

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		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenues	\$ 9,819	\$ 6,952	\$ 27,539	\$ 23,829
Cost of revenues	2,618	1,813	7,248	5,823
Gross profit	7,201	5,139	20,291	18,006
Operating expenses:				
Research and development, net	2,889	2,275	9,109	6,893
Sales and marketing	4,751	4,311	15,271	13,071
General and administrative	1,702	1,496	4,811	3,977
In - process research and development	-	-	244	-
Total operating expenses	9,342	8,082	29,435	23,941
Operating loss	(2,141)	(2,943)	(9,144)	(5,935)
Financial and other income (expenses), net	(6,788)	1,158	(8,247)	2,940
Loss before income tax expenses	(8,929)	(1,785)	(17,391)	(2,995)
Income tax expenses	36	389	137	205
Net Loss	\$ (8,965)	\$ (2,174)	\$ (17,528)	\$ (3,200)
Basic and diluted net loss per share	\$ (0.41)	\$ (0.10)	\$ (0.79)	\$ (0.15)
Weighted average number of shares used in computing basic and diluted net loss per share	22,063,367	21,879,844	22,049,750	21,384,358

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		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
GAAP net loss as reported	\$ (8,965)	\$ (2,174)	\$ (17,528)	\$ (3,200)
Non-GAAP adjustments:				
Cost of revenues				
Expenses recorded for stock-based compensation	11	12	41	35
Core technology amortization	30	-	88	-
	<u>41</u>	<u>12</u>	<u>129</u>	<u>35</u>
Research and development costs, net				
Expenses recorded for stock-based compensation	84	65	240	161
	<u>84</u>	<u>65</u>	<u>240</u>	<u>161</u>
Sales and marketing				
Expenses recorded for stock-based compensation	112	91	402	200
	<u>112</u>	<u>91</u>	<u>402</u>	<u>200</u>
General and administrative				
Expenses recorded for stock-based compensation	216	205	637	524
ARS and law suit litigation expenses	151	66	197	134
	<u>367</u>	<u>271</u>	<u>834</u>	<u>658</u>
In-process research and development	-	-	244	-
	<u>-</u>	<u>-</u>	<u>244</u>	<u>-</u>
Total adjustments to operating loss	<u>604</u>	<u>439</u>	<u>1,849</u>	<u>1,054</u>
Financial and other income (expenses), net				
Impairment of auction rate securities	6,771	-	10,206	-
Total adjustments	<u>7,375</u>	<u>439</u>	<u>12,055</u>	<u>1,054</u>
Non-GAAP net loss	<u>\$ (1,590)</u>	<u>\$ (1,735)</u>	<u>\$ (5,473)</u>	<u>\$ (2,146)</u>
Non- GAAP basic and diluted net loss per share	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.25)</u>	<u>\$ (0.10)</u>

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

	September 30,	December 31,
	2008	2007
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 31,947	\$ 28,101
Marketable securities and short term deposits	4,267	7,305
Trade receivables	6,427	6,122
Other receivables and prepaid expenses	1,708	3,799
Inventories	3,991	4,789
Total current assets	<u>48,340</u>	<u>50,116</u>
 LONG-TERM ASSETS:		
Marketable securities	18,159	35,371
Severance pay fund	3,891	3,302
Other assets	911	1,008
Total long-term assets	<u>22,961</u>	<u>39,681</u>
 PROPERTY AND EQUIPMENT, NET	 <u>4,851</u>	 <u>4,619</u>
GOODWILL AND INTANGIBLE ASSETS, NET	<u>3,788</u>	<u>239</u>
 Total assets	 <u>79,940</u>	 <u>94,655</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 2,964	\$ 3,409
Deferred revenues	4,185	3,968
Other payables and accrued expenses	6,244	5,514
Total current liabilities	<u>13,393</u>	<u>12,891</u>
 LONG-TERM LIABILITIES:		
Deferred revenues	1,617	1,404
Accrued severance pay	3,861	3,175
Total long-term liabilities	<u>5,478</u>	<u>4,579</u>
 SHAREHOLDERS' EQUITY	 <u>61,069</u>	 <u>77,185</u>
 Total liabilities and shareholders' equity	 <u>79,940</u>	 <u>94,655</u>