

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

	December 31, 2008	March 31, 2009
Current assets		
Cash and cash equivalents	28,065	28,756
Available-for-sale marketable securities	60,731	39,785
Trade receivables, net	13,348	12,761
Other receivables and prepaid expenses	2,046	3,014
Inventories	6,712	8,523
	<u>110,902</u>	<u>92,839</u>
Long-term investments		
Available-for-sale marketable securities	45,112	45,547
Severance pay funds	1,995	1,837
	<u>47,107</u>	<u>47,384</u>
 Property and equipment, net	 <u>11,693</u>	 <u>11,786</u>
Other assets		
Goodwill and other intangible assets	<u>15,762</u>	<u>43,831</u>
 Total assets	 <u>185,464</u>	 <u>195,840</u>
Current liabilities		
Trade payables	4,646	4,501
Deferred revenues, other payables and accrued expenses	23,964	34,062
	<u>28,610</u>	<u>38,563</u>
 Long-term liabilities	 <u>8,792</u>	 <u>14,887</u>
Shareholders' equity		
Share capital	465	464
Additional paid-in capital	185,985	187,289
Accumulated other comprehensive loss	(873)	(1,517)
Treasury stock, at cost	(17,619)	(17,845)
Accumulated deficit	(19,896)	(26,001)
Total shareholders' equity	<u>148,062</u>	<u>142,390</u>
 Total liabilities and shareholders' equity	 <u>185,464</u>	 <u>195,840</u>

(*) The allocation of the purchase price in relation with the acquisition of Nortel's Layer 4-7 Application Delivery Business, included in the balance sheet as of March 31, 2009, is based on preliminary valuation of the intangible assets acquired and liabilities assumed.

Condensed Consolidated Statements of Operations

(U.S. Dollars in thousands, except share and per share data)

	<u>For the Three months ended March 31, 2008</u>	<u>For the Three months ended March 31, 2009</u>
	(Unaudited)	(Unaudited)
Revenues	22,165	20,495
Cost of revenues	<u>4,596</u>	<u>4,182</u>
Gross profit	<u>17,569</u>	<u>16,313</u>
Operating expenses:		
Research and development	7,298	5,828
Selling and marketing	17,260	11,944
General and administrative	<u>2,417</u>	<u>4,539</u>
Total operating expenses	<u>26,975</u>	<u>22,311</u>
Operating loss	(9,406)	(5,998)
Financial income, net	<u>1,303</u>	<u>97</u>
Loss before income taxes	(8,103)	(5,901)
Income taxes	<u>(227)</u>	<u>(204)</u>
Net loss	<u>(8,330)</u>	<u>(6,105)</u>
Basic and diluted net loss per share	<u>\$ (0.42)</u>	<u>\$ (0.32)</u>
Weighted average number of shares used to compute basic and diluted net loss per share	19,701,258	18,906,493

Reconciliation of GAAP to Non-GAAP Financial Information
(U.S. Dollars in thousands, except share and per share data)

	<u>For the Three months ended March 31, 2008</u>	<u>For the Three months ended March 31, 2009</u>
GAAP net loss	<u>(8,330)</u>	<u>(6,105)</u>
Stock-based compensation expenses, included in:		
Cost of revenues	29	21
Research and development	409	297
Selling and marketing	638	493
General and administrative	<u>668</u>	<u>493</u>
	<u>1,744</u>	<u>1,304</u>
Amortization of intangible assets included in:		
Cost of revenues	188	93
Selling and marketing	39	39
Income taxes	<u>41</u>	-
	<u>268</u>	<u>132</u>
Acquisition related expenses	-	<u>2,485</u>
Non-GAAP net loss	<u>(6,318)</u>	<u>(2,184)</u>
Non-GAAP diluted net loss per share	<u>\$</u> <u>(0.32)</u>	<u>\$</u> <u>(0.12)</u>
Weighted average number of shares used to compute Non-GAAP diluted net loss per share	19,701,258	18,906,493