

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

	<b>December 31, 2013</b>	<b>September 30, 2014</b>
	(Audited)	(Unaudited)
<b>Current assets</b>		
Cash and cash equivalents	20,067	24,468
Available-for-sale marketable securities	30,372	35,525
Short-term bank deposits	84,387	77,755
Trade receivables, net	24,911	28,874
Other receivables and prepaid expenses	6,323	10,463
Inventories	14,190	16,342
	<u>180,250</u>	<u>193,427</u>
Available-for-sale marketable securities	113,377	116,145
Long-term bank deposits	37,497	52,531
Severance pay funds	3,319	3,108
	<u>154,193</u>	<u>171,784</u>
Property and equipment, net	17,523	19,242
Intangible assets, net	5,070	3,780
Other assets	1,629	1,688
Goodwill	30,069	30,069
	<u>388,734</u>	<u>419,990</u>
<b>Current liabilities</b>		
Trade payables	8,798	10,997
Deferred revenues, other payables and accrued expenses	57,906	62,919
	<u>66,704</u>	<u>73,916</u>
<b>Long-term liabilities</b>		
	<u>27,910</u>	<u>31,326</u>
<b>Shareholders' equity</b>		
Share capital	611	634
Additional paid-in capital	262,809	279,059
Accumulated other comprehensive income	1,733	458
Treasury stock, at cost	(25,984)	(36,140)
Retained earnings	54,951	70,737
Total shareholders' equity	<u>294,120</u>	<u>314,748</u>
Total liabilities and shareholders' equity	<u>388,734</u>	<u>419,990</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>September 30,</u>		<u>For the Nine months ended</u> <u>September 30,</u>	
	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)
Revenues	48,022	56,795	139,970	160,860
Cost of revenues	<u>9,165</u>	<u>9,926</u>	<u>26,681</u>	<u>29,138</u>
Gross profit	<u>38,857</u>	<u>46,869</u>	<u>113,289</u>	<u>131,722</u>
Operating expenses:				
Research and development, net	10,147	11,306	30,260	32,836
Selling and marketing	20,928	23,157	60,887	68,661
General and administrative	<u>4,386</u>	<u>4,543</u>	<u>10,187</u>	<u>14,875</u>
Total operating expenses	<u>35,461</u>	<u>39,006</u>	<u>101,334</u>	<u>116,372</u>
Operating income	3,396	7,863	11,955	15,350
Financial income, net	<u>1,043</u>	<u>1,467</u>	<u>3,393</u>	<u>4,419</u>
Income before taxes on income	4,439	9,330	15,348	19,769
Taxes on income	<u>(1,537)</u>	<u>(1,574)</u>	<u>(3,015)</u>	<u>(3,983)</u>
Net Income	2,902	7,756	12,333	15,786
Basic net earnings per share	<u><b>\$0.06</b></u>	<u><b>\$0.17</b></u>	<u><b>\$0.28</b></u>	<u><b>\$0.35</b></u>
Weighted average number of shares used to compute basic net earnings per share	<u><b>44,832,480</b></u>	<u><b>45,068,021</b></u>	<u><b>44,763,111</b></u>	<u><b>45,029,319</b></u>
Diluted net earnings per share	<u><b>\$0.06</b></u>	<u><b>\$0.17</b></u>	<u><b>\$0.26</b></u>	<u><b>\$0.34</b></u>
Weighted average number of shares used to compute diluted net earnings per share	<u><b>46,572,938</b></u>	<u><b>46,586,698</b></u>	<u><b>46,756,705</b></u>	<u><b>46,735,893</b></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>September 30,</u>		<u>For the Nine months ended</u> <u>September 30,</u>	
	<u>2013</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Unaudited)</u>
GAAP net Income	<u>2,902</u>	<u>7,756</u>	<u>12,333</u>	<u>15,786</u>
Stock-based compensation expenses, included in:				
Cost of revenues	13	22	39	48
Research and development, net	455	463	1,128	1,009
Selling and marketing	636	779	1,883	2,090
General and administrative	<u>199</u>	<u>775</u>	<u>691</u>	<u>2,174</u>
	<u>1,303</u>	<u>2,039</u>	<u>3,741</u>	<u>5,321</u>
Amortization of intangible assets included in:				
Cost of revenues	549	245	1,615	809
Selling and marketing	<u>229</u>	<u>155</u>	<u>688</u>	<u>481</u>
	<u>778</u>	<u>400</u>	<u>2,303</u>	<u>1,290</u>
Exchange rate differences, net on balance sheet items included in finance expenses	<u>171</u>	<u>(97)</u>	<u>450</u>	<u>(137)</u>
Acquisition related expenses	<u>-</u>	<u>-</u>	<u>485</u>	<u>-</u>
Litigation Costs	<u>1,775</u>	<u>1,088</u>	<u>1,775</u>	<u>4,938</u>
Tax settlement	<u>835</u>	<u>-</u>	<u>835</u>	<u>-</u>
Non-GAAP net income	<u>7,764</u>	<u>11,186</u>	<u>21,922</u>	<u>27,198</u>
Non-GAAP diluted net earnings per share	<u>\$0.17</u>	<u>\$0.24</u>	<u>\$0.47</u>	<u>\$0.58</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,572,938	46,586,698	46,756,705	46,735,893