

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

	<b>December 31, 2012</b>	<b>March 31, 2013</b>
		(Unaudited)
<b>Current assets</b>		
Cash and cash equivalents	20,048	15,375
Available-for-sale marketable securities	14,004	18,849
Short-term bank deposits	54,155	28,556
Trade receivables, net	18,408	20,740
Other receivables and prepaid expenses	3,975	5,264
Inventories	12,545	13,254
	123,135	102,038
<b>Long-term investments</b>		
Available-for-sale marketable securities	121,114	114,168
Long-term bank deposits	65,625	96,696
Severance pay funds	2,957	3,088
	189,696	213,952
Property and equipment, net	13,589	14,664
Intangible assets, net	5,128	7,423
Other long-term assets	1,637	1,631
Goodwill	24,465	30,069
	357,650	369,777
<b>Total assets</b>		
<b>Current liabilities</b>		
Trade payables	9,915	6,365
Deferred revenues, other payables and accrued expenses	56,605	62,180
	66,520	68,545
<b>Long-term liabilities</b>	19,900	21,690
<b>Shareholders' equity</b>		
Share capital	599	605
Additional paid-in capital	249,739	253,558
Accumulated other comprehensive income	2,078	2,079
Treasury stock, at cost	(18,082)	(18,082)
Retained earnings	36,896	41,382
Total shareholders' equity	271,230	279,542
<b>Total liabilities and shareholders' equity</b>	357,650	369,777

**Condensed Consolidated Statements of Income**  
**(U.S. Dollars in thousands, except share and per share data)**

**For the Three months ended**  
**March 31,**

	<b><u>2012</u></b>	<b><u>2013</u></b>
	(Unaudited)	(Unaudited)
Revenues	45,021	45,126
Cost of revenues	<u>8,532</u>	<u>8,580</u>
Gross profit	<u>36,489</u>	<u>36,546</u>
Operating expenses:		
Research and development, net	9,152	9,869
Selling and marketing	18,687	19,540
General and administrative	<u>2,404</u>	<u>3,010</u>
Total operating expenses	<u>30,243</u>	<u>32,419</u>
Operating income	6,246	4,127
Financial income, net	<u>1,502</u>	<u>1,115</u>
Income before taxes on income	7,748	5,242
Taxes on income	<u>(875)</u>	<u>(756)</u>
Net income	<u>6,873</u>	<u>4,486</u>
Basic net earnings per share *)	<b><u>\$ 0.16</u></b>	<b><u>\$ 0.10</u></b>
Weighted average number of shares used to compute basic net earnings per share*)	42,989,414	44,615,888
Diluted net earnings per share *)	<b><u>\$ 0.15</u></b>	<b><u>\$ 0.10</u></b>
Weighted average number of shares used to compute diluted net earnings per share*)	46,232,222	46,995,738

\*) On April 12, 2013, the Company effected a stock split of the Company's ordinary shares of two (2) for one (1). The earning 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)**

**For the Three months ended**

**March 31,**

**2012**

**2013**

(Unaudited)

(Unaudited)

GAAP net income	<u>6,873</u>	<u>4,486</u>
Stock-based compensation expenses, included in:		
Cost of revenues	21	14
Research and development	328	271
Selling and marketing	966	607
General and administrative	<u>274</u>	<u>234</u>
	<u>1,589</u>	<u>1,126</u>
Amortization of intangible assets included in:		
Cost of revenues	468	516
Selling and marketing	<u>291</u>	<u>210</u>
	<u>759</u>	<u>726</u>
Exchange rate differences, net on balance sheet items included in finance income	<u>(268)</u>	<u>216</u>
Acquisition related expenses	<u>-</u>	<u>485</u>
Non-GAAP net income	<u>8,953</u>	<u>7,039</u>
Non-GAAP diluted net earnings per share*)	<u><b>\$ 0.19</b></u>	<u><b>\$ 0.15</b></u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share *)	46,232,222	46,995,738

\*) 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.