

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended December 31		
	1999	**1998	**1997
	U.S. dollars in thousands		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	30,514	(110,827)	582
Adjustments to reconcile net income or loss to net cash provided by operating activities:			
Share in losses of equity investments - net	21,481	14,897	2,742
Depreciation and amortization	39,386	35,466	31,317
Write off of in-process research and development acquired		44,264	
Loss (income) from discontinued operations	(6,950)	76,535	
Compensation resulting from employee stock options	26	(65)	(1,299)
Deferred income taxes - net	(15,571)	(8,657)	(2,166)
Loss (gain) on disposal of fixed assets	(67)	246	523
Changes in operating assets and liabilities:			
Decrease (increase) in short-term investments	455	52,871	(41,954)
Decrease (increase) in trade receivables (including non-current portion)	(32,931)	(1,035)	14,240
Decrease (increase) in other receivables	(6,009)	(29,522)	8,789
Increase (decrease) in trade payables	17,101	(993)	(3,857)
Increase (decrease) in accrued and other liabilities	18,531	(97)	(31,735)
Decrease (increase) in inventories	(3,540)	6,622	36,952
Decrease (increase) in prepaid expenses	(809)	806	1,280
Other items - net		6	432
Net cash provided by operating activities	<u>61,617</u>	<u>80,517</u>	<u>15,846</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of subsidiaries*		(61,585)	
Additional amount paid in respect of acquisition of a subsidiary		(7,000)	(7,000)
Purchase of property, plant and equipment and other non current assets	(30,205)	(26,487)	(23,802)
Proceeds from sale of fixed assets	1,859	1,476	1,720
Proceeds from disposal of investment in subsidiary		8,000	
Purchase of intangible assets	(5,828)	(12,578)	(1,096)
Equity and other investments	(21,914)	(12,886)	(3,622)
Net cash used in investing activities	<u>(56,088)</u>	<u>(111,060)</u>	<u>(33,800)</u>
<b>Subtotal - forward</b>	<u>5,529</u>	<u>(30,543)</u>	<u>(17,954)</u>

(Continued - 1)

**Scitex Corporation Ltd.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended December 31		
	1999	**1998	**1997
	U.S. dollars in thousands		
Subtotal - brought forward	5,529	(30,543)	(17,954)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Employee stock options exercised and paid	896	2,110	
Increase in long-term liabilities	485	3,117	453
Decrease in long-term liabilities	(19)	(56)	(195)
Increase (decrease) in short-term bank credit	(2,028)	2,992	(54)
Purchase of treasury shares	(5,524)		
Net cash provided by (used in) financing activities	(6,190)	8,163	204
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(661)	(22,380)	(17,750)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	49,920	72,300	90,050
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	49,259	49,920	72,300
* Acquisition of subsidiaries:			
Working capital (excluding cash and cash equivalents)		10	
Property, plant and equipment - net		666	
Goodwill and other intangible assets		16,645	
Acquired in-process research and development		44,264	
		61,585	
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Interest paid	396	738	2,117
Income taxes paid (tax refund)	1,115	9,867	(18,739)

\*\*Reclassified.

The accompanying notes are an integral part of the financial statements.

(Concluded-2)

**Scitex Corporation Ltd.**