

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

	<u>December 31, 2001</u>	<u>September 30, 2002</u> (unaudited)
Current assets		
Cash, cash equivalents and Short Term investments	125,680	66,604
Trade receivables, net	7,868	8,452
Other receivables and prepaid expenses	1,174	1,201
Inventories	<u>4,781</u>	<u>3,542</u>
	139,503	79,799
 Property and equipment, net	 <u>4,037</u>	 <u>3,718</u>
Long-term bank deposit	-	<u>58,270</u>
Other assets	<u>921</u>	<u>1,116</u>
Total assets	<u>144,461</u>	<u>142,903</u>
 Current liabilities		
Trade payables	2,541	2,633
Other payables and accrued expenses	<u>12,051</u>	<u>12,248</u>
	<u>14,592</u>	<u>14,881</u>
 Accrued severance pay	 <u>930</u>	 <u>1,148</u>
Minority's interest	<u>1</u>	<u>41</u>
Total liabilities	<u>15,523</u>	<u>16,070</u>
 Shareholders' equity		
Share capital	413	415
Additional paid-in capital	131,615	131,839
Deferred compensation	(394)	(161)
Accumulated deficit	<u>(2,696)</u>	<u>(5,260)</u>
Total shareholders' equity	<u>128,938</u>	<u>126,833</u>
Total liabilities and shareholders' equity	<u>144,461</u>	<u>142,903</u>

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

	<u>For the Three months ended September 30, 2001 (Unaudited)</u>	<u>For the Three months ended September 30, 2002 (Unaudited)</u>	<u>For the Nine months ended September 30, 2001 (Unaudited)</u>	<u>For the Nine months ended September 30, 2002 (Unaudited)</u>
Sales	8,104	11,001	33,924	31,662
Cost of sales	<u>1,491</u>	<u>1,981</u>	<u>5,975</u>	<u>5,786</u>
Gross profit	6,613	9,020	27,949	25,876
Research & Development, net	2,127	1,947	6,153	5,875
Sales & Marketing	7,506	7,455	22,485	22,430
General & Administrative	<u>1,635</u>	<u>1,144</u>	<u>3,559</u>	<u>3,202</u>
Total operating expenses	11,268	10,546	32,197	31,507
Operating profit (loss)	(4,655)	(1,526)	(4,248)	(5,631)
Financial income, net	<u>1,459</u>	<u>1,153</u>	<u>5,375</u>	<u>3,100</u>
Income (loss) before taxes on income	(3,196)	(373)	1,127	(2,531)
Taxes on income	-	-	(389)	-
Minority's interest	<u>(42)</u>	<u>1</u>	<u>(14)</u>	<u>(33)</u>
Net income (loss)	<u><u>(3,238)</u></u>	<u><u>(372)</u></u>	<u><u>724</u></u>	<u><u>(2,564)</u></u>
Basic net income (loss) per share	<u><u>\$ (0.20)</u></u>	<u><u>\$ (0.02)</u></u>	<u><u>\$ 0.04</u></u>	<u><u>\$ (0.15)</u></u>
Weighted Average shares used to compute Basic net income (loss) per share	16,435,828	16,584,277	16,393,144	16,563,140
Diluted net income (loss) per share	<u><u>\$ (0.18)</u></u>	<u><u>\$ (0.02)</u></u>	<u><u>\$ 0.04</u></u>	<u><u>\$ (0.15)</u></u>
Weighted Average shares used to compute Diluted net income (loss) per share	17,554,288	16,584,277	17,532,324	16,563,140