

# SAPIENS INTERNATIONAL CORPORATION N.V.

## Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>03/31/2008</u>	<u>12/31/2007</u>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$10,523	\$13,125
Trade receivables, net	8,722	7,549
Other current assets	<u>1,810</u>	<u>1,835</u>
<b>Total current assets</b>	<u>21,055</u>	<u>22,509</u>
Property and equipment, net	1,158	1,219
Other assets, net	29,731	28,804
<b>Total assets</b>	<u><u>\$ 51,944</u></u>	<u><u>\$ 52,532</u></u>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$8,184	\$9,456
Trade payables	1,481	1,088
Other liabilities and accrued expenses	9,292	8,375
Deferred revenue	<u>4,322</u>	<u>4,203</u>
<b>Total current liabilities</b>	<u>23,279</u>	<u>23,122</u>
Long-term debt and other long-term liabilities	1,450	1,132
Convertible debentures	5,440	6,428
Shareholders' equity	21,775	21,850
<b>Total liabilities and shareholders' equity</b>	<u><u>\$ 51,944</u></u>	<u><u>\$ 52,532</u></u>

# SAPIENS INTERNATIONAL CORPORATION N.V.

## Condensed Consolidated Statements of Operations

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

	For the three months ended	
	03/31/2008	03/31/2007
	(Unaudited)	(Unaudited)
<b>Revenues</b>	\$ 10,491	\$ 11,007
<b>Cost of revenues</b>	\$ 6,256	\$ 7,076
<b>Gross Profit</b>	4,235	3,931
<b>Operating expenses</b>		
Research and development, net	\$ 790	\$ 490
Selling, marketing, general and administrative (a)	\$ 3,022	\$ 3,292
<b>Operating Profit</b>	423	149
Financial expenses, net	\$ 1,183	\$ 424
Other expenses, net (b)	\$ 440	\$ 130
<b>Net Loss</b>	\$ 1,200	\$ 405
Basic and diluted loss per share (c)	\$ 0.06	\$ 0.03
Weighted average shares used to compute - basic and diluted loss per share (c)	21,550	14,854

Note

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

b: Includes taxes, equity losses, minority interest and capital losses due to repurchase of debentures.

c: Due to the net loss in the three month period ended March 31, 2007 and 2008 the inclusion of dilutive securities would be antidilutive.

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## Reconciliation of GAAP to Non-GAAP results

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

	For the three months ended	
	03/31/2008	03/31/2007
	(Unaudited)	(Unaudited)
GAAP operating profit	423	149
Amortization of intangibles	960	1,183
Capitalization of software development	(876)	(1,341)
Stock-based compensation	15	7
Total adjustments to GAAP	99	(151)
Non-GAAP operating profit (loss)	522	(2)
GAAP net loss	(1,200)	(405)
Total adjustments to GAAP as above	99	(151)
Non-GAAP net loss	(1,101)	(556)
Non-GAAP basic loss per share	(0.05)	(0.04)
Weighted average number of ordinary shares used in computing basic net loss per ordinary share	21,550	14,854