

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

	<u><b>For the Three months ended March 31, 2005</b></u> (Unaudited)	<u><b>For the Three months ended March 31, 2006</b></u> (Unaudited)
Revenues	20,021	20,046
Cost of revenues	<u>3,555</u>	<u>3,865</u>
Gross profit	<u>16,466</u>	<u>16,181</u>
Operating expenses:		
Research and development, net	3,026	3,832
Sales and marketing	8,996	12,123
General and administrative	<u>1,214</u>	<u>1,478</u>
Total operating expenses	<u>13,236</u>	<u>17,433</u>
Operating income (loss)	3,230	(1,252)
Financial income, net	<u>1,226</u>	<u>1,600</u>
Income before income taxes	4,456	348
Income taxes	<u>55</u>	<u>38</u>
Net income	<u><u>4,401</u></u>	<u><u>310</u></u>
Basic net earnings per share	<u><b>\$ 0.24</b></u>	<u><b>\$ 0.02</b></u>
Weighted average number of shares used to compute basic net earnings per share	18,540,984	19,182,115
Diluted net earnings per share	<u><b>\$ 0.22</b></u>	<u><b>\$ 0.02</b></u>
Weighted average number of shares used to compute diluted net earnings per share	20,288,967	20,217,182

**Condensed Pro forma Non-GAAP Consolidated Statements  
of Operations**  
(U.S. Dollars in thousands, except share and per share data)

	<u>For the Three months ended March 31, 2005</u> (Unaudited)	<u>For the Three months ended March 31, 2006</u> (Unaudited)
Revenues	20,021	20,046
Cost of revenues	<u>3,555</u>	<u>3,845</u>
Gross profit	<u>16,466</u>	<u>16,201</u>
Operating expenses:		
Research and development, net	3,026	3,533
Sales and marketing	8,996	11,366
General and administrative	<u>1,214</u>	<u>1,365</u>
Total operating expenses	<u>13,236</u>	<u>16,264</u>
Operating income (loss)	3,230	(63)
Financial income, net	<u>1,226</u>	<u>1,600</u>
Income before income taxes	4,456	1,537
Income taxes	<u>55</u>	<u>154</u>
Net income	<u><u>4,401</u></u>	<u><u>1,383</u></u>
Basic net earnings per share	<u><u>\$ 0.24</u></u>	<u><u>\$ 0.07</u></u>
Weighted average number of shares used to compute basic net earnings per share	18,540,984	19,182,115
Diluted net earnings per share	<u><u>\$ 0.22</u></u>	<u><u>\$ 0.07</u></u>
Weighted average number of shares used to compute diluted net earnings per share	20,288,967	20,217,182

**Reconciliation between GAAP to Non-GAAP results**  
**(U.S. Dollars in thousands)**

	<u>For the Three months ended March 31, 2005</u>	<u>For the Three months ended March 31, 2006</u>
Net income	4,401	310
Stock-based compensation expenses, included in:		
Cost of revenues	-	20
Research and development, net	-	299
Sales and marketing	-	757
General and administrative	-	113
Tax effect of stock-based compensation	-	(116)
	<u>-</u>	<u>1,073</u>
Pro forma net income	<u>4,401</u>	<u>1,383</u>