

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

	December 31, 2002	June 30, 2003
Current assets		
Cash, cash equivalents and short-term marketable securities	52,274	55,518
Trade receivables, net	8,695	8,475
Other receivables and prepaid expenses	1,152	1,630
Inventories	<u>2,988</u>	<u>2,488</u>
	65,109	68,111
Property and equipment, net	<u>3,644</u>	<u>3,283</u>
Long-term bank deposit and marketable securities	<u>73,027</u>	<u>73,880</u>
Other assets	<u>1,218</u>	<u>1,390</u>
Total assets	<u>142,998</u>	<u>146,664</u>
 Current liabilities		
Trade payables	2,612	2,498
Deferred revenues, other payables and accrued expenses	<u>11,807</u>	<u>12,803</u>
	<u>14,419</u>	<u>15,301</u>
Accrued severance pay	<u>1,191</u>	<u>1,439</u>
Minority's interest	<u>31</u>	<u>55</u>
Total liabilities	<u>15,641</u>	<u>16,795</u>
 Shareholders' equity		
Share capital	424	426
Additional paid-in capital	132,005	132,625
Treasury stock	(254)	(254)
Deferred compensation	(98)	(47)
Accumulated other comprehensive income (loss)	89	(74)
Accumulated deficit	<u>(4,809)</u>	<u>(2,807)</u>
Total shareholders' equity	<u>127,357</u>	<u>129,869</u>
Total liabilities and shareholders' equity	<u>142,998</u>	<u>146,664</u>

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

	<u>For the Three months ended June 30, 2002</u>	<u>For the Three months ended June 30, 2003</u>	<u>For the Six months ended June 30, 2002</u>	<u>For the Six months ended June 30, 2003</u>
Sales	10,560	13,172	20,661	25,761
Cost of sales	<u>1,948</u>	<u>2,365</u>	<u>3,805</u>	<u>4,631</u>
Gross profit	8,612	10,807	16,856	21,130
Research & Development	1,916	2,093	3,928	4,042
Sales & Marketing	7,550	7,358	14,975	14,905
General & Administrative	<u>1,024</u>	<u>1,053</u>	<u>2,058</u>	<u>2,060</u>
Total operating expenses	10,490	10,504	20,961	21,007
Operating profit (loss)	(1,878)	303	(4,105)	123
Financial income, net	1,089	918	1,947	1,913
Minority's interest	<u>(7)</u>	<u>(20)</u>	<u>(34)</u>	<u>(34)</u>
Net income (loss)	<u>(796)</u>	<u>1,201</u>	<u>(2,192)</u>	<u>2,002</u>
Basic net income (loss) per share	<u>\$ (0.05)</u>	<u>\$ 0.07</u>	<u>\$ (0.13)</u>	<u>\$ 0.12</u>
Weighted Average shares used to compute Basic net income (loss) per share	16,565,566	17,074,974	16,552,630	17,050,539
Diluted net income (loss) per share	<u>\$ (0.05)</u>	<u>\$ 0.07</u>	<u>\$ (0.13)</u>	<u>\$ 0.11</u>
Weighted Average shares used to compute Diluted net income (loss) per share	16,565,566	18,235,990	16,552,630	17,803,378