

Consolidated Balance Sheets
(US Dollars in Thousands)

	June 30, 2007	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$12,316	\$8,162
Short term deposits	81	69
Short term marketable securities	4,611	4,649
	<hr/>	<hr/>
	17,008	12,880
Accounts receivables		
Trade receivables	12,577	12,365
Other receivables and prepaid expenses	3,585	2,472
Inventory	232	328
	<hr/>	<hr/>
	33,402	28,045
<i>Total current assets</i>		
	<hr/>	<hr/>
Severance pay fund	2,062	2,176
Long term deposits	540	576
Investments in affiliated companies	193	213
Fixed assets, net	6,234	6,414
Goodwill	21,521	21,624
Other assets, net	10,912	10,863
	<hr/>	<hr/>
	\$74,864	\$69,911
<i>Total assets</i>		
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Short-term bank credit	\$4,107	\$4,514
Trade payables	3,687	3,491
Accrued expenses and other liabilities	14,642	11,399
Total current liabilities	<hr/>	<hr/>
	22,436	19,404
Long-term loans		
	234	233
Accrued severance pay	2,382	2,499
Minority interests	130	131
Shareholders' equity		
Share capital	838	834
Capital surplus	105,251	105,038
Treasury stock	(6,772)	(6,772)
Accumulated deficit	(49,635)	(51,456)
Total shareholders' equity	<hr/>	<hr/>
	\$49,682	\$47,644
Total liabilities and shareholders' equity	<hr/>	<hr/>
	\$74,864	\$69,911

Unaudited Consolidated Statement of Operations

(US Dollars in Thousands)

	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
Revenues				
Software sales	\$3,476	\$3,930	\$7,047	\$8,776
Applications	1,615	1,776	3,508	3,182
Maintenance and support	4,071	3,848	8,009	7,334
Consultancy & other services	7,657	5,598	14,608	11,126
Total Revenues	\$16,819	\$15,152	\$33,172	\$30,418
Cost of Revenues				
Software sales	\$769	\$988	\$1,739	\$1,810
Applications	794	742	1,573	1,618
Maintenance and support	599	969	1,281	1,910
Consultancy & other services	5,555	4,379	10,791	8,531
Total Cost of Revenues	\$7,717	\$7,078	15,384	13,869
Gross Profit	\$9,102	\$8,074	\$17,788	\$16,549
Research & development, net	1,029	911	2,096	1,777
Sales, marketing, and general & administrative expenses	6,683	8,134	12,894	15,419
Depreciation	379	418	734	906
Operating profit (loss)	\$1,011	(\$1,389)	\$2,064	(\$1,553)
Financial income (expenses), net	(11)	167	118	96
Income (loss) before taxes	1,000	(1,222)	2,182	(1,457)
Taxes on income	156	139	343	186
Income (loss) before minority interests	844	(1,361)	1,839	(1,643)
Minority interests in income (loss) of subsidiaries	2	12	2	68
Equity gain (loss)	(30)	11	(20)	69
Net Income	\$816	(\$1,338)	\$1,821	(\$1,506)
Basic profit (loss) per Share	\$0.03	(\$0.04)	\$0.06	(\$0.05)
Diluted profit (loss) per Share	\$0.03	(\$0.04)	\$0.06	(\$0.05)
Basic Weighted Avg. Shares Outstanding (000)	31,420	31,146	31,383	31,120
Diluted Weighted Avg. Shares Outstanding (000)	31,955	31,146	31,999	31,120