

FORMULA SYSTEMS (1985) LTD  
Form 6-K  
November 18, 2009

**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 November 2009

FORMULA SYSTEMS (1985) LTD.

(Translation of Registrant's Name into English)

3 Abba Eban Blvd., Herzliya, 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 November, 2009 and incorporated by reference herein is the Registrant's immediate report dated November 18<sup>th</sup>, .., 2009.

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:

November 18<sup>th</sup>, 2009

**FOR IMMEDIATE RELEASE**

**Formula Systems Reports Third Quarter Results**

**NET INCOME INCREASED BY 37% OVER SAME PERIOD LAST YEAR TO REACH \$3.9 MILLION**

Herzliya, Israel November 18, 2009 Formula Systems (1985) Ltd. (NASDAQ: FORTY) a leading provider of information technology products, solutions and services, announced today its results for the nine months period and third quarter of 2009.

**Highlights:**

Revenues for the third quarter totaled \$117.8 million (Q3.08: \$127.8 million)

Revenues for the nine months period ending 30 September 2009 totaled \$345.7 million (nine months period of 2008: \$373.5 million).

The vast majority of Formula's revenues are generated in NIS. Hence, the decline is mostly attributed to the negative impact of the NIS vs. US Dollar devaluation.

Operating income in the third quarter reached \$9.6 million (Q3.08: \$9.8 million)

Operating income in the nine months period ending 30 September 2009 was \$25.9 million (nine months period of 2008: \$24.7 million).

Net income attributable to Formula in the third quarter reached \$3.9 million, an increase of 37% compared to the third quarter of 2008.

Net income attributable to Formula in the nine months period ending 30 September 2009 was \$11.1 million, an increase of 9% compared to the same period of 2008.

Formula's consolidated cash and short term investments totaled approximately \$143.6 million as at 30 September, 2009.

Following the reported period, Formula announced that on 22 October 2009 it completed the sale of its entire stake in nextSource Inc. for a total consideration of \$12 million, comprised of cash and release of bank pledges. Formula expects to record capital gain from this transaction of approximately \$4 million in the fourth quarter of 2009.

Guy Bernstein, CEO, Formula, commented: "We are pleased to report an improvement in our profitability despite the challenges in the global economy.

All our subsidiaries continued to generate positive operating and net profits, an impressive achievement considering the world wide recession. We believe that we are positioned well to seize interesting M&A opportunities, compatible with our strategy and current portfolio of companies. "

## About Formula

Formula Systems Ltd. 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:

Nir Feller, Formula Systems (1985) Ltd.

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

|  | <b>September<br/>30,<br/>2009<br/>(Unaudited)</b> | <b>December 31,<br/>2008<br/>(Audited)</b> |
|--|---|--|
|  | <b>U.S. \$<br/>(in thousands)</b>                 |  |
| <b>CURRENT ASSETS:</b>                               |   |  |
| Cash and cash equivalents                            | 88,525  | 107,847                                    |
| Short-term investments                               | 55,040  | 46,158                                     |
| Trade receivables                                    | 122,374   | 136,353                                    |
| Other accounts receivable                            | 23,133  | 15,425                                     |
| Inventories  | 2,417   | 2,772                                      |
| Total assets attributed to discontinued operations   | 22,170  | 27,614                                     |
|  | 313,659   | 336,169                                    |
| <b>LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:</b> |   |  |
| Loans and other investments                          | 15,953  | 15,844                                     |
| Investments in affiliates                            | 3,602   | 3,694                                      |
|  | 19,555  | 19,538                                     |

|   |      |         |         |
|---|------|---------|---------|
| <b>SEVERANCE PAY FUND</b>                               |      | 41,801  | 38,105  |
| <b>FIXED ASSETS, NET</b>                                |      | 13,412  | 15,009  |
| <b>OTHER ASSETS, NET</b>                                |      | 186,947 | 187,801 |
|   |      | 575,374 | 596,622 |
| <b>CURRENT LIABILITIES:</b>                             |      |         | -       |
| Liabilities to banks and others                         |      | 10,542  | 8,481   |
| Trade payables  |      | 36,914  | 39,475  |
| Other accounts payable                                  |      | 83,351  | 75,252  |
| Dividend payable  |      | -       | 29,964  |
| Liability in respect of the acquisition of subsidiaries |      | 210     | 6,954   |
| Debentures  |      | 4,843   | 5,157   |
| Total liabilities attributed to discontinued operations | .... | 18,884  | 24,903  |
|   |      | 154,744 | 190,186 |
| <b>LONG-TERM LIABILITIES:</b>                           |      |         |         |
| Debentures  |      | 58,710  | 56,004  |
| Deferred taxes  |      | 2,762   | 4,502   |
| Customer advances                                       |      | 1,055   | 1,093   |



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|   |         |         |
|---|---------|---------|
| Liabilities to banks and others                     | 10,176  | 16,640  |
| Liability in respect of the acquisition of activity | 1,085   | 1,010   |
| Accrued severance pay                               | 53,578  | 49,817  |
|   | 127,366 | 129,066 |
| <b>SHAREHOLDERS EQUITY</b>                          | 293,264 | 277,370 |
|   | 575,374 | 596,622 |

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

|  | Nine months ended                     |         | Three months ended |         |
|--|---------------------------------------|---------|--------------------|---------|
|  | September 30,                         |         | September 30,      |         |
|  | 2009                                  | 2008    | 2009               | 2008    |
|  | U.S.\$                                |         | U.S.\$             |         |
|  | (in thousands, except per share data) |         |                    |         |
| Revenues                                     | 345,677                               | 373,463 | 117,793            | 127,840 |
| Cost of revenues                             | 258,284                               | 273,272 | 87,519             | 93,597  |
| Gross profit                                 | 87,393                                | 100,191 | 30,274             | 34,243  |
| Research and development costs, net          | 3,382                                 | 4,484   | 1,189              | 1,646   |
| Selling, general and administrative expenses | 58,128                                | 70,992  | 19,477             | 22,828  |
| Operating income                             | 25,883                                | 24,715  | 9,608              | 9,769   |
| Financial income (expenses), net             | 1,173                                 | (5,186) | (883)              | (4,696) |
| Gain (loss) on realization of investments    | 27,056                                | 19,529  | 8,725              | 5,073   |
|  | 16                                    | (404)   | 12                 | (112)   |
| Other income (expenses), net                 | (77)                                  | (331)   | (134)              | 90      |

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|  |        |        |       |       |
|--|--------|--------|-------|-------|
| Income before taxes on income                                      | 26,995 | 18,794 | 8,603 | 5,051 |
| Taxes on income  | 6,146  | 1,500  | 1,250 | 433   |
|  | 20,849 | 17,294 | 7,353 | 4,618 |
| Share in (losses) gains of associated companies,<br>net            | (130)  | (296)  | (129) | 94    |
| Net Income   | 20,719 | 16,998 | 7,224 | 4,712 |
| Attributable to non-controlling interest                           | 10,243 | 8,022  | 3,546 | 2,538 |
| Net income attributable to Formula from<br>continuing operation    | 10,476 | 8,976  | 3,678 | 2,174 |
| Net income from discontinued continuing<br>operation               | 594    | 1,185  | 254   | 705   |
| Net income attributable to Formula                                 | 11,070 | 10,161 | 3,932 | 2,879 |
| <b>Earnings per share generated from<br/>continued operation :</b> |        |        |       |       |
| Basic  | 0.8    | 0.68   | 0.28  | 0.16  |
| Diluted  | 0.77   | 0.67   | 0.27  | 0.16  |

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

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|         |      |      |      |      |
|---------|------|------|------|------|
| Basic   | 0.05 | 0.09 | 0.02 | 0.06 |
| Diluted | 0.04 | 0.09 | 0.02 | 0.06 |

**Weighted average number of shares  
outstanding:**

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 13,200 | 13,200 | 13,200 | 13,200 |
| Diluted | 13,596 | 13,200 | 13,596 | 13,200 |

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