

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

	December 31,	December 31,
	2009	2008
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 36,470	\$ 40,029
Short term and restricted deposits	2,324	2,121
Trade receivables	7,842	6,163
Other receivables and prepaid expenses	2,318	1,959
Inventories	5,046	4,259
Total current assets	<u>54,000</u>	<u>54,531</u>
LONG-TERM ASSETS:		
Marketable securities	14,490	15,319
Severance pay fund	3,410	3,402
Other assets	430	874
Total long-term assets	<u>18,330</u>	<u>19,595</u>
PROPERTY AND EQUIPMENT, NET	<u>5,674</u>	<u>4,970</u>
GOODWILL AND INTANGIBLE ASSETS, NET	<u>3,639</u>	<u>3,755</u>
Total assets	<u>\$ 81,643</u>	<u>\$ 82,851</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 3,142	\$ 2,902
Deferred revenues	5,467	4,475
Other payables and accrued expenses	7,212	6,466
Total current liabilities	<u>15,821</u>	<u>13,843</u>
LONG-TERM LIABILITIES:		
Deferred revenues	2,046	2,293
Accrued severance pay	3,364	3,536
Total long-term liabilities	<u>5,410</u>	<u>5,829</u>
SHAREHOLDERS' EQUITY	<u>60,412</u>	<u>63,179</u>
Total liabilities and shareholders' equity	<u>\$ 81,643</u>	<u>\$ 82,851</u>

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,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	(Audited)
Revenues	\$ 11,530	\$ 9,562	\$ 41,751	\$ 37,101
Cost of revenues	3,548	2,448	11,835	9,696
Gross profit	7,982	7,114	29,916	27,405
Operating expenses:				
Research and development costs, net	2,408	2,855	9,265	11,964
Sales and marketing	5,849	4,510	20,408	19,781
General and administrative	1,371	1,363	5,541	6,174
In - process research and development	-	-	-	244
Total Operating expenses	9,628	8,728	35,214	38,163
Operating Loss	(1,646)	(1,614)	(5,298)	(10,758)
Financial and other income (expenses), net	52	2,730	(2,311)	(5,517)
Income (Loss) before income tax expenses	(1,594)	1,116	(7,609)	(16,275)
Income tax expenses	(74)	82	63	220
Net earnings (Loss)	(1,520)	1,034	(7,672)	(16,495)
Basic and diluted net earnings (loss) per share	\$ (0.07)	\$ 0.05	\$ (0.35)	\$ (0.75)
Weighted average number of shares used in computing basic net earnings per share	22,385,132	22,065,556	22,185,702	22,054,211
Weighted average number of shares used in computing diluted net earnings per share	22,385,132	22,225,288	22,185,702	22,054,211

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,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	
GAAP net income (loss) as reported	\$ (1,520)	\$ 1,034	\$ (7,672)	\$ (16,495)
Non-GAAP adjustments				
Expenses recorded for stock-based compensation				
Cost of revenues	32	6	104	52
Research and development costs, net	92	84	357	321
Sales and marketing	215	64	775	465
General and administrative	252	218	1,062	855
In-process research and development	-	-	-	244
Expenses related to a law suit	-	-	-	197
Core technology amortization- cost of revenues	27	30	116	119
Inventory write off - cost of revenues	523	-	523	-
Fixed assets write off - sales and marketing	385	-	385	-
Total adjustments to operating loss	1,526	402	3,322	2,253
Impairment of auction rate securities -				
Financial and other income (expenses), net	13	(2,507)	3,036	7,681
Total adjustments	1,539	(2,105)	6,358	9,934
Non-GAAP net earnings (Loss)	\$ 19	\$ (1,071)	\$ (1,314)	\$ (6,561)
Non- GAAP basic and diluted net earnings (Loss) per share	\$ 0.00	\$ (0.05)	\$ (0.06)	\$ (0.30)