

SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>3/31/2006</u>	<u>6/30/2006</u>	<u>9/30/2006</u>	<u>12/31/2006</u>	<u>31/12/2005</u>
	<u>(Corrected)</u>				
Assets	<u>Unaudited (*)</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Cash and cash equivalents	\$ 6,016	\$ 4,332	\$ 4,783	\$ 3,108	\$ 6,699
Short-term investments	5,110	4,304	499	32	5,337
Trade receivables, net	10,428	13,283	11,983	11,010	8,339
Other current assets	2,107	2,198	2,044	1,857	1,520
Total current assets	<u>23,661</u>	<u>24,117</u>	<u>19,309</u>	<u>16,007</u>	<u>21,895</u>
Property and equipment, net	1,631	1,666	1,562	1,495	1,716
Other assets, net	28,027	28,495	28,710	28,117	28,255
Total assets	<u>\$ 53,319</u>	<u>\$ 54,278</u>	<u>\$ 49,581</u>	<u>\$ 45,619</u>	<u>\$ 51,866</u>
Liabilities and shareholders' equity					
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 20,551	\$ 19,077	\$ 11,666	\$ 15,603	\$ 19,112
Trade payables	2,780	3,105	2,305	2,019	1,910
Other liabilities and accrued expenses	8,085	8,286	8,608	7,370	6,742
Deferred revenue	4,467	5,197	4,464	3,463	4,867
Total current liabilities	<u>35,883</u>	<u>35,665</u>	<u>27,043</u>	<u>28,455</u>	<u>32,631</u>
Long-term debt and other long-term liabilities	1,630	2,796	1,874	1,439	1,584
Convertible debentures and warrants	14,087	14,167	16,345	11,796	14,019
Shareholders' equity	1,719	1,650	4,319	3,929	3,632
Total liabilities and shareholders' equity	<u>\$ 53,319</u>	<u>\$ 54,278</u>	<u>\$ 49,581</u>	<u>\$ 45,619</u>	<u>\$ 51,866</u>

Note: Certain prior quarter/year amounts have been reclassified to conform with the current year presentation.

(*) See Note (d) to the Condensed Consolidated Statements of Income.

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	
	3/31/2006	6/30/2006	9/30/2006	12/31/2006	12/31/2005	12/31/2006	12/31/2005
	(Corrected)(d)						
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues (a)							
Products	\$ 2,723	\$ 3,128	\$ 2,179	\$ 2,393	\$ 3,547	\$ 10,423	\$ 13,295
Consulting and other services	7,409	8,536	9,123	8,820	6,224	33,888	26,109
Total revenues	<u>10,132</u>	<u>11,664</u>	<u>11,302</u>	<u>11,213</u>	<u>9,771</u>	<u>44,311</u>	<u>39,404</u>
Cost of revenues (a)							
Products	2,613	2,541	2,417	2,223	3,041	9,794	11,306
Consulting and other services	3,917	5,141	4,853	5,096	3,226	19,007	13,540
Total cost of revenues	<u>6,530</u>	<u>7,682</u>	<u>7,270</u>	<u>7,319</u>	<u>6,267</u>	<u>28,801</u>	<u>24,846</u>
Gross Profit	3,602	3,982	4,032	3,894	3,504	15,510	14,558
Operating expenses							
Research and development, net	726	560	682	483	480	2,451	2,723
Selling, marketing, general and administrative	3,391	3,378	3,535	3,254	3,987	13,558	16,245
Restructuring expenses	635	21	25	77	-	758	1,113
Operating Income (Loss)	(1,150)	23	(210)	80	(963)	(1,257)	(5,523)
Financial expenses, net	575	639	372	644	407	2,230	1,788
Other expenses, net (b)	53	41	41	203	1,747	338	1,788
Net Loss	<u>\$ (1,778)</u>	<u>\$ (657)</u>	<u>\$ (623)</u>	<u>\$ (767)</u>	<u>\$ (3,117)</u>	<u>\$ (3,825)</u>	<u>\$ (9,099)</u>
Basic and diluted loss per share (c)	<u>\$ 0.12</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.25</u>	<u>\$ 0.29</u>	<u>\$ 0.76</u>
Weighted average shares used to compute - basic and diluted loss per share (c)	14,854	12,510	13,707	14,854	12,492	13,395	11,982

Notes: a: Certain prior quarter/year amounts have been reclassified to conform with the current year presentation.

b: Includes taxes and minority interest.

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

d: The Company corrected its results for the first quarter of 2006, by (i) reducing revenues for the quarter by \$345 thousand, as a result of the reversal of revenues recognized, (ii) increasing general and administrative expenses for the quarter by \$86 thousand, related to bad debt from one of the Company's customers, thereby increasing the operating loss and net loss for the first quarter by \$431 thousand. In parallel, the Company reduced its trade receivables for the first quarter by \$450 thousand.