

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

	December 31, 2014	September 30, 2015 (Unaudited)
Current assets		
Cash and cash equivalents	44,979	20,755
Available-for-sale marketable securities	29,448	17,606
Short-term bank deposits	29,989	53,333
Trade receivables, net	25,637	24,181
Other receivables and prepaid expenses	8,107	8,792
Inventories	16,844	16,391
	155,004	141,058
Long-term investments		
Available-for-sale marketable securities	114,519	90,631
Long-term bank deposits	111,754	127,647
Severance pay funds	3,040	2,960
	229,313	221,238
Property and equipment, net	20,592	25,275
Intangible assets, net	4,756	3,801
Other assets	3,234	5,313
Goodwill	30,069	30,069
	442,968	426,754
Total assets		
Current liabilities		
Trade payables	9,817	6,026
Deferred revenues, other payables and accrued expenses	66,009	69,123
	75,826	75,149
Long-term liabilities		
	33,445	29,733
Shareholders' equity		
Share capital	654	661
Additional paid-in capital	294,084	310,410
Accumulated other comprehensive income	211	2,254
Treasury stock, at cost	(41,153)	(85,660)
Retained earnings	79,901	94,207
Total shareholders' equity	333,697	321,872
Total liabilities and shareholders' equity	442,968	426,754

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>2014</u> (Unaudited)	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2015</u> (Unaudited)
Revenues	56,795	48,059	160,860	161,310
Cost of revenues	<u>9,926</u>	<u>8,506</u>	<u>29,138</u>	<u>28,290</u>
Gross profit	<u>46,869</u>	<u>39,553</u>	<u>131,722</u>	<u>133,020</u>
Operating expenses:				
Research and development, net	11,306	12,825	32,836	37,015
Selling and marketing	23,157	22,739	68,661	68,401
General and administrative	<u>4,543</u>	<u>4,481</u>	<u>14,875</u>	<u>12,978</u>
Total operating expenses	<u>39,006</u>	<u>40,045</u>	<u>116,372</u>	<u>118,394</u>
Operating income (loss)	7,863	(492)	15,350	14,626
Financial income, net	<u>1,467</u>	<u>1,373</u>	<u>4,419</u>	<u>3,473</u>
Income before taxes on income	9,330	881	19,769	18,099
Taxes on income	<u>(1,574)</u>	<u>(220)</u>	<u>(3,983)</u>	<u>(3,793)</u>
Net Income	7,756	661	15,786	14,306
Basic net earnings per share	<u>\$0.17</u>	<u>\$0.01</u>	<u>\$0.35</u>	<u>\$0.31</u>
Weighted average number of shares used to compute basic net earnings per share	<u>45,068,021</u>	<u>45,842,187</u>	<u>45,029,319</u>	<u>46,180,689</u>
Diluted net earnings per share	<u>\$0.17</u>	<u>\$0.01</u>	<u>\$0.34</u>	<u>0.30</u>
Weighted average number of shares used to compute diluted net earnings per share	<u>46,586,698</u>	<u>46,557,853</u>	<u>46,735,893</u>	<u>47,221,057</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>2014</u> (Unaudited)	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2015</u> (Unaudited)
GAAP net Income	<u>7,756</u>	<u>661</u>	<u>15,786</u>	<u>14,306</u>
Stock-based compensation expenses, included in:				
Cost of revenues	22	30	48	99
Research and development, net	463	619	1,009	1,881
Selling and marketing	779	1,005	2,090	2,911
General and administrative	<u>775</u>	<u>790</u>	<u>2,174</u>	<u>2,182</u>
	<u>2,039</u>	<u>2,444</u>	<u>5,321</u>	<u>7,073</u>
Amortization of intangible assets included in:				
Cost of revenues	245	253	809	860
Selling and marketing	<u>155</u>	<u>29</u>	<u>481</u>	<u>95</u>
	<u>400</u>	<u>282</u>	<u>1,290</u>	<u>955</u>
Exchange rate differences, net on balance sheet items included in financial income	<u>(97)</u>	<u>535</u>	<u>(137)</u>	<u>1,059</u>
Litigation Costs	<u>1,088</u>	<u>868</u>	<u>4,938</u>	<u>2,639</u>
Non-GAAP net income	<u>11,186</u>	<u>4,790</u>	<u>27,198</u>	<u>26,032</u>
Non-GAAP diluted net earnings per share	<u>\$0.24</u>	<u>\$0.10</u>	<u>\$0.58</u>	<u>\$0.55</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,586,698	46,557,853	46,735,893	47,221,057