

**Condensed Consolidated Balance Sheets**  
(U.S. Dollars in thousands)

	<b>December 31, 2012</b>	<b>June 30, 2013</b>
		(Unaudited)
<b>Current assets</b>		
Cash and cash equivalents	20,048	16,535
Available-for-sale marketable securities	14,004	29,036
Short-term bank deposits	54,155	9,266
Trade receivables, net	18,408	26,351
Other receivables and prepaid expenses	3,975	5,556
Inventories	12,545	13,942
	123,135	100,686
Available-for-sale marketable securities	121,114	105,250
Long-term bank deposits	65,625	112,328
	186,739	217,578
Property and equipment, net	13,589	16,329
Intangible assets, net	5,128	6,628
Other assets	4,594	4,726
Goodwill	24,465	30,069
	357,650	376,016
<b>Total assets</b>	<b>357,650</b>	<b>376,016</b>
<b>Current liabilities</b>		
Trade payables	9,915	8,896
Deferred revenues, other payables and accrued expenses	56,605	60,844
	66,520	69,740
<b>Long-term liabilities</b>	19,900	23,912
<b>Shareholders' equity</b>		
Share capital	599	607
Additional paid-in capital	249,739	255,236
Accumulated other comprehensive income	2,078	1,078
Treasury stock, at cost	(18,082)	(20,884)
Retained earnings	36,896	46,327
Total shareholders' equity	271,230	282,364
<b>Total liabilities and shareholders' equity</b>	<b>357,650</b>	<b>376,016</b>

**Condensed Consolidated Statements of Income**  
**(U.S. Dollars in thousands, except share and per share data)**

	<u>For the Three months ended</u> <u>June 30,</u>		<u>For the Six months ended</u> <u>June 30,</u>	
	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)
Revenues	46,802	46,822	91,823	91,948
Cost of revenues	<u>8,810</u>	<u>8,936</u>	<u>17,342</u>	<u>17,516</u>
Gross profit	<u>37,992</u>	<u>37,886</u>	<u>74,481</u>	<u>74,432</u>
Operating expenses:				
Research and development, net	8,943	10,244	18,095	20,113
Selling and marketing	19,017	20,419	37,704	39,959
General and administrative	<u>2,427</u>	<u>2,791</u>	<u>4,831</u>	<u>5,801</u>
Total operating expenses	<u>30,387</u>	<u>33,454</u>	<u>60,630</u>	<u>65,873</u>
Operating income	7,605	4,432	13,851	8,559
Financial income, net	<u>989</u>	<u>1,235</u>	<u>2,491</u>	<u>2,350</u>
Income before taxes on income	8,594	5,667	16,342	10,909
Taxes on income	<u>(1,043)</u>	<u>(722)</u>	<u>(1,918)</u>	<u>(1,478)</u>
Net Income	7,551	4,945	14,424	9,431
Basic net earnings per share	<u>\$0.17</u>	<u>\$0.11</u>	<u>\$0.33</u>	<u>\$0.21</u>
Weighted average number of shares used to compute basic net earnings per share	<u>43,719,250</u>	<u>44,828,701</u>	<u>43,335,396</u>	<u>44,728,138</u>
Diluted net earnings per share	<u>\$0.16</u>	<u>\$0.11</u>	<u>\$0.31</u>	<u>\$0.20</u>
Weighted average number of shares used to compute diluted net earnings per share	<u>46,798,988</u>	<u>46,689,174</u>	<u>46,536,900</u>	<u>46,848,299</u>

\*) On April 12, 2013, the Company affected a stock split of the Company's ordinary shares of two (2) for one (1). The earnings per share amounts and the share data presented for all prior periods were restated to reflect the effects of the stock split.

**Reconciliation of Supplemental Financial Information**  
**(U.S. Dollars in thousands, except share and per share data)**

	<u>For the Three months ended</u> <u>June 30,</u>		<u>For the Six months ended</u> <u>June 30,</u>	
	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)
GAAP net Income	<u>7,551</u>	<u>4,945</u>	<u>14,424</u>	<u>9,431</u>
Stock-based compensation expenses, included in:				
Cost of revenues	17	12	38	26
Research and development	279	402	607	673
Selling and marketing	860	640	1,826	1,247
General and administrative	<u>254</u>	<u>258</u>	<u>528</u>	<u>492</u>
	<u>1,410</u>	<u>1,312</u>	<u>2,999</u>	<u>2,438</u>
Amortization of intangible assets included in:				
Cost of revenues	467	550	935	1,066
Selling and marketing	<u>292</u>	<u>249</u>	<u>583</u>	<u>459</u>
	<u>759</u>	<u>799</u>	<u>1,518</u>	<u>1,525</u>
Exchange rate differences, net on balance sheet items included in finance expenses	<u>287</u>	<u>63</u>	<u>19</u>	<u>279</u>
Acquisition related expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>485</u>
Non-GAAP net income	<u>10,007</u>	<u>7,119</u>	<u>18,960</u>	<u>14,158</u>
Non-GAAP diluted net earnings per share	<u><b>\$0.21</b></u>	<u><b>\$0.15</b></u>	<u><b>\$0.41</b></u>	<u><b>\$0.30</b></u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,798,988	46,689,174	46,536,900	46,848,299

\*) On April 12, 2013, the Company effected a stock split of the Company's ordinary shares of two (2) for one (1). The earnings per share amounts and the share data presented for all prior periods were restated to reflect the effects of the stock split.