



PRESS RELEASE

May 9, 2006

Syneron Reports Q1 2006 Revenue increase of 28.3% over Q1 2005 to \$23.7 million

Yokneam, Israel – May 9, 2006 – Syneron Medical Ltd. (NASDAQ: ELOS), an innovator in the development, marketing and sales of elōs™ combined-energy medical aesthetic devices, today announced financial results for the first quarter of fiscal year 2006 ended March 31, 2006.

Revenues for the first quarter of 2006 were \$23.7 million, an increase of 28.3% from \$18.5 million for the same period in 2005. Net income for the first quarter of 2006 on a US GAAP basis (“GAAP”), including stock-based compensation expense related to the Company's adoption of Financial Accounting Standards (FAS) No. 123R of approximately \$1.5 million, was \$8.8 million or \$0.32 per diluted share, representing a net profit margin of 37.1%. In the first quarter of 2005, the company reported GAAP net income of \$7.5 million or \$0.27 per diluted share, representing a net profit margin of 40.5%. The gross profit margin for Q1 2006 was 85.3% compared to gross margins of 86.1% for Q1 2005. Excluding related stock-based compensation expenses, the gross profit margin for Q1 2006 was 85.6%.

On a normalized pro-forma basis, non-GAAP net income for the first quarter of 2006, excluding stock-based compensation expense, was \$10.3 million, or \$0.37 per diluted share, representing a net profit margin of 43.6% for Q1 2006. (Refer to the "Use of Non-GAAP Measures" section and accompanying financial table for reconciliation of GAAP financial information to Non-GAAP). The non-GAAP net income for the first quarter of 2005, excluding a one-time charge of \$1.1 million was \$8.6 million, or \$0.32 per diluted share, representing a net profit margin of 46.6%.

Higher investment in sales and marketing and in R&D in the first quarter resulted in an increase of operating expenses. On a non-GAAP basis, R&D expenditure, as a percentage of revenue, rose to 6.7% from 5.4% in the first quarter of 2005. Sales and marketing expenditure, as a percentage of revenue, rose to 33.9% reflecting the growth of the sales force in North America and other parts of the world, marketing initiatives launched at major professional medical conferences and trade shows in the US and Europe, a major new training and education program and new marketing materials and tools.

Commenting on the results, Syneron CEO David Schlachet said, "We have increased our investments in sales and marketing and in R&D in the first quarter in accordance to the growth strategy for Syneron discussed at the start of the year. We plan to maintain the level of R&D expenditure at its current level of close to 7% of revenue given the strong R&D pipeline and our ambitious timeline for new product introduction. However, we expect sales and marketing expenditures to decrease as a percentage of sales as revenues rise over the next few quarters.

Syneron's financial position remains strong. On March 31, 2006, Syneron had a cash position (including long term deposits) of \$138.3 million and Shareholders' equity of \$156 million. At the end of March, trade receivables totaled \$27.8 million. As of today, Syneron had collected \$9.5 million of the outstanding receivables.

Conference call

Syneron Management will host a conference call to discuss the results at 8:30am ET today, May 9, 2006. Investors and other interested parties may access a live web cast through Syneron's web site at www.syneron.com. Please login at least 10 minutes prior to the conference call in order to download the applicable audio software. Following the conclusion of the call, a replay of the webcast will be available within 24 hours at the Company's web site.

Use of Non-GAAP Measures

This press release provides financial measures for net income and basic and diluted earnings per share that exclude stock-based compensation expense and are therefore not calculated in accordance with generally accepted accounting principals (GAAP). Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance that enhances management's and investors' ability to evaluate the Company's net income and earnings per share and to compare it with historical net income and earnings per share prior to the adoption of FAS 123R.

The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it important to make these non-GAAP adjustments available to investors.



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About Syneron

Syneron Medical Ltd. (NASDAQ: ELOS) manufactures and distributes medical aesthetic devices that are powered by the proprietary, patented elōs combined-energy technology of Bi-Polar Radio Frequency and Light. The Company's innovative elōs technology provides the foundation for highly effective, safe and cost-effective systems that enable physicians to provide advanced solutions for a broad range of medical-aesthetic applications including hair removal, wrinkle reduction, rejuvenating the skin's appearance through the treatment of superficial benign vascular and pigmented lesions, and the treatment of acne, leg veins and cellulite. Founded in 2000, the corporate, R&D, and manufacturing headquarters for Syneron Medical Ltd. is located in Israel. Syneron has offices and distributors throughout the world, including North American Headquarters in Canada, European Headquarters in Germany, and Asia-Pacific Headquarters in Hong Kong, which provide sales, service and support. Additional information can be found at www.syneron.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Specifically, statements concerning Syneron's financial expectations regarding expenditures and financial results the 2006 fiscal year, as well as statements concerning new product introductions, FDA submissions, distribution plans, and maintaining Syneron's competitive advantage are forward-looking statements within the meaning of the safe harbor provisions of the Act. Estimates of quarterly and year-end financial results and other forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties, which may cause Syneron's actual results to differ materially from the statements contained herein. Undue reliance should not be placed on forward-looking statements, especially guidance on future financial performance, which speaks only as of the date such statements are made. Syneron undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events

Syneron Medical Ltd.
CONSOLIDATED STATEMENT OF INCOME
U.S. dollars in thousand except per share data

	Three Months ended March 31,	
	2006 (un audited)	2005 (un audited)
	-----	-----
Revenues	23,739	18,509
Cost of Revenues	3,490	2,581
	-----	-----
Gross Profit	20,249	15,928
Operating expenses		
Research and development	1,729	991
Selling and marketing	8,908	5,850
General and administrative	1,723	716
Other expenses	--	1,124
	-----	-----
Total operating expenses	12,360	8,681
	-----	-----
Operating Income	7,889	7,247
Financial income, net	1,109	354
	-----	-----
Income before taxes	8,998	7,601
Taxes on income	(200)	(100)
	-----	-----
Net Income	8,798	7,501
Basic net earning per share	0.33	0.32
Diluted net earnings per share	0.32	0.27
	=====	=====
Weighted average number of shares used in er share calculation (in thousand):		
Basic	26,868	23,616
Diluted	27,663	27,380
	=====	=====



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**Syneron Medical Ltd.
Reconciliation Between GAAP To Non-GAAP Consolidated Statement Of Income
U.S. dollars in thousand except per share data**

	Three Months ended 31 March 2006			Three Months ended 31 March 2005		
	GAAP (un audited)	SFAF 123R Adjustment ⁽¹⁾	Non-GAAP (un audited)	GAAP (un audited)	One Time Adjustment ⁽²⁾	Non-GAAP (un audited)
Revenues	23,739		23,739	18,509		18,509
Cost of Revenues	3,490	62	3,428	2,581		2,581
Gross Profit	20,249	62	20,311	15,928		15,928
Operating expenses						
Research and development	1,729	137	1,592	991		991
Selling and marketing	8,908	852	8,056	5,850		5,850
General and administrative	1,723	494	1,229	716		716
Other expenses				1,124	1,124	
Total operating expenses	12,360	1,483	10,877	8,681	1,124	7,557
Operating Income	7,889	-1,545	9,434	7,247	-1,124	8,371
Financial income, net	1,109		1,109	354		354
Income before taxes	8,998	-1,545	10,543	7,601	-1,124	8,725
Taxes on income	-200		-200	-100		-100
Net Income	8,798	-1,545	10,343	7,501	-1,124	8,625
Basic net earning per share	0.33	-0.06	0.38	0.32	-0.05	0.37
Diluted net earnings per share	0.32	-0.06	0.37	0.27	-0.04	0.32
=====						
Weighted average number of shares used in er share calculation (in thousand):						
Basic	26,868		26,868	23,616		23,616
Diluted	27,663		27,663	27,380		27,380
=====						

- (1) stock-based compensation expense related to the Company's adoption of Financial Accounting Standards (FAS) No. 123R
- (2) one-time charge of \$1.1 million to settle a patent lawsuit



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**Syneron Medical Ltd.
CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousand**

	31 March 2006 (un audited)	31 December 2005 (un audited)
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CURRENT ASSETS		
Cash and cash equivalents	22,539	16,570
Marketable securities	114,679	116,489
Trade receivables	27,145	19,776
Other receivables and prepaid expenses	9,821	9,293
Inventories	3,343	3,434
	-----	-----
Total current assets	177,527	165,562
LONG TERM ASSETS		
Severance pay fund	244	249
Long-term deposits and other	1,060	1,103
Long-term trade receivables	686	1,003
Property and equipment, net	1,338	1,189
	-----	-----
Long Term Assets	3,328	3,544
OTHER ASSETS		
	1,101	1,175
	-----	-----
Total Assets	181,956	170,281
	=====	=====
CURRENT LIABILITIES		
Trade Payables	2,664	2,112
Other current liabilities	19,058	18,960
	-----	-----
Total current liabilities	21,722	21,072
LONG TERM LIABILITIES		
Deferred Revenue	4,093	3,763
Accrued severance pay	317	282
	-----	-----
Total long-term liabilities	4,410	4,045
SHAREHOLDERS' EQUITY:		
	155,824	145,164
	-----	-----
Total liabilities and shareholders' equity	181,956	170,281
	=====	=====

Syneron Medical Ltd.
CONSOLIDATED STATEMENT OF CASH FLOW
U.S. dollars in thousand

	Three Months ended March 31,	
	2006	2005
	(un audited)	(un audited)
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	8,798	7,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	168	128
Accrued severance pay, net	40	16
Increase in short-term and long-term trade receivables	(6,699)	(2,711)
Decrease (increase) in other accounts receivables and prepaid expenses	(528)	152
Decrease (increase) in inventories	91	(484)
Increase in trade payables	552	665
Increase (decrease) in other current liabilities	(204)	5,553
Gain on available for sale securities	631	229
Stock-based compensation	1,582	37
Increase in deferred revenues	632	1,122
Loss on sales of property and equipment	-	12
	<u>5,063</u>	<u>12,220</u>
CASH FLOWS FROM INVESTMENTING ACTIVITIES		
Investment in short-term deposits, net	-	(397)
Purchase of available-for-sale securities	(207)	(162)
Proceeds from sale of available-for-sale securities	1,191	650
Payments for ecquisition of long-term loans and others	-	(2,003)
Proceeds from long-term deposits and others	43	765
Purchase of property and equipment	(243)	(183)
Purchase of other assets	-	(436)
	<u>784</u>	<u>(1,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of options	122	1,588
	<u>122</u>	<u>1,588</u>
Net cash provided by financing activities		
Increase in cash and cash equivalents	5,969	12,042
Cash and cash equivalents at the beginning of the period	<u>16,570</u>	<u>12,468</u>
Cash and cash equivalents at the end of the period	<u><u>22,539</u></u>	<u><u>24,510</u></u>



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For more information, please contact

David Seligman, CFO, +1-972-54-772-6229, email: cfo@syneron.com

Judith Kleinman, VP Investor Relations, +1-888-886-1338, email: ir@syneron.com.

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Source: Syneron Medical Ltd.