

Israel -Japan

Economic insight Year 2003

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President

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January

Zoran Corporation and Digital 5 Power New Wireless DVD Players SONICblue's GoVideo D2730 and Other Brands on View at CES.

Zoran Corporation, a leading provider of digital solutions-on-a-chip for applications in the growing consumer electronics markets) and **Digital 5, Inc.**, an award-winning supplier of consumer electronics networking technology to premier silicon and consumer electronics companies), announced their technology collaboration would enable wireless networked DVD players of SONICblue (a leader in the converging Internet, digital media, entertainment and consumer electronics markets) to be displayed at Las Vegas.

The combined technologies of the companies would allow consumers to stream digital pictures, music and video clips stored on a personal computer into the living room to be played on a television or home theater system for a superior viewing and listening experience.

Fuji Machine Mfg. and Tecnomatix Announce Joint Migration Path for Machine Programming Tools.

Continuation of Established Relationship Creates Seamless Connection Advantage with Fuji FLEXA and eM-Assembly Expert.

Tecnomatix Technologies, the driving force in Manufacturing Process Management (MPM) software solutions, and **Fuji Machine Manufacturing Company, Ltd.**, announced their commitment to provide existing FujiCam customers with a seamless connection to Fuji SMT equipment and other SMT vendor equipment that significantly extends the current SMT programming capabilities for mutual customers. Through the continuation of established cooperation, which dates back to 1998, Fuji Machine Mfg. and Tecnomatix Unicam would extend business value to mutual customers.

Camtek Appoints Kanematsu Devices Corporation as Exclusive Distributor In Japan of Camtek's Products for the Microelectronics Industry.

Camtek Ltd. and **Kanematsu Devices Corporation (KDC)**, a subsidiary of Kanematsu Corporation, announced the appointment of KDC as the exclusive distributor in Japan of Camtek. With this appointment, Camtek's distribution network

in Japan would consist of Pentax, which handles Camtek's products for the Printed Circuit Board manufacturing industry, and KDC for the microelectronics industry.

Camtek Ltd. designs, develops, manufactures, and markets technologically advanced and cost-effective intelligent optical inspection systems and related software products, used to enhance processes and yields for the printed circuit boards, semiconductor packaging and microelectronics industries.

KDC is a Japan-based distributor of semiconductor and FPD process equipments, covering the front-end and back-end manufacturing processes.

Dead Sea Bromine Company Signs Agreement With the Japanese Company, Manac, For the Production and Marketing of a Flame Retardant.

Dead Sea Bromine Group (DSBG), a leading company in the production of bromine and bromine derivatives, signed an agreement for long-term cooperation with the Japanese company, **Manac**, for the production and marketing of a flame retardant for engineering plastics. According to the agreement, DSBG would receive the rights for the production and marketing of the flame retardant, Brominated Polystyrene (FR 803), for engineering plastics for the world market in return for annual royalties to be paid to the Japanese company.

Polished diamond exports in 2002 - \$5.2b

It was reported that Israel's polished diamond exports rose 15% in 2002 to \$5.2 billion, the Ministry of Industry and Trade reports. Diamond imports rose 30% to \$4.4 billion. The number of carats imported to Israel rose 17%.

Insightec receives first order in Japan of \$1.5m.

Insightec, which is 61% owned by Elbit, announced first order of \$1.5m in Japan for her own-developed system of treating tumors on soft tissues. The order would include Insightec's ExAblate 2000 that enables non-invasive surgery at real time while treating tumors in the stomach and chest. This is the first significant move of Insightec in the Japanese market. The ExAblate was sold to 7 Private hospitals including one related to Osaka University.

February

Terachip announces availability of chip TCF16x10 samples **Jafco Asia invests \$3.5M in the Israeli Start-up**

The **Jafco Asia Venture Capital Fund** invested about \$3.5 million in Israeli startup **Terachip**, that lifted the company's latest financing round to \$18.5 million. **TeraChip**,

founded in November 2000 with its R&D in Lod with marketing offices in California, develops next-generation merchant switch fabrics, and launched a 160 Gbps 15W single-chip switch fabric. The chip is designed for communications equipment manufacturers of local area network (LAN), storage area network (SAN) and metro area network (MAN) markets.

M-Systems, Toshiba unveil Mobile DiskOnChip G3

M-Systems (Nasdaq:FLSH) and **Toshiba America Electronic Components Inc.** (TAEC), along with its parent company, **Toshiba Corp.** announced the upcoming availability of the Mobile DiskOnChip G3 flash disk. The announcement was made in advance of the 3GSM World Congress 2003, which opened in Cannes in the middle of February.

Decru raises \$1m from Star Ventures, Sumitomo

Decru raised \$1 million from Israeli-German Star-Ventures and Japan's Sumitomo Corporation. **Decru** develops SCSI protocol-based information network storage security solutions. Israeli Dan Avida is Decru President and CEO and was a founder of Electronics for Imaging.

Hitachi Capital Boosts Call Center Performance By 300% With Enterprise Caching

Expand Networks, headquartered in Roseland, New Jersey and Tel Aviv, Israel, announced that **AMIC Services Co.**, a debt collection service business of **Hitachi Capital Corporation** successfully deployed Expand's Enterprise Caching on multiple locations in its Japanese call center network. These deployments enabled cost savings of more than \$100,000 a year.

Kagoor Networks partners with Japan's NTT-ME

Kagoor :NTT-ME will provide its VoIP control technology to Japanese service providers and enterprises

Kagoor Networks, a young California based Israeli start-up with its R&D office in Herzliya, which provides solutions that control voice over IP (VoIP) technology, said that it signed a partnership agreement with Japanese telecom integrator **NTT-ME**. **NTT-ME**, which is part of the NTT-ME Group, consists of 20,000 employees with a network of 380 service branches in Japan), selected Kagoor after extensive testing of its VoiceFlow series products.

Corigin raises \$5m in financing from Vertex and others

Vertex Venture Capital, which manages \$650 million in venture capital in Israel and Europe and is part of the International Vertex Venture Holdings (VVH), announced that it lead a \$5 million financing round with an investment of \$3 million in the Israeli company, **Corigin Ltd.** (a developer of Data Sharing and retrieval solutions). **Genesis Partners**, an Israeli based VC fund, which manages \$350 million in two funds focusing on communication, data, storage and enterprise software also participated in the round with an investment of \$2 million. **Corigin** also signed partnership agreements with leading global vendors, such as HDS (Hitachi Data Systems) and Information Builders.

Software joins Seiko(SII), Sanyo New Product innovations.

At 3GSM, Seiko presented a new line of wireless mobile watch, Sanyo unveiled a credit card size wireless terminal.

Wireless software solutions provider **IXI Mobile, Inc.**, a privately held company with headquarters in Redwood City, California and a research and development center near Tel Aviv, announced two innovative collaborations with major players, at the 3GSM World Congress in Cannes. **Seiko Instruments Inc.** (SII) is using IXI software to create a new variety of wireless watches and related services for the mobile market. **IXI** further announced that Sanyo Technology Center U.S.A., a division of Sanyo North America Corporation, was unveiling a series of conceptual models of new mobile devices codenamed "Alviss".

Investors in IXI include China Development Industrial Bank, Draper Fisher Jurvetson ePlanet Ventures, Intel, Gemini Funds, Texas Instruments and TLcom.

StoreAge SVM Passes with Flying Colors.

Kansai Paint, Japan's Largest Paint Company, Chooses StoreAge SVM to Provide Storage Virtualization Management .

StoreAge Networking Technologies, an innovator in enterprise SAN storage management, announced the deployment of its SVM(TM) (Storage Virtualization Manager) at **Kansai Paint Co. Ltd.** **Kansai**, the largest Japanese paint manufacturer and leading paint and coating material manufacturer, is a public company founded in 1918, with annual revenues of over USD1.3 billion, 2,600 employees and subsidiaries in Asia, Europe and USA.

March

InSightec signs MOU with Japanese distributor-Ktec- for \$36m in sales over three years

Elbit Medical Imaging announced that subsidiary **InSightec** -- Image Guided Treatment signed a Memorandum of Understanding dated February 25th, 2003 with **Ktec Corporation Inc.** for the exclusive distribution of MRI-guided focused ultrasound (MRgFUS) systems in Japan. **Elbit Medical Imaging** indirectly holds a 61% interest (on a fully diluted basis) in **InSightec**. The MOU formed the basis of a three-year distribution agreement, within the framework of which Ktec would conduct all the regulatory, marketing and sales activities of InSightec in Japan, and provide technical and clinical support.

CogniTens Receives Multiple System Orders from Japan's TSK

CogniTens of Ramat HaSharon, Israel, supplies non-contact 3D measurement solutions for the automotive and aerospace industries. The orders were received from **TSK**, the Japanese distributor of **CogniTens** for its OEM and Tier One customers. With the installation of these systems on order, the total installation of **Optigo** systems in Japan would be a few dozen systems. **Optigo** plays an increasingly important role in production engineering processes in Japan, as its one of the largest car manufacturers in Japan.

Shellcase raises \$13.5m in internal round

Israeli company **Shellcase** completed a \$13.5 million financing round from its current investors, at a company value of \$32 million, after money. The round included the conversion of \$8 million in convertible loans into shares. Investors included the Israeli Infinity Venture Capital Fund, Clal Electronics Industries, AMPAL, Motorola Ventures, **Sanyo Semiconductor**, US fund Palladin Asset Management, and a General Electric (NYSE: GE) investment fund.

Shellcase was jointly founded in 1993 by Avner Badihi and Japanese printing concern **Toyo Ink**, and develops, manufactures, and markets chip-size packaging for electronic and optical components, mostly for the global cellular telephone and digital camera markets.

Japan's Kansai Paint Chooses StoreAge SVM to Provide Storage Virtualization Management

StoreAge Networking Technologies announced the deployment of its SVM (Storage Virtualization Manager) at Kansai Paint Co., the largest Japanese paint manufacturer.

The deployment at **Kansai Paint Co.** was effected in cooperation with **Computer Dynamics Corporation**, StoreAge's partner in Japan. After examining various solutions, Kansai Paint chose StoreAge SVM to facilitate the administration of its storage systems, thereby reducing TCO. The company's data was growing substantially every year, creating a frequent need to add storage capacity to application servers.

StoreAge Networking Technologies is an innovative developer and provider of enterprise storage management solutions that centralize and simplify storage network administration and has principal offices in Irvine, CA and Nesher, Israel.

April

Kawaguchi in Jerusalem: asks Israel to support Palestinian reforms

Foreign Minister **Yoriko Kawaguchi** met with **Israeli Foreign Minister Silvan Shalom** and asked Israel to support reforms by Palestinian Prime Minister-designate Mahmoud Abbas.(Abu-Mazen). The meeting with Prime Minister Sharon was cancelled as Israel's request not to meet Mr. Yasser Arafat was rejected by the Japanese delegation. Israeli officials explained that meeting with the PA chairman at this point of time, was in contradiction to assist Mr. Abu-Mazen in stabilizing his new government.

Mitsubishi Corporation Partners with P-Cube to Provide Service Control Solutions.

P-Cube and Mitsubishi Corporation Provide Peer to Peer Control Solution to Tier One Japanese Broadband Providers

P-Cube Inc., the originator of programmable IP service control platforms, announced a business alliance with **Mitsubishi Corporation** to deliver P-Cube Service Control solutions to Japanese broadband providers facing increased challenges from peer-to-peer users. In addition to the marketing and distribution partnership, **Mitsubishi** planned to develop a Customer Show Case Center in Tokyo, demonstrating

P-Cube's solutions for usage analysis, content-based billing and peer-to-peer control.

Fujitsu Partners With Orsus to Target Mobile Workers

Fujitsu Consulting, the global consulting arm of the **Fujitsu Group**, teamed up with mobile application provider, **Orsus Solutions**, as part of Fujitsu's new mobile strategy to corner the market for UK wireless business solutions. The partnership would enable **Fujitsu** to resell the **Orsus Mobile Framework**, which provides a faster, more reliable way to deliver mobile solutions. Orsus' software will enable Fujitsu to target specific businesses and Fujitsu would be targeting all the key sectors in the UK with its mobile strategy, including utilities, retail, government, telecommunications and financial services.

Riverhead Networks Inks Japanese Distribution Agreement

Rikei Corp., Leading Supplier of IT Technology, to Resell Riverhead Products

Riverhead Networks(TM), a leading provider of distributed denial-of-service (DDoS) solutions that ensure business continuity for ISPs, data centers and large enterprises, announced that it signed a distribution agreement with **Rikei Corp.**, a leading supplier of information technology (IT) parts, components, products and systems. According to terms of the agreement, Rikei Corp. will sell and support Riverhead's DDoS detection and mitigation solutions, the Riverhead Detector(TM) and Riverhead Guard(TM), in Japan.

Riverhead Networks is funded by Sequoia Capital, Cisco Systems, Gemini Israel Funds, Intel Capital and Koor Venture Capital.

May

Israel's Teva teams up with Eisai

Israel's **Teva Pharmaceutical Industries Ltd.**, the world's biggest maker of generic drugs, agreed to develop and market a treatment for Alzheimer's and Parkinson's diseases with Japan's **Eisai Co. Ltd.** **Eisai**, based in Tokyo, is a research-based human health care company with operations in more than 30 countries and is the maker of the Alzheimer's drug Aricept. Besides enhancing Teva's image in the pharmaceutical market, the deal would help it expand further into the richer world of branded drugs. Until this agreement **Teva** had had only one branded drug — Copaxone, for multiple sclerosis. Terms were not disclosed.

[New Nihon Kohden Interface to Enable Connection to Oridion's Microstream Capnography](#)

Oridion Systems Ltd. (a global medical device company specializing in patient safety monitoring and products for diagnosis and management of gastrointestinal disorders) and **Nihon Kohden America** (Japan's leading manufacturer, developer and distributor of medical electronic equipment with subsidiaries in the USA, Europe and Asia and distributors in nearly every country in the world) announced the launch of a new Microstream® enabling interface.

The new interface would enable **Nihon Kohden's** patient monitoring systems to communicate with **Oridion's** Microstream® capnography monitors and to integrate the data from Oridion's monitors onto the central screens of Nihon Kohden's monitoring systems.

[Toshiba selects Jungo for its wireless cable modem routers](#)

Toshiba America Information Systems, Inc., Network Products Division (TAIS NPD) and residential gateway software provider **Jungo Software Technologies**, announced that **Toshiba** is the first major cable modem manufacturer to embed Jungo's CableHome-based **OpenRG residential gateway** software into a wireless cable modem router. The software provides plug and play home networking services that can be remotely managed and provisioned by multiple systems operators (MSOs).

[Magink display technologies Receives \\$5 Million in Series B Financing](#)

[Magink's Digital-Ink Billboards Heralded as the Future of Outdoor Advertising](#)

Magink Display Technologies Inc., developer of the world's first full-color digital-ink billboards for the outdoor advertising industry, announced that it received Series B financing of \$5 million. The round of financing was led by **Japan Asia Investment Co.**, one of the largest venture funds in Japan, with participation from **Marubeni Corporation**. The funding was to be used to expand sales and marketing for the company's digital-ink billboards, which were being manufactured through a partnership with **Mitsubishi Electric Corp.** and another portion of the funding was to be used to develop additional applications for the company's digital-ink technology, including full-motion video.

June

Hitachi Communication Technologies, Ltd. to Offer Metalink's Geryon And Xanthus-II QAM EOVDL Solutions

50 Mbps QAM VDSL Solutions Now Available For Japanese Broadband Market

Metalink Ltd., a leading provider of high performance VDSL silicon chipsets, and **Hitachi Communication Technologies, Ltd.**, (a fully owned subsidiary of Hitachi Ltd.), announced that **Metalink's** QAM four band standard compliant VDSL products, Geryon and Xanthus-II, would be available in **Hitachi's** VDSL product family. Metalink's chipsets are designed to meet Japanese market requirement for high-speed, 50Mbps downstream and 30Mbps upstream with spectrum compatibility of TCM-ISDN services.

Sony Licenses Waves' Audio Technology for Use in SonicStage Mastering Studio

Sony Integrates Three Waves Audio Processors to Be Shipped With VAIO PCs Worldwide

Waves Ltd., the worlds' leading supplier of audio signal processing solutions for the professional, broadcast and consumer electronics audio markets, announced that **Sony** would license three of Waves' audio processors to be integrated into Sony's **SonicStage Mastering Studio** application.

Sony Nintendo in chase after 3DV

The highly competitive game console giants: **Microsoft**, **Nintendo** and **Sony** showed great interest in **3DV's** 3D video technology (according to market report by D&A). The Company's technology enabled the game console companies advanced visual breakthroughs, and was expected to provide the extra edge needed for the console companies to succeed in the third generation console market. **3DV** develops three dimensional object video sensors that enable 3D Object Oriented Video Capturing.

Power Paper signs strategic partnership with Japan's Toppan Forms

Toppan invested \$2 million in Power Paper, and will advance Power Paper products in the Asia-Pacific region.

Power Paper, which makes thin and flexible batteries, announced that it received a \$2 million equity investment from **Toppan Forms**, Japan's largest provider of business forms. The investment is part of a new strategic partnership between the two companies, Power Paper said. Under the agreement, Toppan Forms would advance Power Paper's micro-power source technology and active cosmetic patches in the Asia-Pacific and Japan regions.

Aladdin Japan Online Security System Employs USB Device

Aladdin Japan Co., a vendor of online security products, rolled out a system that uses a USB (Universal Serial Bus) device to enable secure electronic business-to-business (B2B) transactions. The **eToken WSO**, a USB device developed by Israeli-based parent company **Aladdin Knowledge Systems Ltd.**, protects users' important data from theft. Aladdin Japan intended to market to corporate customers the product's convenience and ability to provide online security for users.

Toshiba Selects Surf and Motorola for Packet Telephony Solutions

Surf Communication Solutions, (a privately held company, which products are integrated into embedded data communication equipment, developed by original equipment manufacturers in the telecommunications, telephony, data communications and wireless industries), announced that **Toshiba** chose to integrate the Surf Multi-access Pool (SMP) Packet Telephony solution in its VoIP-enabled Wireless Infrastructure equipment.

The strong confidence in the **Surf/Motorola** offering was intensified by their professional expertise that is a mandatory requirement for a technological leader such as Toshiba.

Wisair Demonstrates Wireless Broadcast of Multiple HDTV Video Streams Employing its UBLink(TM) Ultra Wide Band Technology in Tokyo, Japan

Wisair, a leading Ultra Wide Band (UWB) chipsets and solutions company, announced that it successfully demonstrated its UWB technology to leading Japanese consumer electronics and communication companies. The demonstration installed at **e-Connections'** office in Tokyo used the **Wisair** UWB Evaluation Toolkit (EVT) and this demonstration included the broadcasting of three simultaneous video streams (two HDTV and one DVD streams) to large screen displays.

Top Image planning to acquire control of Japanese distributor

Acquiring Toyo Ink Manufacturing Co. - EDMS Division will almost double Top Image Systems's sales, which were expected to reach \$8 million in 2003.

Top Image Systems (TIS) planned to acquire control of its Japanese distributor, **Toyo Ink Manufacturing Co. - EDMS Division**. **Top Image** integrates information of different types and from multiple sources into corporate information systems. The company considers Japan to be a strategic market and wants to expand its position there, despite its weakness in recent quarters.

July

Israel planning \$170m bond issue in Japan – report.

Israel considered a return to the **Samurai bond market** for the first time in six years, with a planned issuance of 20 billion yen (\$169.8 million) in five-year paper. Meanwhile, the Finance Ministry filed a shelf registration at Japan's Ministry of Finance to raise ¥50 billion through bond issues on Tokyo's Samurai market. No specific bond issue was planned at that time. ¥50 billion is roughly equivalent to \$420 million. Treasury officials confirmed the news, after the registration was announced by Japan's Ministry of Finance. The bonds were to come due in August 2007.

Toppan Forms (Japan), Yasuda Enterprise Development Co. (Japan) lead investment in Power Paper

Power Paper Completes \$15 Million private placement.

Power Paper Ltd., a leading provider of thin and flexible micro-power source technology and devices, announced that it completed a \$15 million fundraising round, the company's fourth round of financing. **Amadeus Capital Partners Ltd**, a UK-based technology investor, led the financing round, which also included investments from **Banc America Capital Partners** (US), the **PolyTechnos Funds** (Germany), **Millenium Materials Technologies Funds** (Israel), **Toppan Forms (Japan)**, **Yasuda Enterprise Development Co. (Japan)** and other current shareholders.

M-Systems and Toshiba to merge flash data storage technology

M-systems, the Israeli flash-memory maker announced that it signed an agreement to marry its technology with **Toshiba's** to create new NAND flash-based data storage products. The agreement includes joint development of next-generation products as well as cross licensing of intellectual property, guarantees for M-Systems regarding capacity of the NAND flash, and - for the first time - a strategic investment by Toshiba in M-Systems.

The source estimated Toshiba's investments in the joint project at the time to be as high as \$4 Millions.

Israel asks for Japan's help in peace process

Israel asked Japan to encourage Iran to support the so-called "road map" peace process in the Middle East and discourage it from backing "terrorists", and it was also in the course of a meeting with Japanese Foreign Minister **Yoriko Kawaguchi**, **Zvi Gabay**, a special envoy of Israeli Foreign Minister Silvan Shalom, also urged Tokyo to exert its influence over the Palestinian Authority (PA) to press into dismantling "terrorist organizations".

August

Israel asks Japan for cooperation in Mideast peace process

Visiting Israeli Foreign Minister **Silvan Shalom** asked Prime Minister **Junichiro Koizumi** for Japan's cooperation in urging the Palestinians to move the Middle East peace process forward, Japanese officials said. Shalom told Koizumi that Japan had provided \$680 million in aid to the Palestinian Authority and so he wanted Tokyo to use its influence to pressure the Palestinians to disband terrorist organizations among them.

New joint Israel-Japan R&D fund established.

Minister of Foreign Affairs Silvan Shalom met with Japan's Minister of Economy, Trade, & Industry Takeo Hiranuma agreed to set up a new joint Israel-Japan R&D fund. Hiranuma accepted Shalom's proposal for a joint committee staffed by the economics ministries of the two countries. The committee would foster cooperation and bilateral activity between the two countries, and activities opposite developing countries. The Japanese minister stressed that Japan attached great importance to Israel's high-tech capabilities, and planned to strengthen trade and economic ties between the two countries.

Quark Biotech and Fujisawa Pharmaceutical Extend Collaboration

Quark Biotech (a privately held company headquartered in Fremont, CA) and **Fujisawa Pharmaceutical Co., Ltd.** (one of the leading pharmaceutical companies in Japan), announced the extension of their research collaboration for target discovery and drug development for stroke for an additional year. The two companies first entered into collaboration in April 1999 in the field of stroke. Under the agreement, Quark utilized its proprietary discovery platform to identify novel target genes and proteins suitable for development of drugs to treat stroke.

As part of the collaboration, **Fujisawa** would have exclusive rights on the resulting products on a worldwide basis and *Quark* would have an option to co-market certain products in the United States and the European Community countries.

Olympus Accelerates Development of Next-Generation Digital Cameras by Using StoreAge's SVM

SVM Maximizes Application Availability and Improves Data Protection

StoreAge Networking Technologies, an innovator in enterprise SAN storage management, announced the deployment of its SVM(TM) (Storage Virtualization Manager) at **Olympus Optical Co., Ltd.**, a world-leader in OPTO-digital technologies, with annual revenues of \$4.4 billion. **Olympus** selected SVM to centralize storage management, accelerate data backup and improve application availability. The deployment at Olympus was effected in cooperation with Computer Dynamics Corporation, StoreAge's partner in Japan.

Cyota selected by Japan's UC Card for Verified by Visa

UC Card, a member of Mizuho financial group, is one of the largest credit card issuers in Japan.

Payment security company **Cyota** was selected by Japan's **UC Card** to provide an end-to-end Verified by Visa (3D Secure) Internet payment security service. The service would be available to UC cardholders and merchants. **UC** planned to integrate the authentication service with its existing online services, so cardholders would enjoy "single sign on" meaning cardholders would use the same user name and password for both Verified by Visa and the bank's online services.

e-SIM To Implement Changes in Its Japanese Organization

e-SIM (a major provider of **MMI** (Man-Machine Interface) solutions for wireless and electronic products) announced it would be implementing a number of strategic changes in its Japanese organization. In light of the company's earlier decision to focus on specific vertical markets, of which wireless platforms and devices were major ones, it would leverage its global organization's skills in these areas for the Japanese market.

Within the framework of these changes, **e-SIM** would be putting into effect in Japan a model proven successful in other regions of the world.

Aladdin Software Turns PC Into Anti-Virus Appliance For LANs

Aladdin Japan Co., the local arm of Israeli digital security firm **Aladdin Knowledge Systems Ltd.**, was to begin marketing software that can convert a personal computer into a dedicated anti-virus appliance.

Once a computer has been installed with the software, it can be placed at the connection between the Internet and the LAN (local area network), where it will work to provide a total security solution for that LAN. This would be the first software of its type to be sold in Japan. Aladdin Japan planned to charge 945,000 yen for a 250-user license.

M-Systems' chip incorporated in new Sony CLIE

Israeli flash memory developer **M-Systems Flash Disk Pioneers** announced that its Mobile DiskOnChip had been adopted in **Sony's** PEG-UX50 CLIE handheld device. M-System's 512-megabit (64 megabyte) Mobile DiskOnChip has the storage capacity needed to realize functions such as PDA/scheduler, address book, task management, memo pad, music player, digital image capture, and movie playback.

The agreement with **Sony** gave **M-Systems** another important foothold in the Japanese electronics market, consolidating its position. Furthermore, an agreement of this kind with Sony, one of the largest and most important Japanese electronics companies, and the pennant holder in its field, should open many doors in Japan for M-Systems.

September

Metalink Expands its Position in Asia Pacific By Establishing Local Office in Japan

Metalink, headquartered in Israel, a leading provider of high performance wireline and wireless broadband communication chipsets, announced the company opened an office in Yokohama. This reflected the company's commitment to better enhance its ability to capitalize on the high-growth broadband markets and provide its customers with rapid overall support. **Metalink** established this Far East subsidiary, **Metalink Asia Pacific Ltd.**, and opened its first local office in Seoul, South Korea. Metalink also has an office in Folsom, CA.

Wisair Completes FCC Compliance Tests for Its Multi-Band OFDM Ultra Wide Band Evaluation System at TDK RF Solutions Test Lab

Wisair's System Is the First Multiband OFDM Based Device and Will Be Demonstrated During the IEEE Meetings in Singapore

Wisair, a privately held company headquartered in Israel also with offices performing business development and marketing activities in both Japan and the USA and founded in May 2001 as part of the **RAD Group** with their seed investment and a leading Ultra Wide Band (UWB) chipset and solutions provider, announced it successfully completed FCC Part 15 compliance tests of its UWB transmitter at accredited compliance test laboratories of **TDK** of Austin, Texas.

Wisair system is based on Multi-Band OFDM (MB-OFDM), which was the current winning UWB proposal in the IEEE standardization committee. **Wisair** planned to demonstrate its system during the upcoming IEEE meeting in Singapore. Wisair was one of the key contributors to this winning proposal, which was supported by over twenty silicon and system companies and by the main consumer electronics manufacturers.

These companies created an informal coalition by pooling their technologies and know-how, named the MB-OFDM Alliance (MBOA). The fundamental purpose of the MBOA is to find the best technical solution for this standard that will serve the worldwide markets.

Sanyo To Boost Monthly Domestic CCD Output To 2mn Units

Sanyo Electric Co. (the largest producer of CCDs for cell phones with built-in cameras) to increase domestic production of CCDs (charge-coupled devices) used in cellular phones with built-in cameras. In 2002 cell phone producers delayed the debut of some models due to **Sanyo's** inability to meet demand. As a result, Sanyo announced plans to invest around 45 billion yen between fiscal 2003 and 2005 in an effort to boost monthly output from the 1 million units as of the end of 2002 to 5 million units by spring 2004.

These measures, estimated to cost 10 billion yen or less, would enable the company to meet the domestic demand from cell phone manufacturers, doubling monthly production capacity from 1 million units at the end of 2002, to 2 million. **Sanyo** also planned to increase **DSP production in Israel and Taiwan**, and further expand their Gunma facilities.

Eisai Builds Up Overseas Drug Development, Marketing

Eisai Co. planned to build up its overseas development and marketing of new treatments for diseases of the central nervous system. In the U.K., the company began clinical testing of E2070, a candidate remedy for neuralgia, and it was also working on E2007, a potential treatment for Parkinson's disease.

In the U.S., the firm hoped to begin marketing promotion as early as the second half of 2004 for a Parkinson's treatment developed by **Teva Pharmaceutical Industries Ltd.** of Israel. These new drugs could hope to become strategic products for **Eisai**, following its current main product, Aricept, a treatment for Alzheimer's disease. The company was looking ahead to 2010 and beyond, when patent protection for Aricept would lapse.

October

Atrica Selects Kawasaki Microelectronics ASIC Solutions For its Carrier-class Optical Ethernet Systems

Advanced Yet Affordable ASIC Technology Will Help Enable the Cost-effective Delivery of Advanced Ethernet Services

Kawasaki Microelectronics, a leader in advanced yet affordable ASICs, announced that Atrica, a leading provider of **Optical Ethernet equipment** for the rapidly expanding Metro networking market, selected Kawasaki as its ASIC supplier for its industry-leading, carrier-class Optical Ethernet Systems. **Atrica** is a privately held company based in Santa Clara, California, with R&D facilities in Israel and business development and sales offices throughout the U.S., Europe, and Asia Pacific.

ASICs are critical components in **Atrica's** network platforms. They allow **Atrica** to cost-effectively implement its industry-leading technology for delivering carrier-class capabilities such as guaranteed Service Level Agreements (SLAs), Quality of Service (QoS), sub-50 millisecond resiliency, end-to-end service management, and MPLS.

Global Cell Phone Subscribers Eclipse Fixed-Phone Users In '02

GENEVA (Nikkei)--The number of cellular phone subscribers worldwide reached 1.15 billion at the end of 2002, exceeding that of fixed-phone subscribers, at 1.12 billion, for the first time, according to the International Telecommunication Union, a United Nations body drawing up global communications rules. China, which became the country with the greatest number of cell phone subscribers in 2001, maintained the top slot in 2002, widening its lead over the second-place U.S. The U.S. had 140 million cell phone subscribers in 2002, followed by 81 million in Japan.

In terms of the "density of cell phone use," or subscriptions per 100 people, Taiwan scored the highest figure at 106 last year, followed by Luxembourg at 105 and **Israel at 95.**

Sony Ericsson phone using M-Systems DiskOnChip

M-Systems Europe general manager Francois Kaplan: The DiskOnChip flash disk is ideal for handset manufacturers.

M-Systems (Nasdaq: FLSH), a leader in flash-based data storage products revealed that its Mobile DiskOnChip flash disk would provide non-volatile memory capacity to **Sony Ericsson's** P900 smartphone. According to **M-Systems**, significant new capabilities such as video recording, online software updating and storage of downloadable software, music and Java and mophun games would be made possible in part through the increased memory provided by Mobile DiskOnChip.

M-Systems Appoints New U.S. and Japanese Management

Company Appoints Yuzo Tsukui President of M-Systems Japan

M-Systems (Nasdaq: FLSH), a leader in flash-based data storage products, announced a series of changes designed to ideally position the Company to capitalize on growth within its target market segments. The Company appointed Yuzo Tsukui as President of M-Systems Japan who has 23 years of semiconductor business experience and had held prominent sales and business development positions in Japan for a number of international companies.

Wintegra to supply processors to Fujitsu subsidiary

Fujitsu subsidiary, **Fujitsu Telecommunications Europe**, a leading supplier to British Telecommunications selected **Wintegra, Inc.** to perform network processor functions in its multi-service platform. **Wintegra**, founded in January 2000 is a fabless semiconductor company that enables communications infrastructure equipment providers to migrate their product lines toward the next generation of access networks with a family of single chip solutions.

Industry sources believed that Wintegra would earn \$1-2 million from the deal over the next two years.

Corrigent Systems Opens Sales and Support Office in Tokyo, Japan

Targets Demand for Packet-ADM Transport Solutions

Corrigent Systems, based in San Jose, with an R&D center in Israel and a leading provider of packet-ADM (Add Drop Multiplexer) transport systems for metropolitan networks, announced the expansion of its sales operations in the Japanese market

with the opening of an office in Tokyo, Japan. The expanding operations reflected growing interest in packet-ADM products in this region of Asia-Pacific.

Orckit Communications is a majority shareholder of **Corrigent**.

November

Weizmann Institute Searches For Partners In Japan

The **Weizmann Institute of Science**, a research facility in Israel, was making full-scale efforts to sell technology in Japan chiefly that related to medicine. Isaac Shariv, president and chief executive officer of **Yeda Research and Development Co.**, the commercial arm of the Weizmann Institute, visited 12 pharmaceutical and medical instrument companies in Japan to inquire about licensing agreements and investments.

(**Yeda** obtains patents on the technology developed at the **Weizmann Institute** and forms licensing agreements with outside companies). **Yeda** was particularly interested in signing contracts with Japanese companies in the areas of pharmaceuticals, medical devices and biotechnology and said that from then onwards, either he or another company representative would visit Japan every three to four months.

In addition to offering licensing agreements, **Yeda** planned to give Japanese companies the opportunity to invest in promising **Weizmann Institute** research, for which they would be able to obtain usage rights to any resulting technology.

In 2002, total sales of products derived from technology developed at the institute totaled 3 billion dollars.

Emaki Inc develop products based on Israeli Technology

Emaki Inc., a **Fukushima Prefecture-based** firm creating digital images of huge structures, developed software that can put the overall image of such structures as tunnels and bridges in one photo, by utilizing technology developed by **Hebrew University of Israel**.

Its pretax profit in the current business year was projected to expand nearly four-fold on the year.

Lenslet Signs Strategic Partnership with PALTEK Corporation of Japan.

Lenslet Ltd., founded in 1982 and a leader in optical digital signal processing and **PALTEK Corporation**, a leading silicon and electronic solution supplier in Japan, announced that they entered into a strategic cooperation agreement for the Japanese market. This agreement further strengthened **PALTEK's** product portfolio in offering the most sophisticated technology and world's first Optical Digital Signal Processor for commercial use.

Rikei To Market Wireless LAN System With Greater Range

Electronics trading firm **Rikei Corp.** obtained domestic sales rights to a region wide wireless LAN system that was developed by Israeli company **Alvarion Ltd.** **BreezeACCESS VL** can provide broadband wireless access in an area with a radius of 10km, which is around 100 times wider than a typical wireless LAN setup.

Rikei planned to sell the system to remote islands and areas where the wire and fiber infrastructure for broadband Internet access does not exist and would not be profitable to build. **Rikei** planned to begin marketing the system in April and hoped to sell 200 in the first year by targeting local governments and communications providers. (A system that consists of one base station and 20 receivers is expected to sell for around 4 million yen).

Emblaze Semiconductor Multimedia IC Powers Videophone Peripheral for Nintendo Game Boy-R- Advance

Digital Act's Campho Advance-R- Allows Game Boy Advance Users to Communicate with Real-Time Video

Emblaze Semiconductor, an **Emblaze Group** company with offices in the United States, United Kingdom, China and Israel and who is a leading provider of mobile multimedia and application ICs, announced that it provided the multimedia IC technology that powers the Digital Act Campho Advance videophone peripheral for **Nintendo Game Boy® Advance**.

The Campho Advance, which allows Game Boy owners to communicate via videophone, was scheduled for a December 2003 release in Japan. The technology co-developed by the two companies would enable real-time video chat between users of the Campho Advance and Nintendo Game Boy Advance.

I-Logix Increases Presence in Japanese Embedded Systems Marketplace for its Award Winning Rhapsody Product Family

Agreements Made with Toshiba Information Systems (Japan) Corporation and Communication and Technology Systems (CATS) Company to Broaden Product Availability.

I-Logix, a leading provider of system design and software development solutions (headquartered in Andover, Massachusetts with sales and support centers throughout North America, Europe, and the Far East), announced the company's major expansion program in the Japanese embedded systems marketplace for its award winning Rhapsody® family of products.

Rhapsody is a Unified Modeling Language™ (UML™) compliant, systems design and application development platform with a unique Model Driven Architecture (MDA) design paradigm that is specifically well suited for Concurrent Development environments.

It was announced that **Toshiba Information Systems (Japan) Corporation** agreed to resell the Rhapsody product family in Japan and **Communication and Technology Systems (CATS)** agreed to a strategic alliance that would allow them to provide **I-Logix** products to their customers. CATS, founded in 1973 and headquartered in Yokohama, Japan, is a total solution provider that develops and markets the industry leading ZIPC CASE tool.

Eisai Commences US Legal Action Over Aciphex(R) ANDA Filings.

Eisai Co., Ltd. (Headquarters: Tokyo,) and **Eisai Inc.** (Headquarters: New Jersey) announced they filed lawsuits against **Dr. Reddy's Laboratories(1)** and **Teva Pharmaceuticals(2)** regarding their submissions of abbreviated new drug applications (ANDA) to the FDA for Aciphex® (Active Ingredient Name: rabeprazole sodium, Product Name in Japan: Pariet®). Aciphex® was launched in the U.S. in 1999 and is currently marketed in 70 countries worldwide, including Japan, the U.K. and Germany.

The patent infringement actions were filed in the U.S. District Court for the Southern District of New York in New York City.

Eisai believed that its rabeprazole composition of matter patent is valid until its expiration date of May 8, 2013 - Eisai intends to vigorously enforce and defend that patent.

Eisai is a research-based pharmaceutical company that discovers, develops and markets new chemical compounds to satisfy global unmet medical needs.

December

1st Israeli biotech event in Japan –Kobe- successful

Israel's commercial attaches in Japan initiated a unique event, aimed at expanding Israeli-Japanese dialogue and mutual awareness in biotechnology. 130 leading Japanese executives, investors, and university figures participated in the event, including the president of **Takeda Chemical Industries**, Japan's largest pharmaceutical company. The great success of the event reinforced the embassy's belief that Israeli-Japanese bilateral business relations could attain the same level in biotechnology as in information technology and telecommunications and the Israeli embassy and the Export Institute would operate an Israeli pavilion at two international biotechnology exhibitions in Tokyo in May and September 2004.

NEC Electronics and Mysticom Ink Ethernet Core License Agreement

NEC Electronics' World-Class System LSI Solutions to Incorporate Mysticom Ethernet PHY

NEC Electronics Corporation, a global leader in the manufacture and sales of differentiated System LSI solutions, together with its affiliates and **Mysticom**, headquartered in Netanya with marketing, sales, design and customer support offices in Mountain View, Calif. and a supplier of innovative high-speed communication ICs and cores, announced that the companies reached an agreement for **Mysticom** to license the MystiPHY(TM)110, a DSP-based 10/100 Mbps Ethernet physical (PHY) core to NEC Electronics and its affiliate companies worldwide.

This agreement would enable NEC Electronics to expand its portfolio of integrated system LSI solutions that support the growing Ethernet connectivity needs in communication, industrial control and consumer electronics applications.

CheckM8 Signs Distribution Agreement With Japanese Giant Sumitomo

CheckM8, the leading rich media software provider with offices in New Jersey, London, Madrid, Stockholm and Israel, and **Sumitomo**, one of Japan's largest trading companies, signed a partnership and distribution agreement for the Japanese and Asian markets. Under the terms of the deal, **Sumitomo** would act as the exclusive distributor of **CheckM8's** products in Japan and Asia through its Japanese and overseas sales network.

As part of the agreement, Sumitomo made an additional investment in CheckM8, becoming CheckM8's largest corporate shareholder.