

# SAPIENS INTERNATIONAL CORPORATION N.V.

## Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>12/30/2008</u>	<u>12/31/2007</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,938	\$ 13,125
Trade receivables, net	6,860	7,549
Other current assets	2,600	1,881
<b>Total current assets</b>	<u>17,398</u>	<u>22,555</u>
Property and equipment, net	1,055	1,219
Other assets, net	26,724	28,758
<b>Total assets</b>	<u>\$ 45,177</u>	<u>\$ 52,532</u>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 5,745	\$ 9,456
Trade payables	1,500	1,088
Other liabilities and accrued expenses	9,716	8,375
Deferred revenue	4,908	4,203
<b>Total current liabilities</b>	<u>21,869</u>	<u>23,122</u>
Long-term debt and other long-term liabilities	1,565	1,132
Convertible debentures and warrants	-	6,428
Shareholders' equity	21,743	21,850
<b>Total liabilities and shareholders' equity</b>	<u>\$ 45,177</u>	<u>\$ 52,532</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	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenues</b>	\$ 11,007	\$ 10,176	\$ 43,534	\$ 42,395
<b>Cost of revenues</b>	\$ 7,010	\$ 5,085	\$ 26,457	\$ 25,583
<b>Gross Profit</b>	3,997	5,091	17,077	16,812
<b>Operating expenses</b>				
Research and development, net	\$ 1,352	\$ 1,823	\$ 3,884	\$ 3,502
Selling, marketing, general and administrative	\$ 1,871	\$ 2,967	\$ 10,708	\$ 12,513
<b>Operating Profit</b>	774	301	2,485	797
Financial expenses, net	\$ (530)	\$ 1,167	\$ 1,954	\$ 2,798
Other expenses, net (a)	\$ 297	\$ 270	\$ 875	\$ 543
<b>Net Income (Loss)</b>	<u>\$ 1,007</u>	<u>\$ (1,136)</u>	<u>\$ (344)</u>	<u>\$ (2,544)</u>
Earning (loss) per share				
Basic	<u>\$ 0.05</u>	<u>\$ (0.05)</u>	<u>\$ (0.02)</u>	<u>\$ (0.14)</u>
Diluted	<u>\$ 0.05</u>	<u>\$ (0.05)</u>	<u>\$ (0.02)</u>	<u>\$ (0.14)</u>
Weighted average number of shares used to computation of earning (loss) per share				
Basic	<u>21,577</u>	<u>21,550</u>	<u>21,550</u>	<u>18,218</u>
Diluted	<u>21,600</u>	<u>21,550</u>	<u>21,550</u>	<u>18,218</u>

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

# 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	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit	774	301	2,485	797
Amortization of intangibles	1,139	(92)	4,374	3,035
Capitalization of software development	(883)	154	(3,596)	(3,133)
Stock-based compensation	50	23	165	110
Total adjustments to GAAP	306	85	943	12
Non-GAAP operating profit	1,080	386	3,428	809
GAAP net income (loss)	1,007	(1,136)	(344)	(2,544)
Total adjustments to GAAP as above	306	85	943	12
Non-GAAP net income (loss)	1,313	(1,051)	599	(2,532)
Non-GAAP basic earnings (loss) per share	0.06	(0.05)	0.03	(0.14)
Non-GAAP diluted earnings (loss) per share	0.06	(0.05)	0.03	(0.14)
Weighted average number of ordinary shares used in computing basic net earnings (loss) per ordinary share	21,577	21,550	21,550	18,218
Weighted average number of ordinary shares used in computing basic net earnings (loss) per ordinary share	21,600	21,550	21,550	18,218