

# SAPIENS INTERNATIONAL CORPORATION N.V.

## Condensed Consolidated Statements of Income

(U.S. Dollars in thousands, except per share amounts)

	For the three months ended	
	03/31/2005	03/31/2004
<b>Revenues</b>		
Products	\$ 4,952	\$ 7,721
Consulting and other services	5,150	4,844
Total revenues	<u>10,102</u>	<u>12,565</u>
<b>Cost of revenues</b>		
Products	3,758	4,373
Consulting and other services	2,869	2,456
Total cost of revenues	<u>6,627</u>	<u>6,829</u>
<b>Gross Profit</b>	3,475	5,736
<b>Operating expenses</b>		
Research and development, net	628	522
Selling, marketing, general and administrative	4,379	5,563
Restructuring expenses	758	
<b>Operating Loss</b>	(2,290)	(349)
Financial expenses, net	(371)	(650)
Other income (expenses), net (a)	43	(345)
<b>Net Loss</b>	<u>\$ (2,618)</u>	<u>\$ (1,344)</u>
Basic and diluted earnings (loss) per share (b)	<u>\$ (0.23)</u>	<u>\$ (0.13)</u>
Weighted average number of shares used to compute		
Basic earnings (loss) per share	11,449	10,747
Diluted earnings (loss) per share (b)	11,449	10,747

Note a: Includes taxes and minority interest

b: Due to the net loss in 2004 and 2005 the inclusion of dilutive securities would be antidilutive.

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## Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>31-03-05</u>	<u>31-12-04</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,018	\$ 10,942
Short-term investments	9,171	11,156
	<u>17,189</u>	<u>22,098</u>
Trade receivables, net	9,417	10,029
Other current assets	4,930	4,013
<b>Total current assets</b>	<u>31,536</u>	<u>36,140</u>
Property and equipment, net	2,157	2,382
Other assets, net	30,107	30,212
<b>Total assets</b>	<u><u>\$ 63,800</u></u>	<u><u>\$ 68,734</u></u>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt	\$ 19,459	\$ 20,873
Trade payables	1,778	2,718
Other liabilities and accrued expenses	8,350	8,558
Deferred revenue	4,447	3,224
<b>Total current liabilities</b>	<u>34,034</u>	<u>35,373</u>
Long-term debt and other liabilities	2,488	3,035
Convertible debentures, warrants and options	18,314	18,246
Shareholders' equity	8,964	12,080
<b>Total liabilities and shareholders' equity</b>	<u><u>\$ 63,800</u></u>	<u><u>\$ 68,734</u></u>

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