

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

	December 31, 2014	June 30, 2015
	(Audited)	(Unaudited)
Current assets		
Cash and cash equivalents	44,979	28,024
Available-for-sale marketable securities	29,448	31,731
Short-term bank deposits	29,989	20,886
Trade receivables, net	25,637	23,758
Other receivables and prepaid expenses	8,107	6,939
Inventories	16,844	16,313
	<u>155,004</u>	<u>127,651</u>
Long-term investments		
Available-for-sale marketable securities	114,519	97,436
Long-term bank deposits	111,754	162,533
Severance pay funds	3,040	3,067
	<u>229,313</u>	<u>263,036</u>
Property and equipment, net	20,592	23,911
Intangible assets, net	4,756	4,083
Other assets	3,234	5,285
Goodwill	30,069	30,069
	<u>68,651</u>	<u>63,358</u>
Total assets	<u>442,968</u>	<u>454,035</u>
Current liabilities		
Trade payables	9,817	7,314
Deferred revenues, other payables and accrued expenses	66,009	70,963
	<u>75,826</u>	<u>78,277</u>
Long-term liabilities		
	<u>33,445</u>	<u>31,905</u>
Shareholders' equity		
Share capital	654	660
Additional paid-in capital	294,084	307,100
Accumulated other comprehensive income	211	3,427
Treasury stock, at cost	(41,153)	(60,880)
Retained earnings	79,901	93,546
Total shareholders' equity	<u>333,697</u>	<u>343,853</u>
Total liabilities and shareholders' equity	<u>442,968</u>	<u>454,035</u>

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>2014</u> (Unaudited)	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2015</u> (Unaudited)
Revenues	53,055	56,027	104,065	113,251
Cost of revenues	<u>9,766</u>	<u>9,684</u>	<u>19,212</u>	<u>19,784</u>
Gross profit	<u>43,289</u>	<u>46,343</u>	<u>84,853</u>	<u>93,467</u>
Operating expenses:				
Research and development, net	10,972	12,239	21,530	24,190
Selling and marketing	23,092	22,082	45,504	45,662
General and administrative	<u>5,330</u>	<u>4,400</u>	<u>10,332</u>	<u>8,497</u>
Total operating expenses	<u>39,394</u>	<u>38,721</u>	<u>77,366</u>	<u>78,349</u>
Operating income	3,895	7,622	7,487	15,118
Financial income, net	<u>1,407</u>	<u>1,450</u>	<u>2,952</u>	<u>2,100</u>
Income before taxes on income	5,302	9,072	10,439	17,218
Taxes on income	<u>(1,355)</u>	<u>(1,886)</u>	<u>(2,409)</u>	<u>(3,573)</u>
Net Income	3,947	7,186	8,030	13,645
Basic net earnings per share	<u>\$0.09</u>	<u>\$0.16</u>	<u>\$0.18</u>	<u>\$0.29</u>
Weighted average number of shares used to compute basic net earnings per share	<u>45,075,338</u>	<u>46,304,373</u>	<u>45,009,869</u>	<u>46,350,151</u>
Diluted net earnings per share	<u>\$0.08</u>	<u>\$0.15</u>	<u>\$0.17</u>	<u>\$0.29</u>
Weighted average number of shares used to compute diluted net earnings per share	<u>46,750,581</u>	<u>47,659,321</u>	<u>46,810,391</u>	<u>47,552,869</u>

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>2014</u> (Unaudited)	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2015</u> (Unaudited)
GAAP net Income	<u>3,947</u>	<u>7,186</u>	<u>8,030</u>	<u>13,645</u>
Stock-based compensation expenses, included in:				
Cost of revenues	16	35	26	69
Research and development, net	287	644	546	1,262
Selling and marketing	717	1,017	1,311	1,906
General and administrative	<u>731</u>	<u>716</u>	<u>1,399</u>	<u>1,392</u>
	<u>1,751</u>	<u>2,412</u>	<u>3,282</u>	<u>4,629</u>
Amortization of intangible assets included in:				
Cost of revenues	245	294	564	607
Selling and marketing	<u>163</u>	<u>28</u>	<u>326</u>	<u>66</u>
	<u>408</u>	<u>322</u>	<u>890</u>	<u>673</u>
Exchange rate differences, net on balance sheet items included in financial income	<u>91</u>	<u>(107)</u>	<u>(40)</u>	<u>525</u>
Litigation Costs	<u>2,031</u>	<u>959</u>	<u>3,850</u>	<u>1,771</u>
Non-GAAP net income	<u>8,228</u>	<u>10,772</u>	<u>16,012</u>	<u>21,243</u>
Non-GAAP diluted net earnings per share	<u>\$0.18</u>	<u>\$0.23</u>	<u>\$0.34</u>	<u>\$0.45</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,750,581	47,659,321	46,810,391	47,552,869