

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

	December 31, 2010	December 31, 2011
	(Audited)	(Unaudited)
Current assets		
Cash and cash equivalents	15,284	17,386
Available-for-sale marketable securities	24,200	10,334
Short term bank deposits	51,441	88,773
Trade receivables, net	16,543	12,565
Other receivables and prepaid expenses	3,402	3,625
Inventories	9,722	12,147
	120,592	144,830
Long-term investments		
Available-for-sale marketable securities	82,864	102,644
Long-term bank deposits	5,000	-
Severance pay funds	3,342	3,047
	91,206	105,691
 Property and equipment, net	 11,801	 11,084
Other assets		
Intangible assets, net	12,011	8,163
Deferred tax asset, net	41	811
Other long-term assets	519	554
Goodwill	24,465	24,465
	260,635	295,598
Total assets	260,635	295,598
Current liabilities		
Trade payables	5,913	5,099
Deferred revenues	32,907	28,593
Other payables and accrued expenses	14,316	15,139
	53,136	48,831
Long-term liabilities		
Deferred revenues	18,610	23,901
Accrued severance pay	3,899	3,545
	22,509	27,446
Shareholders' equity		
Share capital	506	528
Additional paid-in capital	218,593	233,353
Accumulated other comprehensive income (loss)	125	(1,663)
Treasury stock, at cost	(18,036)	(18,036)
Retained earnings (accumulated deficit)	(16,198)	5,139
Total shareholders' equity	184,990	219,321
 Total liabilities and shareholders' equity	 260,635	 295,598

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>2010</u> (Unaudited)	<u>2011</u> (Unaudited)	<u>2010</u> (Audited)	<u>2011</u> (Unaudited)
Revenues	39,054	45,090	144,119	167,020
Cost of revenues	<u>7,968</u>	<u>8,626</u>	<u>29,204</u>	<u>33,357</u>
Gross profit	<u>31,086</u>	<u>36,464</u>	<u>114,915</u>	<u>133,663</u>
Operating expenses:				
Research and development	8,280	9,146	31,660	36,064
Selling and marketing	16,947	18,516	64,609	69,543
General and administrative	<u>2,534</u>	<u>2,501</u>	<u>10,190</u>	<u>9,629</u>
Total operating expenses	<u>27,761</u>	<u>30,163</u>	<u>106,459</u>	<u>115,236</u>
Operating income	3,325	6,301	8,456	18,427
Financial income, net	<u>855</u>	<u>787</u>	<u>2,057</u>	<u>4,200</u>
Income before income taxes	4,180	7,088	10,513	22,627
Income taxes	<u>(256)</u>	<u>(468)</u>	<u>(879)</u>	<u>(1,290)</u>
Net income	<u>3,924</u>	<u>6,620</u>	<u>9,634</u>	<u>21,337</u>
Basic net earnings per share	<u>\$ 0.19</u>	<u>\$ 0.31</u>	<u>\$ 0.49</u>	<u>\$ 1.02</u>
Weighted average number of shares used to compute basic net earnings per share	20,360,557	21,149,334	19,557,545	20,952,866
Diluted net earnings per share	<u>\$ 0.17</u>	<u>\$ 0.29</u>	<u>\$ 0.44</u>	<u>\$ 0.93</u>
Weighted average number of shares used to compute diluted net earnings per share	22,796,721	22,716,083	21,733,638	22,888,064

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>2010</u> <u>(Unaudited)</u>	<u>2011</u> <u>(Unaudited)</u>	<u>2010</u> <u>(Unaudited)</u>	<u>2011</u> <u>(Unaudited)</u>
GAAP net income	3,924	6,620	9,634	21,337
Stock-based compensation expenses, included in:				
Cost of revenues	16	20	63	66
Research and development	304	337	1,247	1,124
Selling and marketing	627	1,013	2,393	3,135
General and administrative	409	261	1,789	1,133
	<u>1,356</u>	<u>1,631</u>	<u>5,492</u>	<u>5,458</u>
Amortization of intangible assets included in:				
Cost of revenues	540	541	1,757	2,164
Selling and marketing	531	421	2,284	1,684
	<u>1,071</u>	<u>962</u>	<u>4,041</u>	<u>3,848</u>
Exchange rate differences, net on balance sheet items included in financial income, net	212	306	921	43
Non-GAAP net income	<u>6,563</u>	<u>9,519</u>	<u>20,088</u>	<u>30,686</u>
Non-GAAP diluted net earnings per share	<u>\$ 0.29</u>	<u>\$ 0.42</u>	<u>\$ 0.92</u>	<u>\$ 1.34</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	22,796,721	22,716,083	21,733,638	22,888,064