

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	
	March 31,	
	2008	2007
	<u>(Unaudited)</u>	
Revenues	\$ 8,259	\$ 8,276
Cost of revenues	<u>2,142</u>	<u>1,974</u>
Gross profit	<u>6,117</u>	<u>6,302</u>
Operating expenses:		
Research and development costs, net	3,097	2,453
Sales and marketing	5,044	4,194
General and administrative	1,499	1,043
In-process research and development	244	-
Total Operating expenses	<u>9,884</u>	<u>7,690</u>
Operating loss	<u>(3,767)</u>	<u>(1,388)</u>
Financial and other income (expenses), net	<u>(1,015)</u>	<u>957</u>
Loss before income tax expenses	<u>(4,782)</u>	<u>(431)</u>
Income tax expenses	<u>31</u>	<u>3</u>
Net loss	<u>(4,813)</u>	<u>(434)</u>
Basic net loss per share	<u>(\$0.22)</u>	<u>(\$0.02)</u>
Diluted net loss per share	<u>(\$0.22)</u>	<u>(\$0.02)</u>
Weighted average number of shares used in computing basic net loss per share	<u>22,026,771</u>	<u>21,009,705</u>
Weighted average number of shares used in computing diluted net loss per share	<u>22,026,771</u>	<u>21,009,705</u>

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

	March 31,	December 31,
	2008	2007
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 23,938	\$ 28,101
Marketable securities and short term deposits	6,062	7,305
Trade receivables	6,103	6,122 *
Other receivables and prepaid expenses	4,580	3,915
Inventories	4,196	4,789
Total current assets	<u>44,879</u>	<u>50,232</u>
LONG-TERM ASSETS:		
Marketable securities	33,185	35,371
Severance pay fund	3,571	3,302
Other assets	1,175	1,169
Total long-term assets	<u>37,931</u>	<u>39,842</u>
PROPERTY AND EQUIPMENT, NET	<u>4,883</u>	<u>4,619</u>
GOODWILL AND INTANGIBLE ASSETS, NET	<u>3,791</u>	<u>239</u>
Total assets	<u><u>91,484</u></u>	<u><u>94,932</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 3,340	\$ 3,409
Deferred revenues	3,929	3,968 *
Other payables and accrued expenses	6,364	5,791
Total current liabilities	<u>13,633</u>	<u>13,168</u>
LONG-TERM LIABILITIES:		
Deferred revenues	1,464	1,404 *
Accrued severance pay	3,523	3,175
Total long-term liabilities	<u>4,987</u>	<u>4,579</u>
SHAREHOLDERS' EQUITY	<u>72,864</u>	<u>77,185</u>
Total liabilities and shareholders' equity	<u><u>91,484</u></u>	<u><u>94,932</u></u>

* reclassified

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	
	March 31,	
	2008	2007
	(Unaudited)	
GAAP net loss as reported	<u>\$ (4,813)</u>	<u>\$ (434)</u>
 <u>Non-GAAP adjustments:</u>		
Cost of revenues		
Expenses recorded for stock-based compensation	14	11
Core technology amortization	28	-
	<u>42</u>	<u>11</u>
Research and development costs, net		
Expenses recorded for stock-based compensation	75	50
	<u>75</u>	<u>50</u>
Sales and marketing		
Expenses recorded for stock-based compensation	128	119
	<u>128</u>	<u>119</u>
General and administrative		
Expenses recorded for stock-based compensation	208	142
Expenses related to a law suit	21	-
	<u>229</u>	<u>142</u>
In-process research and development	244	-
	<u>244</u>	<u>-</u>
Total adjustments to operating loss	<u>718</u>	<u>322</u>
Financial and other income (expenses), net		
Impairment of auction rate securities	2,150	-
Total adjustments	<u>2,868</u>	<u>322</u>
Non-GAAP net loss	<u>(1,945)</u>	<u>(112)</u>
Non- GAAP basic and diluted loss per share	<u>(\$0.09)</u>	<u>(\$0.00)</u>