

SAPIENS INTERNATIONAL CORPORATION N.V.
Condensed Consolidated Balance Sheets
(U.S. Dollars in thousands)

	31/12/2005	31/12/2004
Assets		
Cash and cash equivalents	\$ 6,699	\$ 10,942
Short-term investments	5,337	11,157
Trade receivables, net	8,339	10,028
Other current assets	1,621	4,013
Total current assets	21,996	36,140
Property and equipment, net	1,716	2,382
Other assets, net	28,154	30,212
Total assets	\$ 51,866	\$ 68,734
Liabilities and shareholders' equity		
Short-term bank credit and current maturities		
of long-term debt and convertible debentures	\$ 17,112	\$ 18,873
Trade payables	1,910	2,718
Other liabilities and accrued expenses	8,742	8,558
Deferred revenue	4,867	3,224
Total current liabilities	32,631	33,373
Long-term debt and other long-term liabilities	1,584	5,035
Convertible debentures and warrants	14,019	18,246
Shareholders' equity	3,632	12,080
Total liabilities and shareholders' equity	\$ 51,866	\$ 68,734

Note: Certain prior year's amounts have been reclassified to conform with current year presentation

SAPIENS INTERNATIONAL CORPORATION N.V.
Condensed Consolidated Statements of Income
(U.S. Dollars in thousands, except per share amounts)

	For the three months ended		For the year ended	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Revenues				
Products	\$ 4,833	\$ 6,716	\$ 19,802	\$ 26,781
Consulting and other services	4,938	5,313	19,602	21,023
Total revenues	9,771	12,029	39,404	47,804
Cost of revenues				
Products	3,696	3,845	14,619	16,578
Consulting and other services	2,571	2,903	10,227	10,186
Impairment of capitalized software development costs	-	901	-	901
Total cost of revenues	6,267	7,649	24,846	27,665
Gross Profit	3,504	4,380	14,558	20,139
Operating expenses				
Research and development, net	480	582	2,723	2,531
Selling, marketing, general and administrative	3,987	4,626	16,245	19,260
Restructuring expenses	-	-	1,113	-
Operating Loss	963	828	5,523	1,652
Financial expenses, net	407	725	1,788	2,410
Other expenses, net *	1,747	147	1,788	780
Net Loss	3,117	1,700	9,099	4,842
Settlement of redeemable shares in a subsidiary	-	-	-	299
Net Loss to shareholders of common shares	\$ 3,117	\$ 1,700	\$ 9,099	\$ 5,141
Basic and diluted loss per share	\$ 0.25	\$ 0.15	\$ 0.76	\$ 0.46
Weighted average shares used to compute - basic and diluted loss per share	12,492	11,449	11,982	11,273

Note * Includes taxes and minority interest