

CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	82,575	107,174
Short-term investments	35,776	39,073
Trade receivables	132,529	114,533
Other accounts receivable	25,965	26,105
Inventories	3,808	4,668
	<u>280,653</u>	<u>291,553</u>
 LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	2,199	5,247
Investments in affiliates	20,257	24,389
	<u>22,456</u>	<u>29,636</u>
 SEVERANCE PAY FUND	<u>33,627</u>	<u>31,943</u>
 PROPERTY AND EQUIPMENT, NET	<u>23,196</u>	<u>26,529</u>
 OTHER ASSETS, NET	<u>272,535</u>	<u>261,359</u>
	<u>632,467</u>	<u>641,020</u>
 CURRENT LIABILITIES:		
Liabilities to banks and others	103,544	104,975
Trade payables	47,746	41,605
Other accounts payable	77,064	81,105
Debentures	8,004	32,374
Customer advances, net of work in progress	7,309	6,900
	<u>243,667</u>	<u>266,959</u>
 LONG-TERM LIABILITIES:		
Debentures	16,809	27,086
Provision for losses in formerly owned investee	1,971	1,971
Deferred taxes	1,282	958
Customer advances	645	1,114
Liabilities to banks and others	54,450	19,789
Liability due to activity acquisition	1,761	2,036
Accrued severance pay	39,726	37,750
	<u>116,644</u>	<u>90,704</u>
 MINORITY INTEREST	<u>108,707</u>	<u>96,579</u>
 SHAREHOLDERS' EQUITY	<u>163,449</u>	<u>186,778</u>
	<u>632,467</u>	<u>641,020</u>

CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31,		Three months ended December 31,	
	2005	2004	2005	2004
	U.S.\$		U.S.\$	
(in thousands, except per share data)				
Revenues	506,392	456,610	124,824	127,202
Cost of revenues	333,947	284,961	83,355	79,153
Gross profit	172,445	171,649	41,469	48,049
Research and development costs, net.....	21,962	25,036	4,789	5,754
Selling, general and administrative expenses.....	127,564	122,826	32,418	33,297
Depreciation and amortization	5,529	5,711	1,387	1,353
Restructuring costs.....	1,455	-	342	-
Operating income	15,935	18,076	2,533	7,645
Financial expenses, net	(9,241)	(8,904)	(2,270)	(982)
	6,694	9,172	263	6,663
Gain (loss) on realization of investments.....	4,107	8,893	(88)	2,278
Other income (expenses), net.....	(804)	(332)	(1,371)	535
Income before taxes on income	9,997	17,733	(1,196)	9,476
Taxes on income	5,187	4,631	2,237	1,924
	4,810	13,102	(3,433)	7,552
Equity in losses of affiliated companies, net.....	(3,109)	(2,523)	(511)	(1,170)
Minority interest in losses (earnings) of subsidiaries, net	(1,518)	(2,480)	1,261	(3,268)
Net income (loss)	183	8,099	(2,683)	3,114
 Earnings (loss) per share:				
Basic	0.01	0.73	(0.21)	0.28
Diluted	0.01	0.65	(0.22)	0.23
 Weighted average number of shares outstanding:				
Basic	12,800	10,800	13,200	10,800
Diluted	12,800	10,800	13,200	11,047