

CONSOLIDATED BALANCE SHEETS

	September 30, 2005 (Unaudited)	December 31, 2004
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	68,636	107,174
Short-term investments	37,164	39,073
Trade receivables	129,233	114,533
Other accounts receivable	23,238	26,105
Inventories	4,949	4,668
	263,220	291,553
 LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	5,659	5,247
Investments in affiliates	20,615	24,389
	26,274	29,636
 SEVERANCE PAY FUND	32,401	31,943
 FIXED ASSETS, NET	23,213	26,529
 OTHER ASSETS, NET	262,530	261,359
	607,638	602,641
 CURRENT LIABILITIES:		
Liabilities to banks and others	85,939	104,975
Trade payables	46,222	41,605
Other accounts payable	71,227	81,105
Debentures	4,720	32,374
Customer advances, net of work in progress	2,154	6,900
	210,262	266,959
 LONG-TERM LIABILITIES:		
Debentures	21,005	27,086
Provision for losses in formerly owned investee	1,971	1,971
Deferred taxes	1,166	958
Customer advances	1,563	1,114
Liabilities to banks and others	53,206	19,789
Liability in respect of the acquisition of activities	1,742	2,036
Accrued severance pay	38,679	37,750
	119,332	90,704
 MINORITY INTEREST	111,756	96,579
 SHAREHOLDERS' EQUITY	166,288	186,778
	607,638	641,020

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	U.S.\$		U.S.\$	
	(in thousands, except per share data)			
Revenues	381,568	329,408	126,452	110,054
Cost of revenues	<u>250,592</u>	<u>205,808</u>	<u>82,686</u>	<u>69,761</u>
Gross profit	130,976	123,600	43,766	40,293
Research and development costs, net.....	17,173	19,282	5,999	6,391
Selling, general and administrative expenses.....	95,146	89,529	31,583	28,542
Depreciation and amortization	4,142	4,358	1,268	1,473
Restructuring and non-recurring costs	<u>1,113</u>	<u>-</u>	<u>267</u>	<u>-</u>
Operating income.....	13,402	10,431	4,649	3,887
Financial expenses, net	<u>(6,971)</u>	<u>(7,922)</u>	<u>(2,152)</u>	<u>(2,590)</u>
	6,431	2,509	2,497	1,297
Gain on realization of investments.....	4,195	6,615	1,733	811
Other income (expenses), net.....	<u>567</u>	<u>(867)</u>	<u>(263)</u>	<u>(175)</u>
Income before taxes on income	11,193	8,257	3,967	1,933
Taxes on income	<u>2,950</u>	<u>2,707</u>	<u>1,250</u>	<u>831</u>
	8,243	5,550	2,717	1,102
Equity in losses of affiliated companies, net.....	(2,598)	(1,353)	(177)	(731)
Minority interest in losses (profits), net.....	<u>(2,778)</u>	<u>788</u>	<u>(1,602)</u>	<u>(37)</u>
Net income.....	<u><u>2,867</u></u>	<u><u>4,985</u></u>	<u><u>938</u></u>	<u><u>334</u></u>
Earnings per share:				
Basic	<u>0.22</u>	<u>0.46</u>	<u>0.07</u>	<u>0.02</u>
Diluted	<u>0.17</u>	<u>0.41</u>	<u>0.07</u>	<u>0.01</u>
Weighted average number of shares outstanding:				
Basic	<u>12,667</u>	<u>10,800</u>	<u>13,200</u>	<u>10,800</u>
Diluted	<u>12,667</u>	<u>10,800</u>	<u>13,200</u>	<u>10,800</u>