

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

	<u>December 31, 2001</u>	<u>December 31, 2002</u>
<b>Current assets</b>		
Cash, cash equivalents and Short Term investments	125,680	52,274
Trade receivables, net	7,868	8,695
Other receivables and prepaid expenses	1,174	1,152
Inventories	<u>4,781</u>	<u>2,988</u>
	139,503	65,109
 Property and equipment, net	 <u>4,037</u>	 <u>3,644</u>
Long-term bank deposit	<u>-</u>	<u>73,027</u>
Other assets	<u>921</u>	<u>1,218</u>
Total assets	<u>144,461</u>	<u>142,998</u>
 <b>Current liabilities</b>		
Trade payables	2,541	2,612
Other payables and accrued expenses	<u>12,051</u>	<u>11,807</u>
	<u>14,592</u>	<u>14,419</u>
 Accrued severance pay	 <u>930</u>	 <u>1,191</u>
Minority's interest	<u>1</u>	<u>31</u>
Total liabilities	<u>15,523</u>	<u>15,641</u>
 <b>Shareholders' equity</b>		
Share capital	413	424
Additional paid-in capital	131,615	132,094
Treasury stock	-	(254)
Deferred compensation	(394)	(98)
Accumulated deficit	<u>(2,696)</u>	<u>(4,809)</u>
Total shareholders' equity	<u>128,938</u>	<u>127,357</u>
Total liabilities and shareholders' equity	<u>144,461</u>	<u>142,998</u>

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

	<u>For the Three months ended December 31, 2001</u>	<u>For the Three months ended December 31, 2002</u>	<u>For the year ended December 31, 2001</u>	<u>For the Year ended December 31, 2002</u>
Sales	9,403	12,001	43,327	43,663
Cost of sales	<u>1,734</u>	<u>2,160</u>	<u>7,709</u>	<u>7,946</u>
Gross profit	7,669	9,841	35,618	35,717
Research & Development	2,140	1,934	8,293	7,809
Sales & Marketing	7,501	7,589	29,986	30,019
General & Administrative	<u>984</u>	<u>1,017</u>	<u>4,543</u>	<u>4,219</u>
Total operating expenses	10,625	10,540	42,822	42,047
Operating loss	(2,956)	(699)	(7,204)	(6,330)
Financial income, net	<u>936</u>	<u>1,140</u>	<u>6,312</u>	<u>4,240</u>
Income (loss) before taxes on income	(2,020)	441	(892)	(2,090)
Write off of an investment	(6,333)	-	(6,333)	-
Taxes on income	-	-	(389)	-
Minority's interest	<u>51</u>	<u>10</u>	<u>37</u>	<u>(23)</u>
Net income (loss)	<u>(8,302)</u>	<u>451</u>	<u>(7,577)</u>	<u>(2,113)</u>
Basic net income (loss) per share	<u>\$ (0.50)</u>	<u>\$ 0.03</u>	<u>\$ (0.46)</u>	<u>\$ (0.13)</u>
Weighted Average shares used to compute Basic net income (loss) per share	16,557,126	16,920,428	16,422,971	16,654,784
Diluted net income (loss) per share	<u>\$ (0.50)</u>	<u>\$ 0.03</u>	<u>\$ (0.46)</u>	<u>\$ (0.13)</u>
Weighted Average shares used to compute Diluted net income (loss) per share	16,557,126	17,277,118	16,422,971	16,654,784