

LUMENIS LTD
CONDENSED US GAAP STATEMENTS OF OPERATIONS
U.S. dollars in thousands (except per share data)

	Year ended December 31	
	2011	2010
	<u>(Audited)</u>	<u>(Audited)</u>
Revenues		
Product	\$ 199,714	\$ 189,149
Service	47,268	48,581
Total Revenues	<u>246,982</u>	<u>237,730</u>
Cost of Revenues		
Product	106,240	95,532
Service	28,226	28,207
Total cost of revenues	<u>134,466</u>	<u>123,739</u>
Gross profit	<u>112,516</u>	<u>113,991</u>
Operating expenses:		
Research and development, net	16,526	16,363
Selling and marketing	72,891	69,725
General and administrative	16,912	17,813
Legal settlements, net	766	(1,981)
Total operating expenses	<u>107,095</u>	<u>101,920</u>
Operating income	5,421	12,071
Financial expenses, net	3,725	3,880
Taxes on income	1,006	2,446
Net Income	<u>\$ 690</u>	<u>\$ 5,745</u>
Basic and diluted net earning per share	*)-	\$ 0.03

*) Less than \$0.01

LUMENIS LTD
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	December 31,	December 31,
	2011	2010
	<u>(Audited)</u>	<u>(Audited)</u>
ASSETS		
Cash and cash equivalents	\$ 31,023	\$ 25,682
Short-term bank deposits	7,475	17,529
Trade receivables	41,527	47,532
Other accounts receivable	8,293	9,435
Inventories	48,284	41,801
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<u>Total</u> current assets	136,602	141,979
Severance pay fund	3,454	3,494
FINISHED GOODS USED IN OPERATIONS, NET	3,638	3,467
PROPERTY AND EQUIPMENT, NET	6,194	5,472
GOODWILL	50,217	50,217
LONG-TERM BANK DEPOSITS	-	3,663
OTHER ASSETS	7,462	8,135
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<u>TOTAL ASSETS</u>	<u>\$ 207,567</u>	<u>\$ 216,427</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Current maturities of long-term debt	17,730	12,298
Trade payables	30,159	27,584
Other accounts payable and accrued expenses	38,461	41,515
Deferred revenues and advance from customers	18,245	16,692
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<u>Total</u> current liabilities	104,595	98,089
ACCRUED SEVERANCE PAY	9,329	8,626
OTHER LONG-TERM LIABILITIES	13,460	15,884
DEFERRED REVENUES	8,070	6,319
LONG-TERM DEBT	82,714	100,449
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<u>TOTAL LIABILITIES</u>	<u>218,168</u>	<u>229,367</u>
SHAREHOLDERS' DEFICIT	(10,601)	(12,940)
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<u>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</u>	<u>\$ 207,567</u>	<u>\$ 216,427</u>

LUMENIS LTD
Reconciliation of GAAP to Non-GAAP Measures
(U.S. dollars in thousands)
(Unaudited)

	Year Ended December 31	
	2011	2010
GAAP gross profit	\$ 112,516	\$ 113,991
Stock-based compensation	104	70
Non-GAAP gross profit	<u>\$ 112,620</u>	<u>\$ 114,061</u>
GAAP operating expenses	\$ 107,095	\$ 101,920
Stock-based compensation:		
Research and development	(198)	(123)
Selling and marketing	(249)	(243)
General and administrative	(208)	(433)
Amortization of intangibles		
General and administrative	(397)	(145)
Legal and other		
General and administrative	(1,032)	1,981
Non-GAAP operating expenses	<u>\$ 105,011</u>	<u>\$ 102,957</u>
GAAP operating income	<u>\$ 5,421</u>	<u>\$ 12,071</u>
Non-GAAP operating income	<u>\$ 7,609</u>	<u>\$ 11,104</u>