

NUR MACROPRINTERS LTD.
Condensed Balance Sheets, US\$ in thousands

	<u>30.06.03</u>	<u>31.12.02</u>	<u>Percent Change</u>
Current Assets :			
Cash and cash equivalents	\$ 9,947	\$ 11,668	-15%
Accounts receivable - trade	20,851	28,777	-28%
Other receivables and prepaid expenses	5,929	5,531	7%
Inventories	20,200	24,297	-17%
Total Current Assets	<u>56,927</u>	<u>70,273</u>	<u>-19%</u>
<u>Investments and other non-current assets</u>			
Long-term accounts receivables - trade	795	1,760	-55%
Investments and other non-current assets	2,181	2,516	-13%
Severance pay funds	921	916	1%
	<u>3,897</u>	<u>5,192</u>	<u>-25%</u>
Property and Equipment, net	10,049	11,576	-13%
Other assets, net	<u>805</u>	<u>854</u>	<u>-6%</u>
Total assets	<u><u>71,678</u></u>	<u><u>87,895</u></u>	<u><u>-18%</u></u>
<u>Liabilities and Shareholders' Equity</u>			
Current Liabilities :			
Short - term bank credit	10,492	5,844	80%
Current maturities of long - term loans	2,852	2,020	41%
Trade payables	10,644	16,444	-35%
Accrued expenses and other liabilities	10,635	8,984	18%
Advances from customers	1,688	270	525%
Total Current Liabilities	<u>36,311</u>	<u>33,562</u>	<u>8%</u>
Long -Term Liabilities :			
Long - Term loans	28,350	30,051	-6%
Accrued severance pay	1,064	1,122	-5%
	<u>29,414</u>	<u>31,173</u>	<u>-6%</u>
<u>Shareholders' Equity :</u>			
Share capital	4,233	4,202	1%
Capital surplus	45,729	45,697	0%
Cumulative translation adjustment	(1,128)	(1,286)	-12%
Accumulated Earnings (Deficit)	(42,881)	(25,453)	68%
Total Shareholders' Equity	<u>5,953</u>	<u>23,160</u>	<u>-74%</u>
Total Liabilities and Shareholders' Equity	<u><u>71,678</u></u>	<u><u>87,895</u></u>	<u><u>-18%</u></u>

NUR MACROPRINTERS LTD.
Consolidated Statements Of Operations
U.S. \$ in thousands, except per share data

	Six months ended				Three months ended			
	30-06-03 GAAP	30-06-03 Non GAAP (1) Proforma	30-06-02 GAAP	30-06-02 Non GAAP (2) Proforma	30-06-03 GAAP	30-06-03 Non GAAP (1) Proforma	30-06-02 GAAP	30-06-02 Non GAAP (2) Proforma
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenues								
Sales of printers and related products	\$ 30,196	\$ 30,196	\$ 44,809	\$ 44,809	\$ 13,112	\$ 13,112	\$ 23,423	\$ 23,423
	<u>30,196</u>	<u>30,196</u>	<u>44,809</u>	<u>44,809</u>	<u>13,112</u>	<u>13,112</u>	<u>23,423</u>	<u>23,423</u>
Cost of revenues								
Cost of sales of printers and related products	19,225	19,225	31,738	31,738	7,854	7,854	16,244	16,244
One time inventory costs and write-offs	5,522		0	0	5,522			
	<u>24,747</u>	<u>19,225</u>	<u>31,738</u>	<u>31,738</u>	<u>13,376</u>	<u>7,854</u>	<u>16,244</u>	<u>16,244</u>
Gross profit	5,449	10,971	13,071	13,071	(264)	5,258	7,179	7,179
	18.05%	36.33%	29.17%	29.17%	-2.01%	40.10%	30.65%	30.65%
Research & Development expenses	3,740	3,740	4,597	4,597	1,906	1,906	2,166	2,166
Less-Grants	(598)	(598)	(564)	(564)	(296)	(296)	(211)	(211)
Research & Development expenses, net	3,142	3,142	4,033	4,033	1,610	1,610	1,955	1,955
Selling expenses, net	5,884	5,884	6,500	6,500	2,880	2,880	2,960	2,960
General and administrative expenses	4,144	4,144	5,772	5,772	1,905	1,905	2,717	2,717
Amortization of intangible assets	0	0	1,002	1,002	0	0	516	516
One time doubtful debts expenses	6,694	0	0	0	6,694	0	0	0
Restructuring and other one time expenses	2,074	0	848	0	2,074	0	848	0
	<u>18,796</u>	<u>10,028</u>	<u>14,122</u>	<u>13,274</u>	<u>13,553</u>	<u>4,785</u>	<u>7,041</u>	<u>6,193</u>
Operating income (loss)	(16,489)	(2,199)	(5,084)	(4,236)	(15,427)	(1,137)	(1,817)	(969)
Financial expenses net	(937)	(937)	(456)	(456)	(558)	(558)	34	34
Other expense net	156	156	(107)	(107)	6	6	(18)	(18)
	<u>(17,270)</u>	<u>(2,980)</u>	<u>(5,647)</u>	<u>(4,799)</u>	<u>(15,979)</u>	<u>(1,689)</u>	<u>(1,801)</u>	<u>(953)</u>
Income (loss) before taxes on income and equity losses	(17,270)	(2,980)	(5,647)	(4,799)	(15,979)	(1,689)	(1,801)	(953)
Taxes on income	(158)	(158)	(75)	(75)	8	8	(75)	(75)
Equity in profits (losses) of affiliates, net of taxes	0	0	0	0	0	0	0	0
Net loss for the period	<u>\$(17,428)</u>	<u>\$(3,138)</u>	<u>\$(5,722)</u>	<u>\$(4,874)</u>	<u>\$(15,971)</u>	<u>\$(1,681)</u>	<u>\$(1,876)</u>	<u>\$(1,028)</u>
	<u>-57.72%</u>	<u>-10.39%</u>	<u>-12.77%</u>	<u>-10.88%</u>	<u>-121.80%</u>	<u>-12.82%</u>	<u>-8.01%</u>	<u>-4.39%</u>
Loss per share	<u>\$(1.01)</u>	<u>\$(0.18)</u>	<u>\$(0.34)</u>	<u>\$(0.29)</u>	<u>\$(0.93)</u>	<u>\$(0.10)</u>	<u>\$(0.11)</u>	<u>\$(0.06)</u>
Loss per share	<u>\$(1.01)</u>	<u>\$(0.18)</u>	<u>\$(0.34)</u>	<u>\$(0.29)</u>	<u>\$(0.93)</u>	<u>\$(0.10)</u>	<u>\$(0.11)</u>	<u>\$(0.06)</u>
Weighted average number of shares outstanding during the period	<u>17,185,965</u>	<u>17,185,965</u>	<u>16,895,231</u>	<u>16,895,231</u>	<u>17,216,071</u>	<u>17,216,071</u>	<u>17,091,542</u>	<u>17,091,542</u>
Weighted average number of shares outstanding during the period used for diluted loss per share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Non GAAP proforma results of operations excludes the following expenses:

(1) Excluding \$2 million of restructuring expenses and \$6.7 million of one time doubtful debts expenses and one time inventory write-offs of \$5.5 million

(2) Excluding restructuring and other one time expenses of \$ 0.9 million