

FORMULA SYSTEMS (1985) LTD

Form 6-K

May 17, 2010

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FORM 6-K

SECURITIES stocktickerAND EXCHANGE COMMISSION

CityplaceWashington, StateD.C. PostalCode20549

Report of Foreign Private Issuer

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

of the Securities Exchange Act of 1934

For the Month of May 2010

FORMULA SYSTEMS (1985) stocktickerLTD.

(Translation of RegistrantPersonName's Name into English)

5 HaPlada st., CityplaceOr-Yehuda, country-regionIsrael

(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 March 2010 and incorporated by reference herein is the Registrant's immediate report dated May 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) country-regionLTD.

(Registrant)

By:/s/ Guy Bernstein

Guy Bernstein country-regionCEO

dated:

May 17, 2010

FOR IMMEDIATE RELEASE

Formula Systems Reports First Quarter Results for 2010

NET INCOME INCREASED BY 41% TO REACH \$4.8 MILLION

Or-Yeuda, Israel – May 17, 2010 – Formula Systems (1985) Ltd. (NASDAQ: FORTY) a leading provider of information technology products, solutions and services, today announced its results for the first quarter of 2010.

Financial Highlights for the First Quarter

Revenues totaled \$130.8 million (Q1 2009: \$116.9 million), a 12% increase compared to the same quarter of 2009.

Operating income increased by 40% to \$11.0 million (Q1 2009: \$7.9 million)

Net income attributable to Formula reached \$4.8 million, an increase of 41% compared to \$3.4 million for the first quarter of 2009

Formula's consolidated cash and short term investments totaled approximately \$159.6 million as of March 31, 2010.

Total equity of \$285.6 million at March 31, 2010 representing 49% of the total balance sheet.

In March 2010 Formula announced a cash dividend, that was paid on April 21, 2010, in the amount of US\$1.47 per share and in the aggregate amount of approximately US\$20 million.

Guy Bernstein, CEO, Formula Systems, commented: "We are pleased to report strong results for the start of 2010. We have significantly improved our operating and net income, resulting from the positive performance of all our subsidiaries. With a strong cash position, we will continue to explore business growth opportunities, while maintaining our focus on profitability and growth".

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.

+972-3-5389487

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

| | March 31, | December 31, |
|---|-----------------------------------|---------------------|
| | 2010 | 2009 |
| | (Unaudited) | (Audited) |
| | country-regionplaceU.S. \$ | |
| | (in thousands) | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 111,911 | 100,205 |
| Short-term investments | 47,657 | 58,009 |
| Trade receivables | 133,573 | 130,236 |
| Other accounts receivable | 25,474 | 22,449 |
| Inventories | 2,773 | 2,439 |
| Total assets attributed to discontinued operations | 26 | 27 |
| | 321,414 | 313,365 |
| LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES: | | |
| Long term investments | 10,641 | 10,323 |
| Investments in affiliates | 3,127 | 3,293 |
| | 13,768 | 13,616 |

| | | | |
|--|-------------|----------------|----------------|
| SEVERANCE PAY FUND | | 45,464 | 44,131 |
| PROPERTY, PLANTS AND EQUIPMENT, NET | | 10,226 | 9,989 |
| OTHER ASSETS, NET | | 195,611 | 185,338 |
| | | 586,483 | 566,439 |
| CURRENT LIABILITIES: | | | |
| Liabilities to banks | | 9,962 | 10,055 |
| Trade payables | | 41,671 | 43,776 |
| Other accounts payable | | 93,381 | 84,230 |
| Dividend payable | | 21,422 | 6,694 |
| Liability in respect of business combinations | | 2,610 | 210 |
| Debentures | | 14,742 | 14,639 |
| Total liabilities attributed to discontinued operations | | 294 | 314 |
| | | 184,082 | 159,918 |
| LONG-TERM LIABILITIES: | | | |
| Debentures | | 44,227 | 43,918 |
| Deferred taxes | | 3,024 | 2,207 |
| Customer advances | | 1,828 | 1,116 |

| | | |
|--|----------------|----------------|
| Liabilities to banks and others | 7,450 | 8,556 |
| Liability in respect of business combinations | 4,506 | 1,517 |
| Accrued severance pay | 55,751 | 53,893 |
| | 116,786 | 111,207 |
| TOTAL EQUITY | 285,615 | 295,314 |
| | 586,483 | 566,439 |

FORMULA SYSTEMS (1985) LTD.
(An Israeli corporation)

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

| | Three months ended | |
|--|--|----------------|
| | March 31, | |
| | 2010 | 2009 |
| | country-region U.S.\$ | |
| | (in thousands, except per share data) | |
| Revenues | 130,842 | 116,888 |
| Cost of revenues | 98,398 | 88,577 |
| Gross profit | 32,444 | 28,311 |
| Research and development costs, net | 1,383 | 1,143 |
| Selling, general and administrative expenses | 20,056 | 19,282 |
| Operating income | 11,005 | 7,886 |
| Financial income (expenses), net | 522 | 1,787 |
| Other income (expenses), net | 11,527 (7) | 9,673 (180) |

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| | | |
|--|----------------|-------------|
| Income before taxes on income | 11,520 | 9,493 |
| Taxes on income | 2,158 | 2,933 |
| Equity in gain (losses) of affiliated companies, net | 9,362 (238) | 6,560 33 |
| Income from continuing operation | 9,124 | 6,593 |
| Net income from discontinued operation | - | 112 |
| Net income | 9,124 | 6,705 |
| Net income attributable to non-controlling interests | 4,324 | 3,292 |
| Net income attributable to Formula's shareholders | 4,800 | 3,413 |
| Amount attributable to Formula's shareholders | | |
| Income from continuing operation | 4,800 | 3,301 |
| Income from discontinued operation | - | 112 |
| | 4,800 | 3,413 |
| Earnings per share generated from continuing operation: | | |
| Basic | 0.36 | 0.25 |

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| | | |
|---|--------|--------|
| Diluted | 0.35 | 0.25 |
| Earnings per share generated from discontinued operations: | | |
| Basic | - | 0.01 |
| Diluted | - | 0.01 |
| Total Earnings per share: | | |
| Basic | 0.36 | 0.26 |
| Diluted | 0.35 | 0.26 |
| Weighted average number of shares outstanding: | | |
| Basic | 13,365 | 13,200 |
| Diluted | 13,548 | 13,398 |