



PRESS RELEASE

August 7, 2006

Syneron Reports Second Quarter 2006 Financial Results

Revenues increased 37% year-over-year to a record high of \$27.5 million

Yokneam, Israel – August 7, 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 second quarter ended June 30, 2006.

Revenues for the second quarter of 2006 grew 37% over the same period in 2005 from \$20.1 million to a record high of \$27.5 million. Net income for the second quarter of 2006 on a US GAAP basis (“GAAP”) was \$8.9 million, or \$0.32 per diluted share, which includes stock-based compensation expense of \$2.4 million, or \$0.09 per diluted share. This represents an increase of 29% from \$6.9 million or \$0.25 per diluted share in the same period in 2005.

On a pro forma basis, exclusive of stock-based compensation, net income for the second quarter of 2006 was \$11.3 million, or \$0.41 per diluted share, representing growth of 22% from the same period in 2005, in which the Company recorded a net income of \$9.2 million, or \$0.34 per diluted share. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore feels it important to make these non-GAAP adjustments available to investors.

The non-GAAP figures for the second quarter of 2006 are exclusive of stock-based compensation expense of approximately \$2.4 million and the non-GAAP results in the second quarter of 2005 are exclusive of a one-time charge related to a patent lawsuit settlement of \$2.4 million. (Refer to the "Use of Non-GAAP Measures" section and accompanying financial table for reconciliation of GAAP financial information to Non-GAAP).

Revenues and net income on a US GAAP basis for the six-month period ended June 30, 2006 were \$51.3 million and \$17.7 million, or \$0.64 per diluted share respectively. The company recorded revenues and net income of \$38.6 million and \$14.4 million, or \$0.52 per diluted share, in the same period in 2005. On a pro forma basis, revenues and net income for the six-month period ended June 30, 2006 were \$51.3 million and \$17.7 million, or \$0.64 per diluted share respectively.



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Commenting on the results, CEO David Schlachet said, "Our second quarter results clearly demonstrate our success in strengthening the distribution network in Europe and Asia. Sales in Europe and Asia increased significantly both year-over-year, as well as sequentially. In North America, we succeeded in maintaining relatively flat revenues sequentially, despite the management transition, and we recorded a 17% growth rate year-on-year. We expect to see sequential growth in North America in the second half of 2006."

Mr. Schlachet continued, "Revenues from Europe, Asia and Latin America rose to 50% of total revenues, compared with a historical level of 40% to 45%. As a result, gross margins for the second quarter were below our target of 85% to 84%. We expect that the geographical mix will return to historical levels and with it we expect a slight increase in gross margins. "

Mr. Schlachet added, "Our new e-Family of products, which we launched world wide toward the end of the first quarter, has been well accepted by our customers in all regions. During the second quarter, we incurred additional expenses associated with the successful introduction of these products and the expansion of our sales rep network. Given the benefits from marketing and sales initiatives worldwide, as well as cost management initiatives, particularly in North America, we continue to expect to meet our previously announced guidance."

Syneron's financial position remains very strong. Syneron's cash position (including long-term deposits) rose by \$10.2 million to \$148.5 million at the end of the quarter and shareholders' equity totaled \$167 million. Trade receivables were \$29.7 million on June 30, 2006, representing a decrease of days of sales outstanding by 8 days to 98 days on an end of quarter basis and 95 days on an average balance basis.

Conference call

Syneron Management will host a conference call to discuss the results at 8:30am ET today, August 7, 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.



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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.

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 sequential revenue growth in North America, expected geographic mix and increases in gross margins, acceptance of new products and anticipated benefits from marketing, sales and management initiatives are forward-looking statements within the meaning of the safe harbor provisions of the Act. Guidance with respect to 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

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Syneron, the Syneron logo, and elōs are trademarks of Syneron Medical Ltd. and may be registered in certain jurisdictions. elōs (Electro-Optical Synergy) is a proprietary technology of Syneron Medical. All other names are the property of their respective owners.

Source: Syneron Medical Ltd.



PRESS RELEASE

August 7, 2006

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

	Three Months ended June 30,		Six Months ended June 30,	
	2006	2005	2006	2005
	(un audited)	(un audited)	(un audited)	(un audited)
	-----	-----	-----	-----
Revenues	27,519	20,132	51,257	38,641
Cost of Revenues	4,443	2,657	7,934	5,238
	-----	-----	-----	-----
Gross Profit	23,076	17,475	43,323	33,403
Operating expenses				
Research and development	2,256	1,256	3,986	2,247
Selling and marketing	10,961	6,615	19,869	12,465
General and administrative	2,001	751	3,724	1,467
Other expenses	-	2,370	-	3,494
	-----	-----	-----	-----
Total operating expenses	15,218	10,992	27,579	19,673
	-----	-----	-----	-----
Operating Income	7,858	6,483	15,744	13,730
Financial income, net	1,345	493	2,457	847
	-----	-----	-----	-----
Income before taxes	9,203	6,976	18,201	14,577
Taxes on income	-309	-100	-509	-200
	-----	-----	-----	-----
Net Income	8,894	6,876	17,692	14,377
Basic net earning per share	0.33	0.28	0.65	0.60
Diluted net earnings per share	0.32	0.25	0.64	0.52
	=====	=====	=====	=====
Weighted average number of shares used in er share calculation (in thousand):				
Basic	27,245	24,634	27,058	24,131
Diluted	27,711	27,555	27,576	27,418
	=====	=====	=====	=====



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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 30 June 2006			Three Months ended 30 June 2005		
	GAAP (un audited)	SFAF 123R Adjustment	Non-GAAP (un audited)	GAAP (un audited)	One Time Adjustment	Non-GAAP (un audited)
Revenues	27,519		27,519	20,132		20,132
Cost of Revenues	4,443	50	4,393	2,657		2,657
Gross Profit	23,076	-50	23,126	17,475		17,475
Operating expenses						
Research and development	2,256	121	2,135	1,256		1,256
Selling and marketing	10,961	1,855	9,106	6,615		6,615
General and administrative	2,001	394	1,607	751		751
Other expenses	-		-	2,370	2,370	-
Total operating expenses	15,218	2,370	12,848	10,992	2,370	8,622
Operating Income	7,858	-2,420	10,278	6,483	-2,370	8,853
Financial income, net	1,345		1,345	493		493
Income before taxes	9,203	-2,420	11,623	6,976	-2,370	9,346
Taxes on income	-309		-309	-100		-100
Net Income	8,894	-2,420	11,314	6,876	-2,370	9,246
Basic net earning per share	0.33	-0.09	0.42	0.28	-0.09	0.38
Diluted net earnings per share	0.32	-0.09	0.41	0.25	-0.07	0.34
=====						
Weighted average number of shares used in er share calculation (in thousand):						
Basic	27,245		27,245	24,634		24,634
Diluted	27,711		27,711	27,555		27,555
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**Syneron Medical Ltd.
CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousand**

	30 June 2006 (un audited) -----	31 December 2005 (un audited) -----
CURRENT ASSETS		
Cash and cash equivalents ⁽¹⁾	22,988	16,570
Short term deposits ⁽¹⁾	5,004	-
Marketable securities ⁽¹⁾	119,431	116,489
Trade receivables	29,732	19,776
Other receivables and prepaid expenses	4,476	9,293
Inventories	3,806	3,434
	-----	-----
Total current assets	185,437	165,562
LONG TERM ASSETS		
Severance pay fund	273	249
Long-term deposits and other cash equivalent ⁽¹⁾	1,072	1,103
Long-term trade receivables	-	1,003
Property and equipment, net	1,336	1,189
	-----	-----
Long Term Assets	2,681	3,544
OTHER ASSETS		
	1,029	1,175
	-----	-----
Total Assets	189,147 =====	170,281 =====
CURRENT LIABILITIES		
Trade Payables	3,523	2,112
Other current liabilities	14,576	18,960
	-----	-----
Total current liabilities	18,099	21,072
LONG TERM LIABILITIES		
Deferred Revenue	3,986	3,763
Accrued severance pay	348	282
	-----	-----
Total long-term liabilities	4,334	4,045
SHAREHOLDERS' EQUITY:		
	166,714	145,164
	-----	-----
Total liabilities and shareholders' equity	189,147 =====	170,281 =====
⁽¹⁾ Total Short and Long Terms Cash and Equivalent	148,495	134,162



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August 7, 2006

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

	Three Months ended June 30,		Six Months ended June 30,	
	2006 (un audited)	2005 (un audited)	2006 (un audited)	2005 (un audited)
	-----	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	8,894	6,876	17,692	14,377
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	184	138	352	266
Accrued severance pay, net	2	(14)	42	2
Increase in short-term and long-term trade receivables	(1,901)	(104)	(8,600)	(2,815)
Decrease (increase) in other accounts receivables and prepaid expenses	5,345	(346)	4,817	(194)
Increase in inventories	(463)	(198)	(372)	(682)
Increase in trade payables	859	93	1,411	758
Decrease in other current liabilities	(4,482)	(7,100)	(4,686)	(1,547)
Gain (loss) on available for sale securities	(65)	(48)	566	181
Stock-based compensation	2,457	37	4,039	74
Increase (decrease) in deferred revenues	(107)	195	525	1,317
Loss on sales of property and equipment	-	-	-	12
	<u>10,723</u>	<u>(471)</u>	<u>15,786</u>	<u>11,749</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Investment in short-term deposits, net	(5,004)	(1,694)	(5,004)	(2,091)
Purchase of available-for-sale securities	(5,234)	(161)	(5,441)	(323)
Proceeds from sale of available-for-sale securities	-	675	1,191	1,325
Payments for acquisition of long-term loans and others	(12)	(1)	31	(2,004)
Proceeds from long term loans and other	-	-	-	765
Purchase of property and equipment	(109)	(166)	(352)	(349)
Purchase of other assets	-	(30)	-	(466)
	<u>(10,359)</u>	<u>(1,377)</u>	<u>(9,575)</u>	<u>(3,143)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary and preferred shares, net	-	-	-	1,588
Exercise of options	85	-	207	-
	<u>85</u>	<u>-</u>	<u>207</u>	<u>1,588</u>
Net cash provided by financing activities	85	-	207	1,588
Increase in cash and cash equivalents	449	(1,848)	6,418	10,194
Cash and cash equivalents at the beginning of the period	<u>22,539</u>	<u>24,510</u>	<u>16,570</u>	<u>12,468</u>
Cash and cash equivalents at the end of the period	<u>22,988</u>	<u>22,662</u>	<u>22,988</u>	<u>22,662</u>