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FOR IMMEDIATE RELEASE

**LanOptics Announces 192% Revenue Increase
in Second Quarter 2007**

YOKNEAM, Israel, August 13, 2007 - LanOptics Ltd. (NASDAQ: LNOP), a provider of network processors, today announced its results for the second quarter ended June 30, 2007.

Second Quarter Highlights:

- Revenues increased 192% year-over-year, reaching \$4.6 million
- Strong ramp up in NP-2 processor revenues; contributed to 79% of revenues
- Substantial decline in non-GAAP net loss to \$0.1 million
- GAAP net loss of \$1.6 million, primarily resulting from reissue of expired options
- Steady decline in cash burn; Cash used in operating activities was \$0.6 million

Total revenues in the second quarter of 2007 were \$4.6 million, an increase of 192% compared to \$1.6 million in the second quarter of 2006, and an increase of 18% compared to \$3.9 million in the first quarter of 2007. All of LanOptics' revenues were attributable to its 78% owned EZchip Technologies Ltd. subsidiary.

Net loss for the second quarter of 2007 was \$1.6 million, or \$0.10 per share, compared to a net loss of \$2.3 million, or \$0.20 per share, in the second quarter of 2006, and a net loss of \$1.1 million, or \$0.07 per share, in the first quarter of 2007. Net loss for the quarter includes a \$1.3 million of share based compensation expense recorded under SFAS 123R, resulting from a one-time stock option allocation to veteran employees of EZchip, following the expiration of 7-year options previously granted to such employees.

On a **non-GAAP basis**, **net loss** for the second quarter of 2007 was \$0.1 million, or \$0.01 per share, compared with a non-GAAP net loss of \$1.9 million, or \$0.16 per share, in the second quarter of 2006, and a non-GAAP net loss of \$0.3 million, or \$0.02 per share, in the first quarter of 2007.

Cash, cash equivalents and marketable securities, as at June 30, 2007, totaled \$16.3 million, similar to the balance as at March 31, 2007.

“This quarter was a record quarter for the company,” commented **Eli Fruchter, Chairman of the Board of LanOptics and CEO of EZchip**. “We generated substantial progress with our two major CESR customers, both of which are leading tier-1 vendors who are building several of their strategic platforms based on EZchip's network processors. During the quarter, we experienced sales ramp up of NP-2 to the first vendor, and we expect that vendor to launch several more NP-2 and NP-3 based products during the second half of this year and next year. The second prominent vendor is making progress in the testing of our NP-3 processor, and currently expects to start production during 2008. All in all, we continue to be extremely encouraged and excited by EZchip's progress with our two major CESR customers.”

"This quarter has also been another substantial quarter in terms of improving our financial performance. The strong revenue increase, primarily attributable to the continued ramp up in sales of EZchip's NP-2 processor, which accounted for 79% of the quarter's revenues, resulted in improved operating and net results. Furthermore, we are seeing a steady decline in our cash burn." **Mr. Fruchter concluded**, "2007 is evolving into a true turning point for the Company, with exciting developments with our major customers and products, and, consequently, strong, steady growth in our operational financial parameters."

Conference Call

The Company will be hosting a conference call today at 10:00am EDT, 07:00am PDT, 03:00pm UK time and 05:00pm Israel time. On the call, management will review and discuss the results, and will be available to answer investor questions.

To participate through live webcast, please access the website, <http://www.ezchip.com>, at least 10 minutes before the conference call commences.

To participate through dial-in, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 281 1167; UK Dial-in Number: 0 800 917 5108;
Israel Dial-in Number: 03 918 0610; International Dial-in Number: +972 3 918 0610

For those unable to listen to the live call, a replay of the call will be available the day after the call under the investor relations section of the website.

Use of Non-GAAP Financial Information

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this release of operating results also contains non-GAAP financial measures, which LanOptics believes are the principal indicators of the operating and financial performance of its business. The non-GAAP financial measures exclude the effects of stock-based compensation charges recorded in accordance with SFAS 123R, amortization of intangible assets, minority interest in loss of EZchip and non-cash interest expense relating to redeemable preferred shares in EZchip. Management believes the non-GAAP financial measures provided are useful to investors' understanding and assessment of LanOptics' on-going core operations and prospects for the future, as the charges eliminated are not part of the day-to-day business or reflective of the core operational activities of the Company. Management uses these non-GAAP financial measures as a basis for strategic decisions, forecasting future results and evaluating the Company's current performance. However, such measures should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Reconciliation of the non-GAAP measures to the most comparable GAAP measures are provided in the schedules attached to this release.

About LanOptics

LanOptics is focused on its majority-owned subsidiary, EZchip Technologies Ltd., a fabless semiconductor company providing high-speed network processors. EZchip's network processors provide the flexibility and integration that enable triple-play data, voice and video services in systems that make up the new Carrier Ethernet networks. Flexibility and integration make EZchip's solutions ideal for building systems for a wide range of applications in telecom networks, enterprise backbones and data centers.

For more information on LanOptics and EZchip, visit the web site at <http://www.ezchip.com>.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. These statements are only predictions based on LanOptics' current expectations and projections about future events. There are important factors that could cause LanOptics' actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Those factors include, but are not limited to, the impact of competitive products, product demand and market acceptance risks, customer order cancellations, reliance on key strategic alliances, fluctuations in operating results, delays in development of highly-complex products and other factors indicated in LanOptics' filings with the Securities and Exchange Commission (SEC). For more details, refer to LanOptics' SEC filings and the amendments thereto, including its Annual Report on Form 20-F filed on March 30, 2007 and its Current Reports on Form 6-K. LanOptics undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in our expectations, except as may be required by law.

-- FINANCIAL TABLES FOLLOW --

LanOptics Ltd.
Condensed Consolidated Statements of Operations
(U.S. Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2007	March 31, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues	\$ 4,608	\$ 3,905	\$ 1,577	\$ 8,513	\$ 3,012
Cost of revenues	1,918	1,668	755	3,586	1,389
Amortization of technology	258	498	86	756	172
Gross profit	2,432	1,739	736	4,171	1,451
Operating expenses:					
Research and development, net	2,630	1,697	2,018	4,327	4,278
Selling, general and administrative	1,865	1,197	974	3,062	2,087
Total operating expenses	4,495	2,894	2,992	7,389	6,365
Operating loss	(2,063)	(1,155)	(2,256)	(3,218)	(4,914)
Financial and other income (expenses) , net	35	28	(98)	63	(179)
Loss before minority interest	(2,028)	(1,127)	(2,354)	(3,155)	(5,093)
Minority interest in loss of EZchip	391	20	12	411	12
Net Loss	<u>\$ (1,637)</u>	<u>\$ (1,107)</u>	<u>\$ (2,342)</u>	<u>\$ (2,744)</u>	<u>\$ (5,081)</u>
Net loss per share	\$ (0.10)	\$ (0.07)	\$ (0.20)	\$ (0.17)	\$ (0.44)
Weighted average number of shares used in per share calculation	15,780,583	15,709,081	11,650,021	15,744,931	11,642,031

LanOptics Ltd.
Reconciliation of GAAP to NON-GAAP measures
(U.S. Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2007		Three Months Ended March 31, 2007		Three Months Ended June 30, 2006		Six Months Ended June 30, 2007		Six Months Ended June 30, 2006	
	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Revenues	\$ 4,608	\$ 4,608	\$ 3,905	\$ 3,905	\$ 1,577	\$ 1,577	\$ 8,513	\$ 8,513	\$ 3,012
Cost of revenues	1,918	1,891	1,668	1,604	755	725	3,586	3,495	1,389	1,344
Amortization of technology	258	--	498	--	86	--	756	--	172	--
Gross profit	2,432	2,717	1,739	2,301	736	852	4,171	5,018	1,451	1,668
	52.8%	59.0%	44.5%	58.9%	46.7%	54.0%	49.0%	58.9%	48.2%	55.4%
Operating expenses:										
Research and development, net	2,630	1,768	1,697	1,588	2,018	1,963	4,327	3,356	4,278	4,121
Selling, general and administrative	1,865	1,174	1,197	1,110	974	953	3,062	2,284	2,087	2,021
Total operating expenses	4,495	2,942	2,894	2,698	2,992	2,916	7,389	5,640	6,365	6,142
Operating loss	(2,063)	(225)	(1,155)	(397)	(2,256)	(2,064)	(3,218)	(622)	(4,914)	(4,474)
Financial and other income (expenses) , net	35	98	28	89	(98)	149	63	187	(179)	318
Loss before minority interest	(2,028)	(127)	(1,127)	(308)	(2,354)	(1,915)	(3,155)	(435)	(5,093)	(4,156)
Minority interest in loss of EZchip	391	--	20	--	12	--	411	--	12	--
Net Loss	<u>\$ (1,637)</u>	<u>\$ (127)</u>	<u>\$ (1,107)</u>	<u>\$ (308)</u>	<u>\$ (2,342)</u>	<u>\$ (1,915)</u>	<u>\$ (2,744)</u>	<u>\$ (435)</u>	<u>\$ (5,081)</u>	<u>\$ (4,156)</u>
Net loss per share	\$ (0.10)	\$ (0.01)	\$ (0.07)	\$ (0.02)	\$ (0.20)	\$ (0.16)	\$ (0.17)	\$ (0.03)	\$ (0.44)	\$ (0.36)
Weighted average number of shares used in per share calculation	15,780,583	15,780,583	15,709,081	15,709,081	11,650,021	11,650,021	15,744,931	15,744,931	11,642,031	11,642,031
Non-GAAP net loss		<u>\$ (127)</u>		<u>\$ (308)</u>		<u>\$ (1,915)</u>		<u>\$ (435)</u>		<u>\$ (4,156)</u>
Reconciliation items:										
Stock-based compensation		(1,556)		(193)		(76)		(1,749)		(224)
Amortization of intangible assets and discount on long-term loan		(345)		(626)		(116)		(971)		(216)
Minority interest in loss of EZchip*		391		20		12		411		12
Accretion to redemption value of redeemable preferred shares in EZchip **		--		--		(247)		--		(497)
GAAP net loss		<u>\$ (1,637)</u>		<u>\$ (1,107)</u>		<u>\$ (2,342)</u>		<u>\$ (2,744)</u>		<u>\$ (5,081)</u>

* Excluded from Non-GAAP measures since the minority interest primarily relates to EZchip losses accumulated in prior periods

** As of January 1, 2007 the Company stopped the accretion to redemption value since the redemption right became within the control of the Company

LanOptics Ltd.
Condensed Consolidated Balance Sheet
(U.S. Dollars in thousands)

	June 30, 2007	December 31, 2006
	<u>(UnAudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and marketable securities	\$ 16,329	\$ 17,658
Trade receivables, net	1,954	1,706
Other receivables	546	683
Inventories	4,384	3,489
Total current assets	<u>23,213</u>	<u>23,536</u>
LONG-TERM INVESTMENTS:		
Prepaid development and production costs, Net	216	290
Severance pay fund	2,102	1,951
Total long-term investments	<u>2,318</u>	<u>2,241</u>
PROPERTY AND EQUIPMENT, NET	450	352
Goodwill	36,531	36,531
Intangible assets, net	2,861	3,633
TOTAL ASSETS	<u>\$ 65,373</u>	<u>\$ 66,293</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 275	\$ 1,017
Other payables and accrued expenses	3,107	3,092
Total current liabilities	<u>3,382</u>	<u>4,109</u>
LONG TERM LIABILITIES:		
Accrued severance pay	2,710	2,464
Long-term loan	3,460	3,337
Total long-term liabilities	<u>6,170</u>	<u>5,801</u>
EMPLOYEE STOCK OPTIONS IN EZchip	2,222	557
PREFERRED SHARES IN EZchip	23,770	23,770
SHAREHOLDERS' EQUITY:		
Share capital	94	93
Additional paid-in capital	118,422	117,716
Accumulated other comprehensive loss	(23)	(19)
Accumulated deficit	(88,664)	(85,734)
Total shareholders' equity	<u>29,829</u>	<u>32,056</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 65,373</u>	<u>\$ 66,293</u>

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