

FORMULA SYSTEMS (1985) LTD  
Form 6-K  
August 18, 2011

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 2011

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  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

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 2011 and incorporated by reference herein is the Registrant's immediate report dated August 18, 2011.

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) LTD.  
(Registrant)

By:/s/ Guy Bernstein  
Guy Bernstein CEO  
dated: August 18, 2011



FOR IMMEDIATE RELEASE

Formula Systems Reports Second Quarter Results for 2011

Revenues increased 26% Year-Over-Year to reach \$165.9 million and Net Income Increased 32% to \$5 million

Or-Yeuda, Israel – August 18, 2011 – Formula Systems (1985) Ltd. (NASDAQ: FORTY) a leading provider of information technology products, solutions and services, today announced its results for the second quarter of 2011.

Financial Highlights for the Second Quarter and Six-Month Periods Ended June 30, 2011

- Second quarter Revenues totaled \$165.9 million (Q2 2010: \$131.7 million), a 26% increase compared to the same quarter of 2010.
- Operating income for the second quarter increased by 18% to \$13.3 million (Q2 2010: \$11.3 million)
- Net Income attributable to Formula for the second quarter reached \$5 million, an increase of 32% compared to \$3.8 million for the second quarter of 2010.
- Revenues for the first half of 2011 increased 23% to \$321.8 million compared to \$262.6million in the same period last year.
- Operating income for the first half of 2011 increased 15% to \$25.6 million compared to \$22.3 million in the same period last year.
- Net income for the first half of 2011 increased 7% to \$9.2 million compared to \$8.6 million in the same period last year.
- Formula's consolidated cash and short term and long term investments totaled approximately \$125.0 million, as of 30 June, 2011, of which Formula's stand alone cash and short term and long term investments totaled to \$9.4 million with no debt.
- Total equity stood at \$348.1 million on June 30, 2011, representing 53% of the total balance sheet.

Guy Bernstein, CEO of Formula Systems, commented: "I am pleased with the group's performance in both the second quarter and the six months period. We continued to demonstrate growth reflected in our impressive financial performance driven by strong demand for the products and services offered by our subsidiaries. We feel well positioned to carry out our growth strategy for bringing added value to our customers and shareholders."

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

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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.  
CONSOLIDATED CONDENSED  
STATEMENTS OF INCOME  
U.S. dollars in thousands (except per share data)

|   | Three months ended |          | Six months ended |          |
|---|--------------------|----------|------------------|----------|
|   | June 30,           |          | June 30,         |          |
|   | 2011               | 2010     | 2011             | 2010     |
|   | Unaudited          |          | Unaudited        |          |
| Revenues  | 165,875            | 131,724  | 321,791          | 262,566  |
| Cost of revenues                                      | 126,022            | 98,650   | 245,738          | 197,048  |
| Gross profit  | 39,853             | 33,074   | 76,053           | 65,518   |
| Research and development costs, net                   | 1,535              | 1,211    | 3,220            | 2,594    |
| Selling, general and administrative expenses          | 24,993             | 20,568   | 47,265           | 40,624   |
| Operating income                                      | 13,325             | 11,295   | 25,568           | 22,300   |
| Financial income (expenses), net                      | (1,788 )           | (2,243 ) | (3,146 )         | (1,721 ) |
|   | 11,537             | 9,052    | 22,422           | 20,579   |
| Other income (expenses), net                          | 146                | (146 )   | 177              | (153 )   |
| Income before taxes on income                         | 11,683             | 8,906    | 22,599           | 20,426   |
| Taxes on income                                       | 1,685              | 1,213    | 3,861            | 3,371    |
|   | 9,998              | 7,693    | 18,738           | 17,055   |
| Equity in gains (losses) of affiliated companies, net | 103                | (140 )   | (137 )           | (378 )   |
| Net income  | 10,101             | 7,553    | 18,601           | 16,677   |
| Net income attributable to non-controlling interests  | 5,089              | 3,720    | 9,412            | 8,044    |
| Net income attributable to Formula's shareholders     | 5,012              | 3,833    | 9,189            | 8,633    |
| Earnings per share:                                   |                    |          |                  |          |
| Basic   | 0.37               | 0.29     | 0.68             | 0.65     |
| Diluted   | 0.35               | 0.28     | 0.65             | 0.63     |
| Weighted average number of shares outstanding:        |                    |          |                  |          |
| Basic   | 13,497             | 13,365   | 13,481           | 13,349   |
| Diluted   | 13,662             | 13,524   | 13,654           | 13,518   |

FORMULA SYSTEMS (1985) LTD.  
CONSOLIDATED CONDENSED BALANCE  
SHEETS

U.S. dollars in thousands

|   | June 30,<br>2011<br>(Unaudited) | December<br>31,<br>2010 |
|---|---------------------------------|-------------------------|
| <b>ASSETS</b>                                 |                                 |                         |
| <b>CURRENT ASSETS:</b>                        |                                 |                         |
| Cash and cash equivalents                     | 90,077                          | 110,508                 |
| Marketable securities                         | 26,185                          | 38,170                  |
| Short-term deposits                           | 6,218                           | 24                      |
| Trade receivables                             | 160,317                         | 154,366                 |
| Other accounts receivable                     | 29,811                          | 23,140                  |
| Inventories                                   | 3,100                           | 5,601                   |
| Total current assets                          | 315,708                         | 331,809                 |
| <b>LONG-TERM INVESTMENTS:</b>                 |                                 |                         |
| Marketable securities                         | 2,926                           | 2,828                   |
| Deferred Taxes                                | 14,927                          | 13,135                  |
| Investments in affiliated company             | 3,746                           | 3,209                   |
| Prepaid expenses and other assets             | 6,209                           | 5,493                   |
| Total long-Term Investments                   | 27,808                          | 24,665                  |
| SEVERANCE PAY FUND                            | 55,591                          | 55,286                  |
| PROPERTY, PLANTS AND EQUIPMENT, NET           | 20,145                          | 12,411                  |
| NET INTANGIBLE ASSETS AND GOODWILL            | 234,733                         | 199,596                 |
| <b>TOTAL ASSETS</b>                           | <b>653,985</b>                  | <b>623,767</b>          |
| <b>LIABILITIES AND EQUITY</b>                 |                                 |                         |
| <b>CURRENT LIABILITIES:</b>                   |                                 |                         |
| Liabilities to banks                          | 6,137                           | 6,684                   |
| Trade payables                                | 44,958                          | 53,177                  |
| Deferred revenues                             | 35,364                          | 26,845                  |
| Employees and payroll accrual                 | 43,619                          | 40,704                  |
| Other accounts payable                        | 28,903                          | 30,693                  |
| Liability in respect of business combinations | 3,871                           | 3,963                   |
| Debentures                                    | 16,909                          | 15,927                  |
| Total current liabilities                     | 179,761                         | 177,993                 |
| <b>LONG-TERM LIABILITIES:</b>                 |                                 |                         |
| Debentures                                    | 33,817                          | 31,854                  |
| Deferred taxes                                | 3,784                           | 2,654                   |
| Customer advances                             | 3,027                           | 3,520                   |

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|   |                |                |
|---|----------------|----------------|
| Liabilities to banks and others               | 3,173          | 3,154          |
| Liability in respect of business combinations | 13,293         | 4,758          |
| Accrued severance pay                         | 68,989         | 65,450         |
| Total long-term liabilities                   | 126,083        | 111,390        |
| EQUITY  |                |                |
| Formula shareholders' equity                  | 200,849        | 197,615        |
| Non-controlling interests                     | 147,292        | 136,769        |
| Total equity                                  | 348,141        | 334,384        |
| <b>TOTAL LIABILITIES AND EQUITY</b>           | <b>653,985</b> | <b>623,767</b> |

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