



## SAPIENS INTERNATIONAL CORPORATION N.V.

### Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	9/30/2008	12/31/2007
	(Unaudited)	(Audited)
<b>Assets</b>		
Cash and cash equivalents	\$ 11,891	\$ 13,125
Trade receivables, net	7,845	7,549
Other current assets	2,963	1,881
<b>Total current assets</b>	<b>22,699</b>	<b>22,555</b>
Property and equipment, net	1,160	1,219
Other assets, net	29,410	28,758
<b>Total assets</b>	<b>\$ 53,269</b>	<b>\$ 52,532</b>
<b>Liabilities and shareholders' equity</b>		
Short-term bank credit and current maturities of long-term debt and convertible debentures	\$ 5,379	\$ 9,456
Trade payables	1,681	1,088
Other liabilities and accrued expenses	10,340	8,375
Deferred revenue	6,271	4,203
<b>Total current liabilities</b>	<b>23,671</b>	<b>23,122</b>
Long-term debt and other long-term liabilities	1,574	1,132
Convertible debentures and warrants	5,855	6,428
Shareholders' equity	22,169	21,850
<b>Total liabilities and shareholders' equity</b>	<b>\$ 53,269</b>	<b>\$ 52,532</b>

# 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	
	09/30/2008	09/30/2007	09/30/2008	09/30/2007
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenues</b>	\$ 11,024	\$ 10,532	\$ 32,527	\$ 32,219
<b>Cost of revenues</b>	\$ 6,649	\$ 6,573	\$ 19,447	\$ 20,498
<b>Gross Profit</b>	4,375	3,959	13,080	11,721
<b>Operating expenses</b>				
Research and development, net	\$ 885	\$ 703	\$ 2,532	\$ 1,679
Selling, marketing, general and administrative	\$ 2,781	\$ 3,071	\$ 8,837	\$ 9,546
<b>Operating Profit</b>	709	185	1,711	496
Financial expenses, net	\$ 299	\$ 515	\$ 2,484	\$ 1,631
Other expenses (income), net (a)	\$ 35	\$ (42)	\$ 578	\$ 273
<b>Net Income (Loss)</b>	\$ 375	\$ (288)	\$ (1,351)	\$ (1,408)
Earning (loss) per share				
Basic	\$ 0.02	\$ (0.01)	\$ (0.06)	\$ (0.08)
Diluted	\$ 0.02	\$ (0.01)	\$ (0.06)	\$ (0.08)
Weighted average number of shares used to computation of earning (loss) per share				
Basic	21,541	20,853	21,541	17,095
Diluted	21,545	20,853	21,541	17,095

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 nine months ended	
	09/30/2008	09/30/2007	09/30/2008	09/30/2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit	709	185	1,711	496
Amortization of intangibles	1,233	1,059	3,235	3,127
Capitalization of software development costs	(855)	(849)	(2,713)	(3,324)
Stock-based compensation	50	50	115	87
Total adjustments to GAAP	428	260	637	(110)
Non-GAAP operating profit	<u>1,137</u>	<u>445</u>	<u>2,348</u>	<u>386</u>
GAAP net income (loss)	375	(288)	(1,351)	(1,408)
Total adjustments to GAAP as above	428	260	637	(110)
Non-GAAP net income (loss)	<u>803</u>	<u>(28)</u>	<u>(714)</u>	<u>(1,518)</u>
Non-GAAP basic earnings (loss) per share	<u>0.04</u>	<u>(0.00)</u>	<u>(0.03)</u>	<u>(0.09)</u>
Non-GAAP diluted earnings (loss) per share	<u>0.04</u>	<u>(0.00)</u>	<u>(0.03)</u>	<u>(0.09)</u>
Weighted average number of ordinary shares used in computing basic net earnings (loss) per ordinary share	<u>21,541</u>	<u>20,853</u>	<u>21,541</u>	<u>17,095</u>
Weighted average number of ordinary shares used in computing diluted net earnings (loss) per ordinary share	<u>21,545</u>	<u>20,853</u>	<u>21,541</u>	<u>17,095</u>