

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,	
	2007	2006
	(unaudited)	
Revenues	\$ 8,276	\$ 7,571
Cost of revenues	<u>1,974</u>	<u>1,700</u>
Gross profit	<u>6,302</u>	<u>5,871</u>
Operating expenses:		
Research and development costs, net	2,453	1,882
Sales and marketing	4,194	3,493
General and administrative	<u>1,043</u>	<u>609</u>
Total operating expenses	<u>7,690</u>	<u>5,984</u>
Operating loss	(1,388)	(113)
Financial and other income, net	<u>957</u>	<u>121</u>
Income (loss) before income tax expenses	(431)	8
Income tax expenses	<u>3</u>	<u>3</u>
Net income (loss)	<u>(434)</u>	<u>5</u>
Basic net earnings (loss) per share	<u>\$ (0.02)</u>	<u>\$ 0.00</u>
Diluted net earnings (loss) per share	<u>\$ (0.02)</u>	<u>\$ 0.00</u>
Weighted average number of shares used in computing basic net earnings (loss) per share	<u>21,009,705</u>	<u>12,783,114</u>
Weighted average number of shares used in computing diluted net earnings (loss) per share	<u>23,467,686</u>	<u>14,298,882</u>

TABLE - 2
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	<u>March 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
(unaudited)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,081	\$ 7,117
Marketable securities and short term deposit	67,404	70,423
Trade receivables	6,409	5,856
Other receivables and prepaid expenses	2,800	1,961
Inventories	4,058	3,337
Total current assets	<u>81,754</u>	<u>88,694</u>
LONG-TERM ASSETS:		
Marketable securities	4,001	5,750
Severance pay fund	2,851	2,648
Other assets	1,017	1,054
Total long-term assets	<u>15,867</u>	<u>9,452</u>
PROPERTY AND EQUIPMENT, NET	<u>3,681</u>	<u>2,939</u>
GOODWILL	<u>125</u>	<u>99</u>
Total assets	<u>\$ 101,427</u>	<u>\$ 101,184</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank credit and current maturities, net	\$ 0	\$ 6
Trade payables	4,219	4,415
Deferred revenues	4,303	3,788
Other payables and accrued expenses	4,405	4,833
Total current liabilities	<u>12,927</u>	<u>13,042</u>
LONG-TERM LIABILITIES:		
Deferred revenues	1,671	1,578
Accrued severance pay	2,719	2,377
Total long-term liabilities	<u>4,390</u>	<u>3,955</u>
SHAREHOLDERS' EQUITY	<u>84,110</u>	<u>84,187</u>
Total liabilities and shareholders' equity	<u>\$ 101,427</u>	<u>\$ 101,184</u>

TABLE - 3
ALLOT COMMUNICATIONS LTD.
AND ITS SUBSIDIARIES
RECONCILIATION OF GAAP AND NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

	Three months ended March 31, 2007			Three months ended March 31, 2006		
	GAAP Reported	Adjustments*	Non-GAAP	GAAP Reported	Adjustments*	Non-GAAP
Gross profit	6,302	(11)	6,313	5,871	-	5,871
Total operating expenses	7,690	(311)	7,379	5,984	(82)	5,902
Operating income (loss)	(1,388)	322	(1,066)	(113)	82	(31)
Income (loss) before income tax expenses (benefit)	(431)	322	(109)	8		8
Net income	<u>(434)</u>	<u>322</u>	<u>(112)</u>	<u>5</u>	<u>82</u>	<u>87</u>
Basic net earnings (loss) per share	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Diluted net earnings (loss) per share	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>

(*) Adjustment excludes the expenses recorded for stock-based compensation of which: \$11,000, \$50,000, \$119,000 and \$142,000 resulted from cost of revenue, research and development expenses, sales and marketing expenses and general and administrative expenses, respectively.