



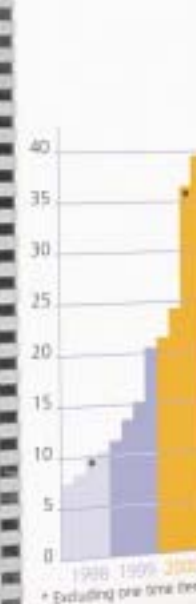
NUR MACROPRINTERS 2000 ANNUAL REPORT

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FINANCIAL HIGHLIGHTS

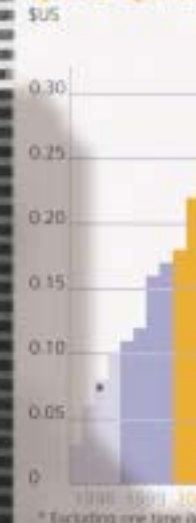
Revenues
Q1/98-Q4/00
\$US in Millions



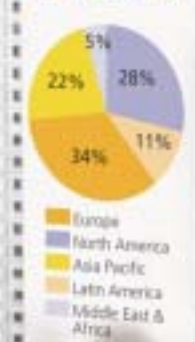
Net Income
Q1/98-Q4/00
\$US in Millions



Earnings per Share
Q1/98-Q4/00
\$US



Revenues
by Region
Full Year 2000



2000 was a record year for NUR Macroprinters. We have reported fifteen consecutive quarters of outstanding growth that is unprecedented in the industry. This year was highlighted by the acquisition of Salsa Digital, a manufacturer of production wide format digital printers based in the U.S. The acquisition, completed in the third quarter, had a positive effect on our earnings in 2000, yielding accretive earnings per share immediately post-acquisition. Other areas of our business also continued to grow; despite the slowdown we experienced in the first quarter of 2001. We are committed to continue increasing the value of our company, and consolidating our position to enable us to remain the undisputed global market leader.

DEAR SHAREHOLDERS:

In 2000 our company continued to exceed projections, and we completed another year of record-breaking growth and profitability. Revenues for the year totaled \$121.9 million, compared to \$60.7 million in 1999—an increase of 101%. Operating income before intangibles amortization of \$1.4 million increased 113% to \$17.9 million, compared with \$8.4 million in 1999. Net income for 2000, before the costs associated with the acquisition of Salsa Digital was \$13.4 million, or \$0.91 per share on a fully diluted basis. This represents an increase of 86% from \$7.2 million, or \$0.56 per share, in 1999. Taking into account the one-time costs of \$4.9 million associated with the acquisition of Salsa Digital, the company reported net income of \$8.5 million and earnings per share of \$0.57 on a fully diluted basis. In the first quarter of 2001, we embarked on a program to reduce expenditures and increase efficiency, to counteract lower than expected revenues in the U.S. market. These measures included consolidating and restructuring our U.S. facilities in San Antonio at a cost of approximately \$2.5 million, as well as a reduction in staff in both the U.S. and Israel. With the two North American subsidiaries now under one roof, we anticipate that our streamlined North American operations will be an even stronger source of profitability, under the experienced guidance of NUR America's new President, Rick Clarke.

The Salsa Digital Acquisition—All You Need to Make it Big

With our acquisition of Salsa Digital at the beginning of the third quarter, we achieved our strategic goal of becoming one of the premier developers and suppliers of a full line of wide format digital printing solutions for every segment of the market. Our complete line of products and services meets all the demands of this growing market—from high productivity customers to low volume wide format print shops. We also now offer products for customers who are not ready to make large capital expenditures as they enter into the world of wide format digital printing for the first time. As the wide format printing market evolves to become totally digital, NUR Macroprinters is uniquely positioned to offer the market all it needs every step of the way.

We were very successful in merging Salsa Digital's operations with NUR Macroprinters' corporate structure, and within three months, all sales and customer support operations were completely integrated. We brought Salsa Digital sales to NUR Macroprinters' profitability levels by the end of the third quarter, and in fact, our consolidated gross margin remained steady post-acquisition. Building on NUR Macroprinters' reputation, sales in Salsa Digital's traditional markets have increased significantly.

We are very optimistic about the company's new and expanded product line, as we exploit the technological synergies, joint R&D efforts, and excellent training apparatus acquired from Salsa Digital. The NUR Salsa Ultima™ line, the first fruits

of the technological synergy the acquisition generated, has already been introduced in the first quarter of 2001.

NUR Fresco™—A Digital Innovation Embraced by the Market

Sales of the NUR Fresco, our pioneering high-productivity wide format digital printer introduced at the beginning of 2000, exceeded all our expectations. By the second half of 2000 it became our best selling product and by year-end, several repeat orders had already been placed. This represents a strong vote of confidence, as we proceed with our plans to expand the NUR Fresco into a family of products to become the standards bearer as the screen printing market evolves into a totally digital arena. Further to this, we entered into an important strategic partnership with the Swedish firm, SVECIA AB, to distribute the NUR Fresco wide format digital production press to traditional screen printers. SVECIA is a leading supplier of high quality screen printing equipment with representation in 60 countries around the world. The synergy between the NUR Fresco and the SVECIA product line is making it easier for screen printers to gear up for the digital revolution, while benefiting from one of the best, most productive products on the market.

NUR Blueboard™—A Strong Foundation

We are continuing to invest in and improve the NUR Blueboard line, and are committed to adding new enhancements and features as the market demands them. During 2000, we introduced the NUR Blueboard HiQ+, equipped with two new application packages. Other new enhancements are keeping the NUR Blueboard a top-of-the-line offering for the largest, most demanding out-of-home advertising applications.

Consumables for Strong Profitability

During 2000, we continued to see the growth of NUR Media Solutions, a leading market player. The Stillachem facility in Belgium, whose remaining shares we acquired in the first quarter of 2001, began manufacturing specialized inks during 2000, and our ink manufacturing facilities in San Antonio offer top quality, high-selling products. The substrate and print materials product line has been expanded, manufactured according to our precise proprietary formulations by a diversified group of subcontractors. In fact, our substrate line has proven to be so superior for digital printing applications, these consumable products are being purchased by customers of competing digital printers.

Our Global Reach Extends Further

The world is embracing the wide format digital printing revolution, and NUR Macroprinters has been there to proactively offer the solutions markets demand. We have expanded our direct presence in Latin America, with offices in Mexico

and Brazil. In Asia, our presence expanded four-fold with the acquisition of Salsa Digital, and we established a new sales and service office in Japan. The Chinese market has developed into our second single largest market outside the U.S. We have seen that in emerging economies, out-of-home advertising represents a relatively larger proportion of advertising expenditures, and we believe it will continue to do so. We anticipate strong growth for our company in these emerging markets; growth that will be facilitated by our leadership position. And even with the recent slowdown, the U.S. out-of-home advertising market continues to grow at a healthy 4 to 5% a year.

Growing our Company for the Future

With the infusion of \$10 million raised in a private placement in the third quarter, we are proceeding forward with our plans for internal growth and consolidation for fiscal 2001. Our new 50,000 square foot corporate headquarters houses corporate management, finance, technical support, marketing, and operations employees, as well as the company's new research and development facilities. The new facility will enable us to house, train and support our staff and concentrate on further developing the infrastructure, tools and processes we need to consolidate and strengthen our company from within. In 2001 we intend to implement a global Enterprise Resource Planning system, designed throughout 2000.

Salsa Digital's outstanding manufacturing and training center in San Antonio, Texas is now home to both our North American subsidiaries—NUR America and NUR Engineering USA. The entire NUR Group benefits from the 64,000 square feet of modern, manufacturing and R&D facilities, and is a prime location for our global customer and employee-training center.

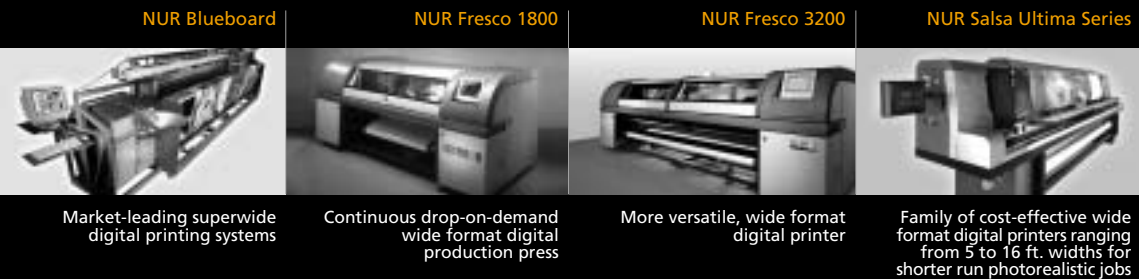
And most importantly, we are continuing to take the same proactive approach in our application-driven product development. By anticipating the market's needs as it matures, and by developing the infrastructure for comprehensive complementary services, we hope to retain our position of leadership and drive the market forward.

As we plan for the future, we acknowledge the fact that we would never be able to realize so many of our goals if it were not for our employees—old and new. We thank them for their loyalty and commitment, and as we move forward, we look forward to all of our employees and shareholders reaping the benefits of a job well done.


Erez Shachar
President and Chief
Executive Officer


Dan Purjes
Chairman of the Board
Executive Officer





EXPANDING THE BIG PICTURE

Our company has grown to offer an expanded line of wide format digital printing solutions for every market niche, segment and application. And for every budget, production capacity and size. Solutions that embrace the uncompromising commitment to quality, reliability and state-of-the-art technologies for which NUR Macroprinters stands.

From superwide billboards, fleet graphics and exhibition signage, to wide format banners and posters, NUR Macroprinters has expanded its line to offer cost-effective solutions for every application and production capacity.

Our customers worldwide are generating higher profit margins and increased productivity all across the board—with the NUR Blueboard™ superwide digital printing systems, the pioneering NUR Fresco™ high productivity wide format digital presses and the NUR Salsa™ series of photorealistic wide format digital printers.

NUR Macroprinters, anticipating a digital revolution in wide format printing, is facilitating the progress of the revolution with its acquisition of Salsa Digital. The recently introduced NUR Salsa Ultima line will combine the very best of the technical synergies and joint R&D of NUR Macroprinters and the former Salsa Digital.

NUR Macroprinters knows and understands the commercial wide format digital printing market— a market it has helped create. And today we offer a product line that is literally *“all you need to make it big.”*





REACHING EVERYWHERE

The out-of-home advertising market is growing incredibly... in all parts of the world. NUR Macroprinters has extended its geographical reach and entered into new and emerging markets where demand for wide format digital printing solutions is high. We have established a direct presence in Latin America and Japan. And in China, our market share has risen beyond all expectations. Today, China is our company's single second largest market outside the U.S.

With the acquisition of Salsa Digital, we have created geographical synergies that offer limitless potential. We are uniquely positioned to offer our diversified range of wide format digital printing solutions in emerging markets, where low cost out-of-home advertising media is more prevalent and represents a relatively larger share of the advertising pie. In emerging economies, such as Asia and Latin America, recent industry surveys estimate that out-of-home advertising will reach between 12 and 13 percent of total advertising expenditures, compared to the U.S., where it is estimated to reach 4 or 5 percent.

As an undisputed leading manufacturer of wide format digital printers, the impact of NUR Macroprinters is felt—and seen—around the world.

CULTIVATING THE TRUST

NUR Macroprinters is strongly committed to improving and building its customer support and service infrastructure, to foster long-term customer relationships that are based on a strong foundation of satisfaction. NUR Macroprinters has integrated members of the former Salsa Digital direct sales force into a unified selling and marketing effort. Regional subsidiaries ensure that the Group delivers programs that support local sales efforts appropriate to all the cultural and production requirements of the regions we operate in. And with the merger of the NUR and Salsa Digital customer support organizations, we offer strong geographical coverage and a well organized training, support and logistics infrastructure. Our field engineers have received complete cross-training on the full range of products, so our customers know they are in good hands.

We have invested significant resources in customer training, and will continue to invest even more in the future. Regional training centers around the world provide operator training courses for the entire product line. We have converted Salsa Digital's San Antonio, Texas facility into a world-class global training center and plan to establish similar facilities in Europe and Asia.

This commitment is what makes the difference to our loyal customers... and keeps them coming back. The cultivation of this commitment is what enabled us to emerge a global leader this year... and what is fueling our ambitious plans for the future.



We have experienced exceptional growth over the last four years. After growing our company and positioning it as a leader in terms of product line and global presence, in the year ahead we plan to strengthen our infrastructure from within, to support our expanded operations.



STRENGTHENING THE FOUNDATION

During 2000, we designed a global Enterprise Resource Planning system that we plan to deploy during 2001. This will streamline many internal processes, and deliver improved responsiveness all along our supply chain. We believe that as more and more superwide printers add wide format digital applications to their operations, our access, reputation and experience in this market segment will help facilitate the migration to wide format platforms. We are also developing additional third-party channels of distribution to support global demand and accelerate our entry into traditional wide format printing markets.

Our company laid the groundwork for the wide format digital revolution that is sweeping the industry, and today we are delivering the products and services that are making it happen. As the market matures and customers demand more and more complementary services, we are consolidating our organization to ensure our customers' needs are met. These include: self-support, up-time guarantees, advanced engineering and remote service, to name just a few.

NUR Macroprinters emerged in 2000 as an undisputed global leader in the wide format digital printing industry. Going forward, our efforts will be directed toward strengthening our position, consolidating our company from within—to enhance and improve our focus on the “big picture” of our industry.



FINANCIAL SECTION

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