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FOR IMMEDIATE RELEASE

LANOPTICS ANNOUNCES 153% REVENUE GROWTH IN THIRD QUARTER 2007

YOKNEAM, Israel, October 30, 2007 - LanOptics Ltd. (NASDAQ: LNOP), a provider of network processors, today announced its results for the third quarter ended September 30, 2007.

Third Quarter Highlights:

- Revenues increased 153% year-over-year, reaching \$5.2 million
- Gross margin increased to 61.6%, on a non-GAAP basis (56.5% on a GAAP basis)
- Operating income of \$0.2 million, on a non-GAAP basis (Operating loss of \$0.9 million, on a GAAP basis)
- Net income of \$0.4 million, on a non-GAAP basis (Net loss of \$0.8 million, on a GAAP basis)
- Cash position of \$47.5 million at the end of the quarter

Total revenues in the third quarter of 2007 were \$5.2 million, an increase of 153% compared to \$2.1 million in the third quarter of 2006, and an increase of 14% compared to \$4.6 million in the second quarter of 2007. All of LanOptics' revenues were attributable to its EZchip Technologies Ltd. subsidiary.

Net loss on a GAAP basis for the third quarter of 2007 was \$0.8 million, or \$0.05 per share, compared to a net loss of \$2.1 million, or \$0.18 per share, in the third quarter of 2006, and a net loss of \$1.6 million, or \$0.10 per share, in the second quarter of 2007.

Net income on a non-GAAP basis, for the third quarter of 2007 was \$0.4 million, or \$0.02 per share, compared with a non-GAAP net loss of \$1.6 million, or \$0.14 per share, in the third quarter of 2006, and a non-GAAP net loss of \$0.1 million, or \$0.01 per share, in the second quarter of 2007.

Cash, cash equivalents and marketable securities as of September 30, 2007, totaled \$47.5 million compared to \$16.3 million as of June 30, 2007. During the third quarter the company completed a \$43.5 million public offering of its shares, of which \$14.2 million was used to increase LanOptics' ownership interest in EZchip through the purchase of EZchip shares issued upon the exercise of employee stock options.

“This quarter has been another significant quarter for our company, continuing the growth trend experienced in recent quarters,” commented **Eli Fruchter, Chairman of the Board of LanOptics and CEO of EZchip**. “We achieved record revenue levels, crossing the \$5 million revenue mark, and generated record gross margins. Combined with lower than expected NRE

expenses, this resulted in our achieving for the first time operating and net income on a non-GAAP basis.”

Mr. Fruchter added, “In recent weeks we announced two exciting developments. We launched the NPA family of Ethernet Access network processors, which is expected to triple our addressable market size. The addition of the NPA will round up EZchip's product offering to feature a series of Ethernet network processors for the carrier edge, metro and access markets, with throughputs ranging from 1-Gigabit to 100-Gigabits and a common architecture and software. Also, in September we raised \$43.5 million, further enhancing our financial strength. Consistent with our previously announced intentions, we have used some of the cash to purchase EZchip shares from employees, furthering our goal of attaining full ownership of EZchip.”

Conference Call

The Company will be hosting a conference call today at 10:00am EDT, 07:00am PDT, 02:00pm UK time and 04:00pm 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 corporate 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 0609; International Dial-in Number: +972 3 918 0609

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.

Additional Information

Additional financial information, including statements of operations for the nine months ended September 30, 2007, can be found on the Company's website under 'Investor Relations – Financial Releases'.

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, in-process research and development charge, 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 Ethernet network processors. EZchip provides customers with solutions that scale from 1-Gigabit to 100-Gigabit per second with a common architecture and software across all products. 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)

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>September 30, 2006</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Revenues	\$ 5,240	\$ 4,608	\$ 2,074	\$ 13,753	\$ 5,086
Cost of revenues	2,048	1,918	851	5,634	2,240
Amortization of technology	234	258	86	990	258
Gross profit	2,958	2,432	1,137	7,129	2,588
Operating expenses:					
Research and development, net	1,945	2,630	2,093	6,272	6,371
In-process research and development charge	396	--	--	396	--
Selling, general and administrative	1,470	1,865	1,035	4,532	3,122
Total operating expenses	3,811	4,495	3,128	11,200	9,493
Operating loss	(853)	(2,063)	(1,991)	(4,071)	(6,905)
Financial and other income (expenses), net	68	35	(145)	131	(324)
Loss before minority interest	(785)	(2,028)	(2,136)	(3,940)	(7,229)
Minority interest in loss of EZchip	17	391	--	428	12
Net loss	<u>\$ (768)</u>	<u>\$ (1,637)</u>	<u>\$ (2,136)</u>	<u>\$ (3,512)</u>	<u>\$ (7,217)</u>
Net loss per share	\$ (0.05)	\$ (0.10)	\$ (0.18)	\$ (0.22)	\$ (0.62)
Weighted average number of shares used in per share calculation	<u>16,301,375</u>	<u>15,780,583</u>	<u>11,650,021</u>	<u>15,932,795</u>	<u>11,644,723</u>

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

	<u>Three Months Ended</u> <u>September 30, 2007</u>		<u>Three Months Ended</u> <u>June 30, 2007</u>		<u>Three Months Ended</u> <u>September 30, 2006</u>		<u>Nine Months Ended</u> <u>September 30, 2007</u>		<u>Nine Months Ended</u> <u>September 30, 2006</u>	
	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenues	\$ 5,240	\$ 5,240	\$ 4,608	\$ 4,608	\$ 2,074	\$ 2,074	\$ 13,753	\$ 13,753	\$ 5,086	\$ 5,086
Cost of revenues	2,048	2,011	1,918	1,891	851	819	5,634	5,506	2,240	2,163
Amortization of technology	234	--	258	--	86	--	990	--	258	--
Gross profit	2,958	3,229	2,432	2,717	1,137	1,255	7,129	8,247	2,588	2,923
	56.5%	61.6%	52.8%	59.0%	54.8%	60.5%	51.8%	60.0%	50.9%	57.5%
Operating expenses:										
Research and development, net	1,945	1,846	2,630	1,768	2,093	1,988	6,272	5,202	6,371	6,109
In-process research and development charge	396	--	--	--	--	--	396	--	--	--
Selling, general and administrative	1,470	1,137	1,865	1,174	1,035	969	4,532	3,421	3,122	2,990
Total operating expenses	3,811	2,983	4,495	2,942	3,128	2,957	11,200	8,623	9,493	9,099
Operating income (loss)	(853)	246	(2,063)	(225)	(1,991)	(1,702)	(4,071)	(376)	(6,905)	(6,176)
Financial and other income (expenses), net	68	139	35	98	(145)	114	131	326	(324)	432
Income (loss) before minority interest	(785)	385	(2,028)	(127)	(2,136)	(1,588)	(3,940)	(50)	(7,229)	(5,744)
Minority interest in loss of EZchip	17	--	391	--	--	--	428	--	12	--
Net income (loss)	<u>\$ (768)</u>	<u>\$ 385</u>	<u>\$ (1,637)</u>	<u>\$ (127)</u>	<u>\$ (2,136)</u>	<u>\$ (1,588)</u>	<u>\$ (3,512)</u>	<u>\$ (50)</u>	<u>\$ (7,217)</u>	<u>\$ (5,744)</u>
Net income (loss) per share	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.01)	\$ (0.18)	\$ (0.14)	\$ (0.22)	\$ (0.00)	\$ (0.62)	\$ (0.49)
Weighted average number of shares used in per share calculation	16,301,375	16,301,375	15,780,583	15,780,583	11,650,021	11,650,021	15,932,795	15,932,795	11,644,723	11,644,723
	--	--	--	--	--	--	--	--	--	--
Non-GAAP net income (loss)		<u>\$ 385</u>		<u>\$ (127)</u>		<u>\$ (1,588)</u>		<u>\$ (50)</u>		<u>\$ (5,744)</u>
Reconciliation items:										
Stock-based compensation		(430)		(1,556)		(171)		(2,179)		(395)
Amortization of intangible assets and discount on long-term loan		(344)		(345)		(118)		(1,315)		(334)
In-process research and development charge		(396)		--		--		(396)		--
Minority interest in loss of EZchip*		17		391		--		428		12
Accretion to redemption value of redeemable preferred shares in EZchip **		--		--		(259)		--		(756)
GAAP net loss		<u>\$ (768)</u>		<u>\$ (1,637)</u>		<u>\$ (2,136)</u>		<u>\$ (3,512)</u>		<u>\$ (7,217)</u>
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* 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)

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	<u>(UnAudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and marketable securities	\$ 47,464	\$ 17,658
Trade receivables, net	3,566	1,706
Other receivables	672	683
Inventories	3,662	3,489
Total current assets	<u>55,364</u>	<u>23,536</u>
LONG-TERM INVESTMENTS:		
Prepaid development and production costs, net	186	290
Severance pay fund	2,390	1,951
Total long-term investments	<u>2,576</u>	<u>2,241</u>
PROPERTY AND EQUIPMENT, NET	416	352
Goodwill	49,519	36,531
Intangible assets, net	2,968	3,633
TOTAL ASSETS	<u>\$ 110,843</u>	<u>\$ 66,293</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 618	\$ 1,017
Other payables and accrued expenses	5,203	3,092
Total current liabilities	<u>5,821</u>	<u>4,109</u>
LONG TERM LIABILITIES:		
Accrued severance pay	2,998	2,464
Long-term loan	3,531	3,337
Total long-term liabilities	<u>6,529</u>	<u>5,801</u>
EMPLOYEE STOCK OPTIONS IN EZchip	1,959	557
PREFERRED SHARES IN EZchip	23,770	23,770
SHAREHOLDERS' EQUITY:		
Share capital	106	93
Additional paid-in capital	162,136	117,716
Accumulated other comprehensive loss	(10)	(19)
Accumulated deficit	(89,468)	(85,734)
Total shareholders' equity	<u>72,764</u>	<u>32,056</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 110,843</u>	<u>\$ 66,293</u>

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