

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

	December 31, 2013	June 30, 2014
	(Audited)	(Unaudited)
Current assets		
Cash and cash equivalents	20,067	20,062
Available-for-sale marketable securities	30,372	36,434
Short-term bank deposits	84,387	108,316
Trade receivables, net	24,911	18,360
Other receivables and prepaid expenses	6,323	9,657
Inventories	14,190	14,976
	<u>180,250</u>	<u>207,805</u>
Available-for-sale marketable securities	113,377	124,028
Long-term bank deposits	37,497	20,590
Severance pay funds	3,319	3,316
	<u>154,193</u>	<u>147,934</u>
Property and equipment, net	17,523	17,858
Intangible assets, net	5,070	4,180
Other assets	1,629	1,697
Goodwill	30,069	30,069
	<u>388,734</u>	<u>409,543</u>
Total assets		
Current liabilities		
Trade payables	8,798	8,609
Deferred revenues, other payables and accrued expenses	57,906	65,195
	<u>66,704</u>	<u>73,804</u>
Long-term liabilities	<u>27,910</u>	<u>30,120</u>
Shareholders' equity		
Share capital	611	620
Additional paid-in capital	262,809	272,114
Accumulated other comprehensive income	1,733	1,522
Treasury stock, at cost	(25,984)	(31,618)
Retained earnings	54,951	62,981
Total shareholders' equity	<u>294,120</u>	<u>305,619</u>
Total liabilities and shareholders' equity	<u>388,734</u>	<u>409,543</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>June 30,</u>		<u>For the Six months ended</u> <u>June 30,</u>	
	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)
Revenues	46,822	53,055	91,948	104,065
Cost of revenues	<u>8,936</u>	<u>9,766</u>	<u>17,516</u>	<u>19,212</u>
Gross profit	<u>37,886</u>	<u>43,289</u>	<u>74,432</u>	<u>84,853</u>
Operating expenses:				
Research and development, net	10,244	10,972	20,113	21,530
Selling and marketing	20,419	23,092	39,959	45,504
General and administrative	<u>2,791</u>	<u>5,330</u>	<u>5,801</u>	<u>10,332</u>
Total operating expenses	<u>33,454</u>	<u>39,394</u>	<u>65,873</u>	<u>77,366</u>
Operating income	4,432	3,895	8,559	7,487
Financial income, net	<u>1,235</u>	<u>1,407</u>	<u>2,350</u>	<u>2,952</u>
Income before taxes on income	5,667	5,302	10,909	10,439
Taxes on income	<u>(722)</u>	<u>(1,355)</u>	<u>(1,478)</u>	<u>(2,409)</u>
Net Income	4,945	3,947	9,431	8,030
Basic net earnings per share	<u>\$0.11</u>	<u>\$0.09</u>	<u>\$0.21</u>	<u>\$0.18</u>
Weighted average number of shares used to compute basic net earnings per share	<u>44,828,701</u>	<u>45,075,338</u>	<u>44,728,138</u>	<u>45,009,869</u>
Diluted net earnings per share	<u>\$0.11</u>	<u>\$0.08</u>	<u>\$0.20</u>	<u>\$0.17</u>
Weighted average number of shares used to compute diluted net earnings per share	<u>46,689,174</u>	<u>46,750,581</u>	<u>46,848,299</u>	<u>46,810,391</u>

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

	<u>For the Three months ended</u> <u>June 30,</u>		<u>For the Six months ended</u> <u>June 30,</u>	
	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)	<u>2013</u> (Unaudited)	<u>2014</u> (Unaudited)
GAAP net Income	<u>4,945</u>	<u>3,947</u>	<u>9,431</u>	<u>8,030</u>
Stock-based compensation expenses, included in:				
Cost of revenues	12	16	26	26
Research and development, net	402	287	673	546
Selling and marketing	640	717	1,247	1,311
General and administrative	<u>258</u>	<u>731</u>	<u>492</u>	<u>1,399</u>
	<u>1,312</u>	<u>1,751</u>	<u>2,438</u>	<u>3,282</u>
Amortization of intangible assets included in:				
Cost of revenues	550	245	1,066	564
Selling and marketing	<u>249</u>	<u>163</u>	<u>459</u>	<u>326</u>
	<u>799</u>	<u>408</u>	<u>1,525</u>	<u>890</u>
Exchange rate differences, net on balance sheet items included in finance expenses	<u>63</u>	<u>91</u>	<u>279</u>	<u>(40)</u>
Acquisition related expenses	<u>-</u>	<u>-</u>	<u>485</u>	<u>-</u>
Litigation Costs	<u>-</u>	<u>2,031</u>	<u>-</u>	<u>3,850</u>
Non-GAAP net income	<u>7,119</u>	<u>8,228</u>	<u>14,158</u>	<u>16,012</u>
Non-GAAP diluted net earnings per share	<u>\$0.15</u>	<u>\$0.18</u>	<u>\$0.30</u>	<u>\$0.34</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,689,174	46,750,581	46,848,299	46,810,391