

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

	December 31, 2013	December 31, 2014
	(Audited)	(Unaudited)
Current assets		
Cash and cash equivalents	20,067	44,979
Available-for-sale marketable securities	30,372	29,448
Short term bank deposits	84,387	29,989
Trade receivables, net	24,911	25,637
Other receivables and prepaid expenses	6,323	8,242
Inventories	14,190	16,844
	<u>180,250</u>	<u>155,139</u>
Long-term investments		
Available-for-sale marketable securities	113,377	114,519
Long-term bank deposits	37,497	111,754
Severance pay funds	3,319	3,040
	<u>154,193</u>	<u>229,313</u>
Property and equipment, net	17,523	20,592
Intangible assets, net	5,070	4,756
Other long-term assets	1,629	3,572
Goodwill	30,069	30,069
	<u>388,734</u>	<u>443,441</u>
Total assets		
Current liabilities		
Trade payables	8,798	9,817
Deferred revenues	38,674	41,966
Other payables and accrued expenses	19,232	24,340
	<u>66,704</u>	<u>76,123</u>
Long-term liabilities		
Deferred revenues	20,036	25,382
Other long term liabilities	7,874	8,239
	<u>27,910</u>	<u>33,621</u>
Shareholders' equity		
Share capital	611	654
Additional paid-in capital	262,809	294,084
Accumulated other comprehensive income	1,733	211
Treasury stock, at cost	(25,984)	(41,153)
Retained earnings	54,951	79,901
Total shareholders' equity	<u>294,120</u>	<u>333,697</u>
Total liabilities and shareholders' equity	<u>388,734</u>	<u>443,441</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>December 31,</u>		<u>For the Year ended</u> <u>December 31,</u>	
	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2013</u> (Audited)	<u>2014</u> (Unaudited)
Revenues	53,027	61,032	192,997	221,892
Cost of revenues	<u>(10,054)</u>	<u>(10,594)</u>	<u>(36,735)</u>	<u>(39,732)</u>
Gross profit	<u>42,973</u>	<u>50,438</u>	<u>156,262</u>	<u>182,160</u>
Operating expenses:				
Research and development, net	10,723	11,245	40,983	44,081
Selling and marketing	21,928	24,542	82,815	93,203
General and administrative	<u>4,708</u>	<u>4,922</u>	<u>14,895</u>	<u>19,797</u>
Total operating expenses	<u>37,359</u>	<u>40,709</u>	<u>138,693</u>	<u>157,081</u>
Operating income	5,614	9,729	17,569	25,079
Financial income, net	<u>1,101</u>	<u>1,383</u>	<u>4,494</u>	<u>5,802</u>
Income before income taxes	6,715	11,112	22,063	30,881
Income taxes	<u>(993)</u>	<u>(1,948)</u>	<u>(4,008)</u>	<u>(5,931)</u>
Net income	<u>5,722</u>	<u>9,164</u>	<u>18,055</u>	<u>24,950</u>
Basic net earnings per share	<u>\$ 0.13</u>	<u>\$ 0.20</u>	<u>\$ 0.40</u>	<u>\$ 0.55</u>
Weighted average number of shares used to compute basic net earnings per share	44,749,807	46,138,320	44,760,197	45,308,554
Diluted net earnings per share	<u>\$ 0.12</u>	<u>\$ 0.19</u>	<u>\$ 0.39</u>	<u>\$ 0.53</u>
Weighted average number of shares used to compute diluted net earnings per share	46,595,955	47,362,844	46,716,929	46,894,615

Reconciliation of Supplemental Financial Information
(U.S. Dollars in thousands, except share and per share data)

	<u>For the Three months ended</u> <u>December 31,</u>		<u>For the Year</u> <u>ended December 31,</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	5,722	9,164	18,055	24,950
Stock-based compensation expenses, included in:				
Cost of revenues	14	31	53	79
Research and development	434	412	1,562	1,421
Selling and marketing	667	860	2,550	2,950
General and administrative	<u>516</u>	<u>758</u>	<u>1,207</u>	<u>2,932</u>
	<u>1,631</u>	<u>2,061</u>	<u>5,372</u>	<u>7,382</u>
Amortization of intangible assets included in:				
Cost of revenues	550	244	2,165	1,053
Selling and marketing	<u>229</u>	<u>155</u>	<u>917</u>	<u>636</u>
	<u>779</u>	<u>399</u>	<u>3,082</u>	<u>1,689</u>
Exchange rate differences, net on balance sheet items included in financial income, net	<u>253</u>	<u>(26)</u>	<u>703</u>	<u>(163)</u>
Acquisition related expenses	-	-	<u>485</u>	-
Litigation costs	<u>1,695</u>	<u>1,480</u>	<u>3,470</u>	<u>6,418</u>
Tax settlement	-	-	<u>835</u>	-
Non-GAAP net income	<u>10,080</u>	<u>13,078</u>	<u>32,002</u>	<u>40,276</u>
Non-GAAP diluted net earnings per share	<u>\$ 0.22</u>	<u>\$ 0.28</u>	<u>\$ 0.69</u>	<u>\$ 0.86</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,595,955	47,362,844	46,716,929	46,894,615