

SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

| | 12/31/2009 | 12/31/2008 |
|---|------------------|------------------|
| | (Unaudited) | (Audited) |
| Assets | | |
| Cash and cash equivalents | \$ 11,172 | \$ 7,938 |
| Trade receivables, net | 5,132 | 6,860 |
| Other current assets | 2,621 | 2,565 |
| Total current assets | 18,925 | 17,363 |
| Property and equipment, net | 897 | 1,055 |
| Other assets, net | 25,952 | 26,759 |
| Total assets | \$ 45,774 | \$ 45,177 |
| Liabilities and shareholders' equity | | |
| Current maturities of long-term debt and convertible debentures | \$ - | \$ 5,745 |
| Trade payables | 1,197 | 1,500 |
| Other liabilities and accrued expenses | 10,199 | 9,716 |
| Deferred revenue | 6,991 | 4,908 |
| Total current liabilities | 18,387 | 21,869 |
| Long-term debt and other long-term liabilities | 972 | 1,432 |
| Shareholders' equity | 26,415 | 21,876 |
| Total liabilities and shareholders' equity | \$ 45,774 | \$ 45,177 |

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 | |
|---|----------------------------|------------|--------------------|------------|
| | 12/31/2009 | 12/31/2008 | 12/31/2009 | 12/31/2008 |
| | Unaudited | Unaudited | Unaudited | Audited |
| Revenues | \$ 11,767 | \$ 11,007 | \$ 45,695 | \$ 43,534 |
| Cost of revenues | \$ 7,388 | \$ 7,010 | \$ 26,571 | \$ 26,457 |
| Gross Profit | 4,379 | 3,997 | 19,124 | 17,077 |
| Operating expenses | | | | |
| Research and development, net | \$ 950 | \$ 1,352 | \$ 2,735 | \$ 3,884 |
| Selling, marketing, general and administrative | \$ 1,917 | \$ 1,871 | \$ 11,048 | \$ 10,708 |
| Operating Profit | 1,512 | 774 | 5,341 | 2,485 |
| Financial expenses (income), net | \$ 132 | \$ (530) | \$ 880 | \$ 2,236 |
| Other expenses, net | \$ 118 | 291 | \$ 260 | 552 |
| Net Income (Loss) | \$ 1,262 | \$ 1,013 | \$ 4,201 | \$ (303) |
| Attributable to non-controlling interest | \$ - | \$ 6 | \$ - | \$ 41 |
| Net income (Loss) attributable to Sapiens | \$ 1,262 | \$ 1,007 | \$ 4,201 | \$ (344) |
| Earning (loss) per share | | | | |
| Basic | \$ 0.06 | \$ 0.05 | \$ 0.19 | \$ (0.02) |
| Diluted | \$ 0.06 | \$ 0.05 | \$ 0.19 | \$ (0.02) |
| Weighted average number of shares used to computation of earning (loss) per share | | | | |
| Basic | 21,591 | 21,577 | 21,591 | 21,550 |
| Diluted | 21,593 | 21,600 | 21,592 | 21,550 |

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 | |
|---|----------------------------|-------------|--------------------|-------------|
| | 12/31/2009 | 12/31/2008 | 12/31/2009 | 12/31/2008 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| GAAP operating profit | 1,512 | 774 | 5,341 | 2,485 |
| Amortization of intangibles | 1,352 | 989 | 4,623 | 4,224 |
| Capitalization of software development | (851) | (783) | (3,692) | (3,496) |
| Stock-based compensation | 105 | 50 | 259 | 165 |
| Total adjustments to GAAP | 606 | 256 | 1,190 | 893 |
| Non-GAAP operating profit | 2,118 | 1,030 | 6,531 | 3,378 |
| GAAP net income (loss) | 1,262 | 1,007 | 4,201 | (344) |
| Total adjustments to GAAP as above | 606 | 256 | 1,190 | 893 |
| Non-GAAP net income | 1,868 | 1,263 | 5,391 | 549 |
| Non-GAAP basic earnings per share | 0.09 | 0.06 | 0.25 | 0.03 |
| Non-GAAP diluted earnings per share | 0.09 | 0.06 | 0.25 | 0.03 |
| Weighted average number of shares used to computation of earning (loss) per share | | | | |
| Basic | 21,591 | 21,577 | 21,591 | 21,550 |
| Diluted | 21,593 | 21,600 | 21,592 | 21,550 |