

**Condensed Consolidated Balance Sheets**  
(U.S. Dollars In thousands)

	<u>December 31, 2002</u>	<u>March 31, 2003</u>
<b>Current assets</b>		
Cash, cash equivalents and short-term marketable securities	52,274	57,250
Trade receivables, net	8,695	8,342
Other receivables and prepaid expenses	1,152	1,512
Inventories	<u>2,988</u>	<u>2,450</u>
	65,109	69,554
 Property and equipment, net	 <u>3,644</u>	 <u>3,496</u>
Long-term bank deposit and marketable securities	<u>73,027</u>	<u>69,692</u>
Other assets	<u>1,218</u>	<u>1,254</u>
Total assets	<u>142,998</u>	<u>143,996</u>
 <b>Current liabilities</b>		
Trade payables	2,612	1,631
Deferred revenues, other payables and accrued expenses	<u>11,807</u>	<u>12,976</u>
	<u>14,419</u>	<u>14,607</u>
 Accrued severance pay	 <u>1,191</u>	 <u>1,258</u>
Minority's interest	<u>31</u>	<u>34</u>
Total liabilities	<u>15,641</u>	<u>15,899</u>
 <b>Shareholders' equity</b>		
Share capital	424	424
Additional paid-in capital	132,005	132,005
Treasury stock	(254)	(254)
Deferred compensation	(98)	(70)
Accumulated other comprehensive income	89	-
Accumulated deficit	<u>(4,809)</u>	<u>(4,008)</u>
Total shareholders' equity	<u>127,357</u>	<u>128,097</u>
Total liabilities and shareholders' equity	<u>142,998</u>	<u>143,996</u>

**Condensed Consolidated Statements Of Operations**  
**(U.S. Dollars In thousands, except share and per share data)**

	<u>For the Three months ended March 31, 2002</u>	<u>For the Three months ended March 31, 2003</u>
Sales	10,101	12,589
Cost of sales	<u>1,857</u>	<u>2,266</u>
Gross profit	8,244	10,323
Research & Development	2,012	1,949
Sales & Marketing	7,425	7,547
General & Administrative	<u>1,034</u>	<u>1,007</u>
Total operating expenses	10,471	10,503
Operating loss	(2,227)	(180)
Financial income, net	<u>858</u>	<u>995</u>
Income (loss) before minority's interest	(1,369)	815
Minority's interest	<u>(27)</u>	<u>(14)</u>
Net income (loss)	<u>(1,396)</u>	<u>801</u>
Basic net income (loss) per share	<u><u>\$ (0.08)</u></u>	<u><u>\$ 0.05</u></u>
Weighted Average shares used to compute Basic net income (loss) per share	16,539,551	17,025,832
Diluted net income (loss) per share	<u><u>\$ (0.08)</u></u>	<u><u>\$ 0.05</u></u>
Weighted Average shares used to compute Diluted net income (loss) per share	16,539,551	17,476,353