

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**

**country-regioncountry-regionplaceCityOr-Yeuda, country-regionIsrael – 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**

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

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

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

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

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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**

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

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

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



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**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>country-region U.S.\$</b>	
	<b>(in thousands, except per share data)</b>	
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
<b>Amount attributable to Formula's shareholders</b>		
Income from continuing operation	4,800	3,301
Income from discontinued operation	-	112
	4,800	3,413
<b>Earnings per share generated from continuing operation:</b>		
Basic	0.36	0.25

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