

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		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	(Audited)
Revenues	\$ 16,207	\$ 11,530	\$ 56,972	\$ 41,751
Cost of revenues	4,590	3,548	15,985	11,835
Gross profit	11,617	7,982	40,987	29,916
Operating expenses:				
Research and development costs, net	3,003	2,408	11,264	9,265
Sales and marketing	5,747	5,849	22,021	20,408
General and administrative	1,454	1,371	5,473	5,541
Total operating expenses	10,204	9,628	38,758	35,214
Operating profit (loss)	1,413	(1,646)	2,229	(5,298)
Financial and other income (expenses), net	(176)	52	(7,907)	(2,311)
Profit (loss) before income tax expenses	1,237	(1,594)	(5,678)	(7,609)
Tax expenses (income)	(112)	(74)	84	63
Net profit (loss)	1,349	(1,520)	(5,762)	(7,672)
Basic net profit (loss) per share	\$ 0.06	\$ (0.07)	\$ (0.25)	\$ (0.35)
Diluted net profit (loss) per share	\$ 0.05	\$ (0.07)	\$ (0.25)	\$ (0.35)
Weighted average number of shares used in computing basic net earnings per share	23,219,144	22,385,132	22,831,014	22,185,702
Weighted average number of shares used in computing diluted net earnings per share	24,627,967	22,385,132	23,510,732	22,185,702

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
GAAP net profit (loss) as reported	\$ 1,349	\$ (1,520)	\$ (5,762)	\$ (7,672)
Non-GAAP adjustments				
Expenses recorded for stock-based compensation				
Cost of revenues	23	32	95	104
Research and development costs, net	79	92	352	357
Sales and marketing	196	215	851	775
General and administrative	163	252	692	1,062
Core technology amortization- cost of revenues	30	27	120	116
Inventory write off - cost of revenues		523		523
Fixed assets write off - sales and marketing		385		385
Total adjustments to operating loss	491	1,526	2,110	3,322
Financial and other expenses, net	-	13	7,711	3,036
Total adjustments	491	1,539	9,821	6,358
Non-GAAP net profit (loss)	\$ 1,840	\$ 19	\$ 4,059	\$ (1,314)
Non- GAAP basic net profit (loss) per share	\$ 0.08	\$ 0.00	\$ 0.18	\$ (0.06)
Non- GAAP diluted net profit (loss) per share	\$ 0.07	\$ 0.00	\$ 0.17	\$ (0.06)
Weighted average number of shares used in computing basic net earnings per share	23,219,144	22,385,132	22,831,014	22,185,702
Weighted average number of shares used in computing diluted net earnings per share	25,050,767	22,385,132	24,113,668	22,185,702

TABLE - 3
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS on a NON-GAAP BASIS
(U.S. dollars in thousands, except share and per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
Revenues	\$ 16,207	\$ 11,530	\$ 56,972	\$ 41,751
Cost of revenues	<u>4,537</u>	<u>2,966</u>	<u>15,770</u>	<u>11,092</u>
Gross profit	<u>11,670</u>	<u>8,564</u>	<u>41,202</u>	<u>30,659</u>
Operating expenses:				
Research and development costs, net	2,924	2,316	10,912	8,908
Sales and marketing	5,551	5,249	21,170	19,248
General and administrative	<u>1,291</u>	<u>1,119</u>	<u>4,781</u>	<u>4,479</u>
Total operating expenses	9,766	8,684	36,863	32,635
Operating profit (loss)	1,904	(120)	4,339	(1,976)
Financial and other income (expenses), net	<u>(176)</u>	<u>65</u>	<u>(196)</u>	<u>725</u>
Profit (loss) before income tax expenses	1,728	(55)	4,143	(1,251)
Tax expenses (income)	<u>(112)</u>	<u>(74)</u>	<u>84</u>	<u>63</u>
Net profit (loss)	<u>1,840</u>	<u>19</u>	<u>4,059</u>	<u>(1,314)</u>
Basic net profit (loss) per share	<u>\$ 0.08</u>	<u>\$ 0.00</u>	<u>\$ 0.18</u>	<u>\$ (0.06)</u>
Diluted net profit (loss) per share	<u>\$ 0.07</u>	<u>\$ 0.00</u>	<u>\$ 0.17</u>	<u>\$ (0.06)</u>
Weighted average number of shares used in computing basic net earnings per share	<u>23,219,144</u>	<u>22,385,132</u>	<u>22,831,014</u>	<u>22,185,702</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>25,050,767</u>	<u>22,385,132</u>	<u>24,113,668</u>	<u>22,185,702</u>

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

	December 31,	December 31,
	2010	2009
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 50,421	\$ 36,470
Marketable securities and restricted cash	9,028	2,324
Trade receivables, net	10,739	7,842
Other receivables and prepaid expenses	4,913	3,618
Inventories	10,830	5,046
Total current assets	85,931	55,300
LONG-TERM ASSETS:		
Marketable securities	-	14,490
Severance pay fund	162	3,410
Other assets	340	430
Total long-term assets	502	18,330
PROPERTY AND EQUIPMENT, NET	5,193	5,674
GOODWILL AND INTANGIBLE ASSETS, NET	3,516	3,639
Total assets	\$ 95,142	\$ 82,943
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 5,140	\$ 3,142
Deferred revenues	10,828	5,467
Other payables and accrued expenses	10,122	8,512
Total current liabilities	26,090	17,121
LONG-TERM LIABILITIES:		
Deferred revenues	3,873	2,046
Accrued severance pay	191	3,364
Total long-term liabilities	4,064	5,410
SHAREHOLDERS' EQUITY	64,988	60,412
Total liabilities and shareholders' equity	\$ 95,142	\$ 82,943