, Taipei, and Tokyo.

About Mysticom Semiconductor

Founded in 1997, Mysticom provides complex DSP and mixed-signal VLSI solutions for use in high-speed communication systems. Mysticom's products range from 10/100 Mbps Ethernet PHY cores to 10Gbps transceiver integrated circuits (ICs) for Ethernet and backplane applications. Mysticom is one of the few companies in the world to have successfully developed high-speed physical layer networking technologies that can be used in local, metropolitan, and wide area networks.

Mysticom is headquartered in **Netanya, Israel** with marketing, sales, design and customer support offices in Mountain View, Calif.

Koizumi Promises Continued Support To Palestinians

TOKYO (Kyodo)--Prime Minister Junichiro Koizumi promised Palestinian ministers Friday that Japan will provide as much financial support as possible to Palestinians to help them overcome economic difficulties and continue efforts to reach peace with Israel, Japanese officials said.

In a meeting at the premier's office, Koizumi told Palestinian Foreign Minister Nabil Shaath and Finance Minister Salam Fayad that he hopes both Israel and Palestinians will keep trying to make peace because the world will remain unstable as long as their conflict lasts.

Shaath asked for continued and increased support from Japan, both politically and economically, for the Palestinians to deal with the situation, the officials said.

The prime minister said despite Japan's fiscal woes, his government will do what it can to help the Palestinians economically because the global community wants Israel and Palestine to coexist peacefully, they said.

Koizumi told his guests that the only ones who do not share that wish are extremists who carry out terrorist activities, making it difficult for Japan to provide economic assistance.

Shaath told Koizumi that the Palestinian leaders also believe in the importance of eliminating terrorist activities and that such acts -- whether carried out by Palestinians or Israelis -- must be condemned, the officials said.

Earlier Friday, Shaath and Fayad told the Japan National Press Club several blocks away from the prime minister's office that they are hopeful Japan's financial aid to Palestinians will jump back to the levels between fiscal 1993 and fiscal 2000.

"We are hopeful and optimistic that in the course of 2004, based on the talks we have had over the last couple of days in Tokyo, that the level would rise in this coming year and indeed that part of it would be allocated for helping us with our budgetary needs," Fayad said.

The finance minister said he asked Japan for more economic assistance this year, particularly in the form of grants and also to address the urgent budgetary needs that have arisen due largely to Israel's economic blockade of Palestinian territories.

Since April 1993, Japan has provided more than $674 million to help Palestinians, according to Japanese officials. The amount per year stood between $51 million and $89 million through fiscal 2000, but it dropped to $35 million in fiscal 2001, $19 million in fiscal 2002 and just under $31 million so far this fiscal year, the officials said.

Japan is the third-largest donor to Palestinians after the United States and the European Union (EU), Fayad said.

Shaath also expressed hope for continued and increased support from Japan, saying, "The dialogue that we held with Japanese leaders was very encouraging to us about Japan's willingness to help on both the political side and the economic side."

Shaath He said Japan must play a bigger role in international efforts -- currently led by the U.S., the EU, Russia and the United Nations -- to resolve the Middle East crisis and help push forward the peace process between Israel and Palestinians.

In the early afternoon, senior lawmakers of the two ruling coalition parties told Shaath and Fayad in a meeting that Japan would reinforce its economic aid for Palestinians on condition they make efforts to improve the security situation in their territories, party members said.

Liberal Democratic Party Secretary General Shinzo Abe told them Japan must also make efforts to help improve the livelihoods of Palestinian people, they said.

March

CCI, Japan's Leading Online Media Representative, Makes Investment In CheckM8

Cyber Communications Inc. (CCI), Japan's largest online media representative and a publicly traded subsidiary of Dentsu, has made a strategic investment in **CheckM8.** CheckM8 and CCI have also signed a strategic investment agreement, under which CCI will represent CheckM8 in Japan and will be responsible for marketing, sales and support of CheckM8's products in the Japanese market.

"CCI is committed to the success of online advertising in Japan and it is our goal to help introduce innovations and new technologies and lead the development of the market", said Toshio Arai, CCI's President and Chief Executive Officer. "The partnership with CheckM8 will allow us to continue to lead and grow the market".

"We have had great experience working together with CCI for the past year, and we are excited about strengthening the relationship with CCI", said Moshe Vaknin, CheckM8's Chief Executive Officer. "Japan is a prominent online advertising market and a gateway to Asia. The partnership with CCI will allow us to lead the Japanese online ad technologies market."

CheckM8's first product, the **Rich Media Manager (RMM),** has been selling for a year in the Japanese market. CCI will continue to contribute to the successful deployment of the RMM as more publishers embrace rich media in Japan. As a second step, CheckM8 and CCI will introduce CheckM8's revolutionary new ad serving product, called CheckM8 AdVantage, to the Japanese market.

About Cyber Communications Inc.

Cyber Communications Inc. (CCI) is the leading online media representative in Japan. CCI assists over 340 online media companies to provide added value services carrying advertiser messages, and is entrusted with selling ad spaces and other marketing opportunities by their online media companies. On the other hand, CCI is entrusted with optimal online media planning by ad

agencies and provides efficient media planning for over 370 ad agencies by utilizing powerful online media. CCI is headquartered in Tokyo, with office in Osaka.

About CheckM8

CheckM8 offers the online advertising industry the most advanced new approaches and cutting edge technologies for ad serving and rich media. CheckM8's products help increase efficiency and expand the growth of web publishers and interactive agencies worldwide. CheckM8's product development center is in Israel, with offices in New York, London, Madrid and Stockholm.

Mempile Raises $11.6 Million

Kodiak Venture Partners Leads Round together with Hitachi, CSK

Mempile, a developer of an optical storage device, announced today that it completed a first round of funding at $11.6 million. **Kodiak Venture Partners** led the investment, and was joined by **Israel Seed Partners, JVP, Hitachi CSK, Portview Communications Partners, Alta Berkeley Venture Partners of London, and initial investor Millennium Materials Technology Fund.**

"We are grateful to have the support of these world-class investors who have recognized the potential of our business," said Ortal Alpert, Founder and CTO of Mempile. "The funds will enable us to refine our business plan and broaden our development and marketing activities."

"Mempile has uncovered a truly breakthrough technology for the storage market," said Ilan Carmi, General Partner at Kodiak Venture Partners. "Together with the management team and our syndicate partners, we are building a market leader delivering a secure, fast, inexpensive solution that offers increased capacity."

In contrast to the most common optical disk available (the rewritable DVD), which stores five Gigabytes per disk, Mempile is developing a removable optical drive capable of storing one Terabyte (1,000 Gigabytes) of data on a single disk. Mempile's disk will allow for fully secured storage of information and the application

of robust digital rights management schemes, as well as a much longer projected shelf-life than what is common today. The Company will develop both the disk itself and the drive required to read and write it.

About Mempile

Mempile was founded by its current CTO, Ortal Alpert. The company operates two development centers in Neve Ilan, Israel, and in Colorado Springs, Colorado, in the

United States.

SEIKO EPSON Enhances Development of Advanced Imaging Solutions by Using Storeage SVM

SVM Provides Centralized Storage Management and Ensures Business Continuity

StoreAge Networking Technologies, an innovator in enterprise SAN storage management, announced the installation of its **SVM(TM) (Storage Virtualization Manager)** at **SEIKO EPSON** Corporation, a world leader in information-related equipment.

SEIKO EPSON chose SVM to provide centralized storage management and improve the level of data protection, while significantly lowering administration costs.
The installation was accomplished in cooperation with **Computer Dynamics Corporation**, StoreAge's partner in Japan.

SEIKO EPSON is a global corporation that is at the forefront of technological revolutions in imaging, robotics, precision machinery and electronics. The SEIKO EPSON Group is a network of 88,036 employees in 111 companies around the world, led by the Japan-based SEIKO EPSON Corporation, which is listed on the First Section of the Tokyo Stock Exchange. In 2003, the SEIKO EPSON Group had an annual turnover of over $11 billion.

SEIKO EPSON was looking for a way to consolidate its storage and facilitate the management of its heterogeneous SAN. After examining various solutions, including some in-band products, the company realized that only StoreAge's SVM, with its unique, out-of-band architecture, could provide effective storage management and ensure business continuity. SEIKO EPSON chose SVM to provide storage consolidation and enable using mid-range storage to achieve the functions normally attained by high-end systems only, in a Solaris(TM), Windows® 2000 and Windows 2003 environment.

SVM provides SEIKO EPSON these key benefits:

- Pooling of storage capacity and performance across the entire SAN space.
- Efficient provisioning, expansion and reallocation of storage resources to servers and applications as needed, without disturbing the operational applications involved.
- Centralized and simplified management of storage across heterogeneous operating systems and storage devices from different vendors.
- Ability to easily scale in a rapidly growing, highly available SAN environment.
- Reducing the complexity of storage management, resulting in a lower TCO.

In conjunction with SVM, SEIKO EPSON is also deploying **StoreAge's multiView(TM),** a snapshot copy application that allows restoring data immediately, with no disruption to the production environment. In addition, SEIKO EPSON is using **multiMirror(TM),** an innovative copy facility that enables the creation of multiple physical copies of volumes, regardless of storage subsystems and SAN components. Using multiMirror over IP connection, the company's data is mirrored from the main site to a remote location, at a distance of about 1,000 Km. Each mirrored copy is independently accessible and instantly available, allowing production servers to access data while the copy operation is in process. This ensures SEIKO EPSON a comprehensive backup and disaster recovery plan for maintaining business continuity should an unplanned disaster occur (e.g. earthquake, fire, flood).

Mr. Takaaki Tomura**,** manager of Imaging Products, Engineering Innovation Department at SEIKO EPSON, noted: "The StoreAge SVM unique out-of-band architecture provided us with simple storage consolidation of our multi-vendor environment, at almost no downtime. The SVM substantially facilitates the management of our storage and improves the utilization of our storage assets, helping us meet our business goals."

Hiro Sakamoto, president of Computer Dynamics Corporation, added: "Our strong cooperation with StoreAge allows us to deliver unique and cost-saving solutions to market leaders like SEIKO EPSON. StoreAge's cutting-edge products are highly beneficial for any organization seeking intelligent means to manage storage while reducing costs."

Dani Naor**,** vice president of business development at StoreAge, stated: "Organizations today acknowledge the importance of establishing a comprehensive storage management and data protection scheme. We are very proud that SEIKO EPSON selected our solution, and remain committed to providing customers innovative technology and dedicated services together with our worldwide partners."

About StoreAge Networking Technologies

StoreAge Networking Technologies is an innovative developer and provider of enterprise storage management solutions that centralize and simplify storage network administration. StoreAge network-based solutions provide a uniform, SAN-wide method for provisioning storage, ensuring business continuity, enabling cost-effective disaster recovery, and centrally managing cross-platform, multi-vendor storage environments. StoreAge's flagship product, SVM(TM) (Storage Virtualization Manager), has been successfully deployed worldwide, gaining exceptional success in managing storage in a wide variety of application environments including databases, OLTP, e-mail, ERP, CRM, video and many others. StoreAge offers worldwide sales, support and service, with principal offices in Irvine, CA and Nesher, Israel, and is a privately held company spun-off from IIS Intelligent Information Systems (IISLF.OB) in 1999.

Dai Nippon Printing Develops Centralized Data Search System

TOKYO (Nikkei)--**Dai Nippon Printing Co.** has developed a system that enables information scattered throughout a firm's various departments to be shared and to be searched via personal computer.

Developed with an **Israeli dictionary software developer Babylon Ltd**. and its Japanese sales agent, the new system adds a corporate dictionary to translation software compatible with 14 languages. An employee wanting to look up business partners or products handled by various departments in his or her company simply clicks on a related term, and the system quickly searches for relevant information in the database.

Information to be shared is categorized, converted into a dictionary file format, and distributed via a company's servers. The scope of data to which an employee has access can be restricted based on job title or credentials. Databases can be optimized for each type of industry and each organization within a firm.

Installation of a system that can be used by 100 people will cost 2.1 million yen, with annual operating costs running 175,581 yen. Dai Nippon aims to sell the system to 30 companies in a broad range of industries the first year and is targeting 150 million yen in first-year sales.

M-Systems and Renesas Technology Intensify Partnership to Increase Availability of Advanced Multimedia Mobile Phone Architecture.

M-Systems (Nasdaq:FLSH) and **Renesas Technology Corp.,** the joint-venture semiconductor company established by **Hitachi, Ltd**. and **Mitsubishi Electric Corporation** announced that they have extended their partnership to increase the availability of advanced multimedia mobile phone architecture.

As part of this new level of partnership, the Companies are porting Mobile DiskOnChip onto the Solution Engine System Development Platform for the SH-Mobile Application Processor from Renesas Technology.

"SH-Mobile from Renesas Technology is one of the most popular processors for mobile applications," said David Tolub, vice president and co-manager of M-Systems' DiskOnChip business unit. "Being included within Solution Engine establishes Mobile DiskOnChip as an important mobile storage solution that is helping to bring about an evolution in mobile memory system architecture."

SH-Mobile processors deliver complete multimedia solutions to the world's major manufacturers of mobile phones and other wireless communication devices. With the complete Solution Engine platform system solution from Renesas Technology, manufacturers can focus their efforts on application development and product differentiation rather than on initial research & development, saving designers and manufacturers valuable time to market.

Additionally, at the invitation of Renesas Technology, M-Systems has joined the Renesas Technology-sponsored SH-Mobile Consortium, a development community established to help the proliferation and rapid deployment of SH-Mobile processors and related products like Mobile DiskOnChip.

This new level of partnership between the Companies will facilitate the availability of advanced multimedia mobile phone architecture, helping to offer a greater variety of solutions for SH-Mobile customers while widening the use of the highly acclaimed technology from M-Systems, in addition to Renesas Technology's superAND flash memory that is already supported by SH-Mobile.

Advanced multimedia phone architecture requires fast, low-power processors and reliable, high-performance storage media to operate the latest features, such as cameras, online gaming and video, and audio playback. The Solution Engine from Renesas Technology combines the fast, low-power SH-Mobile processor and the reliable, high-performance Mobile DiskOnChip flash disk from M-Systems to make an advanced multimedia mobile phone architecture that offers a complete, ready-to-test design to product manufacturers.

"The combination of SH-Mobile and Mobile DiskOnChip offers a very cost-effective and high-performance solution for multimedia phones," said **Ikuya Kawasaki**, department manager of SOC Design Dept. 6, SOC Div., MCU & SOC Business Unit, Renesas Technology. "Together, we are enabling the most advanced features and applications in devices by maximizing the benefits of multi-level cell data storage memory."

Mobile DiskOnChip, selected by EDN as one of the top 100 products of 2003, is a high-capacity NAND-based on-board multimedia memory solution. It is targeted specifically for multimedia mobile handsets and provides phone manufacturers with the latest in flash technology. Featuring unmatched reliability and an ultra thin controller, Mobile DiskOnChip, the on-board multi-level cell (MLC) NAND device, offers the high performance necessary for multimedia applications at a lower cost. Within feature-rich handsets, Mobile DiskOnChip can be used to store both the operating system (OS) and application code, as well as user data such as still pictures, video content, personal information manager (PIM) content, games and music.

About Renesas Technology's SH-Mobile

Renesas Technology's SH-Mobile is a flexible application accelerator that provides multimedia support for next-generation cellular phone communications. Unlike a traditional baseband CPU method that uses a single CPU to manage both signal and application processing, the SH-Mobile design approach uses a dual CPU architecture that dedicates one CPU to application execution in order to maximize communication performance. Built on Renesas' popular SuperH 32-bit RISC superscalar architecture, SH-Mobile devices offer compelling functionality such as the JPEG, MP3, acoustic echo canceller, AMR codec, MPEG4 encode/decode and Java Virtual Machine capabilities that are essential for supporting the high-end multimedia applications of next-generation mobile phones..

About SH-Mobile Consortium

SH-Mobile Consortium membership is comprised of LSI, IP providers, system integrators and software providers, all collaborating to create a unique mobile phone solution. The aim of the consortium is to provide support for hardware, software and mobile phone terminal developers, to support the growing SH-Mobile ecosystem. For more information, please visit: www.renesas.com/eng/products/mpumcu/shmobile/consortium/index.html.

About Renesas Technology Corp.

Renesas Technology Corp. designs and manufactures highly integrated semiconductor system solutions for mobile, automotive and PC/AV markets. Established on April 1, 2003, as a joint venture between Hitachi, Ltd. (TSE:6501)(NYSE:HIT) and Mitsubishi Electric Corporation (TSE:6503) and headquartered in Tokyo, Japan, Renesas Technology is one of the largest semiconductor companies in the world and the number one microcontroller supplier globally. Besides microcontrollers, Renesas Technology offers system-on-chip devices, Smart Card ICs, mixed-signal products, flash memories, SRAMs and more.

About M-Systems

M-Systems designs, develops and markets innovative flash data storage solutions for digital consumer electronics markets. M-Systems primarily targets two fast-growing digital consumer electronics markets: the USB (universal serial bus) flash drive market with its DiskOnKey product and the multimedia mobile handset market with its Mobile DiskOnChip products.

Camera giant Canon to consider technological cooperation with Israel companies

Japanese camera manufacturer **Canon** will consider technological cooperation with Israeli companies, Israel Minister for Economic Affairs at the Israeli embassy in Tokyo Noah Shani said, on March 22nd , following discussion in Tokyo with Canon executives.

Shani stated that his discussions had aroused interest in Israeli technologies, and in possible cooperative R&D efforts.

Representatives from the Israel Ministry of Industry, Trade, and Labor and Canon executives agreed that the Israel economic mission to Japan and the Ministry of Industry, Trade, and Labor foreign trade administration would map the available technologies in which Canon had an interest. Later, profiles of relevant Israeli companies will be given to Canon management. Canon representatives are expected to visit Israel from Japan, following the upcoming videoconference, to include representatives from Canon and the Israeli companies.

Shani added that while over 70% of Japanese R&D was conducted in local Japanese industries, dozens of Japanese companies had used Israeli technologies over the past year. He said that the dialogue with the Canon representatives was part of a plan drawn up by the Israel economic mission to Japan for meetings with senior executives of leading technology companies, in order to present to them new opportunities for cooperation with Israeli companies.

Fujitsu Access Limited and Metalink Partner to Provide 100 Mbps VDSLPlus(TM) Products to the Japanese Broadband Market

Metalink Ltd., a global provider and developer of high performance wireline and wireless broadband communication silicon solutions and Fujitsu Access Limited, today announced that the companies have partnered to develop the fastest DSL platform incorporating Metalink's VDSLPlus 4th generation chipset for the Japanese broadband market.

Metalink's VDSLPlus solution, powered by Geryon-II Quad CO chipset and Xanthus-III+ CPE chipset, provides 5 band VDSL implementation with a smooth migration to 6 band solution, which will make fiber-speed of 100 Mbps symmetric communication a reality. Over 100 Mbps downstream payload is provided at 300m using the stricter ADSL Friendly mask enabling combined deployment of ADSL and VDSL in the same cable plant.

After a thorough evaluation of the performance and availability of VDSL chipsets in the market, we have selected Metalink's VDSLPlus chipsets for our access products portfolio, which will enable Fujitsu Access to address the immediate demand for 100 Mbps VDSL deployments by FTTH service providers across Japan, said **Kazuo Yamaguchi,** Executive Director at **Fujitsu Access.** Metalink has again proven its leadership in terms of robust performance and availability, and Metalink's technology is ideally suited for Fujitsu Access' products for the extremely competitive broadband market in Japan.

We are proud to have been selected by a world class telecom equipment vendor such as Fujitsu Access, said Tzvi Shukhman, Metalink's Chairman and CEO. This cooperation has the potential to yield significant business results within a short time-frame.

About Fujitsu Access

Fujitsu Access Limited develops and manufactures a wide range of high-quality telecommunications, electronics and power control equipment.
Fujitsu Access is concentrating on the product development corresponding to FTTH, ADSL and VDSL services.

Fujitsu Access catches the current to the ubiquitous broadband times sensitively, unites abundant know-how of a communication system and high-speed metallic transmission technology, optical transmission technology, and the Internet

technology, and provides the communication entrepreneur with the latest broadband access system. Drawing on its technological prowess in providing highly reliable leading-edge products, Fujitsu Access meets the challenge for increasingly advanced information and communications needs. Fujitsu Access continuously illustrates the future of the ubiquitous society.

About Metalink

Metalink Ltd. is a global provider and developer of high performance wireline and wireless broadband communication silicon solutions for telecommunication, networking and home broadband equipment makers. Metalink's silicon solutions address key elements of the broadband home market through cost effective, very high-speed delivery of broadband applications over public, home and enterprise networks. Metalink's wireline DSL products enable network operators to offer broadband services over ATM, TDM, and Ethernet-IP copper infrastructure. Leading OEMs and operators in Asia, North America and Europe have chosen to deploy Metalink's VDSL, SHDSL, and HDSLx products. Metalink's wireless solutions, MIMO-based WLANPlus(TM), are designed to meet the ever-increasing demand for wireless LAN speed and reach, critical for home and office multi-media applications. Metalink, a fabless semiconductor company, is headquartered in Yakum, Israel and has subsidiaries in Folsom, California and in Seoul, South Korea, and offices in Yokohama, Japan, Atlanta, Georgia and Tampa, Florida.

Kobatel To Sell Phone-Or Optical Mike System In Japan

NIIGATA (Nikkei)--Telecom system developer **Kobatel Corp**. has obtained exclusive Japanese sales rights to an optical microphone system of **Phone-Or Ltd**. of Israel, it has been learned. The Yokohama-based firm plans to sell the highly sensitive, miniature microphone system to research labs, broadcasting companies, electric/gas utilities and other institutions starting in April.

Phone-Or's system detects a beam of light projected from an LED to a silicon diaphragm. The light is then transformed into an audio signal through electronic processing.

The microphone's signal-to-noise ratio (S/N) is 67 decibels, which allows the system to pick up the sound of a person breathing 1m away. The 6 x 21.5mm cylindrical-shaped device, which is patented in 27 countries, is extremely light, weighing only 1g.

A microphone and headphone set will be priced around 400,000 yen, with Kobatel targeting annual sales at 30 million yen.

Kobatel expects demand from companies and R&D institutions where conventional highly sensitive microphone systems cannot be used because of strong magnetic fields, heat or other factors.

Toshiba and Adimos Reach Wireless Deal

Everyone from PC makers to consumer electronics manufacturers to satellite and cable content providers seem to have designs on home-entertainment systems for the living room of the future.

A small start-up wireless video chip maker, **Adimos Systems Ltd.,** hopes to benefit by styling itself as a "digital Switzerland" between the competing factions.

On Monday, Adimos plans to announce that the **Toshiba Corporation** has agreed to build its wireless video module into televisions and related consumer products like DVD players, set-top cable and satellite TV boxes.

The Adimos technology will be used to make it possible to connect video equipment without cables to support a generation of flat-panel televisions, which may hang on walls. It will also enable new digital players to send video to older analog televisions.

"There is a transition happening in the living room," said Sandeep Kumar, a longtime executive at Texas Instruments who founded Adimos last year with $12 million in

backing from American and Israeli investors. The company is based in Silicon Valley with research and development offices in Israel. "There is more and more digital content," he said, "whether it is coming from a DVD or CD or a set-top box."

This shift from analog to digital, he said, is happening at the same time that the television is being transformed from tube-based to flat panel, creating two simultaneous disruptions. As a result, there is a land-grab mentality among technology companies.

Microsoft has introduced its Media Center PC software, intended to integrate the functions of a personal computer and television set-top box; The Intel Corporation has begun introducing entertainment personal computers, which transform the PC into a device that looks like a piece of stereo equipment; and Sony has come out with a version of its PlayStation video game, called the PSC, which functions as an interactive television controller.

At the same time, there is a growing array of digital video recording devices from companies like TiVo and others that have wired and wireless networking connections.

Despite the enthusiasm of manufacturers, however, the increasing popularity of wireless networking in the homes has led to a confusion of standards, which may become more muddled as time goes by.

While much of the consumer electronics and computer industry is focusing on a wireless fidelity standard, known as 802.11g, the Adimos technology is based on an alternative, known as 802.11a.

There may be good technical reasons for the choice of 802.11a. It is based in the 5-gigahertz frequency range, which is less crowded than the 2.4-gigahertz spectrum that is cluttered with all kinds of consumer devices that can interfere with one another.

Adimos has also added features to its version of the WiFi standard, which are intended to ensure a steady and uninterrupted video stream.

The disadvantage of the 802.11a standard, according to industry executives, is that it tends to do a poor job of penetrating walls within homes, and as a result has poorer range.

Moreover, Adimos acknowledged that the shift to digital technology is likely to require higher bandwidth solutions soon. Digital television standards like HDTV require data rates in the gigabit range.

That will require a new wireless technology, known as ultrawide band; however, standards for that technology have not yet been established.

Finjan Software Expands into Japan through Partnership with Ahkun Co., Ltd.

Reseller to Introduce Finjan's Behavior Inspection Technology into Japanese Corporate IT Departments

Finjan Software, the leading provider of proactive content security and management solutions for global companies, and **Ahkun Co., Ltd.,** a provider of professional information security services, today announced a partnership that will introduce Finjan's content security solutions to Internet users in Japan. Companies in Japan will be able to select from Finjan's entire suite of enterprise security products that include SurfinGate for Web, SurfinGate for E-mail, SurfinShield Corporate and Finjan Mirage.

As part of the agreement, Ahkun will resell Finjan Software to companies in Japan with an initial emphasis in the government, industrial manufacturing and high tech sectors where Ahkun is particularly strong. In addition to providing protection from Web and e-mail born attacks, Finjan's Vital Security suite of products will also assist Japanese companies with compliance with various industry regulations around information security and privacy.

Finjan's family of products, built around the Vital Security platform, integrate multiple security solutions and eliminate the burden of managing multiple solutions on

multiple machines. By applying a layered defense strategy for enhanced security, Finjan's Vital Security products integrate best-of-breed technology, including:

- FINJAN SOFTWARE® proactive behavior-based inspection technology for instant protection against new virus outbreaks propagating through e-mail or the Web.
- MCAFEE® signature-based anti-virus for protection against known viruses and attacks.
- SURFCONTROL® Web filtering technology for Web access management and content filtering.
- MAILSHELL™ Spam control for managing worker productivity, bandwidth and inappropriate e-mail content.

Finjan Vital Security Suite

Finjan products close the Window of Vulnerability—the period of time spanning when a new virus outbreak occurs until an anti-virus update is delivered – through its patented behavior inspection technology, also known as behavior blocking. Traditional signature anti-virus software leaves corporations exposed and vulnerable for hours and sometimes days, before a security patch is delivered. Instead of relying on reactive database updates, Finjan products provide proactive, real-time protection against new virus outbreaks and malicious code attacks by scanning individual lines of code to analyze for potential malicious behavior.

- SURFINGATE® for WEB 7.0: Installed at the corporate gateway, SurfinGate for Web outperforms all other Web security solutions by closing the window of vulnerability from new virus outbreaks in real-time and providing multiple lines of defense with best-of-breed integrated features. Leveraging its patented proactive behavior inspection engine that does not rely on signature database updates, SurfinGate for Web is the only solution that provides proactive behavior inspection in addition to, traditional anti-virus scanning, content

filtering and Web filtering to protect organizations against new and existing Internet threats.

- SURFINGATE® for E-MAIL 7.0: Installed at the corporate gateway, SurfinGate for E-mail is the only e-mail solution that does not rely on signature database updates to protect organizations against new virus outbreaks. Its patented proactive behavior inspection engine closes the window of vulnerability in real-time and best-of-breed integrated features provide multiple lines of defense. Additional integrated features include anti-spam, traditional anti-virus scanning, content filtering, custom disclaimers, and document auditing with digital watermarking which allows organizations to log and track the movement of sensitive documents passing through the corporate network.
- SURFINSHIELD® CORPORATE: A proactive, centrally managed security solution for enterprise desktops and mobile laptops, SurfinShield Corporate protects individual user's systems from new virus outbreaks and malicious mobile code received through e-mail and the Web. By monitoring the potential behavior of active content using its "sandboxing" technique, SurfinShield Corporate enforces an organization's customized security policies before damage can be done.
- FINJAN MIRAGE®: Finjan Mirage enables companies to control the access, authorization and distribution of sensitive documents internally and externally. It allows trusted users to view critical business information and intellectual property unimpeded, while preventing unauthorized users from viewing, digitally distributing and physically copying them. Mirage protects information in native HTML, TXT and PDF formats.

"Traditional reactive solutions which rely on signature database updates are not effective enough to protect against recent new attacks, resulting in failure to prevent viruses from propagating on an even larger scale, because new attacks are getting complex as well as increasing in frequency. Vital Security protects the Internet environment exposed to such unknown threats proactively and in real time, offering customers the option to integrate such programs that fit their environment. We feel very proud and honored to have the opportunity to introduce the world famous Vital

Security family of security solutions to Japanese customers" says Mr. Akira Watanabe, President, Ahkun Company Ltd.

"Japan is one of the most 'plugged-in' nations in the world when it comes to Internet access and computer use," said Shlomo Touboul, founder and CEO of Finjan Software. "Internet attacks can proliferate from any part of the world and have significant impact globally in a matter of seconds. Finjan's suite of proactive behavior inspection products will support Japanese IT efforts in protecting their computer networks during the initial hours of a new Internet attack before a signature update is available from an anti-virus vendor. We are excited to introduce our products to this new market through a reputable company such as Ahkun and look forward to building new relationships with Japanese companies and company representatives along the way."

About Ahkun

Ahkun was established early in Year 2001 and has positioned itself in the information technology market as a unique professional security service provider in Japan and its offering includes a set of high-quality and most advanced solutions for security of an individual's PC as well as an organization's computer network.

About Finjan

Finjan Software's Vital Security™ is the only complete and integrated secure content management solution in which individual best-of-breed security applications work together in concert to proactively respond to changing security threats today and tomorrow. Supplementing traditional security methods, Vital Security defends enterprises against malicious mobile code using intelligent behavior analysis and comprehensive policy management. Vital Security is designed with high availability and scalability, for enterprises of all sizes, including those with over 100,000 users. Finjan is recognized by analyst firm IDC as the leader in the worldwide malicious mobile code security market

Japan To Provide Y500mn To Palestinian Authority

TOKYO (Kyodo)--Japan will provide 500 million yen ($4.6 million) in grants to the Palestinian Authority to support its economic reforms, Foreign Ministry officials said Wednesday.

Japanese Ambassador to Israel Tadashi Imai and Palestinian Finance Minister Salam Fayad exchanged notes to that effect in Ramallah in the West Bank, the officials said.

The assistance will help improve the financial situation of the Palestinian Authority, they said.

Japan also decided to disburse about $2.13 million for three projects for Palestinians partly to improve their living conditions, the officials said.

The projects include renovation of a garbage-disposal facility in Ramallah, they said.

The $2.13 million aid is part of an assistance package of $22.25 million for the Palestinian Authority pledged last April.

April

Kawasaki Kisen To Add 2 Weekly Container Ship Services

TOKYO (Nikkei)--Kawasaki Kisen Kaisha Ltd. (9107) announced that it plans to launch two new weekly container ship services in May: one connecting Asia and Europe via the Adriatic Sea, and the other running between North and South America.

The Adriatic line, the first to be offered by a Japanese shipping firm, will be operated jointly with Zim Israel Navigation Co. using five 1,700-TEU container ships.

The service will sail between Pusan, Shanghai, Hong Kong and other Asian ports as well as Venice and Trieste in Italy via the Indian Ocean. Plans to launch the service came in the wake of the growing demand for shipments of clothing and electric appliances to seaports along the Adriatic.

The North-South American service will use six 1,700-TEU container ships and connect 17 ports, including New York, Santos, Motevideo, and Kingston.

The service will likely carry paper and resin materials from New York and bring back textiles and other goods from Central and South American countries**.** It will be run in cooperation with **Zim Israel, Mitsui O.S.K. Lines Ltd**. (9104) and **Hanjin Shipping Co**. of South Korea.

Kagoor Networks Partners With Fujitsu to Provide Session Border Control in Asia Pacific

Kagoor Networks announced its partnership with **Fujitsu Asia** to augment its ability to serve Asian carriers and service providers.

Fujitsu is a leading regional IT and Telecommunications solutions provider. With this partnership, Fujitsu Asia will resell Kagoor's award-winning **VoiceFlow** session border controllers throughout the Asia-Pacific region.

The joint partners are targeting Asian carriers, service providers and enterprise customers deploying VoIP infrastructure and/or applications. The two companies are already working together on several carrier and ISP deployments in multiple Pan Asian countries.

The **VoiceFlow** series is the most scalable and comprehensive family of Session Border Control solutions, including high capacity, fault tolerant carrier grade (VF-3000), VoIP service provider or carrier edge (VF-1000) and CPE (VF-200). VoiceFlow is the only solution to deliver the five essential VoIP applications: Network-hosted NAT traversal and VPN aggregation, network protection, carrier peering and enterprise border control.

Kagoor's VoiceFlow series is an important addition to our Internet telephony product line, and allows us to fully address security, NAT (network address translation), and other VoIP border issues with one comprehensive product line," said Fujitsu Asia CEO Chng Teo Hye. "With the continued rapid pace of VoIP Developments in the Asia-Pacific, the addition of Kagoor's session border control session is a very timely addition that helps us provide our customers with best-of-breed solutions."

Kagoor Networks a premier supplier of Session Border Control solutions, is committed to helping carriers overcome the technical roadblocks, typically found at VoIP network borders. Founded in early 2000, Kagoor is a private company headquartered in San Mateo, Ca., and manages an R&D facility in Herzliya, Israel.

Kagoor recently announced a cooperation agreement with NEC (Nasdaq: NIPNY; LSE: NEC; XETRA: NIPN), and a distribution agreement in Japan with Nippon Telegraph (NYSE: NTT) subsidiary NTT-ME.

Finjan expands into Japan

Israeli security start-up **Finjan Software** and **Ahkun**, a provider of professional information security services, have formed a partnership that will introduce Finjan's content security solutions to Internet users in Japan.

Finjan stated that this was a great window of opportunity for it, as Akhun's chairman, Akira Watanabe, is a member of Japan's National Security Council and is considered one of Japan's foremost experts on computer security.

As part of the agreement, Ahkun will resell Finjan Software to companies in Japan with an initial emphasis in the government, industrial manufacturing and high tech sectors where Ahkun is particularly strong.

"Japan is one of the most 'plugged-in' nations in the world when it comes to Internet access and computer use," said Shlomo Touboul, founder and CEO of Finjan Software. "Finjan's suite of proactive behavior inspection products will support

Japanese IT efforts in protecting their computer networks during the initial hours of a new Internet attack before a signature update is available from an anti-virus vendor. We are excited to introduce our products to this new market through a reputable company such as Ahkun and look forward to building new relationships with Japanese companies and company representatives along the way."

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About Finjan

Finjan Software's Vital Security™ is the only complete and integrated secure content management solution in which individual best-of-breed security applications work together in concert to proactively respond to changing security threats today and tomorrow. Supplementing traditional security methods, Vital Security defends enterprises against malicious mobile code using intelligent behavior analysis and comprehensive policy management. Vital Security is designed with high availability and scalability, for enterprises of all sizes, including those with over 100,000 users. Finjan is recognized by analyst firm IDC as the leader in the worldwide malicious mobile code security market.

May

VoIP Company Kagoor signs further strategic agreements

Kagoor Networks has already signed agreements with Japanese company Fujitsu, Avaya, NEC, Siemens, and NTT DoCoMo.

The recovery in the voice over Internet protocol (VoIP) field has been of great help to several Israeli companies. One of these is **Kagoor Networks**. The company announced the signing of a strategic agreement with Japanese company **Fujitsu** a month ago. It has now been learned that Kagoor has also similar agreements with Avaya (NYSE: AV), **NEC** , Siemens and **NTT DoCoMo**. Revenue from each agreement is estimated at several million dollars annually.

Kagoor co-founder and CEO Opher Kahane says that the fact that Siemens has both invested in the company, and chosen its solutions is a double boost. “It wasn’t automatic. Our solution was tested against all the competing solutions. Only after checking did Siemens decide to use our solution for its VoIP networks. That’s no small achievement, given the fact that Siemens has over 300 million telephone lines worldwide, which stand to be upgraded to VoIP,” he asserted.

Kagoor develops VoIP products for network session border control. The company is aiming at recruiting telecommunications providers as customers. “The job of our products,” Kahane says, “ is to be border controllers for voice services. In one sense, they do the same thing that routers for local data communications networks do they facilitate effective connectivity.”

According to Kahane, a variety of problems are surfacing on the borders of VoIP networks. “The problems are the same as those occurring in data networks: security, accounting, billing, and translating between the various languages and telecommunications protocols. Our products manage the problems on the borders of the network, and in connectivity,” Kahane explained.

After almost four years in the desert, Kahane says, the VoIP sector is finally making progress. “It’s nice to see that we’re being pulled towards a large number of opportunities, and that our growth is gaining momentum. Our workforce has grown substantially in the past six months. We’re expanding our staff, and recruiting engineers for our subsidiary in Israel. Revenue is rising nicely. We started selling last year, and I expect that we’ll reach the break-even point next year,” Kahane predicted.

Plala Networks Selects P-Cube for Service Control to Reduce Network Congestion

Enables Carrier to Reduce Costs for Nationwide Subscriber Service.

P-Cube Inc., the first to provide programmable IP service control platforms for wireline and mobile network operators, today announced that **Plala Networks Inc**., a subsidiary of **NTT East Corporation**, has deployed its Service Control Platform and Engage solution to significantly improve their subscribers' Internet experience by reducing network congestion that is caused by Internet user-originated traffic, such as peer-to-peer (P2P). Plala has deployed P-Cube's technology throughout its nationwide backbone network.

The contract has been delivered through Mitsubishi Corporation providing channel distribution, integration and support services in strategic partnership with P-Cube.

"The stability, flexibility and performance of P-Cube's solution was key to its selection and has enabled us to rapidly extend service across our network," said Katsumi Nagata, general manager, system development department at Plala Networks. "This single integrated solution allows Plala to provide a better Internet experience to our customers. Furthermore, Plala can provide intelligent value-added services by using enhanced features provided by P-Cube."

P-Cube's Service Control Engine is deployed in strategic POPs in the Plala network, comprising one of the world's largest service control deployments. It allows Plala to reduce overall congestion resulting from the continual growth of P2P file exchange or broadband-aware applications. By alleviating network congestion, Plala can dramatically improve the overall user experience for all of its subscribers.

"As the market share leader in the service control segment, providers recognize our technology is the key that enables them to amortize their investment across multiple services profitably," said Yuval Shahar, president and chief executive officer of P-Cube. "Plala is a trendsetter that will continue to leverage the extensibility of our solution to further enhance their broadband subscribers' experience with rich content

and new services."

P-Cube's Service Control technology is comprised of a programmable network element that overcomes the limitations inherent in today's service delivery infrastructure by adding a layer of intelligence that provides for the capability to analyze, manage, control and bill for content-based IP services on wireline and mobile networks. This enables operators to profitably offer an array of data services

customized to individual subscriber's needs.

"Providers are looking for ways to develop revenue-generating products by creating tiers of service as well as premium content offers, but to do so, networks must be able to monitor, track and control application traffic while applying a variety of policies across their subscriber base," said Masatoshi Oshima, general manager, business solution unit at Mitsubishi Corporation. "P-Cube has bridged this infrastructure gap and solved the fundamental issues of management and control."

P-Cube's Engage is a comprehensive, high-performance solution for operators of all sizes and is used to gain visibility and control over network resources and activities. The Service Control Platform has enabled Plala to reduce total network costs and

improve performance while increasing overall customer experience by extending the delivery of new types of differentiated content-rich services.

M-Systems licensing cryptographic technology to Sharp

The Sharp group will be incorporating M-Systems technology in its secure semiconductor products,

M-Systems says the Integrated Circuits Group of **Sharp Corporation** (Tokyo Stock Exchange:6753) will be using M-Systems' **SuperMAP cryptographic coprocessors** within secure semiconductor products. M-Systems did not actually develop SuperMAP in-house, it bought the technology when acquiring the Omer-based company Fortress U&T.

"The agreement with Sharp won't bring us profits in the next year," clarified Ronit Maor, M-Systems' chief financial officer. The company does expect to post revenues from the licensing fro mid-2005, but at first the sums will be minor, Maor indicates.

More immediately the contract contributes to M-Systems on two levels, Maor says. One is the connection with the world of security solutions. And also, Sharp is likely to tailor its security solutions to the mobile market, where M-Systems has an offering – the mobile DiskOnChip, or Mdoc. The union with Sharp should promote the Israeli firm's presence in the mobile market, she suggests.

"Our best-of-breed security solutions will help Sharp to assure its market-leading status," stated Dan Dariel, manager of M-Systems' Fortress Security Division.

The SuperMAP family of cryptographic coprocessor cores implements advanced public key cryptography such as RSA and Elliptic Curve (with single step multiply and divide), as well as conventional data encryption algorithms, M-Systems said it its statement. These patented, unique cores execute cryptographic functions in hardware while being driven by software.

M-Systems trades on Nasdaq at a market cap of $440 million. It specializes in flash memory products and pioneered the breakthrough DiskOnChip and DiskOnKey portable memory devices. For the first quarter of 2004 the company reported netting $3.7 million on sales of $64.2 million.

StoreAge Provides Cosmo Graphic Advanced SAN Storage Services and Data Protection

StoreAge Networking Technologies announced the installation of its SVM(TM) (Storage Virtualization Manager) and multiCopy(TM) at Cosmo Graphic, a leading digital composition and digital photoengraving companyin Japan.

Cosmo Graphic chose **StoreAge's** solutions to provide centralized storage management and improve the level of data protection, while significantly lowering administration costs. The installation was accomplished in cooperation with Computer Dynamics Corporation, StoreAge's partner in Japan.

Cosmo Graphic (http://www.cosmo-g.co.jp) was established in 1975 and is a recognized leader in the Japanese graphics industry, with facilities in Nagoya, Tokyo, Osaka, Tomakomai and Sapporo. The company was looking for a way to improve the availability of its applications and minimize system downtime, as well as facilitate the management of its SAN. After examining various solutions, Cosmo Graphic realized that only StoreAge's SVM, with its unique, out-of-band architecture, could provide effective storage management and ensure business continuity. SVM provides Cosmo

Graphic these key benefits:

- Centralized and simplified management of SAN storage, enabling easy scalability in a heterogeneous environment.
- Pooling of storage capacity and performance across the entire SAN space.

- Efficient provisioning, expansion and reallocation of storage resources to servers and applications as needed, without disturbing the operational applications involved.
- Reducing the complexity of storage management, resulting in a lower TCO.

In conjunction with SVM, Cosmo Graphic is also deploying StoreAge's multiCopy, a copy facility that enables the creation of multiple physical copies of volumes, regardless of storage subsystems and SAN components. Each copy is independently accessible and instantly available, allowing production servers to access data while the copy operation is in process. M**ultiCopy** enables the copying and re-purposing of information, while leaving production servers available for productive work and uninvolved in data movement. multiCopy eliminates information and storage systems' bottlenecks, while enabling a variety of High Availability (HA) and high-performance capabilities such as LAN-free and Server-free Backup.

Yoshihide Inoue, system department manager at **Cosmo Graphic**, noted: "The combination of StoreAge's SVM with the multiCopy application allows us 24x7 system availability, ensuring that our users and customers benefit from rapid response time. Another major benefit is that Computer Dynamics fully supports our installation from a distance of 1,000 km. We are very satisfied with this unique solution, and rely on StoreAge's products for supporting the ongoing growth of our SAN."

Hiro Sakamoto, president of **Computer Dynamics Corporation**, added: "Together with StoreAge, we can offer customers true value added solutions for centrally managing their storage and ensuring business continuity. StoreAge's advanced technology and strong support helps our customers achieve their business goals. Many prominent Japanese organizations are recognizing the benefits offered by StoreAge and coming to depend on its solutions."

Dani Naor, vice president of business development at **StoreAge**, stated: "This successful installation at Cosmo Graphic contributes to our expanding customer base in Japan. StoreAge solutions are employed by market leaders across various industry sectors, and we are proud to continue serving and supporting the storage management and data protection needs of such large enterprises in Japan and around the world."

Tevet Names Hakuto Ltd. as Its Exclusive Distributor in Japan

Tevet Process Control Technologies, a supplier of advanced metrology solutions for the semiconductor industry, today announced **Hakuto Ltd.** as its exclusive distributor in Japan.

As **Tevet's** technology and product gains recognition and attention among leading IC and semiconductor processing equipment manufacturers, the company has embarked on expanding its distribution network. **Hakuto** is the first distributor selected by Tevet.

"Hakuto is a solid company with a great reputation and track record in the semiconductor industry," said Yuval Wasserman, Tevet's president. "The company's dedication to its customers and principals combined with the high level of its sales and support team makes it an ideal distributor for our products".

Tevet has developed unique integrated metrology solutions for film thickness measurement and has demonstrated the capability of its IsTMS product in beta sites at leading semiconductor fabs and semiconductor processing equipment companies.

"We are excited about Tevet and its IsTMS product line," said Ken Uchida, Hakuto's executive vice president. "Based on Large Spot Size Broadband Spectral Reflectometry, its unique film thickness measurement technology coupled with a robust and simple design, provide a cost effective integrated measurement solution with a superior ROI ? a critical factor in adopting integrated metrology."

About Tevet-PCT:

Tevet develops innovative metrology and advanced process control solutions for the semiconductor processing industry. Tevet's metrology relies on a proprietary broadband reflectometry as the basis for its integrated and in-situ measurement solutions. Tevet products are uniquely capable to perform simultaneous film thickness measurement, on multiple topographies and stacks, on product wafers and with seamless integration to the wafer processing equipment.

Police chief visits Japan

Israel will host a Japanese delegation visiting the country on a fact-finding mission to learn about fighting terror, said Police chief Shlomo Aharonishki Friday afternoon at a press conference held by the Israeli embassy in Tokyo.

Aharonishky met with his Japanese counterpart, the Japanese deputy foreign minister and the Japanese prime minister's special adviser on crisis management.

The commissioner and delegation, attended the vast reception held by the Ambassador for Israel's 56th Independence Day.

June

ISID Delivers System Recovery Software To UFJ Bank

TOKYO (Nikkei)--**Information Services International-Dentsu Ltd.** or ISID, has delivered software to **UFJ Bank** that aids in recovery from system failures.

Similar to flight recorders, the software preserves a complete operating history of personal computers and servers, helping companies quickly discover problems.

In the past, around 80% of the time spent recovering from failures went to identifying the cause. Using the new software boosts efficiency and prevents the loss of client confidence caused by system failures.

Developed by Israeli information technology firm **Identify Software Ltd**., the software is used by some 2,000 companies worldwide, but this is the first time it has been put to use by a financial institution in Japan.

The software is priced from 19.8 million yen. ISID, Identify Software's Japanese sales agent, targets around 800 million yen in sales from the product this fiscal year.

Identity Software Ltd. (formerly Mutek Solutions Ltd.) develops and markets software solutions that significantly improve the availability and reliability of mission critical software applications. IDENTIFY Software's target customers are e-business and traditional blue chip companies in the computer and software industry, financial services, telecom and cellular operators, manufacturing and industrial companies.

At the core of IDENTIFY Software's product offering is its exclusive Black Box Flight Recorder for Software Applications. Like the Black Box in an airplane, it can record and quickly replay system failures enabling to pinpoint the source of crashes and other errors in server and client applications.

Israel to train Japanese security guards.

The Academy for Advanced Security and Anti-Terror Training will train Teikei Co. staff.

The Academy for Advanced Security and Anti-Terror Training recently signed a contract to train security guards for **Teikei Co. Ltd.,** the Japanese corporation responsible for the security of the Japanese emperor.

The initial contract, signed with executives from the Japanese corporation on a visit to Israel a few days ago, amounts to several hundred thousand dollars.

Israel Military Industries sources said, however, that the initial contract is expected to pave the way to future contracts with the corporation, and with other Asian companies, since the Japanese corporation is a leader in the security industry.

Teikei includes twelve companies specializing in various security sub-sectors. It employs 5,000 security personnel, and has a business turnover of $350 million.

The Japanese security guards will arrive for training at the academy in the coming months.after the visit this month of the company's President and other top executives.

Kagoor Networks Opens Asia Pacific Headquarters in Tokyo

Kagoor Networks, a leader in session border control solutions, announced the opening of its new Asia Pacific headquarters in Tokyo, Japan.

The Tokyo office will support Kagoor's leading Asian carriers and service providers, like **Livedoor Telecom Co.** The new office will also help Kagoor to better support its premier Asian partners, including **Fujitsu, NEC and NTT-ME**. These strong partnerships with technology leaders will enable Kagoor to be part of helping fuel the rapid growth of VoIP in Asia.

Kagoor is already working with numerous carriers and service provider customers in Asia, and this new headquarters further demonstrates its commitment to the Asian markets to better serve these customers and partners.

Livedoor Telecom is deploying Kagoor's VoiceFlow session border control solution. The VoiceFlow series is the most scalable and comprehensive solution available on the market. VoiceFlow is the only solution to deliver all five essential VoIP applications: Network-hosted NAT traversal and VPN aggregation, network protection, carrier peering and enterprise border control.

Kagoor Networks a premier supplier of session border control solutions, is committed to helping carriers overcome the technical roadblocks, typically found at VoIP network borders. It is the only solution that can effectively scale from very high capacity, carrier/service provider grade equipment to economical CPE. Founded in early 2000, Kagoor is a private company headquartered in San Mateo, Ca., and manages an R&D facility in Herzliya, Israel.

EVS receives first Japanese order for seatbelt inspection system

Elbit Vision Systems says the potential value of the order is approximately $1.5 million.

Elbit Vision Systems Ltd. announced on June 24th that it has received an order from a **Japanese manufacturer of automotive seatbelts**. This is the first order for the company's automatic inspection system for vehicle seatbelts. EVS said that the potential value of the order is approximately $1.5 million.

The new system is capable of inspecting several strips of seatbelt fabric simultaneously, with the inspection results of each strip viewable on a single monitor. EVS' seatbelt inspection system complements the company's existing tire cord inspection system, offering customers another effective tool to ensure a high level of product reliability and safety for end users.

EVS VP sales and marketing Yoav Kahane, "We are pleased that this customer has chosen to work with EVS and believe that with our new seatbelt inspection system, we can effectively meet the needs of the automotive market, duplicating the success of our tire cord inspection system which is being used by some of the world's leading auto manufacturers."

EVS designs, develops, manufactures, markets and supports automatic optical inspection and quality monitoring systems for the industrial, web and microelectronics industries. Company product lines improve product quality and increase production efficiency in the textile, automotive, non-woven, plastics, wafer and LCD industries.

Japanese investors make $4m follow-on investment in EER at $79m value

The Tokyo Financial Group (TFG) invested $5 million in Environmental Energy Resources in late 2003, at $50 million value.

SFK announced that the **Tokyo Financial Group (TFG)** had made a $4 million follow-on investment in **Environmental Energy Resources (EER**), in which SFK group companies own a 36% stake. EER is developing a plasma-based thermal treatment technology for treating and disposing of biohazard and radioactive waste.
In December 2003, TFG invested $5 million in EER, in return for a 10% share, at a company value of $50 million. Only a few months later, EER has been valued at $79 million, after money.

Half of the investment will be transferred to EER at the end of July 2004. The second half will be transferred in September 2004. In addition, TFG has been given the option to invest an additional $1 million until the end of 2004, at the same value, in return for an additional 1.25% share. After the investment is made, SFK will post a NIS 3 million deferred profit, (which comes in addition to NIS 9 million profits on previous investments), to be recorded in equal parts over a three year period on the company's profit and loss statement, or as part of SFK's share in EER's losses, whichever total is higher.

SFK chairman Itschak Shrem noted that, "The investment in EER is undoubtedly our 'sexiest', and could contribute to the group's biggest exit ever. This is not a short-term process, but we must keep in mind that that we've been involved in EER for four years now, so we're at the half-way point, if not farther along. During the coming year, we intend to prove the feasibility of this Israeli-developed process. After it is successful, I hope there will be a great deal of interest in the system that has been developed."

Teraoka Seiko orders 1m units of Eldat electronic shelf labels

Eldat Communications' partner believes that in five years most supermarkets in Japan will use ESLs.

Eldat Communications Ltd. , has announced that **Teraoka Seiko**, Eldat's partner in Japan, recently placed an order for over one million electronic shelf labels (ESLs). Deliveries are due to be completed by the end of the year.

Eldat's ESL system is built for stores, which have a computerized Point Of Sale (POS) system. The object of the system is to transmit prices and other item-oriented data from the POS system to the shelves quickly, reliably and without the need for human intervention.

"We are glad to see the rapid development of the Japanese market" said Eldat president and CEO Yossi Smoler. "We have an ideal partner in Japan that does a wonderful job in this demanding market. It seems like the ESL market in Japan is taking off, and with the new price display regulations effective now, there is a growing need for our solutions"

"We see a new trend in the market" said Teraoka Seiko ESL business unit manager Shinjuko Emoto. "We started with Tier 3 retailers which constitute a large niche in Japan, and we gradually moved to Tier 2 and Tier 1 retailers. We have now over 250 stores operational with ESL, with about three new installations every week. Due to the growing competition between the chains, we believe that within five years most of the supermarkets in Japan will be equipped with ESLs."

Founded in 1934 and headquartered in Tokyo, Teraoka Seiko is a leading manufacturer of Point Of Sale devices, weighing scales and wrapping equipment, focusing on the supermarket industry. Teraoka has 40 service and marketing centers throughout Japan and activities in over 100 countries.

Top Image Systems to acquire Japanese partner

Toyo Ink will transfer all electronic document management software customers and channels to newly formed Top Image Systems Japan (TiSJ).

Top Image Systems, Ltd. (TISA) announced that it had signed a letter of intent with its longtime partner in Japan, the electronic document management software (EDMS) division of **Toyo Ink Manufacturing Company Ltd**., to fully acquire the EDMS division's activity in the Japanese market. No value was disclosed.

Top Image Systems (TiS) provides automated data capture solutions that improve enterprise business processes by integrating data from multiple sources and of different types, such as invoices, freight and shipping bills, purchase orders, and others.

TiS said that it has been successfully operating in the Japanese market for the last decade, selling its products and services through a strong partnership with Toyo Ink.

TiS and Toyo Ink decided to change the format of operation, and TiS decided to acquire all of its activity in Japan. TiS established a new company, **Top Image Systems Japan (TiSJ),** to which Toyo Ink will transfer all of TiS / EDMS' existing customers and channels as well as the rights to distribute the Japanese localized version of TiS' eFLOW platform. EDMS' professional team will be assigned to work for TiSJ, in order to ensure the continuity of the knowledge and high level of services provided to Japanese customers and partners. At the end of the process, TiSJ will be responsible for the activity in Japan, including providing technical support and maintenance services for existing as well as new channels and customers.

The execution of the deal is subject to completion of due diligence and definitive documentation, which is currently in process.

TiS CEO Dr. Ido Schechter said, "This move is part of the strategic plan announced by the company in March 2004. Japan has always been one of TiS' most important markets, and for the past years, we have been cooperating with Toyo Ink to successfully establish a significant customer and partner base, across several vertical markets, including insurance, logistics, healthcare, and service bureaus."

Qlusters enters strategic relationship with Itochu Technology Inc.

Enterprise cluster management company **Qlusters Inc**. announced a strategic relationship with **Itochu Technology Inc. (ITI),** the US-based business development and venture investing arm of **Itochu Corporation**,

Under the terms of the agreement, ITI will leverage its market intelligence, global sales distribution and customer support channel to help Qlusters expand market presence for their flagship product, **ClusterFrame**, into Japan and the United Kingdom.

"Qlusters is honored to partner with Itochu Technology, a worldwide leader in information technology," said Qlusters CEO and chairman Dave Martin. "Itochu's international sales and distribution capabilities are unparalleled. Together, we anticipate significant opportunity for ClusterFrame enterprise cluster management in the global utility computing market."

"With companies worldwide looking to maximize their technology investments, innovations in utility computing are in high demand. We believe that Qlusters enterprise cluster management is the right product line, perfectly timed to enter the Japanese and U.K. markets. We look forward to a long and prosperous relationship with Qlusters, a leader in cutting-edge utility computing solutions," said ITI VP

business development Kaz Terada.

ClusterFrame minimizes IT costs by optimizing the operation of Linux clusters deployed on commodity hardware. Qlusters is a privately held corporation founded by Ofer Shoshan and Dr. Moshe Bar in 2001. The company's corporate headquarters is located in Palo Alto, California, and its R&D center is in Tel-Aviv, Israel.

July

Dalumi Gives Japanese Ambassador Tour of Diamond Industry

Japan's ambassador to Israel **Jun Yokota** illustrated the importance of Israel's diamond exports to his country, with a visit to Israel's **Dalumi.** Yokota visited one of Dalumi's six Israeli polishing plants where stones of 1-8 carats are cut and polished and received a detailed explanation of the diamond polishing and marketing process at Dalumi's offices.

Yokota said he had been keen to accept Dalumi's invitation to visit its plant and offices since diamonds were such an important part of Japan's imports from Israel.

Annual turnover at Dalumi, which manufactures diamonds and jewelry, for the past two years has been more than $150 million, with $20 million of goods going to the Japanese market every year. The company has offices in Tokyo and Osaka.

Rafi Yerushalmi, Dalumi's managing director, said the company sells its jewelry through the **Tsutsumi jewelry chain's** 136 outlets in Japan.

Dalumi, which has been a Sightholder since 1993, won an outstanding exporter award in 2001 from the Israel-Japan Chamber of Commerce for its exports to Japan.

The company said it in talks to market its new line of "tatoo" diamonds in Japan. Already sold in 150 stores throughout Italy, the diamonds feature a laser engraving with a special message of love.

Dalumi is marketing the diamond to the 25-35 age group and also to the bridal market.

Orckit subsidiary Corrigent wins $40-60m order in Japan

KDDI has selected Corrigent's CM-100 Packet ADM for its packet-optimized transport network.

Corrigent Systems Ltd a provider of **Packet ADM (Add Drop Multiplexer)** for next-generation transport networks, and a subsidiary of **Orckit Communications** has announced that its CM-100 Packet ADM has been selected as the key element in Japanese telecommunications operator **KDDI's** packet-optimized transport network build. KDDI has over 21 million mobile telephone service subscribers, and some nine million fixed-line subscribers.

Nationwide deployment in Japan is expected to begin this year. **Net One Systems,** Japan's largest network solution provider, will provide sales, system integration and support services for **KDDI**. The value of the deal was not disclosed, but the contract is estimated to be worth $40-60 million.

"We are extremely impressed with Corrigent's CM-100 Packet ADM. We have been evaluating it extensively both in our lab and in the field, and finally determined that it outperforms all other solutions and best meets our requirements," said Hiroshi Takeda, General Manager, Network Engineering for KDDI.

"We made a strategic decision to build our next generation metro transport infrastructure optimizing it for a wide range of packet based services as well as cellular traffic aggregation. Corrigent's CM-100 Packet ADM is the best fit with our existing and emerging service offering." Takeda Added.

"We are honored with KDDI's selection of Corrigent, allowing us to play a significant role in a leading carrier's move towards a data and packet based infrastructure and away from legacy transport architectures," said Ehud Rokach, CEO of Corrigent Systems.

KDDI will use the CM-100 in its metro networks, which are used to provide several key services, including **KDDI's Hikari-Plus** service**.** Hikari-Plus provides video, voice, and data services that enable residential customers to benefit from DVD-quality video-on-demand, broadcast TV, Voice-over-IP telephony, and high-speed Internet

access. Corrigent's CM-100 will be used to deliver these bandwidth-intense services throughout Japan.

The CM-100 is a high capacity transport solution that enables carriers to mix video, data and voice applications on the same infrastructure by utilizing Resilient Packet Ring (RPR) and Multi-Protocol Label Switching (MPLS) technologies.

The exact terms of the deal were not announced. Corrigent has another deal with Japanese carrier **Vic Tokai Corp**. Corrigent has 140 employees and is still growing, according to company officials.

Orckit owns 70%, fully diluted, of Corrigent. The remaining 30% is represented by employee options. In its 20-F filing the company said its holding might be further diluted by fund raising to finance Corrigent's activity. Orckit reported a $5.9 million loss for the second quarter. It is traded at a market cap of some $100 million, and has about $50 million cash.

Fujitsu Access and Metalink Announce Commercial Availability of 100 Mbps VDSL *Plus*™ Platform – Trials Underway in Japan

Fujitsu Access Limited, and **Metalink Ltd**. Announced endJuly, the commercial availability of the **VDSL-163G platform**. **Fujitsu Access's** VDSL-163G product incorporates Metalink's VDSL*Plus*™ chipset that delivers 100 Mbps at previously unattainable distances. Testing of the VDSL-163G system is underway in Japan by major carriers.

VDSL*Plus* utilizes the widest bandwidth among all available DSL solutions, thus allowing maximum extraction of copper capacity to enable robust performance at speeds exceeding 100 Mbps downstream and 50 Mbps upstream. **Metalink's** VDSL*Plus* chipset provides 5 band VDSL implementation with a smooth migration to 6 band solution, which will make fiber-speed of 100 Mbps symmetric communication possible.

“Now that our 100 Mbps product is commercially available, we look forward to completing the trials phase and initiating deployment. The extensive fiber penetration in Japan offers ideal market conditions for deployment of 100 Mbps VDSL broadband services and will serve as a model for other high growth broadband markets. **Metalink’s** VDSL*Plus* technology enables **Fujitsu Access** to double the performance compared to any other VDSL chip-set,” said Mr. Kazuo Yamaguchi**,** Member of the Board at Fujitsu Access.

“The experience gained working closely with a world class telecom company like **Fujitsu Access** has made our VDSL*Plus* technology exceptional in both performance and robustness. The benefits of VDSL*Plus* technology for fiber extension can now be enjoyed in FTTH/FTTP deployment worldwide, following its success in the Japanese market,” said Mr. Tzvi Shukhman, Metalink’s Chairman and CEO. “The end-result of our cooperation will be that a growing number of broadband users will be able to enjoy the benefits of 100 Mbps broadband services, powered by Metalink’s market leading VDSL*Plus* chipset.” The availability of a fully deployable 100 Mbps VDSL*Plus* system today represents a first milestone in the growing strategic cooperation for additional broadband products among the parties.

About Metalink

Metalink Ltd. is a global provider and developer of high performance wireline and wireless broadband communication silicon solutions for telecommunication, networking and home broadband equipment makers. Metalink's silicon solutions address key elements of the "broadband home" market through cost effective, very high-speed delivery of broadband applications over public, home and enterprise networks.

Metalink's carrier broadband DSL products enable network operators to offer broadband services over ATM, TDM, and Ethernet-IP copper infrastructure. Leading OEMs and operators in Asia, North America and Europe have chosen to deploy Metalink's VDSL, SHDSL, and HDSLx products. Metalink's VDSL product line include VDSLPlus(TM) the best performing technology for delivery of 100 Mbps over traditional telephony-grade copper and Total-VDSL(TM) the most scalable DSL

technology enabling performance from over 50 Mbps at short reach up to 5 km DSL service. Metalink's VDSL products are fully compliant with the recently adopted ITU-T G.993.1-2004 VDSL recommendation.

Metalink's broadband home products address key elements of delivering a new broadband experience to and in the home environment. The products address advanced services and home distribution solutions including MIMO-based WLANPlus(TM), designed to be compliant with the emerging 802.11 standard, enabling speeds exceeding 200 Mbps and wire-speed residential gateway addressing service providers need to provide a complete service set to their

broadband subscribers.

Metalink, a fabless semiconductor company, is headquartered in Yakum, Israel and has subsidiaries in Folsom, California and in Seoul, South Korea, and offices in Yokohama, Japan, and Atlanta, Georgia.

RoboGroup Announces Agreement to Supply e-Learning System to Yaskawa Electric Corporation of Japan

RoboGroup T.E.K. Ltd. announced that it has signed an agreement with **Yaskawa Electric Corporation ("YEC"),** a leading Japanese industrial company, to supply **LearnMate**, RoboGroup's learning management system, as well as custom e-learning content. RoboGroup and YEC each hold a 50% stake in **Yaskawa Eshed Technology Ltd.("YET").**

The sales price for the e-learning system is $750,000. The Company will develop the custom content to assist YEC in its training efforts for itshigh-level suite of motion control products. The agreement provides for a multi-stage implementation of both LearnMate and the custom content over the next few quarters.

RoboGroup's CEO Rafael Aravot commented: "We are delighted to have signed this agreement with YEC. We see this agreement as an important milestone in penetrating the industrial arena and we hope to leverage this success into additional agreements."

About RoboGroup

RoboGroup engages in three business sectors. The first sector is devoted to RoboGroup's training products and e-learning systems. RoboGroup is a world leader in engineering and manufacturing technology training systems. The Company is market driven, deriving its growth from technological leadership, strong partnerships and management expertise. The second is Yaskawa Eshed Technology (YET), a joint venture with Japan's Yaskawa Electric Corp., which provides industrial motion controls, particularly those based on its patented algorithms. The third focuses on MemCall, a fabless VLSI semiconductor developer with unique Call Out Memory(TM) technology for Internet and communications applications requiring intensive search and filter capabilities.

Japan government approves MA Industries' "Rimon" insecticide

MAI (Machteshim-Agan Industries) has announced that Japan's Ministry of Agriculture, Forestry and Fisheries has approved the company's **Rimon** (Novaluron) insecticide for use on food crops, including tomatoes, cabbage, and eggplants. SDS will market Rimon in Japan, under the brand name **Counter**.

MA Industries CEO Shlomo Yanai said the approval of Rimon opens other possibilities in markets beyond Japan, since countries that are already using it, such as Australia, New Zealand, Thailand and Chile, will now be able to market their produce to Japan. He added that the business potential resulting from the approval of Rimon in Japan would amount to millions of dollars.

South Korea approved Rimon in February 2004, and the US Environmental Protection Agency (EPA) approved it for use in the US in May.

Rimon has been approved for use by over 50 countries, and is marketed in over 40, including Brazil, Argentina, South Africa, South Korea, Colombia, Mexico, India, Romania, Poland, Turkey, Israel and the US.

MA Industries is a leading generic maker of insecticides. The company posted $414.5 million in revenue and a profit of $45.2 million in the first quarter of 2004, 40% more than in the corresponding quarter of 2003.

Pegasus launches new electronic pen in Japan with Pentel

Israeli company **Pegasus Technologies**, and **Pentel** of Japan have launched a new electronic pen, the **Airpen Storage Notebook,** with a two-megabyte storage capacity. Pegaus's revenue from the pen is projected at $10 million over the next two years. Pegasus specializes in digital handwriting products, and Pentel operates in the writing devices market.

Pegasus VP marketing and sales Rafael (Rafi) Raviv says that the pen was specially designed for the Japanese market. It can be used to write with ink on ordinary paper. The information stored in the pen's internal memory can be transferred to a computer, and sent by e-mail. The pen's advantage over Pegasus's other electronic pens is the size of its memory, which Raviv says is large enough to include five written A4 size pages.

Jointly with **Kokusai Capital Co. Ltd, Pentel Co. Ltd**. of Japan invested $1.1 million in Pegasus a year ago at a company value of $32 million. Pentel manufactures and markets writing devices, painting materials, industrial equipment, and electrical appliances. The company has 23 sales centers around the world, plus a center in Japan, and eight manufacturing centers around the world, with an annual turnover of ¥50 billion.

According to figures from the Israel Venture Capital (IVC) investment research center, Pegasus has raised $13.35 million since it's founding in 1991. Managed by founder and CEO Gideon Shenholz, Pegasus's shareholders include Teuza vc ,**Diamond Capital Co. (DDC) of Japan, Hitachi High-Technologies Corp, (Hitachi-HT) and Hitachi** ,Ofer Brothers, and Yozma Venture Capital. And **Vertex VC.**

The current contract is particularly significant for Pegasus, whose revenues are estimated at $2.5 million. Pegasus says that the company is not making a profit yet, but expects to break even shortly.

Toppan Forms To Develop Battery-Installed Smart Label

Toppan Forms Co. (7862) will develop a smart label installed with a paper-thin battery for use in inventory management.

The label, known as an active smart label due to the inclusion of the battery, will respond to radio waves emitted from a reader as far away as 10 meters. This facilitates inventory management even in large warehouses. Smart labels without batteries, known as passive labels, enable input data to be read only from a much shorter distance and intervening obstacles could impede such reading.

The Toppan Forms' label will employ a thin and flexible battery developed by **Power Paper Ltd**., an Israeli firm.

Since last year, **Toppan Forms** has been marketing in Japan products that use Power Paper's batteries. **Toppan Forms** will aim to develop this label on its own for sale in Japan starting as early as next spring.

At less than 200 yen per label, the product will be about twice the price of conventional smart labels.

Israeli, Palestinian Delegations Attend Confidence-Building Conference in Japan.

Israeli and Palestinian representatives on Wednesday [14 July] called on the international community to help them create peace in the Middle East as they wrapped up a three-day confidence-building meeting on the Middle East hosted by the Foreign Ministry in Japan. Former Israeli Finance Minister **Dan Meridor** who led the country's delegation told a joint press conference at the Japan National Press Club in Tokyo after the talks that he wants the international community and Japan to take part in various endeavors towards peace.

Palestinian Minister for Negotiations Affairs **Sa'ib Urayqat**, said the Palestinian delegation will take advantage of the latest talks "to officially call on the Israeli government to immediately and unconditionally resume negotiations." The delegations released a joint statement saying a peace agreement in line with the so-called road map is "doable", but stopped short of presenting concrete measures for peace during the meeting, which began Monday.

Moreover, the gap between the two delegations became apparent during the conference when Urayqat called on Israel to take down the 700 km barrier Israel is building inside the West Bank. Urayqat said the coexistence of Israel and Palestine would be impossible when the fences are complete and said Israel should abide by international law, referring to the recent ruling by the International Court of Justice. Meridor said the building of fences is "legitimate" to halt terrorist attacks by militant Palestinians.

The International **Court of Justice** ruled that the barrier, of which a third is already built, violates international law and should be dismantled. Meridor said the decision by the court is an advisory opinion and has no binding power. The Israeli and Palestinian delegations to the second conference for confidence- building held in the resort area of Hakone, Kanagawa Prefecture, southwest of Tokyo, mainly consist of government officials, academics and businesspeople. Japan hosted the first

conference in May last year in Tokyo. Nihon University **Prof Kohei Hashimoto,** moderator of the talks, told the press conference that the two delegations are considering working-level meetings next year to deepen discussions they had this time.

Atrica's Optical Ethernet Systems Deployed by KVH Telecom to Support New Ether-MAN Plus Next-Generation Ethernet Service

Optical Ethernet pioneer Atrica(TM) and **KVH Telecom**, a provider of integrated communications and IT management services, today announced that KVH has deployed **Atrica**'s Carrier-class Optical Ethernet Systems to support its new Ether-MAN Plus next-generation Ethernet service offering. Including bandwidth guarantees and service level agreements (SLAs), the innovative new service combines the reliability of leased lines with the flexibility of a wide-area Ethernet service to deliver advanced voice, video, and data services to the Tokyo metro area and other selected areas of Japan.

KVH's Ether-MAN Plus service is enabled by Ethernet over Multi Protocol Label Switching (EoMPLS), a technology supported by **Atrica**'s Optical Ethernet Systems that improves traffic engineering, fault management, and scalability in large-scale Ethernet networks. The KVH network is configured with end-to-end redundancy from the customer premise equipment through to the backbone network.

An extremely flexible service, KVH's Ether-MAN Plus can be configured as a point-to-point or point-to-multipoint topology, depending on the end user's requirements and network environment. In addition to TDM (T1/E1) services, interfaces such as 10Base-T, 100Base-TX and 1000Base-SX are supported, and bandwidth is scalable from 1.5Mbps to 1Gps with a variety of options.

"The new Ether-MAN Plus service is a prime example of KVH's commitment to giving its customers high quality services, promptly and economically," said Vivek Ragavan, president and CEO of **Atrica**. "We are very pleased that the high security and

reliability our Optical Ethernet Systems provide will allow KVH to enhance its services and improve its overall effectiveness."

"We selected **Atrica**'s Optical Ethernet Systems for the rich set of Quality of Service (QoS) management capabilities they deliver and because they allow us to cost-effectively deliver both TDM and Ethernet services over one efficient network," said Dr. Alireza Mahmoodshahi, Vice President, Chief Technology and Information Officer for KVH. "The systems' advanced capabilities clearly matched both our and our customers' business and technical needs."

Atrica's Optical Ethernet Systems

A complete solution for Metro carriers, Atrica's suite of Carrier-class Optical Ethernet Systems is comprised of the A-2000 family of Optical Ethernet Edge Switches, the A-4000 family of Optical Ethernet Aggregation Switches, the A-8000 family of Optical Ethernet Core Switches, and the Atrica Service Platform for Ethernet Networks (ASPEN(TM)), an integrated service provisioning and management system. Unlike modified SDH/SONET platforms that attempt to retrofit technology designed primarily for voice traffic, or current Ethernet solutions that are based on enterprise-class equipment, Atrica's Carrier-class Optical Ethernet Systems were developed specifically for the service provider environment.

Atrica's Optical Ethernet Systems -- including 10 Gigabit Ethernet technology -- supply significantly better price/performance than SONET-based equipment. In addition, Atrica's Optical Ethernet Systems deliver Carrier-class attributes including guaranteed service level agreements (SLAs), sub-50 millisecond resiliency, integration with circuit switched networks, Ethernet Circuit Emulation Services (CES) for support of TDM traffic, and point-and-click OAM&P that meets and exceeds what carriers have been accustomed to in legacy networks.

About KVH Telecom

Established in Tokyo in 1999 by the Fidelity Group, the world's largest independent financial services company, KVH Telecom Co., Ltd., is an integrated communications and IT management service provider offering broadband data, Internet access, voice, and data center solutions to business customers. Through its facilities-based networks, KVH offers businesses cost-effective, reliable, high-speed, and secure network solutions.

About Atrica

Atrica's mission is to deliver the most cost-effective, high-performance Optical Ethernet solutions to forward thinking service providers that are building next-generation metro networks. Its revolutionary, Carrier-class Optical Ethernet Systems are designed to allow carriers to dramatically simplify their Metro network operations, significantly reduce their capital and operational expenditures, effectively scale their networks to support emerging Ethernet-based services, and efficiently leverage the same transport network to serve both business and residential customers. Privately held, Atrica is based in Santa Clara, Calif., with R&D facilities in Israel and business development and sales offices throughout the U.S., Europe, and Asia Pacific. The company has received a total of $134 million in funding to date, from world-class venture capital firms, industry leaders, and seven global service providers.

September

Marubeni Solutions Signs Distribution Agreement With Crescendo Networks for Distribution of the Maestro Platform in the Japanese Market

Crescendo Networks' Solutions Enable Business-Critical Applications

Marubeni Solutions Corp. and **Crescendo Networks Ltd**. unveiled **the Maestro platform** to address both front-end and back-end application delivery issues for

today's evolving data center requirements. Web-enabled applications, high-speed networks, cluster and blade computing strategies have created new data center business demands for performance, optimization and efficiency. Leveraging the Maestro platform, IT professionals in Japan can now address barriers along the entire application delivery chain to enable business-critical applications while increasing server computing resources, decreasing outbound bandwidth, reducing latency and lowering capital and operational costs.

"We see increasing demand from our resellers and sophisticated end-users for economic, reliable and profound solutions that handle traffic management, application efficiency and networks congestion", said **Makoto Sekoguchi**, General Manager of the business planning department at the IT solutions division of Marubeni Solutions Corp.

"We are impressed with the robustness and usability of the Maestro Platform. By choosing Crescendo Networks' solutions our customers will benefit a substantial performance enhancement. Maestro Platform is the bestsolution available in the market today to address both front-end and back-end application delivery challenges", added **Motoharu Matsuo**, General Manager of the sales and marketing department at the IT solution division of Marubeni Solutions Corp.

Maestro, The Application Enablement Platform

The Maestro platform is available as a baseline system and has three optional modules. The Maestro baseline system includes the CN-5000E Series appliance, which provides application front-end functionality with superior server performance enhancement technology, and the Maestro Management Module, an embedded element management system which expedites and facilitates provisioning, activation and monitoring. Optional modules include the Maestro Security Module (protection against DDoS attacks and SSL offload), the Maestro Compression Module and the Maestro Back-end Acceleration Module.

Based on the company's patent-pending FreeFlow(tm) architecture and its SLT(TM) (Short Life Transaction) server performance improvement technology, the CN-5000E

series ensures high performance and reliable access to all application resources. The solution also supports RDMA (Remote Direct Memory Access) technologies, thus allowing IT professionals to utilize the advantages of a high-speed interconnect fabric which ensures minimal latency across the entire application delivery chain to guarantee business-critical

Applications performance improvements - Expected results:

Using Crescendo Networks' Maestro Platform customers should expect:

* x5-x15 server performance improvement
* 60% outbound bandwidth reduction
* Application latency should be reduced from milliseconds to microseconds
* Clear and immediate ROI model

Distribution and availability

The Maestro platform is available through Marubeni Solutions in the Japanese market. The Maestro platform was shown for the first time in Japan at **Networld + Interop Tokyo**.

"Signing a distribution agreement with Marubeni Solutions opens a new era in Crescendo Networks' marketing and sales activities in the Japanese Market," said Yaron Danieli, Vice President, Business Development, Crescendo Networks. "Engagement with Marubeni Solutions' very experienced and professional team will generate a lot of new opportunities for implementing Crescendo Networks' solutions at Japanese end-users data centers. We are excited from these opportunities to remove, control and localize network level burdens across the entire application delivery chain for the Japanese customers."

The introduction of the Maestro Platform during **Networld+Interop Tokyo** already generated many requests for implementation of Crescendo Networks' solutions from prospective end-users. Marubeni Solutions and Crescendo Networks will cooperate in following up these requests and fulfilling the high expectations that these end-

users rightfully have from the Maestro Platform, Best of Show Winner at Networld+Interop in Las Vegas, May 2004.

About Crescendo Networks, Ltd.

Crescendo Networks, Ltd. delivers data center solutions for enabling business-critical applications. Leveraging the company's Maestro platform, IT professionals can break application deployment barriers commonly associated with front-end and back-end application servers and networks. As a result, network overhead is removed and latency is reduced from milliseconds to microseconds allowing IT professionals to deliver any type of application to their end-users, simultaneously enhancing end-user experiences and dramatically reducing the overall cost of delivering services. Crescendo's line of highly scalable network systems leverage the company's patent-pending FreeFlow architecture ensuring high performance, reliable access to all application resources as well as providing IT professionals with the tools needed to address today's network needs such as utility computing, business continuity and new network infrastructures. The company's solutions are available through a variety of channel partners globally. Crescendo's headquarters are in Israel and Silicon Valley.

Sharp 3D Display Customers to Get HumanEyes Lite 3D Software Option

HumanEyes Lite 3D for Easy 3D Image Creation & Output Now Supported on All Sharp Actius RD3D and 3D Monitors.

HumanEyes Technologies Ltd., a leading innovator and provider of advanced and affordable 3D software solutions for easy 3D image creation and output, has entered into a partnership agreement with Sharp Systems of America. The **HumanEyes Lite 3D** software application, today optimized for Sharp, is now supported on Sharp's revolutionary 3D desktop displays and 3D laptops allowing true 3D viewing without the use of special glasses.

HumanEyes Lite 3D software allows users to easily create consumer and production-quality, 3D images -- using ordinary digital cameras -- for display on the forthcoming Sharp 3D LCD Color Monitor, and existing Actius RD3D Laptops.

Under the agreement, 30-day trial versions of **HumanEyes Lite 3D** software will be distributed free to every Sharp Actius RD3D laptop customer during 2004. Users will have the option to upgrade to the full version **of HumanEyes Lite 3D** software via the Sharp 3D website (http://www.sharp3d.com) at a cost of $49.95.

New Sharp 3D Monitors & Laptops

The Sharp Actius RD3D is the world's first notebook computer that incorporates Sharp's TFT 3D LCD technology, which makes it possible to view eye-popping 3D images using the naked eye, but is easily switched back to 2D viewing for standard applications.

"We are very honored to have been chosen by Sharp to provide our capabilities for their new 3D monitors and 3D laptop PC," said Gideon Ben Zvi, HumanEyes, CEO. "Sharp's breakthrough in 3D display combined with our HumanEyes Lite 3D imaging software offers users a first in easy 3D image creation and display -- creating a new and heightened visual experience."

Solidimension signs $18m deal with Japan's Graphtec

After years of stagnation, Israeli start-up **Solidimension**'s business is picking up. It recently set up a production line for its proprietary printers, which use glue and PVC to make 3D models, and has made its first sales, and reached the break-even point in its bottom line.

Solidimension's really good news is a cooperation agreement recently signed with **Graphtec Corporation** (TSE:6968) of Japan, under which Solidimension will deliver 900 printers worth $18 million. **Solidimension** has sold Graphtec 85 printers to date,

which have undergone strict quality control, forcing Solidimension to improve its product. **Solidimension** has also sold a small number of printers to European companies.

Most of **Solidimension**'s revival is attributed to an investment by **Dakrim** early this year. Dakrim invested $500,000 in cash in **Solidimension** at $4.5 million company value, giving it a 10% stake in the company and undertook to build worth of printers. Dakrim builds turnkey projects for Israel Aircraft Industries (IAI) and other companies. It has NIS 30 million in sales a year.

In addition to **Dakrim**, **Solidimension**'s other shareholders include **7 Venture Capital** (24%), **Argoquest Holdings LLC** (14%), **Avnon Enterprise** (14%), **Solidimension** founder and VP technology Yossi Bar-Erez, and employees (10%). The company's investors have not earned a return on their investments, but they may finally do so after Solidimension expands its marketing activity from the proceeds of a $2-3 million financing round it hopes to hold within the next six months.

About Graphtech Corporation

The Group's principal activity is to manufacture and market recorders and plotters. The Group's operations are carried out through three business segments; Computer related equipment, Electronic measuring equipment and Other. Computer related equipment includes pen plotters, pen-less plotters, cutting plotters, digitizers, software, scanners and computer assisted design systems. Electronic measuring equipment includes analogic recorders and intelligent recorders. Other segment of the Group includes office equipment supplies and repair services. The Group has six consolidated subsidiaries, three in Japan and three in the United States. Computer related equipment accounted for 69% of fiscal 2002 revenues; electric measuring equipment, 14% and other, 17%.

Kagoor Networks' Session Border Controllers Deployed by Kintetsu Cable Network in Japan

First Announced Customer for Session Border Controllers in Rapidly Developing Cable IP Telephony Market

Kangoor Networks, a leader in session border control solutions, announced that **Kintetsu Cable Network** (KCN) has deployed the VoiceFlow series to deliver its cable-based IP telephony services. This is the first announced customer implementation of session border controllers in the rapidly developing cable IP telephony market.

Kangoor partnered with **NEC** to implement the solution for **KCN**. **NEC** is a worldwide reseller of Kagoor's VoiceFlow series. **KCN** plans to start delivering the IP telephony services that utilize this solution by the end of the summer.

IP telephony has attracted increasing attention in Japan because of the increased use of broadband service and the diffusion of the Internet continuous conNECtion. However, Network Address Translation (NAT) has made it impossible to utilize VoIP between different private IP networks.

Kagoor's VoiceFlow series has been implemented by **NEC** to solve the NAT problem for **KCN**'s cable network service. VoIP calls now traverse **KCN**'s private IP network paths securely and easily. VoiceFlow also improves the efficiencies of the service operation management by completely eliminating Internet Protocol address issues.

KCN is a leading cable provider in Japan that is promoting and providing multi-channel broadcast and broadband communication service. The initial service they are introducing provides IP telephony service for apartments, which requires the high security and NAT traversal delivered by **Kagoor**'s VoiceFlow.

"**Kagoor**'s VoiceFlow addresses the security and NAT issues that **KCN** faced in rolling out its new cable IP telephony solution," said Norinao Hizen, Assistant General Manager, Network Systems Division of **NEC**. "**NEC** sees VoiceFlow as an integral part of its IP telephony portfolio and believes this is only the first of many more similar VoIP deployments."

The VoiceFlow series is a very scalable and comprehensive family of Session Border Control solutions, including high capacity, fault tolerant carrier grade (VF-3000), VoIP service provider or carrier edge (VF-1000) and CPE (VF-200). VoiceFlow is the only solution to deliver the five essential VoIP applications: Network-hosted NAT traversal and VPN aggregation, network protection, carrier peering and enterprise border control.

"**Kangoor** is very pleased to help **KCN** deliver its new, exciting cable-based IP telephony services. We think the cable VoIP market is very active and this is only the beginning," said Opher Kahane, CEO and Co-founder of **Kangoor Networks**. "We also value our strong relationship with **NEC** and plan to continue working with them on our many current and future VoIP opportunities."

About KCN

KCN, Kintetsu Cable Network is a subsidiary of Kintetsu Corporation and one of Japan's major cable TV providers. KCN mainly serves the Nara and Kyoto area. KCN was established in 1984. Currently KCN has subscribers of cable TV service and Internet conNECtivity service, such as Cable, ADSL, and dial-up services. KCN is a member of APNIC (Asia Pacific Network Information Centre).

About NEC

NEC Corporation (Nasdaq:NIPNY) (FTSE:6701q.l) is one of the world's leading providers of Internet, broadband network and enterprise business solutions dedicated to meeting the specialized needs of its diverse and global base of customers. Ranked as one of the world's top patent-producing companies, NEC delivers tailored solutions in the key fields of computer, networking and electron devices, by integrating its technical strengths in IT and Networks, and by providing advanced semiconductor solutions through NEC Electronics Corporation. The NEC Group employs more than 140,000 people worldwide and had net sales of 4,906 billion yen (approx. $47 billion) in the fiscal year ended March 2004. For additional information, please visit the NEC home page at: http://www.nec.com.

About Kangoor

Kangoor Networks, a premier supplier of Session Border Control solutions, is committed to helping carriers overcome the technical roadblocks typically found at VoIP network borders. It is the only solution that can effectively scale from very high capacity, carrier/service provider grade equipment to economical, enterprise CPE. Founded in early 2000, Kangoor is a private company headquartered in San Mateo, Calif., and manages an R&D facility in Herzeliya, Israel.

Israel Ranks 3rd in the World for U.S. Patent Filing Japan ranked First.

Israel was ranked third (in terms of ratio of population) in 2003 for the number of U.S. patents filed, behind Japan and Taiwan, GLOBES reported. The number of U.S. patents filed from Israel increased by 69 percent over the previous five years. The top five countries were Japan, with 2.98 U.S. patents per 10,000 people; Taiwan - 2.96; Israel - 2.04; Switzerland - 2.02; and Sweden - 1.92. Germany had 1.5 U.S. patents per 10,000 people; France 0.7; the UK 0.68; and Spain 0.08. The number of U.S. patents filed from Israel rose by 20 percent in 2003, compared with 2002, despite the recession. 1,265 patents were filed in 2003, compared with 1.042 in 2002, 1,023 in 2001, and 748 in 1999.

September

Mitsubishi Heavy Industries to Implement Tecnomatix eMPower Solutions in Japan

Tecnomatix Technologies Ltd. the driving force in manufacturing process management (MPM), announced that the General Machinery & Special Vehicle Headquarters (GMSV HQ) of **Mitsubishi Heavy Industries, Ltd.**, one of the world's leading heavy machinery manufacturers, will deploy **eMPower(TM)** solutions from

Tecnomatix in Japan. MHI's GMSV HQ group manufactures and sells large- and middle-sized diesel engines, electrical power generators and engines for sea vessels.

The contract, valued at approximately $400,000, includes licenses for and support of the **Tecnomatix** eM-Machining and eM-RealNC products. eM-Machining will help MHI design such processes as operation and tool selection, allocation and line balancing - based on skilled engineers' know-how. eM-RealNC will simulate complete workspaces, including machine tools, workpieces and fixtures. The combination of eM-Machining and eM-RealNC will enable MHI to improve the efficiency of its process preparation, accelerate ramp-up times and decrease problems through the generation of Numeric Control (NC) tool paths and verification of interference and cycle times.

MHI's GMSV HQ group will use eM-Machining and eM-RealNC from **Tecnomatix** to complement its engineers' skills with advanced technology for the most efficient manufacturing processes. It aims to reduce production preparation time and decrease back-end process problems, production costs and capital investment-while shortening time-to market.

"We have been aspiring to fully optimize our production planning processes, with the ultimate goal of streamlining production operations overall and providing our customers with the best products available," said Tokushi Koumaru, production engineering manager of MHI's GMSV HQ group. "In order to achieve that goal, we are in the process of establishing a '3D CAD Manufacturing Consistency Support System.' We feel confident that we will realize a real collaborative production environment by integrating eM-Machining and eM-RealNC into that new system."

"Today's customer-driven business environment demands that companies like MHI perform at new levels of speed, customization and collaboration," said Jaron Lotan, president and chief executive officer of **Tecnomatix** Technologies. "Flexibility is a critical component in these companies' strategies to accommodate increasing

numbers of product variants and fluctuating demand, and eMPower is providing manufacturers the necessary tools to remain competitive in this evolving business landscape."

About Tecnomatix Technologies Ltd.

Tecnomatix Technologies Ltd. provides the world's leading Manufacturing Process Management (MPM) solutions for the automotive, electronics, aerospace and other manufacturing and processing industries. **Tecnomatix** eMPower solutions for MPM enable the design, simulation, and execution of production processes, and provide real-time control and visibility throughout shop floor operations. More than 5000 companies worldwide are using eMPower solutions to reduce operating costs, accelerate product introductions, and shorten time-to-volume - while maintaining high levels of product and process quality. With offices in over 20 countries, **Tecnomatix** supports such global leaders as BMW, Boeing, Comau, Ford, GM, Mazda, Philips, Schneider Electric and Volkswagen.

Top Image Systems: Top Image Systems closes transaction with Toyo Ink to acquire operations in Japan

Top Image Systems, Ltd. a leading innovator of intelligent document recognition announced that **TiS Japan (TiSJ),** its newly established subsidiary in Japan, has formally started operations.

Top Image Systems (TiS) provides automated data capture solutions that improve enterprise business processes by integrating data from multiple sources and of different types, such as invoices, freight and shipping bills, purchase orders, and others. TiS` solutions seamlessly deliver the extracted data to enterprise applications such as document and content management, ERP, or CRM.

At the end of August, 2004, TiS signed a definitive agreement with its longtime partner **Toyo Ink MFG. CO., LTD** to acquire the activity of **Toyo Ink`s EDMS division**. The division, established eight years ago and dedicated to the imaging business, has been exclusively marketing and implementing TiS` solutions in Japan.

As a natural evolution of partnerships in Japan, **Top Image Systems** and **Toyo Ink** have decided to change the operation format. **Toyo Ink** will transfer all TiS / EDMS` existing customers and channels to the newly established TiSJ, as well as the rights to distribute the Japanese localized version of TiS` eFLOW Unified Content Platform. EDMS` professional team will be assigned to TiSJ, in order to ensure the continuity of knowledge and high level services provided to Japanese customers and partners.

As of September 1, 2004, TiSJ employees are at the service of customers and partners. TiSJ is responsible for all operations in Japan, including technical support and maintenance services for existing, as well as new, channels and customers.

Mr. Hirofumy Maekawa has been appointed the Managing Director of TiSJ, and will work closely with TiS` global management team.

Top Image Systems has also announced that it will host a seminar in Japan in October, 2004 for approximately 200 customers and partners. During the seminar, the company will officially launch the localized Japanese version of its eFLOW products.

Dr. Ido Schechter, CEO of **Top Image Systems**, remarked: "We are pleased that we have successfully completed this important move of establishing TiS Japan with the support and cooperation of our longtime partner **Toyo Ink**. Japan has always been one of TiS` most important markets. Through our cooperation with **Toyo Ink**, we have established a significant customer base in the Japanese market.

Presently, we are anxious to begin our independent and direct operations in this market. Our complete line of products, based on eFLOW Unified Content Platform, was originally designed to support the special needs of this market, and is now

available to customers. TiS` professional resources are dedicated to assist and promote the activities of the new company, to provide our customers and partners with the highest level of services."

About Top Image Systems

Top Image Systems is a leading innovator of enterprise solutions for managing and validating content, which enters organizations from various sources.

Whether originating from mobile, electronic, paper or other sources, TiS solutions deliver the content to applications that drive the organization. TiS' eFLOW Unified Content Platform is a common platform for the company's solutions. TiS markets its platform in more than 30 countries through a multi-tier network of distributors, system integrators and value added resellers, as well as strategic partners.

Camtek Announces First Sale in Japan of Falcon

Camtek Ltd. announced today a first sale in Japan of a **Falcon 300.** The system was sold to a major Japanese manufacturer of semiconductors and electronic products. The Company also reported that it expects revenues in the current quarter from sales of systems to the semiconductor manufacturing and packaging industries worldwide to reach approximately $1.8 million, compared to nearly $1 million in the previous quarter.

"This sale is a milestone in our penetration activity into the semiconductor industry", said Amir Gilead, **Camtek**'s VP of Semiconductor and Packaging Division. "This customer is a major player, and we hope that their acceptance of the Falcon will significantly improve our position in the strategic Japanese market.

"We are currently supporting several Falcon evaluations in advanced stages, while continually devoting significant marketing efforts in promoting these products across the global semiconductor manufacturing and packaging industry," added Mr. Gilead.

Rafi Amit, **Camtek**'s CEO, added: "We are pleased with the acceptance of various Falcon models by our customers. We expect the contribution from sales to this industry, along with our sales to the PCB and HDI-S industries, to bring our revenues in the third quarter to a new record level of approximately$19 million."

About CAMTEK LTD.

With headquarters in Migdal Ha'Emek Israel, **Camtek** Ltd., designs, develops, manufactures, and markets automatic optical inspection systems and related products. **Camtek**'s automatic inspection systems are used to enhance both production processes and yield for manufacturers in the printed circuit board industry, the high density interconnect substrate industry and the semiconductor manufacturing and packaging industry.

October

Biggest incubator in Japan ITX plans further investment in Israel

"In the Japanese business culture it takes a long time to reach a decision, but when there is one we are very consistent and do not change it overnight. When we took a strategic decision to invest in Israel, it was a decision for the long term," says the smiling general manager of European and Israel operations at the biggest technology incubator in Japan – ITX Corporation, Toru Amakasu. Amakasu knows Israeli technology well and says, "There is interest in Israeli technologies, but most of the investments are via local venture capital funds."

Amakasu has previously invested in two companies: Exact, which began with great promise but was sold at a loss to Amdocs, and Exnet, which is still considered promising. He also invested in the venture capital fund JVP that in the wake of its realization of its investment in Chromatix, made ITX millions of dollars. He admits to have been disappointed by the final result of Exact, which was their losing money,

but continues to believe in direct investment in companies. “We won’t invest in venture capital funds anymore,” he notes.

This time Amakasu has also paid a visit to look for investment opportunities, and he also plans to give a lecture today at the conference about Japanese investment in Israel which will take place at the Dan Panorama hotel. This is his tenth visit to Israel in the last three years and Amakasu claims to still have a yen for Israeli technologies. “We invested in two Israeli technologies and have distribution agreements with another four. In the next two years we will invest in two to four further companies in Israel that suit us strategically. There are interesting companies here in the software and data security sectors, interesting companies in civilian and military monitoring, biotechnology companies and digital photography companies for medical and civilian uses which might suit us,” he summed up.

When Amakasu says strategic suitability he means the possibility of cooperation or merger with one of 71 companies in the investment portfolio of ITX, or a company whose technological activities suits one of the large shareholders of ITX parent company – such as Olympus.

ITX is to all appearance the largest technological incubator in Japan, but it is also a combine of a holding company and a commercial distributor. Since it was founded in 2000 as a spin-off of one of the largest trading companies in Japan, it has already managed to invest approximately $500 million in around 150 different technological concerns in Japan and worldwide. The model the incubator operates on is different from that in the West because, among other things, the Japanese business culture finds it difficult to accept the statistical incidence of failure in incubator investments – only one company in ten survives. Instead, ITX takes great pains to coordinate the companies in which it invests to create a competitive market advantage.

In the coming two years ITX plans to invest an additional EURO 300 million in technology and biotechnology companies; most of the money will be invested in Japanese companies, and the rest abroad, including in Israel.

ITX is represented in Israel by Harel-Hertz Investments House ,which serves also as it's technological scouts and Investments representative.

Nexense and Fujitsu Add Real-Time Monitoring of Vital Signs to Mobile Devices; Companies to Manufacture New ASIC Chip Set for Non-intrusive Vital Signs Monitoring

Nexense, an emerging sensing technology and research and development company, has chosen **Fujitsu** to develop and manufacture a new ASIC chip set for non-intrusive monitoring and tracking of vital signs via mobile phones.

The new **Nexense** chip is based on the proprietary **Nexense** technology which may turn mobile phones or other devices to personal vital sign monitors. Users can non-invasively monitor heart rate, respiration, temperature, blood pressure as well as step counting and distance for exercisers. Vital signs data may be transmitted to doctors or medical facilities in real time.

"Consumers are becoming increasingly conscientious of their health and are looking for ways to easily monitor their own vital signs along with those of loved ones," said Arik Ariav, CEO, **Nexense**. "By using mobile phones equipped with **Nexense**'s biosensor chip, consumers will be able to obtain this critical information in a fast, non-invasive manner, wherever and whenever they want it."

Nexense is currently collaborating with a world leading mobile-phone company to integrate its new chip into a new generation of mobile health phones.

Nexense's patented sensor platform can be used for instant monitoring of physiological parameters including pulse rate with beat-to-beat variability, respiratory rate and characteristics, temperature and blood pressure, in a non intrusive manner.

About Nexense

Nexense was founded in 1990 as a research and development company. Created three years ago, **Nexense**'s emerging sensing technology stretches the existing boundaries of measurement technology to its theoretical limits, creating endless opportunities for new applications that were previously impossible to develop. The company partners with world leading companies in the areas of automotive, health care, aerospace and communications to deliver solutions based on **Nexense** technology, enabling them to achieve higher profitability through low cost, high performance, robust and easy-to-use solutions.

Nexense is based in both US and Israel with business operations in the US and an R&D facility in Israel.

Mitsubishi Electric Selects EPON Devices from Passave for Japan`s Fiber-to-the-Home Deployment

Field-Proven, Standards-Compliant Silicon Drives Mass Deployment of Gigabit Ethernet All the Way to the Home

Mitsubishi Electric Corporation a world leader in communication systems, and **Passave,** the leading provider of Fiber-to-the-Home (FTTH) semiconductor solutions, have partnered to drive greater penetration of low-cost, fiber-based Gigabit Ethernet services to consumers in Japan. Through the partnership, **Mitsubishi** will supply a complete access network solution that combines **Passave**'s optical line terminal (OLT) and optical networking unit (ONU).

Passave's second generation Ethernet passive optical network (EPON) chipset is the only field-proven EPON solution, tested by a large number of customers and carriers and proven to be fully compliant with the newly ratified IEEE 802.3ah standard. **Passave** silicon is also the first to be tested and proven to support the requirements for field deployment by Japan's major carriers. These requirements include sophisticated encryption and high-efficiency dynamic bandwidth allocation (DBA).

Japan is the world leader in deployment of fiber-based Internet access, and through the support of **Mitsubishi** Electric's EPON solution, Japan's leading carriers are aggressively expanding their already large FTTH build-outs.

"**Mitsubishi** Electric is a leader in Japan's new generation of FTTH systems, re-defining Internet access together with Japan's major carriers," said Ariel Maislos, president of **Passave**. "It is a great honor to be chosen by such a world leader."

"**Passave**'s field-proven devices give **Mitsubishi** Electric a strong competitive advantage when deploying Gigabit EPON in volume in the world's most demanding market," said Kiyoshi Shimokasa, General Manager, Optical Communications Network Department, **Mitsubishi** Electric Corporation.

The **Mitsubishi**-**Passave** partnership coincides with a surge in demand for FTTH in Japan. According to Japan's Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT), Japan listed more than 1,140,000 FTTH connections in March, 2004, marking an increase of greater than 99,500 subscribers from the previous month. In the previous quarter, monthly increases in FTTH subscribers averaged above 80,000. Industry watchers expect even higher rates of adoption as the cost of FTTH equipment continues to plunge.

About Passave

Passave Inc. is a fabless system-on-chip vendor offering integrated solutions for broadband fiber access. **Passave** delivers complete, standards-compliant and interoperable solutions for Ethernet passive optical networks (EPONs) that expedite the OEM design process and dramatically reduce product cost. Leveraging Ethernet and IP technologies, **Passave** offers complete chipsets for fiber-to-the-home (FTTH) systems. Founded in 2001, **Passave** has received strategic backing from leading venture capital firms and private investors.

Sojitz To Sell Israeli Drug Delivery Technology In Japan

Sojitz Corp. has tied up with **Solubest Ltd**., an **Israel**-based nanotechnology venture firm, to market a new drug-related technology.

Solubest's strength is in developing technology for drug delivery systems that can boost the effectiveness of pharmaceuticals.

Sojitz intends to sell this technology to pharmaceutical companies as **Solubest**'s sole agent in Japan, and eventually hopes to co-develop new drugs through the tie-up.

Solumer™, **Solubest**'s versatile proprietary platform nanotechnology, is based on the creation of novel inclusion complexes of water-insoluble or water-soluble compounds. These tailored complexes are created by “custom wrapping” active compounds with polymers that are selected using a proprietary algorithm. The interactions between the compound and the FDA-approved polymers are based on hydrogen bonding, Van-der-Waals and electrostatic interactions.

The resulting inclusion complex (Solu-Nanoparticle) is soluble in water and aqueous solutions and is characterized by uniform size distribution. Under physiological conditions the active substance is expected to be released from the complex and accomplish its pharmacological activity. This technology may be seen as a “re-engineering” of active compounds to improve their physical, therapeutic and delivery properties.

November

Fujitsu seeks business opportunities

Japanese IT solutions provider **Fujitsu** has appointed the **Harel-Hertz investment house** as its advisor to promote potential investment opportunities in Israel. Representatives of Fujitsu Microelectronics Europe visited Israel earlier this month, meeting local companies in the high-tech sector. **Fujitsu** is particularly interested in the fields of chips, mobile phones and digital imaging. **Harel-Hertz**, founded in 1994, specializes in promoting business between Israel and Japan

NEC Selects AudioCodes Mediant(TM) 2000 CPE Media Gateway Family for Next Generation VoIP Networks

AudioCodes , a leading provider of Voice over Packet (VoP) technologies and Voice Network products for converged networks, today announced that **NEC Corporation** , one of the world's leading providers of Internet, broadband network and enterprise business solutions, has selected AudioCodes Mediant(TM) 2000 Media Gateways to offer carriers and service providers VoIP building blocks for next generation networks. NEC has integrated its softswitch with AudioCodes Mediant digital media gateway for wireline applications to deliver VoIP solutions for carrier and service providers. The Mediant 2000 connects to the PBX at the customer's site allowing carriers and service providers to offer hosted services and IPCentrex services and applications.

"Integrating AudioCodes' Mediant Digital Media Gateways together with NEC's softswitch allows us to offer cost-effective, high voice quality Voice over IP solutions to our customers," said Mr. Hosaka Takemi, General Manager, Carrier Business Division at NEC in Tokyo, Japan. "We have been particularly impressed with the

scalability, performance and excellent voice quality of AudioCodes Mediant 2000, as well as with AudioCodes' responsiveness to specific market requirements."

"We are delighted that a world-leading Internet provider such as NEC has selected our Mediant 2000 as their choice gateway for implementing VoIP solutions into their customers' networks," said Lior Aldema, Vice President of Marketing at AudioCodes. "Our feature-rich, media gateway products have again proven themselves as high-performance, advanced technology building blocks with excellent voice quality for enabling VoIP solutions."

About AudioCodes Mediant(TM) Digital Media Gateways

The Mediant(TM) 2000 VoP Gateway is the cost-effective, entry-level member in the AudioCodes family of market-ready, standards-compliant, media gateway voice network products. Intelligently packaged in a stackable 1U chassis especially designed as CPE and for smaller locations in the carrier network market, the Mediant 2000 is the right-sized solution for small-scale (1 to 16 E1/T1s) needs

NTT DoCoMo to provide content to Cellcom

Japan's largest wireless operator, **NTT DoCoMo**, is coming to Israel. Sources inform “Globes” that NTT DoCoMo will collaborate with **Cellcom** in wireless content.

"Globes" reported a few months ago that Cellcom was holding advanced negotiations with NTT DoCoMo subsidiary I-Mode for a strategic cooperation agreement to install its content platform with Cellcom. These negotiations have apparently been successful.

I- Mode has developed the world's most popular platform for transmitting wireless content. It includes technological tools, international content, and matching terminals. The I-Mode platform is suitable for both GPRS-based 2G networks, and for 3G, to which Cellcom is headed.

I-Mode has 40 million customers in Japan alone. It began operating there five years ago. Given its success, I-Mode decided to export the idea that forms the basis of its

success, and it now has strategic cooperation agreements, similar the one with Cellcom, with eight operators around the world.

The operators are in Germany, Belgium, The Netherlands, France, Spain, Greece, Taiwan and Australia. Two million subscribers use the service outside of Japan.

I-Mode content transmission is based on simplicity and a minimum of clicks, to suit wireless subscribers. I-Mode has agreements with international content producers, including international news networks, Walt Disney Holding Co. and developers of wireless games. I-Mode's platform can also support chat programs, e-mail and other content services.

The advantage for an operator in cooperating with I-Mode lies in ability of all the participating operators to buy content at a discount, thanks to economies of scale. Another advantage in choosing I-Mode is that an operator can provide content services on short notice without having to reinvent the wheel by relying on existing experience.

This is an important edge in the competition between 3G wireless operators to provide content services. I-Mode's business model is based on dividing revenue with the content provider and the wireless operator, while I-Mode receives a licensing fee for its platform.

Passavé sets up Japanese company

Passave, which produces EPON fiber-to-the-home (FTTH) semiconductors, has announced the opening of **Passavé Japan KK** to serve its business in Japan. **Passavé Japan KK** will provide local engineering support, sales, service and consulting to Japan’s EPON original equipment manufacturers (OEMs) and carriers.

According to Passavé, Japan leads the world in FTTH deployment, with over 1.5 million subscribers, and Japan's new Ethernet Passive Optical Networking (EPON) service is expected to reach millions of subscribers in 2005.

"Japan has set the pace for extending Gigabit Ethernet service to consumers," said Passavé Japan KK general manager **Seiji Nishimura**. "With deployments of FTTH accelerating in Japan, this announcement marks Passavé's next significant move to extend its lead in EPON technology for FTTH networks."

In September, Passavé announced a partnership with **Mitsubishi Electric Corporation** to deliver complete access-network solutions based on Passavé's OLT and ONU devices.

Athena Smart Card Solutions Introduces "ASECard Unified Badge" an Integrated Solution for Physical and Logical Access

Athena Smartcard Solutions, a developer and manufacturer of enterprise security solutions based on smart card technology, unveiled an integrated enterprise security solution that combines protection for physical premises and logical data access.

Athena"s new technology initiative connects physical and logical enterprise security with existing network directory systems, which results in faster and lower-cost deployment, easier management and decreased administration requirements.

"We believe that there is a strong demand for a comprehensive system that links physical and logical access. Athena CMS Card Management System, merged with ASE Card Unified Badge, is the first complete solution that combines all access rights on a single card", explains Masaru Kosaka, Chairman of Athena Smartcard Solutions. "By combining physical and logical access control onto one card platform,

businesses stand to realize the maximum benefits in cost savings, ease of use and increased security."

ASECard Unified Badge emerged as a result of the requirement of a single secure credential platform for logical and physical access as well as the need for protection of private information. An ID credential platform with contact and contactless smart card technologies integrated into the corporate ID badge, allowing multiple access systems to be implemented with the highest levels of security.

Athena's new solution is designed to enable a rapid and low-cost enterprise deployment by eliminating the need to spend time and money on separate issuing and enrollment systems and on-site integration. Combining physical and logical access card management with existing enterprise directory services can also dramatically ease IT management.

ASECard Unified Badge is offered with the Athena CMS Card Management System and links IT and physical access databases. Employees will now be able to make one visit to one department and receive an ID badge containing all the required data and information. The CMS database is able to indicate which access privileges are to be assigned. The corporate ID management system can verify the CMS database and allot the required passwords and certificates. A digital photo and personal data can be added. With this information, a blank card can be inserted into the badge printer, all required information can be downloaded onto the card, and the card can be initialized and printed. The employee receives the badge within minutes and starts working with it immediately.

The ASECard Unified Badge has the capabilities of holding a picture ID and other printed identifiers, including the cardholder's signature, fingerprint or other biometric identifiers, as well as a magnetic "swipe" strip.

ASECard Unified Badge provides several security-level options ranging from simple access control to complex data encryption. For example, employees can enter controlled buildings by passing their smart-card badges in front of a reader and use the stored keys on their smart cards to log on to networks or send encrypted e-mail messages.

The ASECard Unified Badge supports two communication interfaces and a programmable ASECard Crypto chip that is used with a card reader to authenticate the cardholder to computers and data. The contactless chip (ISO 14443) is used for access to facilities and building.

Athena has successfully deployed the new smart card solution for the largest GSM operator in Israel and is currently in the process of installing the new solution with numerous of contracts with governments and large enterprises.

About Athena Smartcard Solutions

Athena Smartcard Solutions, an affiliate company of **Israel's Aladdin Knowledge Systems** is a world leader in the field of smart cards for ID and IT Security. Athena's products include ASECard Crypto smart card, ASECard Crypto for Windows, the ASECard Crypto SDK, ASECard Crypto PKCS#11 and CAPI middleware and smart card infrastructure software. ASEDrive IIIe, the leading line of professional and versatile smart card readers available in USB, Serial, Keyboard, PC Internal, Token version and a Motorized reader version; Athena serves its customers through offices located in Tokyo, North America, and Israel as well as a network of professional distributors in selected countries

December

Softbank BB the Japanese Technological giant will distribute Ideazon in Japan

The first order for distributing the Zboard for the Japanese Gaming Industry is estimated to be several hundred thousand dollars.

Ideazon (www.ideazon.com), the world's first gaming keyboard manufacturer launched in November its Zboard in Japan. **Softbank BB** the Japanese Technological giant will distribute Ideazon in Japan.

ASK Corporation was selected by **Softbank BB** as the Importer and Maintenance Company, and **Harel-Hertz Investment House Ltd. (HIH)** assisted Ideazon in penetrating the Japanese Market.

Ideazon will initially launch its PS2 version of the Zboard with game key sets such as the DOOM3, EverQuestII and Medal of Honor Pacific Assault. The first order is estimated to be several hundred thousand dollars. The Zboard is to be sold in leading retailers such as 'Yodobashi Camera' in Shinjuku and Tokyo's Electric Town's (Akihabara) retailer 'Tsukomo' and others.

The Zboard, which was fully localized to Japanese, will for the first time allow the Japanese gamers a unique user experience, as gamers have enjoyed in the US for the past year. 'Localizing the Zboard was a real challenge', said Oren Kramer, founder of Ideazon, 'as not only should it meet the characteristics of the Japanese OS, but it should also meet the different configurations of each and every game'.

Mr. Nir Shafrir, CEO of Ideazon, indicated that 'the deal was concluded thanks to the enthusiasm of SoftBankBB and ASK. Harel-Hertz, which serves as our local office in Japan, has managed not only to bring all parties together to the negotiations table,

but also guided Ideazon in the steps required to complete the localization processes and meet the Japanese requirements'.

Mr. Eran Harel, Director of Business Development of Harel-Hertz in Tokyo said that selecting SoftBankBB was neither by chance nor by coincidence, and that HIH targeted SoftBankBB, with hope that through Yahoo!BB, the largest ISP in Japan, SoftBankBB could eventually offer its 4.3 million subscribers a unique Yahoo!BB Zboard.

About Ideazon

Ideazon, founded in May 2000 in Israel, and currently headquartered in Canada, is an innovator in the design and development of next generation gaming keyboard systems. The company was founded by gaming enthusiasts who saw the need for a keyboard system that would allow consumers to very quickly learn and master complex games and business applications. Ideazon developed the versatile Zboard, the world's first gaming keyboard system with an interchangeable interface.

About SOFTBANK BB

SOFTBANK BB was established in January 2003, as the largest company within the SOFTBANK Group. It engages in the provision of broadband infrastructure and services as well as in technical development, marketing, sales, and support for "Yahoo! BB", a comprehensive broadband service with Japan's largest subscriber base of 4.5 million. In addition to "Yahoo! BB", SOFTBANK BB offers a wide variety of broadband communications infrastructure and services and integrated support for cutting edge technology, products, services and operations.

About ASK

ASK Corporation, founded in 1981, (Also known as ASK Kodansha), is a major Japanese publishing and development house for computer software, console videogames, language textbooks and movies. ASK Corporation has distribution and partnership agreements with some of the world's leading hardware manufacturers including NEC, Fujitsu, Toshiba, Sony, IBM and Hitachi. ASK's expertise

encompasses the marketing, sales and support of advanced technology in a range of fields including IT lifecycle solutions for any size enterprise.

About Harel-Hertz

Harel-Hertz Investment House Ltd. (HIH), with offices in Tel Aviv and Tokyo, is a business development consulting company and investment boutique, specializing in setting up and promoting business activity between Japan and Israel. HIH assists Japanese and non-Japanese parties in establishing and expanding market presence in Japan and Israel and also assists in raising funds in Japan. Mr. Elchanan Harel, President of HIH recently received the honorable decoration, 'The Order of The Rising Sun, Gold Rays with Neck Ribbon' from the Japanese Government.

Japan lowers travel warning level on visits to Israel

A delegation of 13 members of the Japanese Diet and a four-member delegation from the Nippon Keidanren are scheduled to visit Israel in January.

Japan's Ministry of Foreign Affairs has lowered its level of warning against travel to Israel for Japanese citizens.

Two categories have now been established for visits to Israel. The first category is for areas where Japan's Ministry of Foreign Affairs does not recommend travel by Japanese citizens, including Judea, Samaria, Gaza, Jerusalem and adjacent areas. The second category is for areas for which the ministry issues no warnings, and leaves it to the travelers' discretion. This category includes travel to Israel and visiting all areas.

Chairman Miki Ron of Israel Japan Chamber of Commerce said the lowering of Japan's warning against visits to Israel was partly thanks to numerous official and commercial Israeli requests to Japanese government, including by the Israel-Japan Chamber of Commerce.

At a reception that he hosted to mark the birthday of Japan's Emperor Akihito last Thursday, Japan's Ambassador to Israel Jun Yokota told the many guests about the importance of the easing of the warning. He said he considered it an important step toward tighter commercial and cultural relations between the two countries, and that it was clear sign of the Japanese government's confidence in the signs of progress toward peace in the Middle East.

Ron added that a delegation of 13 members of the Japanese Diet (parliament) and a four-member delegation from the Keidanren (Japan Business Federation) were scheduled to visit Israel in January 2005. He said these visits were unquestionably a sign of the significant improvement in the Japanese government's attitude toward close ties with Israel.

Sony Develops UWB Chip with Power Consumption of 105mW

Sony Corp. has developed a prototype IC for **Ultra Wideband (UWB),** a wireless communication technology that uses single-digit GHz bandwidth, and is to disclose its details at the International Solid-State Circuits Conference (ISSCC) 2005. The company has developed a one-chip CMOS IC, which integrates all the circuits (RF transceiver circuits) needed to receive radio communications.

Sony revealed the development of its UWB IC at a recent briefing. Although its maximum data rate was not specified, it appears to be at least more than 200Mbps, given the broadband used by the prototype. The company expects the IC to be used as a high-speed wireless interface for short-distance communications.

Sony is behind other leading companies, including **Wisair Ltd of Israel** and Freescale Semiconductor Inc of the US, in the development of UWB IC prototypes and products. Excluding a prototype developed by the National Institute of Information and Communications Technology (NICT), this is the first UWB IC developed by a major manufacturer in Japan. The prototype IC seems to be the

result of a joint development with Mixed Signal Systems Inc of the US, a semiconductor design company based in California.

The prototype IC is based on 180nm rule CMOS process. It uses the 3.1-5GHz band, sends and receives radio using direct-sequence spread spectrum (DSSS) technology. Its power consumption is 105mW when sending radio, and 280mW when receiving radio. The chip measures 9mm². The NF of the embedded low noise amplifier (LNA) is 4dB. A sixth-order active low-pass filter is incorporated. The power supply voltage is +1.8V.

At the ISSCC 2004, there were only two UWB-related sessions, conducted by firms such as Skyworks Solutions Inc of the US. At the ISSCC 2005, however, the number of UWB-related sessions is expected to be increased to include two on RF transceiver ICs (including Sony's presentation), two on baseband ICs, and five on elemental technologies such as frequency synthesizers and parts of receiver ICs.

Saifun signs licensing agreement with Sony.

Saifun Semiconductors announced that the company has entered a technology licensing agreement with **Sony Corp.** to provide Saifun NROM technology in embedded non-volatile memory (NVM) applications.

Saifun's **NROM technology** is an NVM technology that stores two or four bits within one memory cell. NROM can be used for all major non-volatile memory applications such as code flash, data flash, EEPROM and embedded-flash.

Saifun Semiconductors president Kobi Rozengarten stated, "This agreement with Sony is another confirmation of our strong position as a supplier of advanced high density flash and embedded flash technology. Saifun provides a clear, long-term roadmap for current and future device development by this technology license."

Semiconductor and NVM companies using Saifun NROM technology as their embedded Flash platform include Infineon, AMD, Fujitsu, Spansion, Macronix, Tower Semiconductor and others.

President and CEO Boaz Eitan, a former employee of Intel founded Saifun in 1997. Eitan is considered one of the world's leading experts in non-volatile memory components. The company has raised $95 million in three financing rounds to date.

Saifun's approaching IPO is making many headlines. The company expects to raise $70-100 million, without an offer for sale, at a company value of $500 million-$1 billion. Investment bank Lehman Brothers will lead the issue, having replaced Morgan Stanley Dean Witter several months ago. Saifun is expected to submit an initial draft to the US Securities and Exchange Commission (SEC), and go through with its IPO towards the end of the first quarter of 2005.

SELA Announces the Opening of a New SELA Japan Office.

Mr. Hiroji Sugie Named Japan Sales and Marketing Manager for SEM and TEM Sample Preparation Equipment Manufacturer

SELA Ltd., the world leader in automated SEM and TEM/STEM sample preparation equipment to the semiconductor industry, announced the opening of a Tokyo office, **SELA Japan**, to support the growing demand for their product lines in Japan.

They have also named Hiroji Sugie as their Japan sales and marketing manager. Mr. Sugie will assume all sales and marketing responsibilities effective immediately. Previously, he was the sales manager for **Cymer Japan** in charge of excimer laser sales.

Oran Collins, senior vice president of SELA, commented: "The resurgence of the Japanese market and their continued demand for our product line were the main reasons we decided to open the Tokyo office. We believe strongly that the Japanese

market will continue to grow and our new office demonstrates our commitment to that region. The expectation is that Japan will continue to bolster the more than 250 systems already installed worldwide."

As device features become smaller and film interfaces more critical, TEM (transmission electron microscope) and SEM (scanning electron microscope) analysis is playing a more significant part in semiconductor technology development and manufacturing. The need to prepare samples quickly and reliably is becoming important for cycle time and productivity in the failure analysis lab.

In November SELA introduced a new sample preparation system called the EM2. The EM2 is a fully automated sample preparation system that prepares smaller samples, more quickly, for a wider range of materials and features than previous generation tools. Manual techniques to produce the same result require highly skilled personnel and extended processing times. The often-low rate of success in producing a thin, accurate and undamaged sample is dependent on the experience and talent of the operator preparing the sample. The process can take hours and is a bottleneck in the physical analysis lab. Unlike these manual techniques, the flexible cryo-cooled dry sawing process of the EM2 uses no water and no chemicals, and prevents the chance of any contact to the area of interest. Samples are prepared automatically, damage-free, in under 25 minutes.

About SELA

SELA, Ltd., founded in 1992, develops, manufactures and markets automated SEM (scanning electron microscope) and TEM (transmission electron microscope) sample preparation equipment for the semiconductor industry. SELA's proprietary MicroCleaving technology is unique in its ability to create precision cross-sections without water, chemical or mechanical contact, and to enable analysis of mirror images of a targeted feature. Over 250 SELA systems are installed at fabs, equipment and material suppliers and research institutes globally.

Renesas Technology picks Discretix security platform

Renesas Technology Corp. has selected **Discretix's CryptoCell** security platform to be included in the entire range of Renesas' SH-Mobile processors. No value was disclosed.

Israel-based start-up **Discretix** is a provider of embedded security solutions for mobile devices and flash based storage. Renesas Technology is the joint-venture semiconductor company established by **Hitachi,** Ltd. and **Mitsubishi Electric Corporation** Headquartered in Tokyo, Renesas Technology is one of the largest

semiconductor companies in the world.

SH-Mobile is a flexible application accelerator that provides multimedia support for next-generation cellular phone communications. Unlike a traditional baseband CPU method that uses a single CPU to manage both signal and application processing, the SH-Mobile design approach uses a dual CPU architecture that dedicates one CPU to application execution in order to maximize communication performance.

CryptoCell will be embedded into future SH-Mobile processors at the chipset level providing the mobile device with a much greater level of security. Renesas Technology expects to introduce SH-Mobile processors incorporating the Discretix technology in mobile devices on 2.5G and 3G networks in Asia, Europe and the US in third quarter of 2005.
"By selecting Discretix, we will be able to develop new and innovative security solutions for our OEM customers," Renesas Technology mobile SoC design department manager Shinichi Yoshioka. "Security is an important foundation of our

roadmap going forward."

Discretix EVP sales and business development Edo Ganot said, "We are committed to the Japanese market and enthusiastic about the broad range of applications for security, in such a highly developed market."

Discretix's encryption technology provides a security solution for resource-constrained environments such as wireless devices and smart-cards. The technology is designed as an IP-core, which can be licensed to semiconductor designers and partners across a range of markets, including mobile handsets, Bluetooth and wireless-LAN devices.

NEC America selects ART voice control for HDM phone

Israel's **ART Advanced Recognition Technologies**, a provider of voice interface solutions for mobile devices, announced today that **NEC America Inc. (NEC)** has selected its embedded speech interface for its recently high definition mobile (HDM) handset.

ART's smARTspeak NG technology offers voice-enabled features such as name dialing, continuous digit dialing, command and control, and trainable continuous digit dialing for custom languages.

NEC wireless division general manager Noboru Sakata said, “Our 232E High Definition Mobile handset targets a specific user interested in enriched multimedia options, high-quality functionality and increased voice capabilities. To offer a competitive mobile device, it was important for us to add voice control features that would provide our users with a reliable, easy-to-use interface. We felt the smARTspeak technology from ART was an excellent choice for providing these capabilities. ”

ART acting CEO Yakov Shulman said, “NEC Corporation has long been one of the world’s leading electronics companies. We are proud to be a part of the technology team delivering innovative mobile phones to the North American consumer.”

The NEC 232E HDM is NEC's first mid-tier-priced, GSM EDGE handset for the US market.

Retalix Enters Japan: Drug-Eleven Selects Retalix StoreLine and ReMA for Rollout in its 169 Health & Beauty Stores

Retalix Ltd. announced that **Drug-Eleven in Japan** has signed a contract to install **Retalix StoreLine** store solutions and **ReMA chain management** platform throughout the chain. Drug Eleven is a leading Japanese health & beauty chain of 169 stores based in Fukouka.

The Retalix offering for Drug Eleven provides for advanced store operations and management activities hosted by a web-enabled suite of central applications, including item category management, promotions, loyalty, and data reporting and analysis.

The first Retalix installation at a Drug-Eleven store will go live in mid-2005, with the rollout to be completed by end of 2005, in cooperation with **CPI (Create Power Inc.).** CPI, which is affiliated with **Sojitz Corporation**, the large Japanese trading company, is responsible for the sales, service and support of Retalix products in Japan.

Mr. Tsuneo Okubo, President and CEO of Drug Eleven, said, "Drug Eleven selected Retalix for their technology and innovation leadership in the Health & Beauty retail environment, offering flexible and easy-to-use solutions, and a good understanding of the Japanese retail business requirements coupled with 24-hour local service and support."

Mr. Hitoshi Shimase, Chairman of Create Power Inc. (CPI), said, "Retalix offers the opportunity to introduce the same advanced technologies it deploys with its well-known customers worldwide into the Japanese retail market."

Yoni Stutzen, EVP International Business Division of Retalix Ltd., said, "This is a significant entry for Retalix into the Japanese retail market, which is the second largest retail market after the US, hence meeting one of our most important growth goals set forth at the beginning of this year. This contract also demonstrates the Retalix capabilities of working successfully with strong local partners."

About Drug Eleven

Drug Eleven is a leading Japanese health & beauty chain of 169 stores based in Fukouka. Drug Eleven has been in business since the early nineties, and is aiming its selection of health, beauty and pharmacy products to the medium- and high-income consumers. Drug Eleven plans to grow at a rate of 20 new stores per year during the next few years.

About Retalix Ltd.

Retalix Ltd., with North American headquarters in Dallas, provides integrated enterprise-wide software solutions for the global food and fuel retail industries, including supermarkets, convenience stores, fuel stations and restaurants. The Company offers a full suite of software applications that support a food retailer's essential retailing operations and enable retailers to increase their operating efficiencies while improving customer acquisition, retention and profitability. With installations in more than 33,000 stores and across 44 countries, the Company markets its software solutions through direct sales, distributors, local dealers and its various subsidiaries.

Suzuken Co., Ltd Invests in Glucon; Suzuken Co. to launch Glucon's Glucose Monitoring Watch -- GMW -- in Japan

Glucon, developer of a continuous, noninvasive, glucose monitoring technology for home and clinical use, named **Suzuken Co., Ltd** (TSE:9987), Japan's largest pharmaceuticals distributor, as one of the company's strategic investors. Suzuken Co.'s equity investment in Glucon is part of the $14.8 million financing round made public in September 2004. Triangle Technologies was instrumental in helping to form the current strategic relationship between Glucon and Suzuken.

"Suzuken continuously searches worldwide for scientifically sound technologies which are likely to fill an unmet need in the Japanese health care market. We believe

that Glucon's Glucose Monitoring Watch (GMW) will revolutionize the treatment of diabetes and lead to better healthcare for diabetes patients in Japan," said Suzuken General Manager, Mr. Shigeru Wada.

Under the terms of the agreement, Suzuken will manage the regulatory process in Japan and will have the exclusive rights to market the GMW in the Japanese market. Suzuken and its subsidiaries are major distributors of diabetes-related devices and pharmaceuticals. Suzuken currently controls more than 50% of the diabetes market in Japan through its SKK subsidiary. Japan is the second largest healthcare market in the world in terms of total spending.

About Glucon

Glucon (www.glucon.com), developer of a continuous, non-invasive, blood glucose (sugar) monitoring technology for home and clinical use, was founded in 2000 by two Israeli scientists, Company President Ron Nagar and V.P. of R&D, Dr. Benny Pesach. Glucon's technology enables blood glucose measurements to be accessed directly from inside the blood vessels and offers an improved method both for specificity (identification) and sensitivity (detection of level changes) of the glucose measurement. The company's desktop prototype device, the Glucose Monitoring Watch (GMW) is currently undergoing extensive clinical trials. Seed financing was provided by InnoMed Ventures, the life science fund of Jerusalem Global Ventures. Additional investors include Giza Venture Capital, Infinity Venture Capital Fund, Ascend Technology Ventures, Reslo Life Science and Suzuken.