

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

| | March 31, | December 31, |
|---|---------------------------|-------------------------|
| | 2010 | 2009 |
| | <u>(Unaudited)</u> | <u>(Audited)</u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 36,349 | \$ 36,470 |
| Short term deposits and restricted deposit and cash | 5,386 | 2,324 |
| Trade receivables, net | 5,372 | 7,842 |
| Other receivables and prepaid expenses | 4,282 | 3,618 |
| Inventories | 6,111 | 5,046 |
| Total current assets | <u>57,500</u> | <u>55,300</u> |
| LONG-TERM ASSETS: | | |
| Marketable securities | 14,116 | 14,490 |
| Severance pay fund | 316 | 3,410 |
| Other assets | 430 | 430 |
| Total long-term assets | <u>14,862</u> | <u>18,330</u> |
| PROPERTY AND EQUIPMENT, NET | <u>5,834</u> | <u>5,674</u> |
| GOODWILL AND INTANGIBLE ASSETS, NET | <u>3,607</u> | <u>3,639</u> |
| Total assets | <u>\$ 81,803</u> | <u>\$ 82,943</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 2,000 | \$ 3,142 |
| Deferred revenues | 8,875 | 5,467 |
| Other payables and accrued expenses | 6,756 | 8,512 |
| Total current liabilities | <u>17,631</u> | <u>17,121</u> |
| LONG-TERM LIABILITIES: | | |
| Deferred revenues | 3,667 | 2,046 |
| Accrued severance pay | 162 | 3,364 |
| Total long-term liabilities | <u>3,829</u> | <u>5,410</u> |
| SHAREHOLDERS' EQUITY | <u>60,343</u> | <u>60,412</u> |
| Total liabilities and shareholders' equity | <u>\$ 81,803</u> | <u>\$ 82,943</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 | |
|--|---------------------------|-------------------|
| | March 31, | |
| | 2010 | 2009 |
| | (Unaudited) | |
| Revenues | \$ 12,471 | \$ 9,369 |
| Cost of revenues | <u>3,355</u> | <u>2,526</u> |
| Gross profit | <u>9,116</u> | <u>6,843</u> |
| Operating expenses: | | |
| Research and development costs, net | 2,588 | 2,407 |
| Sales and marketing | 5,251 | 4,404 |
| General and administrative | <u>1,332</u> | <u>1,393</u> |
| Total Operating expenses | 9,171 | 8,204 |
| Operating Loss | (55) | (1,361) |
| Financial and other expenses, net | <u>(422)</u> | <u>(1,524)</u> |
| Loss before income tax expenses | (477) | (2,885) |
| Income tax expenses (benefit) | <u>(31)</u> | <u>4</u> |
| Net Loss | <u>(446)</u> | <u>(2,889)</u> |
| Basic and diluted net (loss) per share | <u>\$ (0.02)</u> | <u>\$ (0.13)</u> |
| Weighted average number of shares used in computing basic and diluted net earnings per share | <u>22,434,843</u> | <u>22,067,951</u> |

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, | |
| | 2010 | 2009 |
| | (Unaudited) | |
| GAAP net loss as reported | \$ (446) | \$ (2,889) |
| Non-GAAP adjustments | | |
| Expenses recorded for stock-based compensation | | |
| Cost of revenues | 29 | 25 |
| Research and development costs, net | 93 | 89 |
| Sales and marketing | 230 | 109 |
| General and administrative | 233 | 287 |
| Core technology amortization- cost of revenues | 30 | 28 |
| Total adjustments to operating loss | 615 | 538 |
| Impairment of auction rate securities | | |
| Financial and other expenses, net | 8 | 1,575 |
| Total adjustments | 623 | 2,113 |
| Non-GAAP net earnings (Loss) | \$ 177 | \$ (776) |
| Non- GAAP basic net (Loss) per share | \$ 0.01 | \$ (0.04) |
| Non- GAAP diluted net (Loss) per share | \$ 0.01 | \$ (0.04) |
| Weighted average number of shares used in computing basic net earnings per share | 22,434,843 | 22,067,951 |
| Weighted average number of shares used in computing diluted net earnings per share | 22,968,415 | 22,067,951 |