



SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	9/30/2007	12/31/2006
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	\$ 16,624	\$ 3,108
Short-term investments	42	32
Trade receivables, net	10,228	11,010
Other current assets	1,913	1,689
Total current assets	28,807	15,839
Property and equipment, net	1,279	1,495
Other assets, net	28,557	28,285
Total assets	\$ 58,643	\$ 45,619
Liabilities and shareholders' equity		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 9,695	\$ 15,603
Trade payables	1,134	2,019
Other liabilities and accrued expenses	8,770	7,370
Deferred revenue	5,591	3,463
Total current liabilities	25,190	28,455
Long-term debt and other long-term liabilities	1,808	1,439
Convertible debentures and warrants	9,148	11,796
Shareholders' equity	22,497	3,929
Total liabilities and shareholders' equity	\$ 58,643	\$ 45,619

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 nine months ended	
	9/30/2007	9/30/2006	9/30/2007	9/30/2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues				
Products	\$ 1,137	\$ 2,179	\$ 5,036	\$ 8,030
Consulting and other services	\$ 9,395	9,123	27,183	25,068
Total revenues	<u>10,532</u>	<u>11,302</u>	<u>32,219</u>	<u>33,098</u>
Cost of revenues				
Products	\$ 519	1,471	3,052	4,993
Consulting and other services	\$ 6,054	5,799	17,446	16,489
Total cost of revenues	<u>6,573</u>	<u>7,270</u>	<u>20,498</u>	<u>21,482</u>
Gross Profit	3,959	4,032	11,721	11,616
Operating expenses				
Research and development, net	\$ 703	682	1,679	1,968
Selling, marketing, general and administrative	\$ 3,071	3,535	9,336	10,304
Restructuring expenses	\$ -	25	210	681
Operating Profit (Loss)	185	(210)	496	(1,337)
Financial expenses, net	\$ (515)	(372)	(1,631)	(1,586)
Other income (expenses), net (b)	\$ 42	(41)	(273)	(135)
Net Loss	<u>\$ 288</u>	<u>\$ 623</u>	<u>\$ 1,408</u>	<u>\$ 3,058</u>
Basic and diluted loss per share (c)	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.24</u>
Weighted average shares used to compute basic and diluted loss per share (c)	20,853	13,707	17,095	12,909

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 nine months ended	
	9/30/2007	9/30/2006	9/30/2007	9/30/2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit (loss)	185	(210)	496	(1,337)
Amortization of capitalized software developments	1,059	1,172	3,127	3,404
Capitalization of software developments	(849)	(1,124)	(3,324)	(3,553)
Stock-based compensation	50	-	87	-
Total adjustments to GAAP	260	48	(110)	(149)
Non-GAAP operating profit (loss)	445	(162)	386	(1,486)
GAAP net income (loss)	(288)	(623)	(1,408)	(3,058)
Total adjustments to GAAP as above	260	48	(110)	(149)
Non-GAAP net income (loss)	(28)	(575)	(1,518)	(3,207)
Non-GAAP basic and diluted profit (loss) per share (c)	0.00	(0.04)	(0.09)	(0.25)
Weighted average shares used to compute basic and diluted profit (loss) per share (c)	20,853	13,707	17,095	12,909

Reconciliation of GAAP to Non-GAAP Results for First Three Quarters of 2007

	For the three months ended		
	9/30/2007	6/30/2007	3/31/2007
	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit (loss)	185	162	149
Amortization of capitalized software developments	1,059	885	1,183
Capitalization of software developments	(849)	(1,134)	(1,341)
Stock-based compensation	50	30	7
Total adjustments to GAAP	260	(219)	(151)
Non-GAAP operating profit (loss)	445	(57)	(2)
GAAP net income (loss)	(288)	(715)	(405)
Total adjustments to GAAP as above	260	(219)	(151)
Non-GAAP net income (loss)	(28)	(934)	(556)
Non-GAAP basic and diluted profit (loss) per share (c)	0.00	(0.06)	(0.04)
Weighted average shares used to compute basic and diluted profit (loss) per share (c)	20,853	15,514	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 and minority interest
c: Due to the net loss in 2006 and 2007 the inclusion of dilutive securities would be antidilutive.