

TABLE - 1
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenues	\$ 26,362	\$ 22,028	\$ 104,752	\$ 77,753
Cost of revenues	7,918	6,290	31,037	22,175
Expense related to settlement of OCS grants	<u>15,886</u>	-	<u>15,886</u>	-
Gross profit	<u>2,558</u>	<u>15,738</u>	<u>57,829</u>	<u>55,578</u>
Operating expenses:				
Research and development costs, net	6,648	3,692	22,060	13,222
Sales and marketing	9,707	7,268	34,127	26,543
General and administrative	<u>2,560</u>	<u>1,689</u>	<u>10,664</u>	<u>7,474</u>
Total operating expenses	<u>18,915</u>	<u>12,649</u>	<u>66,851</u>	<u>47,239</u>
Operating profit (loss)	(16,357)	3,089	(9,022)	8,339
Financial and other income, net	<u>327</u>	<u>238</u>	<u>1,358</u>	<u>415</u>
Profit (loss) before income tax benefit	<u>(16,030)</u>	<u>3,327</u>	<u>(7,664)</u>	<u>8,754</u>
Tax benefit	<u>(969)</u>	<u>(170)</u>	<u>(926)</u>	<u>(55)</u>
Net profit (loss)	<u><u>(15,061)</u></u>	<u><u>3,497</u></u>	<u><u>(6,738)</u></u>	<u><u>8,809</u></u>
Basic net profit (loss) per share	<u><u>\$ (0.46)</u></u>	<u><u>\$ 0.13</u></u>	<u><u>\$ (0.21)</u></u>	<u><u>\$ 0.35</u></u>
Diluted net profit (loss) per share	<u><u>\$ (0.46)</u></u>	<u><u>\$ 0.12</u></u>	<u><u>\$ (0.21)</u></u>	<u><u>\$ 0.33</u></u>
Weighted average number of shares used in computing basic net earnings per share	<u><u>32,471,655</u></u>	<u><u>27,709,271</u></u>	<u><u>31,959,921</u></u>	<u><u>25,047,771</u></u>
Weighted average number of shares used in computing diluted net earnings per share	<u><u>32,471,655</u></u>	<u><u>29,556,655</u></u>	<u><u>31,959,921</u></u>	<u><u>27,071,872</u></u>

TABLE - 2
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
RECONCILATION OF GAAP TO NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
GAAP net profit (loss) as reported	\$ (15,061)	\$ 3,497	\$ (6,738)	\$ 8,809
Non-GAAP adjustments:				
Fair value adjustment for acquired deferred revenues write down (Revenues)	2,109	-	2,367	-
Expense related to settlement of OCS grants (Cost of revenues)	15,886	15,886	15,886	15,886
Expenses recorded for stock-based compensation				
Cost of revenues	68	35	222	103
Research and development costs, net	429	155	1,185	442
Sales and marketing	709	317	2,060	1,001
General and administrative	553	179	1,349	710
Expenses related to M&A activities and compliance with regulatory matters (*)				
General and administrative (G&A)	(73)	-	1,992	1,336
Research and development costs, net	92	-	435	-
Sales and marketing	62	-	210	-
Adjustment of contingent earnout (G&A)	(261)	(261)	(261)	(261)
Intangible assets amortization :				
Cost of revenues	969	30	1,903	121
S&M	26	-	43	-
Tax benefit (in respect of net deferred tax asset recorded)	(877)	-	(877)	-
Total adjustments	<u>19,692</u>	<u>716</u>	<u>26,514</u>	<u>3,713</u>
Non-GAAP net profit	<u>\$ 4,631</u>	<u>\$ 4,213</u>	<u>\$ 19,776</u>	<u>\$ 12,522</u>
Non- GAAP basic net profit per share	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.62</u>	<u>\$ 0.50</u>
Non- GAAP diluted net profit per share	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.59</u>	<u>\$ 0.46</u>
Weighted average number of shares used in computing basic net earnings per share	<u>32,471,655</u>	<u>27,709,271</u>	<u>31,959,921</u>	<u>25,047,771</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>33,840,004</u>	<u>29,668,381</u>	<u>33,641,115</u>	<u>27,183,472</u>

TABLE - 3
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
RECONCILATION OF GAAP TO NON-GAAP CONSOLIDATED REVENUES
(U.S. dollars in thousands, except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(Unaudited)	(Audited)		
GAAP Revenues	\$ 26,362	\$ 22,028	\$ 104,752	\$ 77,753
Fair value adjustment for acquired deferred revenues write down	\$ 2,109	-	\$ 2,367	-
Non-GAAP Revenues	<u><u>\$ 28,471</u></u>	<u><u>\$ 22,028</u></u>	<u><u>\$ 107,119</u></u>	<u><u>\$ 77,753</u></u>

TABLE - 4
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	December 31, 2012 <hr/> (Audited)	December 31, 2011 <hr/> (Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 50,026	\$ 116,682
Short term deposits	78,042	24,000
Marketable securities and restricted cash	14,988	18,718
Trade receivables, net	20,236	11,926
Other receivables and prepaid expenses	6,815	5,950
Inventories	9,963	10,501
Total current assets	<hr/> 180,070	<hr/> 187,777
LONG-TERM ASSETS:		
Severance pay fund	213	178
Deferred Taxes	1,525	210
Other assets	239	146
Total long-term assets	<hr/> 1,977	<hr/> 534
PROPERTY AND EQUIPMENT, NET	<hr/> 6,609	<hr/> 5,352
GOODWILL AND INTANGIBLE ASSETS, NET	<hr/> 33,136	<hr/> 3,395
Total assets	<hr/> <hr/> \$ 221,792	<hr/> <hr/> \$ 197,058
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 4,809	\$ 2,684
Deferred revenues	13,829	16,694
Other payables and accrued expenses	13,947	9,462
Liability related to settlement of OCS grants	15,886	-
Total current liabilities	<hr/> 48,471	<hr/> 28,840
LONG-TERM LIABILITIES:		
Deferred revenues	3,945	5,430
Accrued severance pay	254	219
Total long-term liabilities	<hr/> 4,199	<hr/> 5,649
SHAREHOLDERS' EQUITY	<hr/> <hr/> 169,122	<hr/> <hr/> 162,569
Total liabilities and shareholders' equity	<hr/> <hr/> \$ 221,792	<hr/> <hr/> \$ 197,058

TABLE - 5
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(Unaudited)		(Audited)	
<u>Cash flows from operating activities:</u>				
Net income (Loss)	\$ (15,061)	\$ 3,497	\$ (6,738)	\$ 8,809
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,007	706	3,120	2,754
Stock-based compensation related to options granted to employees	1,759	686	4,817	2,256
Amortization of intangible assets	996	30	1,947	121
Capital loss	6	1	20	10
Decrease (Increase) in accrued severance pay, net	(6)	7	-	12
Decrease (Increase) in other assets	(50)	4	6	98
Decrease in accrued interest and amortization of premium on marketable securities	68	85	212	151
Increase (Decrease) in trade receivables	1,503	873	(8,139)	(1,187)
Decrease (Increase) in other receivables and prepaid expenses	(393)	(1,876)	1,134	(1,083)
Decrease (Increase) in inventories	1,096	(1,453)	3,233	329
Increase in long-term deferred taxes, net	(906)	(114)	(906)	(114)
Decrease in trade payables	(2,794)	(1,146)	(1,287)	(2,456)
Increase (Decrease) in employees and payroll accruals	225	(233)	2,392	(748)
Increase (Decrease) in deferred revenues	(2,794)	7,742	(7,089)	7,423
Increase (Decrease) in other payables and accrued expenses	(1,157)	(851)	84	(1,178)
Increase in Liability related to settlement of OCS grants	15,886	-	15,886	-
Net cash provided by (used in) operating activities	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
	(615)	7,958	8,692	15,197
<u>Cash flows from investing activities:</u>				
Increase in restricted deposit	1,039	409	913	(78)
Redemption of short-term deposits	-	(6,000)	(54,042)	(24,000)
Investment in short-term deposit	15,958	-	-	-
Purchase of property and equipment	(823)	(915)	(3,820)	(2,953)
Proceeds from sale of property and equipment	-	-	-	30
Investment in marketable securities	(500)	(504)	(8,194)	(4,735)
Proceeds from redemption or sale of marketable securities	8,736	200	10,736	2,603
Acquisitions	-	-	(23,892)	-
Loan to purchased Subsidiary	-	-	(1,000)	-
Net cash provided by (used in) investing activities	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
	24,410	(6,810)	(79,299)	(29,133)
<u>Cash flows from financing activities:</u>				
Issuance of share capital related to secondary offering	-	84,922	-	84,922
Exercise of employee stock options	563	818	5,903	2,838
Redemption of bank loan	-	-	(1,952)	-
Net cash provided by financing activities	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
	563	85,740	3,951	87,760
Increase in cash and cash equivalents	24,358	86,888	(66,656)	73,824
Cash and cash equivalents at the beginning of the year	25,668	29,794	116,682	42,858
Cash and cash equivalents at the end of the year	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
	\$ 50,026	\$ 116,682	\$ 50,026	\$ 116,682