

**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,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	(Audited)
Revenues	\$ 8,673	\$ 9,567	\$ 32,502	\$ 34,144
Cost of revenues	2,196	2,190	8,019	7,597
Gross profit	6,477	7,377	24,483	26,547
Operating expenses:				
Research and development costs, net	2,491	1,887	9,384	7,529
Sales and marketing	5,010	4,598	18,081	15,457
General and administrative	1,606	1,204	5,583	3,464
Total Operating expenses	9,107	7,689	33,048	26,450
Operating income (loss)	(2,630)	(312)	(8,565)	97
Financial and other income (loss), net	(2,584)	401	356	630
Income (loss) before income tax expenses (benefit)	(5,214)	89	(8,209)	727
Income tax expenses	325	36	530	111
Net income (loss)	(5,539)	53	(8,739)	616
<b>Basic net earnings (loss) per share</b>	<b>\$ (0.25)</b>	<b>\$ 0.00</b>	<b>\$ (0.41)</b>	<b>\$ 0.04</b>
<b>Diluted net earnings (loss) per share</b>	<b>\$ (0.25)</b>	<b>\$ 0.00</b>	<b>\$ (0.41)</b>	<b>\$ 0.04</b>
Weighted average number of shares used in computing basic net earnings (loss) per share	21,945,602	17,077,444	21,525,822	14,402,338
Weighted average number of shares used in computing diluted net earnings (loss) per share	21,945,602	19,864,395	21,525,822	16,423,227

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

	December 31,	
	2007	2006
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 28,101	\$ 7,117
Marketable securities and short term deposits	7,305	70,423
Trade receivables	6,645	4,178 *
Other receivables and prepaid expenses	3,915	1,961
Inventories	4,789	3,337
Total current assets	50,755	87,016
<b>LONG-TERM ASSETS:</b>		
Marketable securities	35,371	5,750
Severance pay fund	3,302	2,648
Other assets	1,169	1,054
Total long-term assets	39,842	9,452
PROPERTY AND EQUIPMENT, NET	4,619	2,939
GOODWILL AND INTANGIBLE ASSETS, NET	239	99
Total assets	\$ 95,455	\$ 99,506
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term bank credit and current maturities, net	\$ -	\$ 6
Trade payables	3,409	4,415
Deferred revenues	3,760	2,580 *
Other payables and accrued expenses	5,791	4,833
Total current liabilities	12,960	11,834
<b>LONG-TERM LIABILITIES:</b>		
Deferred revenues	2,135	1,108 *
Accrued severance pay	3,175	2,377
Total long-term liabilities	5,310	3,485
SHAREHOLDERS' EQUITY	77,185	84,187
Total liabilities and shareholders' equity	\$ 95,455	\$ 99,506

\* 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		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
GAAP net income (loss) as reported	\$ (5,539)	\$ 53	\$ (8,739)	\$ 616
Non-GAAP adjustments				
Expenses recorded for stock-based compensation				
Cost of revenues	13	7	48	15
Research and development costs, net	70	60	231	157
Sales and marketing	140	320	340	649
General and administrative	218	292	742	540
Expenses related to a law suit				
General and administrative	20	-	154	-
Impairment of auction rate securities				
Financial and other income (loss), net	3,680	-	3,680	-
Total adjustments	<u>4,141</u>	<u>679</u>	<u>5,195</u>	<u>1,361</u>
Non-GAAP net income (loss)	<u>\$ (1,398)</u>	<u>\$ 732</u>	<u>\$ (3,544)</u>	<u>\$ 1,977</u>
<b>Non- GAAP basic net earnings (loss) per share</b>	<u>\$ (0.06)</u>	<u>\$ 0.04</u>	<u>\$ (0.16)</u>	<u>\$ 0.14</u>
<b>Non-GAAP diluted net earnings (loss) per share</b>	<u>\$ (0.06)</u>	<u>\$ 0.04</u>	<u>\$ (0.16)</u>	<u>\$ 0.12</u>