

**CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
	<b>U.S. \$</b>	
	<b>(in thousands)</b>	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	181,690	104,775
Short-term investments.....	18,516	11,385
Marketable securities available for sale.....	2,714	3,646
Trade receivables.....	130,206	120,939
Other accounts receivable.....	19,076	17,997
Inventories.....	3,349	3,080
	<u>355,551</u>	<u>261,822</u>
<b>LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:</b>		
Loans and other investments.....	2,435	3,915
Investments in affiliates.....	4,690	720
	<u>7,125</u>	<u>4,635</u>
<b>SEVERANCE PAY FUND</b> .....	<u>32,773</u>	<u>29,962</u>
<b>FIXED ASSETS, NET</b> .....	<u>15,942</u>	<u>16,311</u>
<b>OTHER ASSETS, NET</b> .....	<u>160,688</u>	<u>147,753</u>
<b>TOTAL ASSETS ATTRIBUTED TO DISCONTINUED OPERATIONS ...</b>	<u>-</u>	<u>135,021</u>
	<u>572,079</u>	<u>595,504</u>
<b>CURRENT LIABILITIES:</b>		
Liabilities to banks and others.....	23,464	40,414
Trade payables.....	49,024	50,157
Other accounts payable.....	69,184	59,056
Debentures.....	4,225	4,450
	<u>145,897</u>	<u>154,077</u>
<b>LONG-TERM LIABILITIES:</b>		
Debentures.....	72,284	10,802
Unrealized Gain.....	82	-
Deferred taxes.....	584	457
Customer advances.....	1,398	449
Liabilities to banks and others.....	24,715	59,268
Liability in respect of the acquisition of activities.....	1,414	1,489
Accrued severance pay.....	39,575	35,340
	<u>140,052</u>	<u>107,805</u>
<b>TOTAL LIABILITIES ATTRIBUTED TO DISCONTINUED OPERATIONS</b> .....	<u>-</u>	<u>95,266</u>
<b>MINORITY INTEREST</b> .....	<u>98,243</u>	<u>85,066</u>
<b>SHAREHOLDERS' EQUITY</b> .....	<u>187,887</u>	<u>153,290</u>
	<u>572,079</u>	<u>595,504</u>

**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

	Nine months ended September 30,		Three months ended September 30,	
	2007	2006	2007	2006
	U.S.\$		U.S.\$	
	(in thousands, except per share data)			
Revenues.....	365,488	311,672	124,679	109,686
Cost of revenues .....	271,661	228,704	92,405	81,306
Gross profit.....	93,827	82,968	32,274	28,380
Research and development costs, net.....	5,204	5,600	1,939	2,218
Selling, general and administrative expenses .....	64,594	65,005	21,706	21,756
Depreciation and amortization.....	2,628	3,258	939	1,187
Restructuring and non-recurring costs .....	210	2,781	-	2,125
Operating income.....	21,191	6,324	7,690	1,094
Financial (expenses), net.....	(3,885)	(2,559)	(3,501)	(989)
	17,306	3,765	4,189	105
Gain (loss) on realization of investments.....	1,946	2,116	746	(73)
Other income (expenses), net.....	(197)	(864)	237	(134)
Income before taxes on income .....	19,055	5,017	5,172	(102)
Taxes on income .....	1,222	2,762	160	722
	17,833	2,255	5,012	(824)
Equity in losses (profits) of affiliated companies, net.....	546	(51)	182	(48)
Minority interest in losses (profits), net.....	(7,813)	(2,092)	(2,459)	76
Income (loss) from continuing operation.....	9,474	214	2,371	(796)
Income (loss) from discontinued operations	18,424	3,437	322	(192)
Net (loss) income	<u>27,898</u>	<u>3,651</u>	<u>2,693</u>	<u>(988)</u>
<b>Earnings per share generated from continued operation :</b>				
Basic .....	0.72	0.02	0.14	(0.06)
Diluted .....	0.71	0.01	0.14	(0.07)
<b>Earnings per share generated from discontinuing operation :</b>				
Basic .....	1.39	0.25	0.02	(0.01)
Diluted .....	1.39	0.23	0.02	(0.01)
<b>Weighted average number of shares outstanding:</b>				
Basic .....	13,200	13,200	13,200	13,200
Diluted .....	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>