



ATX Networks Acquires Arcos Technologies from Xenia Venture Capital and Rotal Networks

Ajax, Ontario, February 1st, 2012 – ATX Networks Corp. ("ATX") is extremely pleased to announce that it has acquired Arcos Technologies Ltd. ("Arcos"), a rapidly growing Israeli-based video and broadcast technology company, focused on providing efficient video delivery solutions, addressing the growing demand for multiple private video streams in any format anywhere.

Arcos was founded in 2004 in Israel by CEO and co-founder, Yariv Reches and CTO and co-founder, Avi Eliyahu. Although the company name will change to ATX Networks Israel, Mr. Reches and his team will continue to lead the daily operations of the Israeli-based location. Mr. Reches stated, "Arcos was particularly attracted to ATX because of their strong presence in the digital video market. As the demand for high definition content and video-on-demand becomes stronger, Arcos' advanced solutions and ATX's existing customer relationships will position the companies for solid growth."

Ken Wildgoose, ATX's President and CEO stated, "ATX has had a long standing partnership with Arcos for several of ATX's existing, and highly successful, digital video solutions. Arcos' in-depth understanding of video delivery solutions will prove to be a valuable resource as we expand our business into the high growth video anywhere, anytime market. Everyone at ATX is eager to officially join forces with the team at Arcos to supply our innovative solutions to our customers globally." ATX is backed by Pamlico Capital, a private equity firm founded in 1988 that invests in growing middle market companies and which invested in ATX in November 2010. "Pamlico has been extremely helpful in providing us the financial support and resources necessary to help us execute our growth strategy, and is a strong believer in the strategic benefits of this transaction," stated Ken Wildgoose.

Anat Segal, Xenia's CEO, commented: "We are happy to announce the sale of Arcos, which represents a significant exit for Xenia, validating our business model and proving our ability to identify high potential projects, and provide the investment and support necessary to make them commercial successes. We strongly believe the Arcos ATX transaction is a powerful combination, which will create additional significant value in the future"

Shay Haas, CEO of Rotal, added: "Rotal has enjoyed a long history of cooperation with ATX, and as an early investor in Arcos, making the introduction between the companies was a natural extension of that relationship. We look forward to continued cooperation with ATX in the future, and expect more opportunities will arise for the benefit of both of our companies over time."

About Arcos Technologies

Headquartered in Petach-Tikva, Israel, Arcos' provides efficient video delivery solutions to broadcast, cable, Internet, mobile and telecommunications service providers. Arcos' multi-functional solutions integrate advanced and high quality video processing, multiplexing, modulation and enhanced video networking in delivering live and on demand services. For additional information, please visit www.arcostech.com.

About ATX Networks

ATX designs and manufactures a diversified suite of products used to fulfill the everyday requirements of the world's largest cable companies for their network operations, maintenance and expansion needs. Headquartered in Ajax, Ontario, ATX has assembled a blue-chip customer base that includes every major cable operator in the United States and Canada as well as many others worldwide. ATX focuses its product offering in the cable headend, but its product portfolio includes equipment found across the entire cable network architecture. For additional information, please visit www.atxnetworks.com.

About Pamlico Capital

Pamlico Capital is a private equity firm founded in 1988 that invests in growing middle market companies. Pamlico Capital seeks growth equity and buyout investments of up to \$100 million alongside proven management teams in its target industries, which include business & technology services, communications, and healthcare. The firm, based in Charlotte, NC, currently manages over \$2 billion in assets. For additional information, please visit www.pamlicocapital.com.

About Rotal Networks

Rotal Networks, a leading communications solution provider, is a member of the MER Group (TASE: CMER), a publicly traded Turnkey communications & security solutions provider which is active in more than 30 countries. For additional information, please visit www.rotal-networks.com and www.mer-group.com.

About Xenia Venture Capital

Xenia Venture Capital (TASE: XENA) is a publically traded investment company which operates a technological incubator in Israel. Xenia specializes in investments in start-ups in the fields of IT, Internet, Communication and Medical Devices. Xenia's goal is to jump-start and support entrepreneurs so as to increase their chances of success in global markets and enhance the realization of their companies' business potential. Since its establishment at the end of 2003, Xenia Venture Capital has invested in more than twenty companies, many of which have completed follow-on investment rounds, launched products in global markets, reached significant sales and profitability and formed valuable strategic partnerships. For additional information, please visit www.xeniaventures.com.

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