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-FOR IMMEDIATE RELEASE-

Summary of Israeli High-Tech Company Capital Raising - Q1 2007

IVC REPORTS: CAPITAL RAISED BY ISRAELI HIGH-TECH COMPANIES - \$406 MILLION IN Q1 2007

13% of capital invested is directed to Seed companies

Internet share - highest in five years

Tel Aviv, Israel, April 22, 2007. The following are the findings of the Quarterly Survey conducted by the **IVC Research Center**, which for more than eight years has been at the forefront of venture capital and private equity research in Israel. This Survey, conducted with the cooperation of the Israel Venture Association (IVA), reviews capital raised by private Israeli high-tech companies from Israeli venture capital funds and from other investors. The Survey is based on reports from 80 venture investors of which 50 are Israeli management companies and 30 are other – mostly foreign – investment entities.

In the first quarter of 2007, 121 Israeli high-tech companies raised \$406 million from venture investors – both local and foreign. The amount was up 13 percent from the \$360 million raised by 101 companies in the first quarter of 2006, but was 15 percent below the previous quarter's \$477 million (highest in five years) raised by 105 companies.

Eighty-three companies attracted more than \$1 million each. Of these, 17 companies raised between \$5 million and \$10 million each, seven companies raised between \$10 million and \$20 million each, and two companies raised more than \$20 million each. The average company financing round was \$3.4 million, compared with \$3.6 million in the first quarter of 2006 and \$4.5 million in the previous quarter.

Israeli VC Investment Activity

In the first quarter of 2007, Israeli VCs invested \$171 million in Israeli companies, 42 percent of the capital invested. This amount was very close to Q1/06 and Q4/06 levels of \$177 million (49 percent) and \$178 million (37 percent), respectively.

The 42 percent Israeli VC share of the total amount invested in Israeli high-tech compared with an annual average of 49 percent for the 1999-2006 period. The remainder of capital was from foreign investors as well as non-VC Israeli investors.

“Q1 results show the continuation of the strong investment level that we saw last year - around \$1.5 -1.6 billion,” said Zeev Holtzman, Chairman of IVC Research Center and Giza Venture Capital. “The Israeli VC fund investment level is almost the same as in previous quarters, but the relative Israel VC share is less. This indicates a shortage of capital and a very cautious pace of investments by the Israeli VC funds. Other investors – mostly foreign VC funds – have increased their investments. Interestingly, many of these investments were made without the involvement of the Israeli VCs, effectively increasing competition for good deals.”

First investments accounted for 51 percent of total dollar investments by Israeli VCs in Q1, compared with 37 percent in the first quarter of 2006 and 55 percent in Q4 2006. The average First investment by Israeli VCs was \$2.1 million, while the average Follow-on investment was \$0.8 million.

Israeli VC Activity in Foreign Companies

In Q1, Israeli VCs invested \$9 million in nine foreign companies in addition to their investments in Israeli high-tech companies. This compares to \$16 million invested in foreign companies in the previous quarter and \$24 million invested in the first quarter of 2006. Two of the investments were First investments, and the remainder were Follow-ons.

Capital Raised by Sector - Chart 1

In the first quarter of 2007, 33 **Communications** companies attracted \$124 million or 30 percent of the total capital raised, followed by 20 companies in the **Life Sciences** sector with \$68 million or 16 percent.

Seventeen **Internet** companies raised \$64 million or 16 percent of the capital, which compared with \$21 million or just 6 percent in the first quarter of 2006 and \$22 million or 4 percent in the previous quarter. “The Internet sector is gaining momentum just as in the US,” said Efrat Zakai, Director of Research at IVC. “First quarter Internet figures – the highest in five years – surged due to an increase in the number of deals and one particularly large financing round of over \$20 million.”

Capital Raised by Stage – Chart 2

Q1 was another successful quarter for **Seed** companies with 29 Seed firms attracting \$54 million, 13 percent of the total capital raised. This amount showed little variance from Q1/06 and Q4/06 when \$50 million (14 percent) and \$54 million (13 percent) were raised, respectively. From among the Seed investments, Internet companies attracted the largest share of capital – 37 percent – followed by Cleantech firms with 18 percent.

Early Stage (R&D) companies captured 40 percent of capital raised, **Mid-Stage** companies (up to \$10 million in revenues) 30 percent, while **Late Stage** companies attracted only 17 percent of investments.

Chart 1: Capital Raised by Israeli High-Tech Companies by Sector

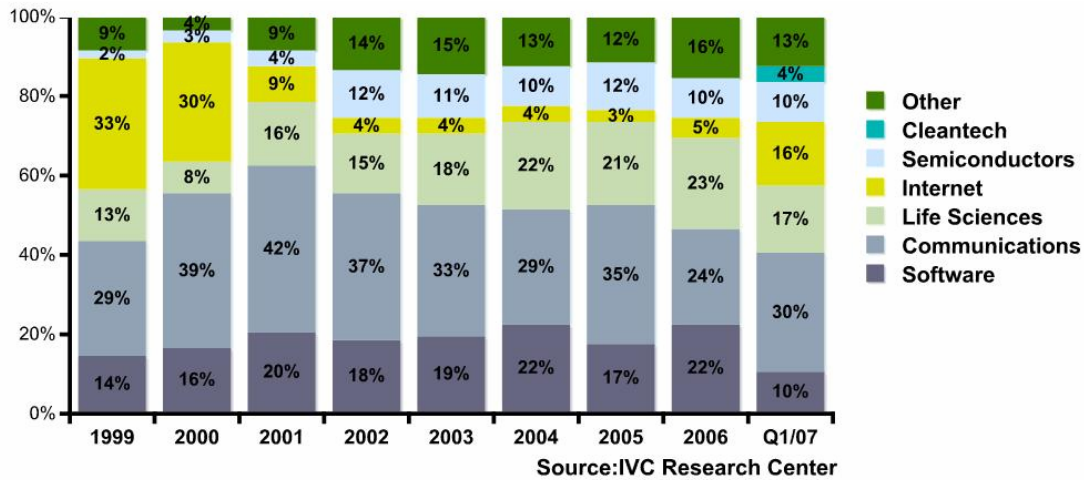
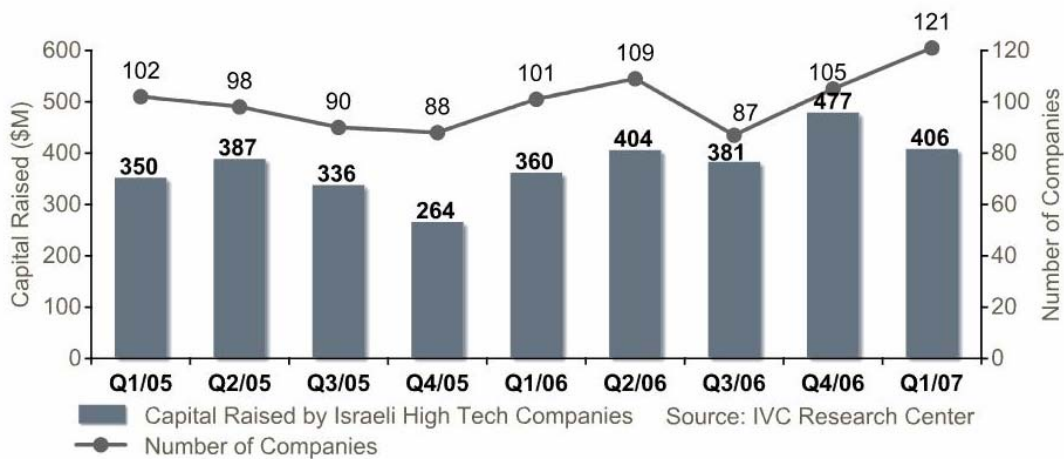


Chart 2: Capital Raised by Israeli High Tech Companies (\$m)



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