



## 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	
	12/31/2004	12/31/2003	12/31/2004	12/31/2003
<b>Revenues</b>				
Products	\$ 6,716	\$ 9,082	\$ 26,781	\$ 32,673
Consulting and other services	5,313	4,392	21,023	19,645
Total revenues	<u>12,029</u>	<u>13,474</u>	<u>47,804</u>	<u>52,318</u>
<b>Cost of revenues</b>				
Products	3,845	4,389	16,578	17,489
Consulting and other services	2,903	2,403	10,186	11,118
Impairment of capitalized software development costs	901	-	901	-
Total cost of revenues	<u>7,649</u>	<u>6,792</u>	<u>27,665</u>	<u>28,607</u>
<b>Gross Profit</b>	4,380	6,682	20,139	23,711
<b>Operating expenses</b>				
Research and development, net	582	727	2,531	3,656
Selling, marketing, general and administrative	4,626	5,414	19,260	21,539
<b>Operating Income (Loss)</b>	(828)	541	(1,652)	(1,484)
Financial income (expenses), net	(725)	(357)	(2,410)	(958)
Other income (expenses), net (a)	(147)	(39)	(780)	255
<b>Net Income (Loss)</b>	<u>(1,700)</u>	<u>145</u>	<u>(4,842)</u>	<u>(2,187)</u>
Settlement of redeemable shares in a subsidiary	-	-	(299)	-
<b>Net Income (Loss) to shareholders of common shares</b>	<u>\$ (1,700)</u>	<u>\$ 145</u>	<u>\$ (5,141)</u>	<u>\$ (2,187)</u>
Basic and diluted earnings (loss) per share (b)	<u>\$ (0.15)</u>	<u>\$ 0.01</u>	<u>\$ (0.46)</u>	<u>\$ (0.20)</u>
Weighted average number of shares used to compute				
Basic earnings (loss) per share	11,449	10,694	11,273	10,692
Diluted earnings (loss) per share (b)	11,449	17,358	11,273	10,692

Note a: Includes taxes and minority interest

b: Due to the net loss in 2003 and 2004 the inclusion of dilutive securities would be antidilutive.



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### Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	12/31/2004	12/31/2003
<b>Assets</b>		
Cash and cash equivalents	\$ 10,942	\$ 31,775
Short-term investments	11,156	1,039
	22,098	32,814
Trade receivables, net	10,029	9,133
Other current assets	4,013	5,647
<b>Total current assets</b>	36,140	47,594
Property and equipment, net	2,382	3,060
Other assets, net	30,212	26,069
<b>Total assets</b>	\$ 68,734	\$ 76,723
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt	\$ 20,873	\$ 9,579
Trade payables	2,718	2,619
Other liabilities and accrued expenses	8,558	11,054
Deferred revenue	3,224	3,254
<b>Total current liabilities</b>	35,373	26,506
Long-term debt and other liabilities	3,035	8,111
Convertible debentures, warrants and options	18,246	16,672
Redeemable shares in a subsidiary	-	11,505
Shareholders' equity	12,080	13,929
<b>Total liabilities and shareholders' equity</b>	\$ 68,734	\$ 76,723

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