

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,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
			(Audited)	
Revenues	\$ 9,562	\$ 8,673	\$ 37,101	\$ 32,502
Cost of revenues	2,448	2,196	9,696	8,019
Gross profit	7,114	6,477	27,405	24,483
Operating expenses:				
Research and development costs, net	2,777	2,491	11,886	9,384
Sales and marketing	4,588	5,010	19,859	18,081
General and administrative	1,363	1,606	6,174	5,583
In - process research and development	-	-	244	-
Total Operating expenses	8,728	9,107	38,163	33,048
Operating Loss	(1,614)	(2,630)	(10,758)	(8,565)
Financial and other income (loss), net	2,730	(3,785)	(5,517)	(845)
Income (loss) before income tax expenses	1,116	(6,415)	(16,275)	(9,410)
Income tax expenses	82	325	220	530
Net Income (Loss)	1,034	(6,740)	(16,495)	(9,940)
Basic net earnings (loss) per share	\$ 0.05	\$ (0.31)	\$ (0.75)	\$ (0.46)
Diluted net earnings (loss) per share	\$ 0.05	\$ (0.31)	\$ (0.75)	\$ (0.46)
Weighted average number of shares used in computing basic net earnings (loss) per share	22,065,556	21,945,602	22,054,211	21,525,822
Weighted average number of shares used in computing diluted net earnings (loss) per share	22,225,288	21,945,602	22,054,211	21,525,822

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,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
GAAP net income (loss) as reported	\$ 1,034	\$ (6,740)	\$ (16,495)	\$ (9,940)
Non-GAAP adjustments				
Expenses recorded for stock-based compensation				
Cost of revenues	6	13	52	48
Research and development costs, net	84	70	321	231
Sales and marketing	64	140	465	340
General and administrative	218	218	855	742
In-process research and development	-	-	244	-
ARS and law suit litigation expenses				
General and administrative	-	20	197	154
Core technology amortization- cost of revenues	30	-	119	-
Total adjustments to operating loss	402	461	2,253	1,515
Impairment of auction rate securities				
Financial and other (income) loss, net	(2,507)	4,881	7,681	4,881
Total adjustments	(2,105)	5,342	9,934	6,396
Non-GAAP net Loss	\$ (1,071)	\$ (1,398)	\$ (6,561)	\$ (3,544)
Non- GAAP basic net Loss per share	\$ (0.05)	\$ (0.06)	\$ (0.30)	\$ (0.16)
Non-GAAP diluted net Loss per share	\$ (0.05)	\$ (0.06)	\$ (0.30)	\$ (0.16)

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

	December 31,	
	2008	2007
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 40,029	\$ 28,101
Marketable securities and short term deposits	2,121	7,305
Trade receivables	6,163	6,122
Other receivables and prepaid expenses	1,498	3,799
Inventories	4,259	4,789
Total current assets	<u>54,070</u>	<u>50,116</u>
LONG-TERM ASSETS:		
Marketable securities	15,319	35,371
Severance pay fund	3,402	3,302
Other assets	839	1,008
Total long-term assets	<u>19,560</u>	<u>39,681</u>
PROPERTY AND EQUIPMENT, NET	<u>4,970</u>	<u>4,619</u>
GOODWILL AND INTANGIBLE ASSETS, NET	<u>4,264</u>	<u>239</u>
Total assets	<u>\$ 82,864</u>	<u>\$ 94,655</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 2,902	\$ 3,409
Deferred revenues	4,475	3,968
Other payables and accrued expenses	6,466	5,514
Total current liabilities	<u>13,843</u>	<u>12,891</u>
LONG-TERM LIABILITIES:		
Deferred revenues	2,293	1,404
Accrued severance pay	3,536	3,175
Total long-term liabilities	<u>5,829</u>	<u>4,579</u>
SHAREHOLDERS' EQUITY	<u>63,192</u>	<u>77,185</u>
Total liabilities and shareholders' equity	<u>\$ 82,864</u>	<u>\$ 94,655</u>