

Dear Member

I am delighted to report on the 2012 first quarter of the Israel Advance Technology Industries (IATI) and my first quarter as CEO of this organization.

A major priority has been merging Israel Life Science Industries and High Tech Industry Association to create a unified culture and the largest umbrella organization of its kind in Israel. This has involved creating due process and procedure across business, branding, legal, accounting, technical, administration and activities of the two prestigious associations.

The comprehensive life science database has been carefully maintained throughout the quarter while activity has increased across the board with promoting business opportunities, networking events, 1x1 meetings, seminars, webinars collaborations and conferences – all of which leverage each sector in Israel's advance technologies and are detailed in this report.

I invite you to join our new Facebook page and LinkedIn to keep updated about industry developments and news as well as our events. Please also visit our improved website, www.iati.co.il with daily industry news and activity updates.

On the horizon are two of Israel's biggest and most professional annual conferences. In the next quarter we will hold **ILSI Biomed 2012**, from **21st-23rd May**. Members enjoy discounted tickets to meet and hear 1000s of industry players, engineers and scientists from here and around the globe, over 50 innovative presenting companies, keynote addresses by industry leaders as well as updates on commercial, economic and regulatory trends. Please visit http://www2.kenes.com/biomed/conference/Pages/Welcome_Letter.aspx to register.

Preparations for the **HTIA2012** annual conference are also progressing as Israel's largest High Tech conference will take place from **10th-12th September** and promises to be the strongest and most encompassing conference of this kind to date. This year we will join forces with the Technion which is celebrating its 100 year anniversary, and will honor the institutions outstanding contribution to the high-tech industry worldwide.

Finally, you will soon receive details of our upcoming board elections – the opportunity to elect 29 industry board members on to the IATI board occurs only once every three years so please seriously consider your candidacy and your vote. This past quarter has been a pleasure working with the co-chairs of the IATI, Ruti Alon and Aaron Mankovski, however the 3rd July 2012 elections will also bring in two new chairpersons. Details will follow.

Yours sincerely,
Karin Mayer Rubinstein
CEO, Israel Advance Technology Industries

IATI's NEW LAUNCHES AND ON-GOING BUSINESS DEVELOPMENT ACTIVITIES

The IATI has initiated and run well-attended and well-received high quality business development activities, events and has serviced and generated numerous introductions while encouraging collaborations between sectors.

In addition, IATI has partnered with groups operating in the industry to support their endeavors and also provide a service to our members. We have provided a range of support initiating these events, providing panels and speakers, collaborating on events and distribution to IATI members.

Activities include:

ILSI Database

The IATI runs and maintains the industry's largest life science resource in Israel. This useful and comprehensive index is constantly updated and extended to include high tech companies.

Social Networks

Up to date industry news and events are posted daily on Facebook, LinkedIn and at www.iati.co.il.

Multinational Companies' Conference

The IATI and Moital hosted a unique networking event in which General Managers of Israel's largest global R&D Centers presented their activities and acquisitions to Moital officials, the VC community, Academics and members of the IATI. There followed an intimate Q&A with Moital panel. Speakers included: Sharon Kedmi, Director General Moital.

Breakfast Club

The IATI and Bank Leumi launched a networking event where Israeli startups meet the experts. Lool founder, Avichay Nissenbaum talked about making it as a startup.

Speed-Dating for Startups Program

Broadcom VP, Dr Shlomo Markel launched this series in which senior executives meet new life science and high tech technologies. Startups gain insights and advice from international experts. The second meeting was with Kerry Rupp, Managing Partner of US accelerator, Dreamit. The Israel program that provides mentoring and resources in Israel and New York.

Webinar Program

Renewal of program offering educational webinars. The first looked at working with the FDA. The second in The Weinberg Group program was: *New Biosimiliars Guidance: Has Anything Changed?* The third webinar was: Patent reform.

ILSI Survey

Over 100 participants in the online IATI survey (www.ilsicoil.com) about companies operating within the life sciences industry. Results and analysis to be released in Q2.

Bio Convention Competition

The IATI and Matimop ran a competition for Israeli Life Science companies. Twenty companies were given a booth worth \$1000. Three companies won free access to the convention, a booth and access to the meeting system. Winners can be viewed here: http://www.ilsa.org.il/about_event.asp?ID=101

TASE Analysts Course

New IATI initiative to assess readiness for IPO of Israeli Life science companies, conducted by the Tel Aviv Stock Exchange. This 12-session course was launched in association with LAHAV.

Technion-Nanotechnology

IATI co-hosted with the prestigious Technion Winter School a half-day seminar on Nanotechnology.

Starting Operations in the US: How to Do It Right

IATI and Mintz Levin hosted guest experts on US Visa procedures and a panel on how best to expand business into the US, led by Eran Wagner from Gemini.

Turning US Patents Into Money

The IATI and Israel-America Chamber of Commerce and Wasserman Comden Law firm hosted leading Israeli and US lawyers in the field of patent law for a seminar on purchasing, selling and safe-guarding patents.

Sramana in the Cloud

Tech River and Microsoft's BizSpark with IATI welcomed US entrepreneur Sramana Mitra to talk about the one million by one million program, a new concept in startup funding.

And in addition:

Bio Convention Boston

Convention for companies in the fields of innovative healthcare, agricultural, industrial and environmental biotechnology products.

2nd Annual Trendlines Investor Conference

The ILSI was happy to have The Trendlines Group present its portfolio companies in the fields of Medical, Agritech, Cleantech, Security, and ICT.

Mind the GAAP 2012

KPMG held their annual event looking at upcoming US and SEC developments and trends, with guest speakers: Ms Alison Davis VP, Goldman Sacks and CFA Partner, Paul Munter

Bootcamp Ventures Innovation Marathon

Search for 20 Israeli Startups in Digital Media, IT, Mobile and Technology to meet 150 potential investors from 13 countries

Tlv-Yaffo Academy: Mistakes made by Entrepreneurs

Academy of Tel Aviv Yaffo 's StartHub collaborated with IATI for a talk at its entrepreneurship center.

WIPJam

Collaboration with Mobile Monday bringing together US and international experts

NVCA Annual Conference

Largest VC conference met in California.

GOVERNMENT

The IATI regularly meets government officials and senior personnel to maintain the infrastructure and strengthen the relationship between the IATI and regulatory bodies. Directors, foreign and economic attaches from such offices as *Ministry of Finance, Ministry of Foreign Affairs, Ministry of Industry, Trade and Labor, Office of Chief Scientist, Science, Justice, Education and Communication* are in dialogue with the IATI as we initiate and push through legislation that promotes the investment and regulatory needs of the life sciences (in areas such as clinical trials and investments) and high tech industries. These include:

The new amendment of the R&D law is finally approved

We are very pleased to inform you that the Office of the Chief Scientist (OCS) office has finally released the amendment to the R&D law which determines the cap on the amount to be returned to the OCS in the case of M&A.

The new amendment calls for a cap on the amounts to be paid to the OCS in the case of M&A – 3X in the event that the company's activity remains in Israel and 6X in the event that there is no continuation to the Israeli operation.

The amendment removed a major stumbling block that for many years (i) prevented or negatively affected venture capital firms' decisions to invest in start-up companies that received OCS funding; and (ii) in numerous cases prevented international companies from buying Israeli companies that received support from the OCS.

Unfortunately, it took us more than 8 years to reach this point and this simple amendment. It took a significant amount of work of previous Chairpersons as well as Ruti Alon and Aaron Mankovski. Special thanks to Mr. Robert Ilatov, Member of the Knesset and to Ms. Esti Peshin, General Manager of the High Tech Lobby in the Knesset, that worked hard to turn the amendment into the new law. We are very pleased with the final result and hope that it will help young companies to get greater funding from investors around the world, and will no longer be an issue in M&A transactions.

Round Table: Investment by TASE

Senior industry representatives met with Government officials to discuss the viability and necessity to promote public investment and initial public offerings in the High Tech and Bio-medical industries. This is an initiative led by the IATI, Esti Peshin, Director General of the Israeli Hi-Tech Caucus at the Knesset and MK Robert Ilatov.

Patent Law

The United States Trade Representative (USTR) has published the annual "special 301 report" leaving Israel on the "priority watch list", pertaining to the Government of Israel's breach of its commitment to improve intellectual Property legislation. The implementation of the 2010 agreement that has been continuously delayed focused on 3 main issues: Lengthening the period of data exclusivity for pharmaceuticals (passed); Requiring publication of patent applications after 18 months with infringement allowing for reasonable royalties (ongoing in Knesset); Improvements in patent term extension legislation (no advance).

Medical Device Registration

On May 5, 2012 the Israeli Knesset has favorably voted for the new, first ever, legislation on medical device regulation. Finally, after 16 years of debates, Israel has established a formal law stating the requirements for medical device approval and then postmarket surveillance procedure for a device that is on the market. From the day of ILSI establishment, ILSI –IATI board members highly contributed in this long and cumbersome process. We presented our comments at the numerous meetings and discussions held with the authorities (e.g. ministry of health representatives, Knesset committee). The entering law is then the result of a long process yet to be accomplished with the approval of a series of accompanying executive rules. IATI members are again involved in discussing these rules with the authorities to allow for a manageable process in line with the procedures and legislation established in other recognized developed countries (EU, US, Canada, etc.)

Ministry of Industry, Trade and Labor

To deepen the relationship between IATI and Moital, the IATI has met and spoken to all commercial attaches and desk managers in this broad office with numerous representatives here and around the world.

The IATI also ran a joint conference in which Director General, Sharon Kedmi spoke to the IATI Multinational Companies' Forum, a collection of largest high tech companies operating in Israel. The event was hosted by IATI and Invest In Israel.

Ministry of Finance

Ongoing relationship working on issues associated with the promotion of investment, influencing national infrastructure to remove barriers due to lack of budgets.

FOREIGN DELEGATIONS & COLLABORATIONS

Throughout the year the IATI receives, and initiates, visit requests from delegations across the globe who wish to collaborate and learn more about Israel's innovation, investment and funding. These delegations are introduced to industry-leading IATI members such as startups, incubators, VCs, growing companies and service providers who represent and promote the life science and high tech industries. These include:

- **USA** delegation of senior executive life science delegation, including Boston Scientific, GE and Merck who met with Israeli Life Science VCs and companies to discuss partnership and innovation (with Israel-America Chamber of Commerce).
- **Greek Minister of Education** (with Gabi Tal, IBM).
- Delegations from **India, China and Slovenia** (with Aaron Mankovski, Pitango).
- **Colombia's** Vice Minister, Ministry of Commerce and Bancoldex delegation arrived to learn about Israeli Innovation, with particular interest life science companies (with Yossi Sela Gemini, Jeff Dykan Vitalife and Eran Perry IHCV).

- **New Zealand's** incubator program and New Zealand Trade & Enterprise office visited Israel to learn about Israeli entrepreneurship (with Eyal Lifschitz, Peregrine).
- **Finland** delegation (with Yahal Zilka, Magma Ventures).
- **Sweden's high tech and biomed industry** and Israeli startups (with Tel Aviv Chamber of Commerce).
- **United Kingdom** meeting with Ambassador, UK Hub, UK Life Science division.

In addition the IATI has collaborated with the following groups:

- Worldwide VC Associations (Africa, Australia, Brazil, Britain, Canada, China, BRIC, Europe, India, Japan, Latin America, Singapore, South Africa)
- Worldwide Chambers of Commerce (20 US states, England, France, Italy, Brazil, Greece & more)
- Central Israel Chambers of Commerce
- TASE and foreign stock exchange
- Matimop
- Technion
- Related Industry Organizations: Electronic Industry, IMA, Bio-executives, Export Institute, Manufacturers Industry Association
- CII – India's largest Manufacturer Association
- Arab organizations
- UK Israel Business
- Pharma Israel
- CFO Forum, HR Forum, Young VC Forum
- University Entrepreneur groups (Biztech, TAUtech, etc)

YEARLY CONFERENCES

ILSI Biomed 2012, 21st-23rd May 2012

Register now to meet innovative companies, international experts and industry leaders from here and around the globe and become updated on commercial, economic and regulatory trends in the life sciences. Register here for one of the largest events in the world and find out more about the membership discount at http://www2.kenes.com/biomed/conference/Pages/Welcome_Letter.aspx.

HTIA2012 10-12th September

With the strongest line-up of keynote speakers and panels to date, the HTIA2012 promises to be an outstanding conference. Also taking place in Haifa to celebrate 100 years to The Technion. Visit http://www.iati.co.il/index.php?option=com_content&view=article&id=292&Itemid=143 for details.

FORUMS & COMMITTEES

VC Forum, led by Avi Zeevi, Carmel Ventures

Israel's VC funds meet to address challenges and issues affecting the industry. Currently creating a presentation showcasing VC activity in Israel.

MNC Forum, led by Yoram Yaacovi, Microsoft and Mickey Steiner, SAP

The forum held two meetings this quarter. The first was a fascinating panel on positioning Israeli R&D centers as a core business when working for a global corporation. General Managers from RSA, Intel and HP Indigo shared their stories, insights and tips. RSA hosted this event.

The Forum culminated a year of activities with an all-day conference hosted by the IATI and Moital. Please see above. Workgroups in the fields of Government, Academia, Collaborations and Communications continue.

Conference Committee, led by Yahal Zilka, Magma Ventures

Planning for content and production for the HTIA2012. Co-chaired by Aaron Mankovski and Yossi Vardi.

IP Transfer Forum, led by Ehud Hausman, Reinhold Cohn

The IATI has taken steps to bring together industry and academia to increase the ease of IP licensing and encourage investment in initiatives and commercial opportunities.

European Forum, led by Edouard Cukierman

The Forum has initiated two workgroups looking at encouraging European VCs to invest in Israel and to identify and encourage multinational companies in Europe to open R&D centers in Israel.

Start Up Committee

Work continues on ways to add value to startup members in the IATI. This quarter has seen increased networking and educational events.

Elections Committee: was established towards our Elections of IATI new Board and chairpersons which will be held on July 3rd, 2012.