





## SAPIENS INTERNATIONAL CORPORATION N.V.

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

	6/30/2006	12/31/2005
	Unaudited	
<b>Assets</b>		
Cash and cash equivalents	\$ 4,332	\$ 6,699
Short-term investments	4,304	5,337
Trade receivables, net	13,733	8,339
Other current assets	2,198	1,620
<b>Total current assets</b>	<b>24,567</b>	<b>21,995</b>
Property and equipment, net	1,666	1,716
Other assets, net	28,495	28,155
<b>Total assets</b>	<b>\$ 54,728</b>	<b>\$ 51,866</b>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 19,077	\$ 19,112
Trade payables	3,105	1,910
Deferred revenue	5,197	4,867
Other liabilities and accrued expenses	8,305	6,742
<b>Total current liabilities</b>	<b>35,684</b>	<b>32,631</b>
Long-term debt and other long-term liabilities	2,796	1,584
Convertible debentures and warrants	14,167	14,019
Shareholders' equity	2,081	3,632
<b>Total liabilities and shareholders' equity</b>	<b>\$ 54,728</b>	<b>\$ 51,866</b>



## SAPIENS INTERNATIONAL CORPORATION N.V.

Unaudited Condensed Consolidated Statements of Operations  
(U.S. Dollars in thousands, except per share amounts)

	For the three months ended		For the six months ended	
	6/30/2006	6/30/2005	6/30/2006	6/30/2005
<b>Revenues</b>				
Products	\$ 5,785	\$ 3,085	\$ 10,185	\$ 6,100
Consulting and other services	5,879	6,526	11,956	13,613
Total revenues	11,664	9,611	22,141	19,713
<b>Cost of revenues</b>				
Products	4,246	2,351	7,709	5,137
Consulting and other services	3,436	3,426	6,503	7,267
Total cost of revenues	7,682	5,777	14,212	12,404
<b>Gross Profit</b>	3,982	3,834	7,929	7,309
<b>Operating expenses</b>				
Research and development, net	560	839	1,286	1,467
Selling, marketing, general and administrative	3,378	4,235	6,683	8,614
Restructuring expenses	21	88	656	846
<b>Operating Profit (Loss)</b>	23	(1,328)	(696)	(3,618)
Financial expenses, net	639	405	1,214	776
Other expenses (income), net (b)	41	2	94	(41)
<b>Net Loss</b>	\$ 657	\$ 1,735	\$ 2,004	\$ 4,353
Basic and diluted net loss per share (c)	\$ 0.05	\$ 0.15	\$ 0.16	\$ 0.38
Weighted average number of shares used to compute basic and diluted loss per share (c)	12,510	11,495	12,510	11,472

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

b: Includes mainly taxes on income and minority interest

c: Due to the net loss in 2005 and 2006 the inclusion of dilutive securities would be antidilutive