



Radware Ltd.

Balance sheets as of September 30, 1999

(In U.S. dollars in thousands)

	<u>31/12/98</u>	<u>30/9/99</u>	<u>Pro forma</u>
	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(*)</u>
			<u>30/9/99</u>
			<u>(Unaudited)</u>
Current Assets			
Cash and cash equivalents	\$ 1,676	\$ 10,624	\$ 67,394
Trade receivables, net	839	2,775	2,775
Other receivables and prepaid expenses	471	685	685
Inventories	<u>565</u>	<u>512</u>	<u>512</u>
Total current assets	3,551	14,596	71,366
Property and equipment			
Cost	272	871	871
Less - accumulated depreciation	<u>53</u>	<u>147</u>	<u>147</u>
Total property and equipment	219	724	724
Deposit with insurance companies	63	121	121
Security deposit	<u>-</u>	<u>78</u>	<u>78</u>
Total assets	\$ <u><u>3,833</u></u>	\$ <u><u>15,519</u></u>	\$ <u><u>72,289</u></u>
Current liabilities			
Trade payables	\$ 336	\$ 1,253	\$ 1,253
Other payables and accrued expenses	<u>709</u>	<u>2,336</u>	<u>2,336</u>
Total current liabilities	<u>1,045</u>	<u>3,589</u>	<u>3,589</u>
Accrued severance pay	<u>83</u>	<u>207</u>	<u>207</u>
Total liabilities	1,128	3,796	3,796
Shareholders' equity			
Share capital	16	17	99
Additional paid-in capital	4,262	15,080	71,768
Deferred compensation	(88)	(1,652)	(1,652)
Accumulated deficit	<u>(1,485)</u>	<u>(1,722)</u>	<u>(1,722)</u>
Total shareholders' equity	<u>2,705</u>	<u>11,723</u>	<u>68,493</u>
Total liabilities and shareholders' equity	\$ <u><u>3,833</u></u>	\$ <u><u>15,519</u></u>	\$ <u><u>72,289</u></u>

(*) Pro forma balance sheet to reflect the cash and the equity from the initial public offering of the Company's shares as if they were included in the financial statements as of September 30, 1999.

Statement of operations for period ended September 30, 1999
(In U.S. dollars in thousands except per share data)

	<u>For the three</u> <u>months</u> <u>ended</u> <u>September</u> <u>30, 1999</u>	<u>For the three</u> <u>months</u> <u>ended</u> <u>September</u> <u>30, 1998</u>	<u>For the nine</u> <u>months</u> <u>ended</u> <u>September</u> <u>30, 1999</u>	<u>For the nine</u> <u>months</u> <u>ended</u> <u>September</u> <u>30, 1998</u>
Sales	\$ 3,603	\$ 1,412	\$ 9,136	\$ 3,087
Cost of sales	<u>578</u>	<u>200</u>	<u>1,462</u>	<u>666</u>
Gross profit	3,025	1,212	7,674	2,421
Operating expenses				
Research and development expenses	530	268	1,369	761
Less-participation by the Chief Scientist of the Government of Israel	<u>106</u>	<u>90</u>	<u>327</u>	<u>264</u>
Research and development expenses, net	424	178	1,042	497
Sales and marketing	2,478	1,116	6,293	2,821
General and administrative	<u>305</u>	<u>82</u>	<u>714</u>	<u>211</u>
Total operating expenses	<u>3,207</u>	<u>1,376</u>	<u>8,049</u>	<u>3,529</u>
Operating loss	(182)	(164)	(375)	(1,108)
Financial income (expenses), net	<u>122</u>	<u>10</u>	<u>138</u>	<u>(37)</u>
Net loss	\$ <u><u>(60)</u></u>	\$ <u><u>(154)</u></u>	\$ <u><u>(237)</u></u>	\$ <u><u>(1,145)</u></u>
Basic and diluted net loss per ordinary share	\$ <u><u>(0.01)</u></u>	\$ <u><u>(0.02)</u></u>	\$ <u><u>(0.02)</u></u>	\$ <u><u>(0.16)</u></u>
Weighted average number of ordinary shares outstanding - basic and diluted net loss per ordinary share	<u>11,104,209</u>	<u>8,836,332</u>	<u>10,082,990</u>	<u>7,188,150</u>