

For more Information:
Marianna Shapira, Research Manager
IVC Research Center
972 -3-640-2339
marianna@ivc-online.com
www.ivc-online.com



-FOR IMMEDIATE RELEASE-

Summary of Israeli High-Tech Company Capital Raising - Q1 2009

IVC Reports:

\$265 million raised in Q1, a 33% decrease from Q4 2008 levels First Investments by Israeli VCs continue to decline

Tel Aviv, Israel, April 27, 2009. The following are the findings of the Quarterly Survey conducted by the [IVC Research Center](http://www.ivc-online.com), 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 85 investors of which 50 are Israeli management companies and 35 are other – mostly foreign – investment entities.

In the first quarter of 2009, ninety three Israeli high-tech companies raised \$265 million from venture investors – both local and foreign. The amount raised was 57 percent below that raised by 135 companies in the year-earlier period (which was the highest in seven years) and 33 percent below the amount raised by 109 companies in Q4 2008. Q1 2009 was the lowest quarter recorded in the last three years.

“The ramifications of the economic slow-down are being felt in Israel as we anticipated,” said Koby Simana, CEO of IVC Research Center. “The decrease is similar to that being experienced in the rest of the world, and as a result, we believe that Israeli high-tech companies’ capital raising will not exceed \$1 billion in 2009.”

Fifty-one companies attracted more than \$1 million each. Of these, 10 companies raised \$5 million to \$10 million each, six companies raised \$10 million to \$20 million, and one company raised over \$20 million. The average financing round was \$2.85 million, compared to \$4.57 million in the first quarter of 2008 and \$3.61 million in the previous quarter.

Israeli VC Fund Investment Activity

In the first quarter of 2009, Israeli VC funds invested \$106 million in Israeli companies, 60 percent below the amount invested in the first quarter of 2008, and 30 percent below investments made in the previous quarter. However, the Israeli VC funds’ share of the total amount invested in Israeli high-tech was 40 percent, compared to the 2008 average of 38 percent. The remainder of capital came from foreign investors as well as non-VC Israeli investors.

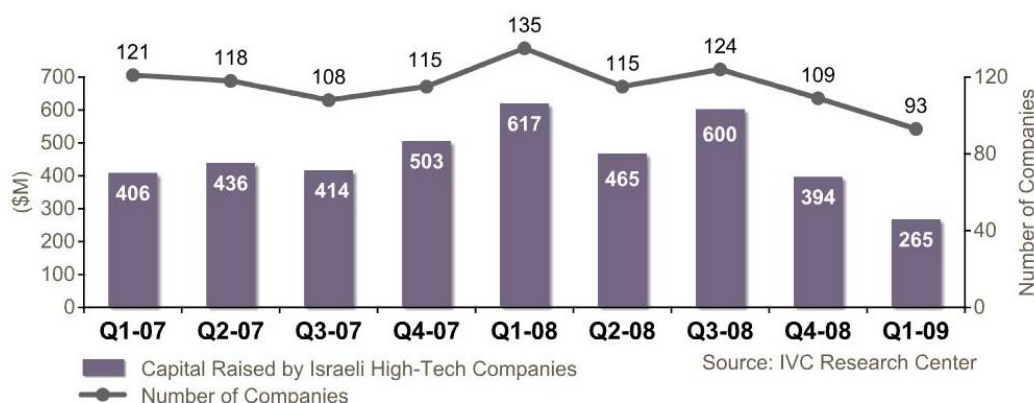
First investments by Israeli VC funds accounted for 29 percent of their total dollar investments in the first quarter, compared to 42 percent and 23 percent in Q1 of 2008 and Q4 of 2008, respectively. The average First investment by Israeli VCs was \$3.05 million, while the average Follow-on investment was \$1.03 million.

Capital Raised by Sector and Stage

The **Communications** sector led capital raising in the first quarter with \$91 million or 34 percent of capital raised, followed by the **Software** sector with \$56 million or 21 percent, and the **Life Sciences** with \$50 million dollars or 19 percent.

Twenty **Seed** companies attracted \$13 million, 5 percent of the total amount raised in Q1, compared to \$35 million raised by 27 companies in Q1 of 2008, and \$31 million raised by 10 companies in the previous quarter. The figures confirm that seed activity has slowed considerably over the past year.

Capital Raised by Israeli High-Tech Companies by Quarter (\$M)



For more information: www.ivc-online.com

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 **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**, published this month.

For additional information, please visit: www.ivc-online.com or contact Marianna Shapira, +972-3-640-2339, marianna@ivc-online.com