



SHL Telemedicine up, Card Guard down

**Most Israeli shares in Europe rose last week, as the trend of rising markets alongside growing unemployment continued.**

Michael Azoulay 25 Nov 01 14:39

Has the recovery on European markets come to a halt? Following Russias announcement on Friday that it would cut its oil production, the capital markets trembled slightly and the oil companies set the trend by dropping substantially. The downward movement widened to the technology sector - Deutsche Telekom (NYSE: DTEA Xetra: DTE) fell 1.35% on Friday, after a British communications company that it owns, One 2 One, announced it would not introduce third generation cellular Internet services before the second half of 2003. In addition, the company announced it would lay off 900 employees. One 2 One is the most recent British cellular company to announce layoffs because of the crisis in the sector.

On Wednesday, France Telecom (NYSE: FTI), Frances leading telecommunications company, issued in four-year bonds to the tune of €3.5 billion. This is the largest ever convertible bond issue in Europe. The company chose the ideal time to restructure its debts, since the interest rate is now very low and European mutual funds are awash with money for investment. Furthermore, rumors in the French financial market say that France Telecom is negotiating with BNP Paribas and Barclays banks for a €20 billion loan. The new loan will enable France Telecom to pay the remaining debt from the Orange acquisition. Nevertheless, even after this positive financial news, the investors responded negatively, and the share fell 7.7% over the past week.

On the other hand, most of the technology markets posted rises for the week. The Neuer Markt index shot up 11.7%, the SWX New Market rose 3%, and the Nouveau Marche was up 4%. While the markets rose, the trend was accompanied by rising unemployment, similar to the situation in Israel.

**Israeli shares rise, but less than average**

Most Israeli shares posted gains, although lower than the average. The Cukierman 15 Index rose only 1.1%, compared with the EuroBase, which continues to widen the gap separating it from the Israeli index with a 2% rise. SHL TeleMedicine (SWX: SHTLN) stood out last week, after announcing that its Philips Healthcare Services subsidiary, held jointly with Dutch giant Philips, which has a 19.9% holding, has begun to operate a medical inspection center in Germany. The SHL share responded with a 12% jump.

Oridion (SWX: ORIDN) shot up 23% last week, continuing the positive trend from the previous week, after the company announced a contract in the pipeline with Spacelabs (Nasdaq: SLMD). Oridion completed a total rise of 73% within two weeks. The third medical company listed on the SWX, Card Guard (SWX: CARDG), disappointed last week. The share fell 3.7% on Monday, after the company announced it would issue new shares to finance its acquisitions. The announcement of the successful penetration of its product installed in the ERES system also failed to prevent the shares fall Card Guard dropped 10% on the week.

In London, Zen Research (LSE: ZEN) and Dmatek (LSE: DTK) stood out with rises of 18% and 6%, respectively. On the negative side, BATM Advanced Communications (LSE: BVC) was down 3%, but is still 124% higher than on September 21, while Emblaze Systems (LSE: BLZ) dropped 8% to £0.203.

On the Neuer Markt, Visionix (Xetra: VSX), an Israeli manufacturer of optical software and eye-testing equipment, surged 10%, after announcing it was cooperating with Konan Medical, a leading Japanese medical company, which will distribute Visionix products in Japan. Visionix is expanding its activity in Asia and has also signed a distribution agreement with Hoya Corp. of Japan.

VCON Telecommunications (Nouve Marche: VCON) shot up 9.5%, despite announcing a \$11.7 million loss for the first three quarters, compared with a \$2.18 million loss last year, at the beginning of the week. Company revenue totaled \$19.5 million, compared with \$25.6 million last year.

Consolidation in the high tech market makes investors believe that some of the Israeli small caps are easy and worthwhile prey for several hungry technology giants. Unitronics (Euro NM: UNITB), an Israeli manufacturer of miniature remote control units, soared 43% to €3.65. Pro-Laser (Easdaq: PROL), an Israeli manufacturer of vision products and eyeglasses, completed a one-week 116% rise, but is still 90% below its value at the beginning of the year.

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