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-FOR IMMEDIATE RELEASE-

Summary of Israeli High-Tech Company Capital Raising Q2 / H1 2009

IVC REPORTS: \$279 million raised in Q2, down 40% from Q2 2008

Tel Aviv, Israel, July 15, 2009. The following are the findings of the Quarterly Survey conducted by the **IVC Research Center**, which for more than 10 years has been at the forefront of high-tech, venture capital and private equity research in Israel. This Survey reviews capital raised by private Israeli high-tech companies from Israeli venture capital funds, foreign investors and other investors. The Survey is based on reports from 80 investors of which 46 are Israeli management companies and 34 are other – mostly foreign – investment entities.

In the second quarter of 2009, 122 Israeli high-tech companies raised \$279 million from venture investors – both local and foreign. The amount was 40 percent below the \$465 million raised by 115 companies in the second quarter of 2008, but 5 percent higher than the amount raised in the first quarter of this year. In the first half of 2009, capital raised by Israeli high-tech companies was \$544 million, 50 percent below H1 2008 levels of \$1.1 billion (the highest since 2001). “We are not surprised by these numbers,” said Koby Simana, CEO of IVC Research Center. “The amount and rate of capital raised are in line with our earlier forecast of \$1 billion for the full year.”

The average high-tech financing round was \$2.29 million, compared to \$4.04 million in the second quarter of 2008 and \$2.85 million in the first quarter of 2009. Seventy-four companies attracted more than \$1 million each. Of these, 13 companies raised \$5 million to \$10 million each, and four companies raised \$10 million to \$20 million each.

Israeli VC Fund Investment Activity

In the second quarter of 2009, Israeli venture capital funds invested \$113 million in Israeli companies, 30 percent below Q2 2008 levels of \$161 million, but 7 percent higher than the previous quarter’s \$106 million. In the first half of 2009 Israeli VCs invested \$219 million in Israeli companies, a 48 percent decrease from the \$423 million invested by Israeli VCs in H1 2008. The sharp fall in investment activity will undoubtedly have an impact on the number of start-ups that will be able to operate in Israel in the future.

Israeli VC funds accounted for 40 percent of the total amount invested in Israeli high-tech in Q2 2009, compared to 35 percent in the second quarter of 2008. The remainder of capital came from foreign investors as well as from non-VC Israeli investors.

Even though the proportion of investments between Israeli and foreign investors has been maintained, total amounts invested in Israeli high-tech companies have decreased by 50 percent compared to the previous year.

First investments accounted for 38 percent of total dollar investments by Israeli VCs in the second quarter and 34 percent in the first half of 2009, compared to 22 percent and 35 percent in the second quarter of 2008 and H1 2008, respectively. The average First investment by Israeli VCs was \$2.87 million, while the average Follow-on investment was \$0.83 million.

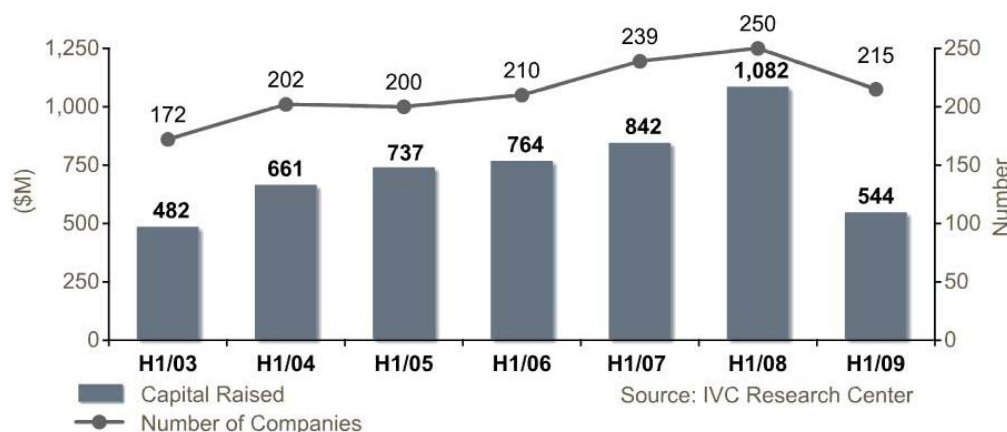
Capital Raised by Sector and Stage

In the second quarter of 2009, the **Life Sciences** sector attracted \$76 million or 27 percent of total capital raised, followed by **Software** with \$64 million or 23 percent. The **Communications** and the **Life Sciences** sectors led capital raising in H1 2009 with \$126 million or 23 percent of capital raised, followed by **Software** with \$120 million or 22 percent.

In the second quarter of 2009, **Seed** companies attracted 9 percent of capital raised, compared with 5 percent raised in the previous quarter and in the second quarter of 2008, respectively. **Early Stage** (R&D) companies captured 40 percent of total capital raised.

In the first half of 2009, **Seed** companies attracted 7 percent of capital raised, compared with 5 percent in H1 2008. **Early Stage** (R&D) companies captured 37 percent of capital raised.

Capital Raised by Israeli High-Tech Companies – H1 (2003-2009)



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IVC Research Center is Israel's leading research center providing business leaders with an unmatched wealth of data on Israeli high-tech, venture capital and private equity industries. IVC products and services are used regularly by high-tech companies, venture capital funds, private investors, financial investors and institutions, as well as public entities such as the Office of the Prime Minister, the Central Bureau of Statistics, the Bank of Israel and the Office of the Chief Scientist.

IVC owns and operates the **IVC-Online Database (www.ivc-online.com)** containing over 8,000 Israeli high-tech companies, venture capital funds, investment companies, angels and technology incubators, as well as news updates and lots more. Among IVC products and publications are the **IVC Quarterly Survey**, which examines capital raising trends by Israeli high-tech companies and the most comprehensive guide to Israeli high technology and venture capital – the **IVC 2009 Yearbook**.

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