



PRESS RELEASE

SAPIENS REPORTS Q3 2011 RESULTS:

Q3 REVENUES GROW 35% YEAR OVER YEAR

Rehovot, Israel – November 9, 2011 - [Sapiens International Corporation N.V.](#) (NASDAQ and TASE: SPNS), a global provider of innovative insurance software solutions and a member of the Formula Group (NASDAQ: FORTY and TASE: FORT), today announced its results of operations for the third quarter of 2011.

On August 21st 2011 Sapiens completed the merger transaction with FIS Software Ltd. and IDIT I.D.I. Technologies Ltd. This quarter's results reflect organic growth in Sapiens' business, and a partial contribution of FIS and IDIT.

Third Quarter 2011 Highlights Include:

- Revenues increased 35% compared to Q3 2010, and reached \$17.8 million
- Non-GAAP Operating profit reached \$2.1m, up 4% compared to Q3 2010
- Non-GAAP Net income grew 19% and reached \$2.3 million compared to \$1.9 million in Q3 2010
- As of September 30, 2011, cash and cash equivalents reached \$19.5 million
- Total shareholders' equity of \$118.7 million as of September 30, 2011, representing 74% of the total balance sheet. The increase is mainly due to issuance of shares as part of the merger transaction

Roni Al-Dor, President and CEO of Sapiens International Corporation, commented: "We continue to see growth in Sapiens' existing and new businesses. Our customers express their confidence in our company and show interest in our growing product portfolio. We are encouraged by the overall positive feedback we have received from the market since the formal closing of the merger", Mr. Al-Dor continued. "The integration is well underway, and we expect to see its fruits during 2012. We are focusing on maximizing the synergies between the companies in all aspects – products, territories, teams and operations. We are now finalizing our 2012 plans to support our future growth."

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)

| U.S GAAP basis | For the three months ended | | For the nine months ended | |
|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|
| | 30/09/2011 (Unaudited) | 30/09/2010 (Unaudited) | 30/09/2011 (Unaudited) | 30/09/2010 (Unaudited) |
| Revenues | 17,757 | 13,148 | 45,341 | 37,568 |
| Operating profit | 1,362 | 1,592 | 4,761 | 4,773 |
| Net income | 1,555 | 1,505 | 4,853 | 4,446 |
| Basic earnings per share | 0.05 | 0.07 | 0.20 | 0.20 |
| Diluted earning per share | 0.05 | 0.07 | 0.18 | 0.20 |
| NonGAAP | | | | |
| Revenues | 17,757 | 13,148 | 45,341 | 37,568 |
| Operating profit | 2,116 | 2,038 | 6,199 | 5,898 |
| Net income | 2,289 | 1,931 | 6,226 | 5,536 |
| Basic earnings per share | 0.08 | 0.09 | 0.25 | 0.25 |
| Diluted earnings per share | 0.07 | 0.08 | 0.24 | 0.25 |

About Sapiens International

Sapiens International Corporation N.V. (NASDAQ and TASE: SPNS), is a leading global provider of business solutions for the insurance industry, helping modernize business processes and enabling 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.

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 accounting policies, specific system configurations and software needs of individual customers and other risk factors.

For More Information

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SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

| | <u>30/09/2011</u> | <u>31/12/2010</u> |
|---|--------------------|-------------------|
| | <u>(Unaudited)</u> | <u>(Audited)</u> |
| Assets | | |
| Cash and cash equivalents | \$ 19,460 | \$ 16,182 |
| Trade receivables, net | 15,103 | 5,511 |
| Other current assets | 6,500 | 3,031 |
| Total current assets | <u>41,063</u> | <u>24,724</u> |
| Property and equipment, net | 1,995 | 1,161 |
| Other assets, net | 118,011 | 29,184 |
| Total assets | <u>\$ 161,069</u> | <u>\$ 55,069</u> |
| Liabilities and shareholders' equity | | |
| Trade payables | \$ 3,172 | \$ 1,693 |
| Other liabilities and accrued expenses | 22,500 | 11,646 |
| Deferred revenue | 9,908 | 6,517 |
| Total current liabilities | <u>35,580</u> | <u>19,856</u> |
| Long-term debt and other long-term liabilities | 6,822 | 1,095 |
| Shareholders' equity | 118,667 | 34,118 |
| Total liabilities and shareholders' equity | <u>\$ 161,069</u> | <u>\$ 55,069</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 nine months ended | |
|---|----------------------------|------------|---------------------------|------------|
| | 30/09/2011 | 30/09/2010 | 30/09/2011 | 30/09/2010 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenues | \$ 17,757 | \$ 13,148 | \$ 45,341 | \$ 37,568 |
| Cost of revenues | \$ 10,008 | \$ 7,773 | \$ 24,738 | \$ 21,745 |
| Gross Profit | 7,749 | 5,375 | 20,603 | 15,823 |
| Operating expenses | | | | |
| Research and development, net | \$ 1,655 | \$ 842 | \$ 3,906 | \$ 2,314 |
| Selling, marketing, general and administrative | \$ 4,732 | \$ 2,941 | \$ 11,936 | \$ 8,736 |
| Operating Profit | 1,362 | 1,592 | 4,761 | 4,773 |
| Financial expenses (income), net | \$ (276) | \$ 35 | \$ (175) | \$ 57 |
| Other expenses, net | \$ 41 | \$ 52 | \$ 41 | \$ 294 |
| Net Income | \$ 1,597 | \$ 1,505 | \$ 4,895 | \$ 4,422 |
| Attributable to non-controlling interest | \$ 42 | \$ - | \$ 42 | \$ (24) |
| Net income attributable to Sapiens | \$ 1,555 | \$ 1,505 | \$ 4,853 | \$ 4,446 |
| Earnings per share | | | | |
| Basic | \$ 0.05 | \$ 0.07 | \$ 0.20 | \$ 0.20 |
| Diluted | \$ 0.05 | \$ 0.07 | \$ 0.18 | \$ 0.20 |
| Weighted average number of shares used to computation of earnings per share | | | | |
| Basic | 29,894 | 22,058 | 24,681 | 21,862 |
| Diluted | 31,916 | 22,846 | 26,445 | 22,427 |

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 | |
|--|----------------------------|--------------|---------------------------|--------------|
| | 30/09/2011 | 30/09/2010 | 30/09/2011 | 30/09/2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| GAAP operating profit | 1,362 | 1,592 | 4,761 | 4,773 |
| Amortization of intangibles assets and compensation related to acquisition | 700 | 154 | 1,290 | 257 |
| Amortization of capitalized software | 952 | 1,510 | 3,317 | 4,306 |
| Capitalization of software development | (970) | (1,357) | (3,400) | (3,765) |
| Stock-based compensation | 72 | 139 | 231 | 327 |
| Total adjustments to GAAP | <u>754</u> | <u>446</u> | <u>1,438</u> | <u>1,125</u> |
| Non-GAAP operating profit | <u>2,116</u> | <u>2,038</u> | <u>6,199</u> | <u>5,898</u> |
| GAAP net income | 1,555 | 1,505 | 4,853 | 4,446 |
| Total adjustments to GAAP as above | 754 | 446 | 1,438 | 1,125 |
| Deferred taxes related to acquisition | (20) | (20) | (65) | (35) |
| Non-GAAP net income | <u>2,289</u> | <u>1,931</u> | <u>6,226</u> | <u>5,536</u> |
| Non-GAAP basic earnings per share | <u>0.08</u> | <u>0.09</u> | <u>0.25</u> | <u>0.25</u> |
| Non-GAAP diluted earnings per share | <u>0.07</u> | <u>0.08</u> | <u>0.24</u> | <u>0.25</u> |