

FORMULA SYSTEMS (1985) LTD

Form 6-K

November 22, 2010

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**FORM 6-K**

SECURITIES stocktickerAND EXCHANGE COMMISSION

CityplaceCityWashington, 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 November 2010

FORMULA SYSTEMS (1985) stocktickerLTD.

(Translation of RegistrantPersonName's Name into English)

5 HaPlada st., CityplaceCityOr-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 November 2010 and incorporated by reference herein is the Registrant's immediate report dated November 22, 2010.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to 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:

November 22, 2010

**PRESS RELEASE - FOR IMMEDIATE RELEASE**

**Formula Systems Reports Third Quarter Results; Revenues Increased by 14% Year-Over-Year to reach \$133.8 million and Net Income Increased by 24% to \$4.9 million**

**Or-Yehuda, Israel – November 22, 2010** – Formula Systems (1985) Ltd. (NASDAQ: FORTY) a provider of information technology products, solutions and services, announced today its results for the Third quarter and nine months period ended September 30, 2010.

**Financial Highlights for the Third Quarter Ended September 30, 2010**

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Revenues increased by 14% to \$133.8 million (Q3 2009: \$117.8 million).

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Operating income increased by 26% to \$12.0 million (Q3 2009: \$9.5 million).

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Net income attributable to Formula shareholders reached \$ 4.9 million (Q3 2009: \$3.9 million).

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Formula's consolidated cash and short term investments totaled approximately \$136.5 million as at 30 September 2010.

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Formula's stand-alone cash and other financial investments, net totaled \$14.7 million as at September 30, 2010.

**Financial Highlights for the Nine Months Period Ended September 30, 2010**

Revenues totaled \$396.4 million compare to country-regionmetricconverterProductID345.7 in345.7 in the same period last year.

Operating income increased by 33% to \$34.1 million up from \$25.7 million in the same period last year.

Net income attributable to Formula shareholders reached \$13.5 million, an increase of 22% compare to \$11.1 million in the same period in 2009.

**Comments of Management**

Guy Bernstein, Chief Executive Officer of Formula Systems, said: "I am pleased with the group performance in both the third quarter and the nine months period. We continued to demonstrate growth and improved profitability driven by strong demand for the products and services offered by our subsidiaries. We feel well positioned to carry out our growth strategy and to continue seeking out ways to generate value for our shareholders."

**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)****UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEETS**

|  | <b>September 30,</b>     | <b>December 31,</b> |
|--|--------------------------|---------------------|
|  | <b>2010</b>              | <b>2009</b>         |
|  | <b>placeplaceU.S. \$</b> |                     |
|  | <b>(in thousands)</b>    |                     |
| <b>CURRENT ASSETS:</b>                                   |                          |                     |
| Cash and cash equivalents                                | 81,741                   |                     |
|  |                          | 100,205             |
| Marketable securities                                    | 48,724                   |                     |
|  |                          | 44,171              |
| Short-term deposits                                      | 5,993                    |                     |
|  |                          | 13,838              |
| Trade receivables  | 128,207                  |                     |
|  |                          | 130,237             |
| Other accounts receivable                                | 25,566                   |                     |
|  |                          | 22,448              |
| Inventories  | 4,081                    |                     |
|  |                          | 2,439               |
| Total assets attributed to discontinued operations ..... | -                        | 27                  |
|  | 294,312                  | 313,365             |
| <b>LONG-TERM ASSETS:</b>                                 |                          |                     |
| Marketable securities                                    | 2,791                    |                     |
|  |                          | 7,781               |
| Deferred taxes   | 12,641                   |                     |
|  |                          | 9,499               |
| Investments in companies                                 | 3,450                    |                     |
|  |                          | 3,710               |
| Prepaid expenses and other assets                        | 5,541                    | 3,023               |

|   |         |         |
|---|---------|---------|
|   | 24,423  | 24,013  |
| <b>SEVERANCE PAY FUND</b>                               | 48,254  |         |
|   |         | 44,131  |
| <b>PROPERTY, PLANTS AND EQUIPMENT, NET</b>              | 11,136  |         |
|   |         | 9,989   |
| <b>NET INTANGIBLE ASSETS AND GOODWILL</b>               | 195,367 | 174,941 |
|   | 573,492 | 566,439 |
| <b>CURRENT LIABILITIES:</b>                             |         |         |
| Liabilities to banks                                    | 9,812   |         |
|   |         | 10,056  |
| Trade payables  | 39,998  |         |
|   |         | 43,776  |
| Deferred revenue  | 24,271  |         |
|   |         | 25,206  |
| Employees and payroll accrual                           | 35,284  |         |
|   |         | 32,029  |
| Other accounts payable                                  | 22,585  |         |
|   |         | 26,994  |
| Dividend payable  | -       |         |
|   |         | 6,694   |
| Liability due to acquisition of activities              | 4,029   |         |
|   |         | 210     |
| Debentures  | 16,131  |         |
|   |         | 14,639  |
| Total liabilities attributed to discontinued operations | -       |         |
|   |         | 314     |
|   | 152,110 | 159,918 |
| <b>LONG-TERM LIABILITIES:</b>                           |         |         |



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|  |     |         |         |
|--|-----|---------|---------|
| Debtentures                                |     | 45,967  |         |
|  |     |         | 43,918  |
| Deferred taxes                             |     | 2,663   |         |
|  |     |         | 2,207   |
| Deferred revenues                          |     | 2,166   |         |
|  |     |         | 1,116   |
| Liabilities to banks and others            |     | 4,527   |         |
|  |     |         | 8,556   |
| Liability due to acquisition of activities |     | 5,253   |         |
|  |     |         | 1,517   |
| Accrued severance pay                      |     | 59,626  |         |
|  |     |         | 53,893  |
|  |     | 120,202 | 111,207 |
| <b>TOTAL EQUITY</b>                        |     |         |         |
| Formula shareholders' equity               | ..  | 183,232 | 188,041 |
| Non –controlling interests                 | ... | 117,948 | 107,273 |
|  |     | 301,180 | 295,314 |
|  |     | 573,492 | 566,439 |

FORMULA SYSTEMS (1985) LTD.

(An Israeli corporation)

**UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF INCOME**

| Nine months ended |      | Three months ended |      |
|-------------------|------|--------------------|------|
| September 30,     |      | September 30,      |      |
| 2010              | 2009 | 2010               | 2009 |

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|   |         | placeU.S.\$                           | placeU.S.\$ | placeU.S.\$ |
|---|---------|---------------------------------------|-------------|-------------|
|   |         | (in thousands, except per share data) |             |             |
| Revenues  | 396,357 |                                       |             |             |
|   |         | 345,677                               | 133,791     | 117,793     |
| Cost of revenues                                      | 297,330 |                                       |             |             |
|   |         | 258,284                               | 100,282     | 87,519      |
| Gross profit  | 99,027  |                                       |             |             |
|   |         | 87,393                                | 33,509      | 30,274      |
| Research and development costs, net                   | 3,993   |                                       |             |             |
|   |         | 3,382                                 | 1,399       | 1,189       |
| Selling, general and administrative expenses          | 60,944  |                                       |             |             |
|   |         | 58,323                                | 20,087      | 19,536      |
| Operating income                                      | 34,090  |                                       |             |             |
|   |         | 25,688                                | 12,023      | 9,549       |
| Financial income (expenses), net                      | (2,754) |                                       |             |             |
|   |         | 1,173                                 | (1,033)     | (883)       |
|   |         | 31,336                                | 26,861      | 10,990      |
| Other income (expenses), net                          | 148     |                                       |             |             |
|   |         | 134                                   | 68          | (63)        |
| Income before taxes on income                         | 31,484  |                                       |             |             |
|   |         | 26,995                                | 11,058      | 8,603       |
| Taxes on income                                       | 5,089   |                                       |             |             |
|   |         | 6,146                                 | 1,718       | 1,250       |
|   |         | 26,395                                | 20,849      | 9,340       |
| Equity in gains (losses) of affiliated companies, net | (649)   |                                       |             |             |
|   |         | 130                                   | (271)       | 129         |
| Net Income  | 25,746  |                                       |             |             |
|   |         | 20,719                                | 9,069       | 7,224       |

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|  |        |        |       |       |
|--|--------|--------|-------|-------|
| Net income attributable to non-controlling interests           | 12,237 |        |       |       |
|  |        | 10,243 | 4,193 | 3,546 |
| Net income attributable to Formula shareholders                | 13,509 |        |       |       |
|  |        | 10,476 | 4,876 | 3,678 |
| <b>Amount attributable to Formula's shareholders:</b>          |        |        |       |       |
| Income from continuing operation                               | 13,509 |        |       |       |
|  |        | 10,476 | 4,876 | 3,678 |
| Income from discontinued operation                             | -      |        |       |       |
|  |        | 594    | -     | 254   |
|  | 13,509 | 11,070 | 4,876 | 3,932 |
| <b>Earnings per share generated from continued operation :</b> |        |        |       |       |
| Basic  | 1.01   |        |       |       |
|  |        | 0.79   | 0.36  | 0.28  |
| Diluted  | 1.00   |        |       |       |
|  |        | 0.78   | 0.36  | 0.27  |
| Earnings per share generated from discontinued operation :     |        |        |       |       |
| Basic  | -      |        |       |       |
|  |        | 0.05   | -     | 0.02  |
| Diluted  | -      |        |       |       |
|  |        | 0.04   | -     | 0.02  |
| <b>Total Earning per share:</b>                                |        |        |       |       |
| Basic  | ..     |        |       |       |
|  | 1.01   | 0.84   | 0.36  | 0.30  |
| Diluted  | ..     | 1.00   |       |       |
|  |        | 0.82   | 0.36  | 0.29  |
| <b>Weighted average number of shares outstanding:</b>          |        |        |       |       |

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|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 13,365 | 13,200 | 13,398 | 13,200 |
| Diluted | 13,522 |        |        |        |
|         |        | 13,451 | 13,530 | 13,504 |