

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		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenues	\$ 9,461	\$ 8,601	\$ 17,720	\$ 16,877
Cost of revenues	2,488	2,036	4,630	4,010
Gross profit	6,973	6,565	13,090	12,867
Operating expenses:				
Research and development, net	3,123	2,165	6,220	4,618
Sales and marketing	5,476	4,566	10,520	8,760
General and administrative	1,610	1,438	3,109	2,481
In - process research and development	-	-	244	-
Total operating expenses	10,209	8,169	20,093	15,859
Operating loss	(3,236)	(1,604)	(7,003)	(2,992)
Financial and other income (expenses), net	(444)	825	(1,459)	1,782
Loss before income tax expenses (benefit)	(3,680)	(779)	(8,462)	(1,210)
Income tax expenses (benefit)	70	(187)	101	(184)
Net Loss	\$ (3,750)	\$ (592)	\$ (8,563)	\$ (1,026)
Basic and diluted net loss per share	\$ (0.17)	\$ (0.03)	\$ (0.39)	\$ (0.05)
Weighted average number of shares used in computing basic and diluted net loss per share	22,058,963	21,253,700	22,042,867	21,131,702

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		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
GAAP net loss as reported	\$ (3,750)	\$ (592)	\$ (8,563)	\$ (1,026)
Non-GAAP adjustments:				
Cost of revenues				
Expenses recorded for stock-based compensation	16	12	30	23
Core technology amortization	30	-	58	-
	<u>46</u>	<u>12</u>	<u>88</u>	<u>23</u>
Research and development costs, net				
Expenses recorded for stock-based compensation	81	46	156	96
	<u>81</u>	<u>46</u>	<u>156</u>	<u>96</u>
Sales and marketing				
Expenses recorded for stock-based compensation	162	(10)	290	109
	<u>162</u>	<u>(10)</u>	<u>290</u>	<u>109</u>
General and administrative				
Expenses recorded for stock-based compensation	213	177	421	319
Expenses related to a law suit	25	68	46	68
	<u>238</u>	<u>245</u>	<u>467</u>	<u>387</u>
In-process research and development	-	-	244	-
	<u>-</u>	<u>-</u>	<u>244</u>	<u>-</u>
Total adjustments to operating loss	<u>527</u>	<u>293</u>	<u>1,245</u>	<u>615</u>
Financial and other income (expenses), net				
Impairment of auction rate securities	1,285	-	3,435	-
Total adjustments	<u>1,812</u>	<u>293</u>	<u>4,680</u>	<u>615</u>
Non-GAAP net loss	<u>\$ (1,938)</u>	<u>\$ (299)</u>	<u>\$ (3,883)</u>	<u>\$ (411)</u>
Non- GAAP basic and diluted net loss per share	<u>\$ (0.09)</u>	<u>\$ (0.01)</u>	<u>\$ (0.18)</u>	<u>\$ (0.02)</u>

TABLE - 3
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	June 30,	December 31,
	2008	2007
	<u>(Unaudited)</u>	<u></u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26,946	\$ 28,101
Marketable securities and short term deposits	3,062	7,305
Trade receivables	6,382	6,122
Other receivables and prepaid expenses	1,820	3,799
Inventories	3,924	4,789
Total current assets	<u>42,134</u>	<u>50,116</u>
LONG-TERM ASSETS:		
Marketable securities	32,016	35,371
Severance pay fund	3,794	3,302
Other assets	996	1,008
Total long-term assets	<u>36,806</u>	<u>39,681</u>
PROPERTY AND EQUIPMENT, NET	<u>5,034</u>	<u>4,619</u>
GOODWILL AND INTANGIBLE ASSETS, NET	<u>3,761</u>	<u>239</u>
Total assets	<u><u>87,735</u></u>	<u><u>94,655</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 2,412	\$ 3,409
Deferred revenues	4,511	3,968
Other payables and accrued expenses	5,865	5,514
Total current liabilities	<u>12,788</u>	<u>12,891</u>
LONG-TERM LIABILITIES:		
Deferred revenues	1,437	1,404
Accrued severance pay	3,793	3,175
Total long-term liabilities	<u>5,230</u>	<u>4,579</u>
SHAREHOLDERS' EQUITY	<u>69,717</u>	<u>77,185</u>
Total liabilities and shareholders' equity	<u><u>87,735</u></u>	<u><u>94,655</u></u>