

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,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
Revenues	\$ 6,952	\$ 8,854	\$ 23,829	\$ 24,577
Cost of revenues	<u>1,813</u>	<u>1,961</u>	<u>5,823</u>	<u>5,407</u>
Gross profit	<u>5,139</u>	<u>6,893</u>	<u>18,006</u>	<u>19,170</u>
Operating expenses:				
Research and development, net	2,275	1,807	6,893	5,642
Sales and marketing	4,311	3,617	13,071	10,859
General and administrative	1,496	941	3,977	2,260
Total operating expenses	<u>8,082</u>	<u>6,365</u>	<u>23,941</u>	<u>18,761</u>
Operating income (loss)	<u>(2,943)</u>	<u>528</u>	<u>(5,935)</u>	<u>409</u>
Financial and other income, net	1,158	46	2,940	229
Income (loss) before income tax expenses	<u>(1,785)</u>	<u>574</u>	<u>(2,995)</u>	<u>638</u>
Income tax expenses	<u>389</u>	<u>69</u>	<u>205</u>	<u>75</u>
Net income (loss)	<u>(2,174)</u>	<u>505</u>	<u>(3,200)</u>	<u>563</u>
Basic net earnings (loss) per share	<u>\$ (0.10)</u>	<u>\$ 0.04</u>	<u>\$ (0.15)</u>	<u>\$ 0.04</u>
Diluted net earnings (loss) per share	<u>\$ (0.10)</u>	<u>\$ 0.03</u>	<u>\$ (0.15)</u>	<u>\$ 0.04</u>
Weighted average number of shares used in computing basic net earnings (loss) per share	<u>21,879,844</u>	<u>13,849,547</u>	<u>21,384,358</u>	<u>13,310,355</u>
Weighted average number of shares used in computing diluted net earnings (loss) per share	<u>21,879,844</u>	<u>15,832,971</u>	<u>21,384,358</u>	<u>15,501,698</u>

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

	September 30,	December 31,
	2007	2006
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,442	\$ 7,117
Marketable securities and short term deposit	47,924	70,423
Trade receivables	7,912	5,856
Other receivables and prepaid expenses	3,694	1,961
Inventories	4,455	3,337
Total current assets	85,427	88,694
LONG-TERM ASSETS:		
Marketable securities	8,350	5,750
Severance pay fund	3,039	2,648
Other assets	1,228	1,054
Total long-term assets	12,617	9,452
PROPERTY AND EQUIPMENT, NET	4,846	2,939
GOODWILL	246	99
Total assets	\$ 103,136	\$ 101,184
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank credit and current maturities, net	\$ -	\$ 6
Trade payables	3,359	4,415
Deferred revenues	4,721	3,788
Other payables and accrued expenses	5,869	4,833
Total current liabilities	13,949	13,042
LONG-TERM LIABILITIES:		
Deferred revenues	2,822	1,578
Accrued severance pay	2,932	2,377
Total long-term liabilities	5,754	3,955
SHAREHOLDERS' EQUITY	83,433	84,187
Total liabilities and shareholders' equity	\$ 103,136	\$ 101,184

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,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
GAAP net income (loss) as reported	<u>\$ (2,174)</u>	<u>\$ 505</u>	<u>\$ (3,200)</u>	<u>\$ 563</u>
Non-GAAP adjustments				
Expenses recorded for stock-based compensation				
Cost of revenues	12	5	35	8
Research and development costs, net	65	58	161	97
Sales and marketing	91	138	200	330
General and administrative	205	139	524	247
Expenses related to a law suit				
General and administrative	66	-	134	-
Total adjustments	<u>439</u>	<u>340</u>	<u>1,054</u>	<u>682</u>
Non-GAAP net income (loss)	<u>\$ (1,735)</u>	<u>\$ 845</u>	<u>\$ (2,146)</u>	<u>\$ 1,245</u>
Non- GAAP basic net earnings (loss) per share	<u><u>\$ (0.08)</u></u>	<u><u>\$ 0.06</u></u>	<u><u>\$ (0.10)</u></u>	<u><u>\$ 0.09</u></u>
Non-GAAP diluted net earnings (loss) per share	<u><u>\$ (0.08)</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ (0.10)</u></u>	<u><u>\$ 0.08</u></u>