



PRESS RELEASE

SAPIENS REPORTS STRONG Q4 2008 PERFORMANCE WITH INCREASED NET INCOME AND SALES GROWTH

- *Q4/2008 Net Income of \$1 million or \$0.05 per share*
 - *Q4/2008 Revenues up 8% to \$11.0 million*
- *Full Year 2008 Operating Income quadruples to \$3.4 million (on a non-GAAP basis)*
- *Mr. Roni Al-Dor, CEO: "We are proud of the vote of confidence by our existing and new customers, worldwide, in Sapiens and its evolving value proposition"*

Cary, N.C. – March 4, 2009 - Sapiens International Corporation N.V. (NASDAQ and TASE: SPNS), a leading global provider of innovative business solutions that modernize business processes and enable insurance organizations to adapt quickly to change, and a member of the Formula Group (NASDAQ: FORTY and TASE: FORT), today announced its results of operations for the fourth quarter and full year ended December 31, 2008.

Highlights for Q4 2008

- Net income totaled \$1.0 million, a second consecutive quarter of net income, compared to a \$1.1 million loss in the fourth quarter of 2007, a significant turnaround.
- This is the ninth consecutive quarter of operating profit, which amounted to \$1.0 million (on a non- GAAP basis), an increase of 160% compared to \$386,000 (on a non -GAAP basis) in the fourth quarter of 2007.
- Revenue in the fourth quarter of 2008 reached \$11 million, an increase of 8% compared to \$10.2 million in the fourth quarter of 2007.

Highlights for the Full Year 2008

- Operating income quadruples to \$3.4 million (on a non-GAAP basis), an increase of 317% compared to \$809,000 (on a non-GAAP basis) in 2007.
- Revenues increased by 3% to \$43.6 million, up from \$42.4 million in 2007.
- Net income totaled \$549,000 (on a non-GAAP basis), or \$0.03 per share, compared to a loss of \$2.5 million (on a non-GAAP basis) in 2007, or \$0.14 per share.
- Operational cash flow for the year amounted to \$9 million.
- Total shareholders equity of \$21.7 million in December 2008 which represents 48% of the total balance sheet compared to \$3.9 million shareholders equity in December 2006 which then represented 8.6% of the total balance sheet, a significant improvement from the time the company started its turnaround plan.

Roni Al-Dor, President and CEO of Sapiens International Corporation, commented, "I am pleased to report a good year for Sapiens with increased revenues and profitability. These positive results validate our strategy and the investments made in improving our product offering.

The net profit of \$1 million in our fourth quarter, which is the best we have presented for a long time, was achieved due to constant improvements made in our product offering as well as the tight control over our costs and increased interest income due to the devaluation of the New Israel Shekel vs. the U.S. Dollar in the fourth quarter. Despite the economic climate, we see a growing potential for Sapiens' products in the IT-industry, especially in the insurance market in Israel and worldwide. We will continue to closely monitor the economic climate while maintaining focus on our long-term goals," concluded Mr. Al-Dor.

Continued focus on enhancing global operations and core technological advantage.

Mr. Al Dor continued: "During the year 2008, we improved the company performance in several aspects." Mr. Al-Dor continued, "Our regional operations around the globe improved their respective profits, and our product offering improved significantly as well, in response to further development based on customer and market input. We initiated a plan to bring past customers back to Sapiens through our consistent improvement of the business-critical eMerge platform, and streamlined worldwide operations and sales with a reinforced management team in place.

In the insurance market, the company improved its product offering and won deals for its Insight products offering mainly for Re-insurance, Life and Pension, Closed books and general insurance and expects to close additional such deals in the near future.

The growing demand for Sapiens' consistently evolving solutions signifies customers' recognition of the inherent value to their operations, and attests to the association of our solutions with these organizations maintaining their competitive edge and cost savings. Especially in these times of global financial challenges, Sapiens's ability to offer cost-efficient solutions that meet the dynamic business needs of its customers is at the base of customers choosing Sapiens over competing solutions," Mr. Al-Dor concluded.

In December 2008, Sapiens announced the payment of the third installment of its Series "A" Debentures, amounting to NIS14.9 million (approximately \$3.7 million), of which approximately NIS13.9 million (approximately \$3.5 million) against the principal amount and approximately NIS1 million (approximately \$248,000) against payment of the half year interest. It should be noted that since the \$20 million capital issuance by Sapiens during 2007, the company has repurchased NIS19 million worth of its Series "A" Debentures from institutional investors.

Reconciliation between U.S. GAAP and Non-GAAP results is summarized in the following table. For a complete reconciliation, please refer to the tables at the end of this release.

U.S. Dollars in thousands, except per share amounts

<i>U.S GAAP basis</i>	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)
Revenues	11,007	10,176	43,534	42,395
Operating profit	774	301	2,485	797
Net income (loss)	1,007	(1,136)	(344)	(2,544)
Basic earnings (loss) per share	0.05	(0.05)	(0.02)	(0.14)
Diluted earnings (loss) per share	0.05	(0.05)	(0.02)	(0.14)
 <i>NonGAAP</i>				
Revenues	11,007	10,176	43,534	42,395
Operating profit	1,030	386	3,378	809
Net income (loss)	1,263	(1,051)	549	(2,532)
Basic earnings (loss) per share	0.06	(0.05)	0.03	(0.14)
Diluted earnings (loss) per share	0.06	(0.05)	0.03	(0.14)

U.S. GAAP results include amortization of capitalized software developments, capitalization of software development costs, and stock-based compensation expenses.

Comment Regarding Non-GAAP

Sapiens' management believes that the presentation of non-GAAP measures can enhance the understanding of the company's ongoing economic performance, and provides useful information to investors regarding financial and business trends relating to the company's financial condition and results of operations. Sapiens therefore uses internally the non-GAAP information to evaluate and manage the Company's operations.

This non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Sapiens believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Sapiens' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Sapiens' results of operations in conjunction with the corresponding GAAP measures.

Please refer to the Reconciliation of GAAP to Non-GAAP Results at the end of this release.

About Sapiens International

Sapiens International Corporation N.V. (NASDAQ and TASE: SPNS), a member of Formula Group (NASDAQ: FORTY and TASE: FORT), which is a member of the Emblaze Group (LSE: BLZ.L) is a leading global provider of proven IT solutions that modernize business processes and enable insurance organizations to adapt quickly to change. Sapiens' innovative solutions are widely recognized for their ability to cost-effectively align IT with the business demands for speed, flexibility and efficiency. Sapiens operates through its subsidiaries in North America, the United Kingdom, EMEA and Asia Pacific, and has partnerships with market leaders such as IBM and EDS. Sapiens' clients include AXA, ING, Liverpool Victoria, Menora Mivtachim, Norwich Union, Occidental Fire & Casualty, OneBeacon, Principal Financial Group, Santam and Texas Farm Bureau among others. For more information, please visit <http://www.sapiens.com>.

Except for historical information contained herein, the matters set forth in this release are forward-looking statements that are dependent on certain risks and uncertainties, including such factors, among others, as market acceptance, market demand, pricing, changing regulatory environment, changing economic conditions, risks in new product and service development, the effect of the Company's accounting policies, specific system configurations and software needs of individual customers and other risk factors detailed in the Company's SEC filings.

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SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>12/31/2008</u>	<u>12/31/2007</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Assets		
Cash and cash equivalents	\$ 7,938	\$ 13,125
Trade receivables, net	6,860	7,549
Other current assets	2,565	1,881
Total current assets	<u>17,363</u>	<u>22,555</u>
Property and equipment, net	1,055	1,219
Other assets, net	26,759	28,758
Total assets	<u>\$ 45,177</u>	<u>\$ 52,532</u>
Liabilities and shareholders' equity		
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
Total current liabilities	<u>21,869</u>	<u>23,122</u>
Long-term debt and other long-term liabilities	1,565	1,132
Convertible debentures	-	6,428
Shareholders' equity	21,743	21,850
Total liabilities and shareholders' equity	<u>\$ 45,177</u>	<u>\$ 52,532</u>

SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Statements of Operations

(U.S. Dollars in thousands, except share and 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	Audited
Revenues	\$ 11,007	\$ 10,176	\$ 43,534	\$ 42,395
Cost of revenues	\$ 7,010	\$ 5,085	\$ 26,457	\$ 25,583
Gross Profit	3,997	5,091	17,077	16,812
Operating expenses				
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
Operating Profit	774	301	2,485	797
Financial (income) expenses, net	\$ (530)	\$ 1,167	\$ 2,236	\$ 2,798
Other expenses, net (a)	\$ 297	\$ 270	\$ 593	\$ 543
Net Income (Loss)	<u>\$ 1,007</u>	<u>\$ (1,136)</u>	<u>\$ (344)</u>	<u>\$ (2,544)</u>
Earnings (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 earnings (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 and minority interest.

SAPIENS INTERNATIONAL CORPORATION N.V.

Reconciliation of GAAP to Non-GAAP results

(U.S. Dollars in thousands, except share and 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	989	(92)	4,224	3,035
Capitalization of software development	(783)	154	(3,496)	(3,133)
Stock-based compensation	50	23	165	110
Total adjustments to GAAP	256	85	893	12
Non-GAAP operating profit	1,030	386	3,378	809
GAAP net income (loss)	1,007	(1,136)	(344)	(2,544)
Total adjustments to GAAP as above	256	85	893	12
Non-GAAP net income (loss)	1,263	(1,051)	549	(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