

# SAPIENS INTERNATIONAL CORPORATION N.V.

## Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>12/31/2007</u>	<u>12/31/2006</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,125	\$ 3,108
Short-term investments	-	32
Trade receivables, net	7,549	11,010
Other current assets	<u>1,835</u>	<u>1,689</u>
<b>Total current assets</b>	<u>22,509</u>	<u>15,839</u>
Property and equipment, net	1,219	1,495
Other assets, net	28,804	28,285
<b>Total Assets</b>	<u><u>\$ 52,532</u></u>	<u><u>\$ 45,619</u></u>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 9,456	\$ 15,603
Trade payables	1,088	2,019
Other liabilities and accrued expenses	8,375	7,370
Deferred revenue	<u>4,203</u>	<u>3,463</u>
<b>Total current liabilities</b>	<u>23,122</u>	<u>28,455</u>
Long-term debt and other long-term liabilities	1,132	1,439
Convertible debentures and warrants	6,428	11,796
Shareholders' equity	21,850	3,929
<b>Total liabilities and shareholders' equity</b>	<u><u>\$ 52,532</u></u>	<u><u>\$ 45,619</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		For the year ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Revenues</b>	\$ 10,176	\$ 11,213	\$ 42,395	\$ 44,311
<b>Cost of revenues</b>	\$ 5,085	\$ 7,319	\$ 25,583	\$ 28,801
<b>Gross Profit</b>	5,091	3,894	16,812	15,510
<b>Operating expenses</b>				
Research and development, net	\$ 1,823	\$ 483	\$ 3,502	\$ 2,451
Selling, marketing, general and administrative	\$ 2,967	\$ 3,254	\$ 12,303	\$ 13,558
Restructuring expenses	-	\$ 77	\$ 210	\$ 758
<b>Operating Profit (Loss)</b>	301	80	797	(1,257)
Financial expenses, net	\$ 1,058	\$ 644	\$ 2,689	\$ 2,230
Other expenses, net (a)	\$ 379	\$ 203	\$ 652	\$ 338
<b>Net Loss</b>	<u>\$ 1,136</u>	<u>\$ 767</u>	<u>\$ 2,544</u>	<u>\$ 3,825</u>
Basic and diluted net loss per share (b)	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.14</u>	<u>\$ 0.29</u>
Weighted average shares used to compute basic and diluted net loss per share (b)	<u>21,550</u>	<u>14,854</u>	<u>18,218</u>	<u>13,395</u>

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

b: Due to the net loss in 2006 and 2007 the inclusion of dilutive securities would be antidilutive.

# 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	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit (loss)	301	80	797	(1,257)
Amortization of intangibles and capitalization of software development	62	53	(98)	60
Stock-based compensation	23	-	110	-
Total adjustments to GAAP	85	53	12	60
Non-GAAP operating profit (loss)	386	133	809	(1,197)
GAAP net loss	(1,136)	(767)	(2,544)	(3,825)
Total adjustments to GAAP as above	85	53	12	60
Non-GAAP net loss	(1,051)	(714)	(2,532)	(3,765)
Non-GAAP basic and diluted net loss per share	(0.05)	(0.05)	(0.14)	(0.28)
Weighted average number of shares used in computing basic and diluted net loss per share	21,550	14,854	18,218	13,395