

CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	161,166	161,504
Short-term investments	45,467	38,731
Marketable securities available for sale	962	1,545
Trade receivables	141,023	139,676
Other accounts receivable	23,191	33,222
Assets attributed to discontinued operations	35	41
Inventories	3,503	3,157
	<u>375,347</u>	<u>377,876</u>
LONG-TERM INVESTMENTS & DEPOSITS , LOANS AND RECEIVABLES:		
Loans and other investments	14,990	14,377
Investments in affiliates	3,656	3,682
	<u>18,646</u>	<u>18,059</u>
SEVERANCE PAY FUND	<u>38,435</u>	<u>36,851</u>
FIXED ASSETS, NET	<u>16,420</u>	<u>15,794</u>
OTHER ASSETS, NET	<u>172,845</u>	<u>162,653</u>
	<u>621,693</u>	<u>611,233</u>
CURRENT LIABILITIES:		
Liabilities to banks and others	16,825	26,481
Trade payables	52,717	56,172
Other accounts payable	76,381	72,521
Debentures	4,102	3,725
Liabilities attributed to discontinued operations	465	503
	<u>150,490</u>	<u>159,402</u>
LONG-TERM LIABILITIES:		
Debentures	76,172	71,679
Unrealized Gain	92	85
Deferred taxes	3,623	3,276
Customer advances	1,990	2,181
Liabilities to banks and others	24,179	23,684
Liability in respect of the acquisition of activities	1,299	1,374
Accrued severance pay	46,334	43,249
	<u>153,689</u>	<u>145,528</u>
MINORITY INTEREST	<u>109,033</u>	<u>107,915</u>
SHAREHOLDERS' EQUITY	<u>208,481</u>	<u>198,388</u>
	<u>621,693</u>	<u>611,233</u>

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three months ended	
	March 31,	
	2008	2007
	U.S.\$	
	(in thousands, except per share data)	
Revenues.....	135,785	113,550
Cost of revenues	101,749	84,738
Gross profit.....	<u>34,036</u>	<u>28,812</u>
Research and development costs, net.....	1,434	1,211
Selling, general and administrative expenses	25,191	20,432
Depreciation and amortization.....	921	839
Restructuring and non-recurring costs	-	129
Operating income.....	<u>6,490</u>	<u>6,201</u>
Financial income (expenses), net.....	<u>25</u>	<u>(551)</u>
	6,515	5,650
Gain (loss) on realization of investments.....	(274)	99
Other expenses, net.....	<u>(44)</u>	<u>(257)</u>
Income before taxes on income	6,197	5,492
Taxes on income	<u>471</u>	<u>708</u>
	5,726	4,784
Equity in losses of affiliated companies, net.....	(275)	(151)
Minority interest in profits, net.....	<u>2,406</u>	<u>2,351</u>
Income from continuing operation.....	3,045	2,282
Income from discontinued operations	-	682
Net income	<u><u>3,045</u></u>	<u><u>2,964</u></u>
 Earnings per share generated from continued operation :		
Basic	0.23	0.19
Diluted	0.23	0.19
 Earnings per share generated from discontinuing operation :		
Basic	-	0.03
Diluted	-	0.03
 Weighted average number of shares outstanding:		
Basic	13,200	13,200
Diluted	13,200	13,200