

SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>6/30/2009</u>	<u>12/31/2008</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Assets		
Cash and cash equivalents	\$ 10,363	\$ 7,938
Restricted cash	352	-
Trade receivables, net	7,511	6,860
Other current assets	<u>2,785</u>	<u>2,565</u>
Total current assets	<u>21,011</u>	<u>17,363</u>
Property and equipment, net	949	1,055
Other assets, net	25,938	26,759
Total assets	<u>\$ 47,898</u>	<u>\$ 45,177</u>
Liabilities and shareholders' equity		
Current maturities of long-term debt and convertible debentures	\$ 4,835	\$ 5,745
Trade payables	1,003	1,500
Other liabilities and accrued expenses	10,151	9,716
Deferred revenue	<u>6,910</u>	<u>4,908</u>
Total current liabilities	<u>22,899</u>	<u>21,869</u>
Long-term debt and other long-term liabilities	1,253	1,432
Shareholders' equity	23,746	21,876
Total liabilities and shareholders' equity	<u>\$ 47,898</u>	<u>\$ 45,177</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		For the six months ended	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 10,233	\$ 11,012	\$ 20,977	\$ 21,503
Cost of revenues	\$ 5,198	\$ 6,542	\$ 11,186	\$ 12,798
Gross Profit	5,035	4,470	9,791	8,705
Operating expenses				
Research and development, net	\$ 717	\$ 857	\$ 1,448	\$ 1,647
Selling, marketing, general and administrative	\$ 3,058	\$ 3,034	\$ 6,003	\$ 6,056
Operating Profit	1,260	579	2,340	1,002
Financial expenses (income), net	\$ 349	\$ 1,002	\$ 363	\$ 2,467
Taxes on income	\$ 25	\$ 109	\$ 73	\$ 227
Net Income (Loss)	<u>\$ 886</u>	<u>\$ (532)</u>	<u>\$ 1,904</u>	<u>\$ (1,692)</u>
Attributable to non-controlling interest	\$ -	\$ (6)	\$ -	\$ 34
Net income (Loss) attributable to Sapiens	<u>\$ 886</u>	<u>\$ (526)</u>	<u>\$ 1,904</u>	<u>\$ (1,726)</u>
Earning (loss) per share				
Basic	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 0.09</u>	<u>\$ (0.08)</u>
Diluted	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 0.09</u>	<u>\$ (0.08)</u>
Weighted average number of shares used to computation of earning (loss) per share				
Basic	<u>21,591</u>	<u>21,541</u>	<u>21,591</u>	<u>21,541</u>
Diluted	<u>21,591</u>	<u>21,541</u>	<u>21,591</u>	<u>21,541</u>

SAPIENS INTERNATIONAL CORPORATION N.V.

Reconciliation of GAAP to Non-GAAP results

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

	For the three months ended		For the year ended	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit	1,260	579	2,340	1,002
Amortization of intangibles	1,062	1,042	2,068	2,002
Capitalization of software development	(915)	(982)	(1,774)	(1,858)
Stock-based compensation	50	50	99	65
Total adjustments to GAAP	197	110	393	209
Non-GAAP operating profit	<u>1,457</u>	<u>689</u>	<u>2,733</u>	<u>1,211</u>
GAAP net income (loss)	886	(526)	1,904	(1,726)
Total adjustments to GAAP as above	197	110	393	209
Non-GAAP net income (loss)	<u>1,083</u>	<u>(416)</u>	<u>2,297</u>	<u>(1,517)</u>
Non-GAAP basic earnings (loss) per share	<u>0.05</u>	<u>(0.02)</u>	<u>0.11</u>	<u>(0.07)</u>
Non-GAAP diluted earnings (loss) per share	<u>0.05</u>	<u>(0.02)</u>	<u>0.11</u>	<u>(0.07)</u>
Weighted average number of shares used to computation of earning (loss) per share				
Basic	<u>21,591</u>	<u>21,541</u>	<u>21,591</u>	<u>21,541</u>
Diluted	<u>21,591</u>	<u>21,541</u>	<u>21,591</u>	<u>21,541</u>