

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

	<u>December 31, 2000</u>	<u>June 30, 2001</u>
Current assets		
Cash and cash equivalents	4,501	2,767
Short Term bank deposits and debentures	126,323	126,034
Trade receivables, net	9,254	10,808
Other receivables and prepaid expenses	1,613	1,440
Inventories	<u>4,174</u>	<u>4,171</u>
	145,865	145,220
 Long term loan	 <u>721</u>	 <u>2,525</u>
Property and equipment, net	<u>2,788</u>	<u>4,306</u>
Deposit with insurance companies	<u>676</u>	<u>799</u>
Security deposit	<u>45</u>	<u>37</u>
Total assets	<u>150,095</u>	<u>152,887</u>
 Current liabilities		
Trade payables	6,677	3,921
Other payables and accrued expenses	<u>6,770</u>	<u>7,797</u>
	<u>13,447</u>	<u>11,718</u>
 Accrued severance pay	 <u>672</u>	 <u>880</u>
Minority's interest	<u>45</u>	<u>10</u>
Total liabilities	<u>14,164</u>	<u>12,608</u>
 Shareholders' equity		
Share capital	401	412
Additional paid-in capital	131,541	131,685
Deferred compensation	(892)	(661)
Accumulated earnings	<u>4,881</u>	<u>8,843</u>
Total shareholders' equity	<u>135,931</u>	<u>140,279</u>
Total liabilities and shareholders' equity	<u>150,095</u>	<u>152,887</u>

	<u>For the Three months ended June 30, 2001</u>	<u>For the Three months ended June 30, 2000</u>	<u>For the Six months ended June 30, 2001</u>	<u>For the Six months ended June 30, 2000</u>
Sales	13,010	8,501	25,820	15,038
Cost of sales	<u>2,378</u>	<u>1,347</u>	<u>4,484</u>	<u>2,393</u>
Gross profit	10,632	7,154	21,336	12,645
Research & Development, net	2,048	1,150	4,026	2,088
Sales & Marketing	7,459	5,877	14,979	10,414
General & Administrative	<u>919</u>	<u>724</u>	<u>1,924</u>	<u>1,376</u>
Total operation expenses	10,426	7,751	20,929	13,878
Operating profit (loss)	206	(597)	407	(1,233)
Financial income, net	<u>1,873</u>	<u>1,892</u>	<u>3,916</u>	<u>3,384</u>
Income before taxes on income	2,079	1,295	4,323	2,151
Taxes on income	(187)	-	(389)	-
Minority's interest	<u>6</u>	<u>-</u>	<u>28</u>	<u>-</u>
Net income	<u>1,898</u>	<u>1,295</u>	<u>3,962</u>	<u>2,151</u>
Basic net income per share	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.24</u>	<u>\$ 0.14</u>
Weighted Average shares used to compute Basic net income per share	16,399,933	15,854,209	16,369,357	15,661,901
Diluted net income per share	<u>\$ 0.11</u>	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.12</u>
Weighted Average shares used to compute Diluted net income per share	17,720,004	17,537,100	17,518,897	17,280,480