

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

	<b>December 31,</b> <b>2012</b>	<b>December 31,</b> <b>2013</b>
	(Audited)	(Unaudited)
<b>Current assets</b>		
Cash and cash equivalents	20,048	20,067
Available-for-sale marketable securities	14,004	30,372
Short term bank deposits	54,155	84,387
Trade receivables, net	18,408	24,911
Other receivables and prepaid expenses	3,975	6,323
Inventories	12,545	14,190
	123,135	180,250
<b>Long-term investments</b>		
Available-for-sale marketable securities	121,114	113,377
Long-term bank deposits	65,625	37,497
Severance pay funds	2,957	3,319
	189,696	154,193
Property and equipment, net	13,589	17,523
Intangible assets, net	5,128	5,070
Other long-term assets	1,637	1,629
Goodwill	24,465	30,069
	357,650	388,734
<b>Total assets</b>	<b>357,650</b>	<b>388,734</b>
<b>Current liabilities</b>		
Trade payables	9,915	8,798
Deferred revenues	36,304	38,674
Other payables and accrued expenses	14,913	19,232
	61,132	66,704
<b>Long-term liabilities</b>		
Deferred revenues	16,486	20,036
Other long term Liabilities	8,802	7,874
	25,288	27,910
<b>Shareholders' equity</b>		
Share capital	599	611
Additional paid-in capital	249,739	262,809
Accumulated other comprehensive income	2,078	1,733
Treasury stock, at cost	(18,082)	(25,984)
Retained earnings	36,896	54,951
Total shareholders' equity	271,230	294,120
<b>Total liabilities and shareholders' equity</b>	<b>357,650</b>	<b>388,734</b>

**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>2012</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2012</u> (Audited)	<u>2013</u> (Unaudited)
Revenues	49,838	53,027	189,171	192,997
Cost of revenues	<u>(9,407)</u>	<u>(10,054)</u>	<u>(35,719)</u>	<u>(36,735)</u>
Gross profit	<u>40,431</u>	<u>42,973</u>	<u>153,452</u>	<u>156,262</u>
Operating expenses:				
Research and development, net	8,968	10,723	36,187	40,983
Selling and marketing	19,902	21,928	76,646	82,815
General and administrative	<u>2,476</u>	<u>4,708</u>	<u>9,696</u>	<u>14,895</u>
Total operating expenses	<u>31,346</u>	<u>37,359</u>	<u>122,529</u>	<u>138,693</u>
Operating income	9,085	5,614	30,923	17,569
Financial income, net	<u>1,038</u>	<u>1,101</u>	<u>4,792</u>	<u>4,494</u>
Income before income taxes	10,123	6,715	35,715	22,063
Income taxes	<u>(1,012)</u>	<u>(993)</u>	<u>(3,958)</u>	<u>(4,008)</u>
Net income	<u>9,111</u>	<u>5,722</u>	<u>31,757</u>	<u>18,055</u>
Basic net earnings per share	<u>\$ 0.21</u>	<u>\$ 0.13</u>	<u>\$ 0.73</u>	<u>\$ 0.40</u>
Weighted average number of shares used to compute basic net earnings per share	44,160,896	44,749,807	43,709,278	44,760,197
Diluted net earnings per share	<u>\$ 0.20</u>	<u>\$ 0.12</u>	<u>\$ 0.68</u>	<u>\$ 0.39</u>
Weighted average number of shares used to compute diluted net earnings per share	46,670,422	46,595,955	46,588,894	46,716,929

\*) 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.

**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>2012</u> <u>(Unaudited)</u>	<u>2013</u> <u>(Unaudited)</u>	<u>2012</u> <u>(Unaudited)</u>	<u>2013</u> <u>(Unaudited)</u>
GAAP net income	9,111	5,722	31,757	18,055
Stock-based compensation expenses, included in:				
Cost of revenues	11	14	66	53
Research and development	212	434	1,103	1,562
Selling and marketing	599	667	3,298	2,550
General and administrative	<u>196</u>	<u>516</u>	<u>916</u>	<u>1,207</u>
	<u>1,018</u>	<u>1,631</u>	<u>5,383</u>	<u>5,372</u>
Amortization of intangible assets included in:				
Cost of revenues	467	550	1,869	2,165
Selling and marketing	<u>292</u>	<u>229</u>	<u>1,166</u>	<u>917</u>
	<u>759</u>	<u>779</u>	<u>3,035</u>	<u>3,082</u>
Exchange rate differences, net on balance sheet items included in financial income, net	<u>277</u>	<u>253</u>	<u>355</u>	<u>703</u>
Acquisition related expenses	-	-	-	<u>485</u>
Litigation costs	-	<u>1,695</u>	-	<u>3,470</u>
Tax settlement	-	-	-	<u>835</u>
Non-GAAP net income	<u>11,165</u>	<u>10,080</u>	<u>40,530</u>	<u>32,002</u>
Non-GAAP diluted net earnings per share	<u>\$ 0.24</u>	<u>\$ 0.22</u>	<u>\$ 0.87</u>	<u>\$ 0.69</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,670,422	46,595,955	46,588,894	46,716,929

\*) 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.