

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

	December 31, 2012	September 30, 2013
		(Unaudited)
Current assets		
Cash and cash equivalents	20,048	20,568
Available-for-sale marketable securities	14,004	29,491
Short-term bank deposits	54,155	40,835
Trade receivables, net	18,408	29,970
Other receivables and prepaid expenses	3,975	8,728
Inventories	12,545	13,835
	123,135	143,427
Available-for-sale marketable securities	121,114	104,373
Long-term bank deposits	65,625	75,568
	186,739	179,941
Property and equipment, net	13,589	16,899
Intangible assets, net	5,128	5,849
Other assets	4,594	4,783
Goodwill	24,465	30,069
	357,650	380,968
Current liabilities		
Trade payables	9,915	6,005
Deferred revenues, other payables and accrued expenses	56,605	61,139
	66,520	67,144
Long-term liabilities	19,900	24,396
Shareholders' equity		
Share capital	599	609
Additional paid-in capital	249,739	259,125
Accumulated other comprehensive income	2,078	1,349
Treasury stock, at cost	(18,082)	(20,884)
Retained earnings	36,896	49,229
Total shareholders' equity	271,230	289,428
Total liabilities and shareholders' equity	357,650	380,968

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>2012</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)
Revenues	47,510	48,022	139,333	139,970
Cost of revenues	<u>8,970</u>	<u>9,165</u>	<u>26,312</u>	<u>26,681</u>
Gross profit	<u>38,540</u>	<u>38,857</u>	<u>113,021</u>	<u>113,289</u>
Operating expenses:				
Research and development, net	9,124	10,147	27,219	30,260
Selling and marketing	19,040	20,928	56,744	60,887
General and administrative	<u>2,389</u>	<u>4,386</u>	<u>7,220</u>	<u>10,187</u>
Total operating expenses	<u>30,553</u>	<u>35,461</u>	<u>91,183</u>	<u>101,334</u>
Operating income	7,987	3,396	21,838	11,955
Financial income, net	<u>1,263</u>	<u>1,043</u>	<u>3,754</u>	<u>3,393</u>
Income before taxes on income	9,250	4,439	25,592	15,348
Taxes on income	<u>(1,028)</u>	<u>(1,537)</u>	<u>(2,946)</u>	<u>(3,015)</u>
Net Income	8,222	2,902	22,646	12,333
Basic net earnings per share	<u>\$0.19</u>	<u>\$0.06</u>	<u>\$0.52</u>	<u>\$0.28</u>
Weighted average number of shares used to compute basic net earnings per share	<u>43,955,562</u>	<u>44,832,480</u>	<u>43,557,316</u>	<u>44,763,111</u>
Diluted net earnings per share	<u>\$0.18</u>	<u>\$0.06</u>	<u>\$0.49</u>	<u>\$0.26</u>
Weighted average number of shares used to compute diluted net earnings per share	<u>46,642,794</u>	<u>46,572,938</u>	<u>46,560,588</u>	<u>46,756,705</u>

*) On April 12, 2013, the Company affected a stock split of the Company's ordinary shares of two (2) for one (1). The earnings per share amounts and the share data presented for all prior periods were restated to reflect the effects of the stock split.

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>2012</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2012</u> (Unaudited)	<u>2013</u> (Unaudited)
GAAP net Income	<u>8,222</u>	<u>2,902</u>	<u>22,646</u>	<u>12,333</u>
Stock-based compensation expenses, included in:				
Cost of revenues	17	13	55	39
Research and development	284	455	891	1,128
Selling and marketing	873	636	2,699	1,883
General and administrative	<u>192</u>	<u>199</u>	<u>720</u>	<u>691</u>
	<u>1,366</u>	<u>1,303</u>	<u>4,365</u>	<u>3,741</u>
Amortization of intangible assets included in:				
Cost of revenues	467	549	1,402	1,615
Selling and marketing	<u>291</u>	<u>229</u>	<u>874</u>	<u>688</u>
	<u>758</u>	<u>778</u>	<u>2,276</u>	<u>2,303</u>
Exchange rate differences, net on balance sheet items included in finance expenses	<u>59</u>	<u>171</u>	<u>78</u>	<u>450</u>
Acquisition related expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>485</u>
Litigation costs	<u>-</u>	<u>1,775</u>	<u>-</u>	<u>1,775</u>
Tax settlement	<u>-</u>	<u>835</u>	<u>-</u>	<u>835</u>
Non-GAAP net income	<u>10,405</u>	<u>7,764</u>	<u>29,365</u>	<u>21,922</u>
Non-GAAP diluted net earnings per share	<u>\$0.22</u>	<u>\$0.17</u>	<u>\$0.63</u>	<u>\$0.47</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,642,794	46,572,938	46,560,588	46,756,705

*) On April 12, 2013, the Company effected a stock split of the Company's ordinary shares of two (2) for one (1). The earnings per share amounts and the share data presented for all prior periods were restated to reflect the effects of the stock split.