

FORMULA SYSTEMS (1985) LTD  
Form 6-K  
August 17, 2010

**FORM 6-K**

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

For the Month of August 2010

FORMULA SYSTEMS (1985) LTD.

(Translation of Registrant's Name into English)

5 HaPlada st., Or-Yehuda, Israel

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F

...X...

Form 40-F

.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

.....

No

..X..

If "Yes" is marked indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-  
.....

Attached to Registrant's Form 6-K for the month of August 2010 and incorporated by reference herein is the Registrant's immediate report dated August 17, 2010.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORMULA SYSTEMS (1985) LTD.

(Registrant)

By:/s/ Guy Bernstein

Guy Bernstein CEO

dated:

August 17, 2010

**PRESS RELEASE - FOR IMMEDIATE RELEASE**

**Formula Systems Reports Second Quarter Results; Revenues Increased by 19% Year-Over-Year to reach \$131.7 million and Operating Income Increased by 35% to \$11.3 million**

**Or-Yehuda, Israel August 17, 2010** Formula Systems (1985) Ltd. (NASDAQ: FORTY) a provider of information technology products, solutions and services, announced today its results for the Second quarter and six months period ended June 30, 2010.

**Financial Highlights for the Second Quarter and for the Six Months Period Ended June 30, 2010**

?

Revenues increased by 19% to \$131.7 million (Q2 2009: \$111.0 million).

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Operating income increased by 35% to \$11.3 million (Q2 2009: \$8.4 million).

?

Net income attributable to Formula shareholders reached \$ 3.8 million (Q2 2009: \$3.7 million).

?

Formula's consolidated cash and short term investments totaled approximately \$133.5 million as at 30 June 2010.

**Financial Highlights for the Six Months Period Ended June 30, 2010**

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Revenues totaled \$262.6 million compare to 227.9 in the same period last year.

?

Operating income increased by 37% to \$22.3 million up from \$16.3 million in the same period last year.

?

Net income attributable to Formula shareholders reached \$8.6 million compare to \$7.1 million in the same period in 2009.

### **Comments of Management**

Guy Bernstein, Chief Executive Officer of Formula Systems, said: "I am pleased to report the constant improvement in Formula's profitability, demonstrating the continuous demand for the products and services offered by the group's subsidiaries, as well as the cost-saving measures implemented throughout the group. We will strive to maintain the growth momentum going forward."

### **About Formula Systems**

Formula Systems (1985) Ltd. (NASDAQ: FORTY) is a global information technology company principally engaged, through its subsidiaries and affiliates, in providing software consulting services, developing proprietary software products and providing computer-based business solutions.

Statements made in this press release that are not historical facts are forward-looking statements. Such statements involve various risks that may cause actual results to differ materially. These risks and uncertainties include, but are not limited to: market demand for the company's products, dependence on strategic partners, integration of new business, successful implementation of Formula's products, economic and competitive factors, international market conditions, management of growth, technological developments, the ability to finance operations and other factors which are detailed in Formula's Securities and Exchange Commission filings, including its most recent report on Form 20-F. Formula undertakes no obligation to publicly release any revision to any forward-looking statement.

### **Contact:**

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**FORMULA SYSTEMS (1985) LTD.**  
**(An Israeli corporation)**  
**CONSOLIDATED BALANCE SHEETS**

|  | <b>June 30,</b>       | <b>December 31,</b> |
|--|-----------------------|---------------------|
|  | <b>2010</b>           | <b>2009</b>         |
|  | <b>(Unaudited)</b>    | <b>(Audited)</b>    |
|  | <b>U.S. \$</b>        |                     |
|  | <b>(in thousands)</b> |                     |
| <b>CURRENT ASSETS:</b>                             |                       |                     |
| Cash and cash equivalents                          | 86,850                | 100,205             |
| Short-term investments                             | 46,621                | 58,009              |
| Trade receivables                                  | 121,690               | 130,236             |
| Other accounts receivable                          | 25,705                | 22,449              |
| Inventories  | 3,070                 | 2,439               |
| Total assets attributed to discontinued operations | -<br>283,936          | 27<br>313,365       |
| <b>LONG-TERM INVESTMENTS:</b>                      |                       |                     |
| Long term investments                              | 7,446                 | 10,323              |
| Investments in affiliates                          | 2,861                 | 3,293               |

|   |         |         |
|---|---------|---------|
|   | 10,307  | 13,616  |
| <b>SEVERANCE PAY FUND</b>                               | 44,387  | 44,131  |
| <b>PROPERTY, PLANTS AND EQUIPMENT, NET</b>              | 10,474  | 9,989   |
| <b>OTHER ASSETS AND GOODWILL, NET</b>                   | 197,800 | 185,338 |
|   | 546,904 | 566,439 |
|   | -       | -       |
| <b>CURRENT LIABILITIES:</b>                             |         |         |
| Liabilities to banks                                    | 9,187   | 10,055  |
| Trade payables  | 35,315  | 43,776  |
| Deferred revenue  | 30,331  | 25,206  |
| Employees and payroll accrual                           | 35,041  | 32,029  |
| Other accounts payable                                  | 21,445  | 26,995  |
| Dividend payable  | -       | 6,694   |
| Liability in respect of the business combination        | 3,287   | 210     |
| Debentures  | 14,316  | 14,639  |
| Total liabilities attributed to discontinued operations | ....    | 314     |
|   | 148,922 | 159,918 |
| <b>LONG-TERM LIABILITIES:</b>                           |         |         |
| Debentures  | 42,947  | 43,918  |
| Deferred taxes  | 3,386   | 2,207   |



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|   |                |                |
|---|----------------|----------------|
| Deferred revenues                                   | 1,594          | 1,116          |
| Liabilities to banks and others                     | 5,618          | 8,556          |
| Liability in respect of the acquisition of activity | 4,753          | 1,517          |
| Accrued severance pay                               | 54,915         | 53,893         |
|   | 113,213        | 111,207        |
| <b>TOTAL EQUITY</b>                                 | <b>284,769</b> | <b>295,314</b> |
|   | 546,904        | 566,439        |

**FORMULA SYSTEMS (1985) LTD.****(An Israeli corporation)****UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

|  | Six months ended                      |                  | Three months ended |                  |
|--|---------------------------------------|------------------|--------------------|------------------|
|  | 2010                                  | June 30,<br>2009 | 2010               | June 30,<br>2009 |
|  |                                       | U.S.\$           |                    | U.S.\$           |
|  | (in thousands, except per share data) |                  |                    |                  |
| Revenues                                     | 262,566                               | 227,884          | 131,724            | 110,996          |
| Cost of revenues                             | 197,048                               | 170,764          | 98,650             | 82,187           |
| Gross profit                                 | 65,518                                | 57,120           | 33,074             | 28,809           |
| Research and development costs, net          | 2,594                                 | 2,193            | 1,211              | 1,050            |
| Selling, general and administrative expenses |                                       | 38,653           |                    |                  |
|  | 40,624                                |                  | 20,568             | 19,371           |
| Operating income                             | 22,300                                | 16,274           | 11,295             | 8,388            |
| Financial income (expenses), net             | (1,721)                               | 2,056            | (2,243)            | 269              |
|  | 20,579                                | 18,330           | 9,052              | 8,657            |
| Other income (expenses), net                 | (153)                                 | 61               | (146)              | 241              |
| Income before taxes on income                | 20,426                                | 18,391           | 8,906              | 8,898            |

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|  |        |        |       |       |
|--|--------|--------|-------|-------|
| Taxes on income  | 3,371  | 4,896  | 1,213 | 1,963 |
|  | 17,055 | 13,495 | 7,693 | 6,935 |
| Equity in gains (losses) of affiliated companies, net          | (378)  | (1)    | (140) | (34)  |
| Income from continuing operation                               | 16,677 | 13,494 | 7,553 | 6,901 |
| Net income from discontinued operation                         | -      | 341    | -     | 229   |
| Net Income   | 16,677 | 13,835 | 7,553 | 7,130 |
| Net income attributable to non-controlling interests           | 8,044  | 6,697  | 3,720 | 3,405 |
| Net income attributable to Formula shareholders                | 8,633  | 7,138  | 3,833 | 3,725 |
| <b>Amount attributable to Formula's shareholders:</b>          |        |        |       |       |
| Income from continuing operation                               | 8,633  | 6,797  | 3,833 | 3,496 |
| Income from discontinued operation                             | -      | 341    | -     | 229   |
|  | 8,633  | 7,138  | 3,833 | 3,725 |
| <b>Earnings per share generated from continued operation :</b> |        |        |       |       |
| Basic  | 0.65   | 0.51   | 0.29  | 0.26  |
| Diluted  | 0.63   | 0.50   | 0.28  | 0.25  |

**Earnings per share generated from discontinued operation :**

|       |   |      |   |      |
|-------|---|------|---|------|
| Basic | - | 0.03 | - | 0.02 |
|-------|---|------|---|------|

|         |   |      |   |      |
|---------|---|------|---|------|
| Diluted | - | 0.03 | - | 0.02 |
|---------|---|------|---|------|

**Total Earning per share:**

|       |      |      |      |      |
|-------|------|------|------|------|
| Basic | 0.65 | 0.54 | 0.29 | 0.28 |
|-------|------|------|------|------|

|         |      |      |      |      |
|---------|------|------|------|------|
| Diluted | 0.63 | 0.53 | 0.28 | 0.27 |
|---------|------|------|------|------|

**Weighted average number of shares outstanding:**

|       |        |        |        |        |
|-------|--------|--------|--------|--------|
| Basic | 13,349 | 13,200 | 13,365 | 13,200 |
|-------|--------|--------|--------|--------|

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Diluted | 13,518 | 13,403 | 13,524 | 13,432 |
|---------|--------|--------|--------|--------|

|       |       |       |       |
|-------|-------|-------|-------|
| _____ | _____ | _____ | _____ |
|-------|-------|-------|-------|