

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

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	85,462	110,602
Short-term investments	49,453	46,158
Trade receivables	135,026	158,166
Other accounts receivable	16,908	16,104
Inventories	2,595	2,772
Total assets attributed to discontinued operations	29	31
	<u>289,473</u>	<u>333,833</u>
LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	14,324	15,844
Investments in affiliates	3,390	3,694
	<u>17,714</u>	<u>19,538</u>
SEVERANCE PAY FUND	<u>36,828</u>	<u>38,105</u>
FIXED ASSETS, NET	<u>13,873</u>	<u>15,228</u>
OTHER ASSETS, NET	<u>177,060</u>	<u>189,918</u>
	<u>534,948</u>	<u>596,622</u>
CURRENT LIABILITIES:		
Liabilities to banks and others	11,749	10,731
Trade payables	50,394	57,240
Other accounts payable	80,906	79,768
Dividend payable	-	29,964
Liability in respect of the acquisition of subsidiaries	6,180	6,954
Debentures	4,483	5,157
Total liabilities attributed to discontinued operations	355	372
	<u>154,067</u>	<u>190,186</u>
LONG-TERM LIABILITIES:		
Debentures	50,475	56,004
Deferred taxes	3,815	4,502
Customer advances	862	1,093
Liabilities to banks and others	13,110	16,640
Liability in respect of the acquisition of activity	1,137	1,010
Accrued severance pay	47,396	49,817
	<u>116,795</u>	<u>129,066</u>
SHAREHOLDERS' EQUITY	<u>264,086</u>	<u>277,370</u>
	<u>534,948</u>	<u>596,622</u>

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

	Three months ended	
	March 31,	
	2009	2008
	U.S.\$	
	(in thousands, except per share data)	
Revenues.....	135,741	135,785
Cost of revenues	105,565	101,749
Gross profit	30,176	34,036
Research and development costs, net.....	1,143	1,434
Selling, general and administrative expenses	20,235	25,191
Depreciation and amortization.....	750	921
Operating income.....	8,048	6,490
Financial income (expenses), net.....	1,758	25
	9,806	6,515
Gain (loss) on realization of investments.....	-	(274)
Other expenses, net.....	(180)	(44)
Income before taxes on income	9,626	6,197
Taxes on income	2,954	471
	6,672	5,726
Share in gains (losses) of associated companies, net.....	33	(275)
Net Income	6,705	5,451
Attributable to non-controlling interest	3,292	2,406
Net income attributable to Formula	3,413	3,045
 Earnings per share:		
Basic	0.26	0.23
Diluted	0.26	0.23
 Weighted average number of shares outstanding:		
Basic	13,200	13,200
Diluted	13,238	13,200