

A significant exit and return on investment for Xenia:

Xenia Sells Arcos Technologies according to a valuation of up to NIS 100 million

Anat Segal, CEO of Xenia, “We are happy to announce the sale of Arcos, which constitutes a significant exit for Xenia, validating its business model and proving our ability to identify high potential entrepreneurs and ideas, investing and supporting them to achieve commercial success. Our portfolio will continue to mature in 2012, thus creating value for shareholders”

Kiryat Gat, Israel – February 1, 2012 – Xenia Venture Capital (TASE: XENA), has announced that a transaction closed between all the shareholders of Arcos and ATX Networks to sell 100% of Arcos’ shares to ATX for up to NIS 100 million (\$26 million). Xenia holds 35.18 percent of Arcos, and its share of the sale will reach up to NIS 35 million (\$9.25 million). Xenia invested approximately NIS 600,000 in Arcos, as well as NIS 1.7 of the Chief Scientist’s funds at the beginning of 2005. The exit represents a X15 return on Xenia’s 2005 investment.

Arcos Technologies develops and sells micro broadcasting systems based on System on Chip (SoC) for video processing which enable high performance digital multimedia transmission. ATX Networks designs, manufactures, markets and delivers a broad range of products to the global cable television industry.

According to Anat Segal, CEO of Xenia, “We are happy to announce the sale of Arcos, which constitutes a significant exit for Xenia, validating its business model and proving our ability to identify high potential projects, investing and supporting them to commercial success. Our portfolio will continue to mature in 2012, while creating value for shareholders”.

Yariv Reches, Arcos co-founder and CEO: "My partner, co-founder and CTO Avi Eliyahu and I, are proud of yet another significant step in Arcos’ progression towards a much wider-scope activity, as part of a global group. We joined Xenia’s incubator as a project in 2005, and since then we have built a growing technology company, with a unique product line, targeting the growing market of video consumption anytime, anywhere. We believe that our teaming up with ATX Networks is a winning strategic combination that will bring Arcos to new heights".

According to the Share Purchase Agreement, Arcos’ shareholders were paid about NIS 48 million (\$12.5 million), with Xenia’s share reaching approximately NIS 17 million (\$4.5 million). An additional sum of up to NIS 51 million (\$13.5 million) shall be paid out as royalties from Arcos’ sales over a period of three years. Xenia’s share of this amount is up to NIS 17.9 million (\$4.75 million). In addition, with the completion of the deal, Arcos distributed a NIS 1.7 million dividend to its shareholders, with Xenia’s share reaching NIS 1.1 million.

Xenia’s portfolio includes advanced technology companies, which already feature combined sales worth tens of millions of NIS. These include Playcast, Superfish,

Correlix and Intuview. In addition, Xenia's portfolio includes medical devices companies, four of which have already obtained the EU CE Mark – Xenolith, in the ureteroscopic field; Bioprotect in prostatic cancer treatment; Orthospace in the treatment of patients suffering from Rotator Cuff Syndrome; and NeatStitch, which has developed a medical device for automatic port closure suturing for laparoscopic procedures (the company has also obtained FDA approval).

About Xenia Venture Capital:

Xenia Venture Capital (TASE: XENA) is a publically traded investment company that operates a technological incubator and owns a franchise that entitles it to benefit from financing by the Office of the Chief Scientist of the State of Israel. Xenia Venture Capital specializes in investments in start-ups in the fields of IT, Internet, Communication and Medical Devices. Among Xenia's founders and main shareholders are Anat Segal (CEO), C. Mer Industries, leading institutional investors including IBI, Menora Insurance Group, Dash Apax, Mivne Taasia (of Fishman Group), and others. Xenia's Board of Directors and Advisory Board comprise of highly successful entrepreneurs, academia and high-tech industry executives, including Haim Mer, Tal Menipaz, Dr. Orna Berry, Roni Einav, Aki Ratner, Gideon Mantel, Dr. Yafit Stark, Prof. Yossi Shaham, and others. 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. Leading IT portfolio companies include, among others, Correlix, Arcos, BandWD, Safepeak, Superfish, M-Photo, Intuview, Playcast, SAManage, BookPulse and Saguna. In the medical device field, Xenia has invested in BioProtect, NeatStitch, Medi-tate, Polypid, ActiVein, Xenolith, and OrthoSpace. Please visit our website at: www.xenia.co.il