

CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 31, 2005
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	84,976	81,767
Short-term investments	35,322	36,185
Trade receivables	151,820	133,390
Other accounts receivable	32,194	24,770
Inventories	3,600	3,808
	<u>307,912</u>	<u>279,920</u>
 LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	12,891	3,091
Investments in affiliates	14,406	20,257
	<u>27,297</u>	<u>23,248</u>
 SEVERANCE PAY FUND	<u>33,909</u>	<u>33,627</u>
 FIXED ASSETS, NET	<u>23,155</u>	<u>23,485</u>
 OTHER ASSETS, NET	<u>279,517</u>	<u>269,705</u>
	<u>671,790</u>	<u>630,085</u>
 CURRENT LIABILITIES:		
Liabilities to banks and others	89,459	105,420
Trade payables	50,126	47,534
Other accounts payable	86,336	74,765
Debentures	4,464	8,004
Customer advances, net of work in progress	5,459	7,309
	<u>235,844</u>	<u>243,032</u>
 LONG-TERM LIABILITIES:		
Debentures	30,703	16,809
Provision for losses in formerly owned investee	1,971	1,971
Deferred taxes	772	1,282
Customer advances	639	645
Liabilities to banks and others	73,272	52,732
Liability in respect of the acquisition of activities	1,594	1,761
Accrued severance pay	41,397	39,727
	<u>150,348</u>	<u>114,927</u>
 MINORITY INTEREST	<u>114,488</u>	<u>108,681</u>
 SHAREHOLDERS' EQUITY	<u>171,110</u>	<u>163,445</u>
	<u>671,790</u>	<u>630,085</u>

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Six months ended June 30,		Three months ended June 30,	
	2006	2005	2006	2005
	U.S.\$		U.S.\$	
	(in thousands, except per share data)			
Revenues	263,948	255,116	137,610	126,358
Cost of revenues	179,468	167,906	94,541	84,474
Gross profit	84,480	87,210	43,069	41,884
Research and development costs, net.....	12,819	11,174	6,316	5,666
Selling, general and administrative expenses.....	65,122	63,563	31,770	31,911
Depreciation and amortization	2,850	2,874	1,495	1,265
Restructuring and non-recurring costs	656	846	21	88
Operating income.....	3,033	8,753	3,466	2,954
Financial expenses, net	(5,808)	(4,819)	(3,601)	(2,519)
	(2,775)	3,934	(135)	435
Gain on realization of investments.....	14,230	2,462	2,499	497
Other income (expenses), net.....	(2,573)	830	(547)	(108)
Income before taxes on income	8,882	7,226	1,817	824
Taxes on income	(722)	(1,700)	(815)	20
	8,160	5,526	1,002	844
Equity in profits (losses) of affiliated companies, net.....	1,592	(2,421)	551	(677)
Minority interest in losses (profits), net.....	(5,115)	(1,176)	(1,051)	(56)
Net income.....	<u>4,637</u>	<u>1,929</u>	<u>502</u>	<u>111</u>
 Earnings (loss) per share:				
Basic	<u>0.336</u>	<u>0.15</u>	<u>0.042</u>	<u>0.003</u>
Diluted	<u>0.315</u>	<u>0.06</u>	<u>0.030</u>	<u>(0.028)</u>
 Weighted average number of shares outstanding:				
Basic	<u>13,200</u>	<u>12,400</u>	<u>13,200</u>	<u>13,200</u>
Diluted	<u>13,200</u>	<u>12,400</u>	<u>13,200</u>	<u>13,200</u>