

CONSOLIDATED BALANCE SHEETS

	June 30, 2009	December 31, 2008
	(Unaudited)	(Audited)
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	80,195	110,602
Short-term investments	54,033	46,158
Trade receivables	139,698	158,166
Other accounts receivable	18,066	16,104
Inventories	2,359	2,772
Total assets attributed to discontinued operations	31	31
	<u>294,382</u>	<u>333,833</u>
LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	16,027	15,844
Investments in affiliates	3,570	3,694
	<u>19,597</u>	<u>19,538</u>
SEVERANCE PAY FUND	<u>40,795</u>	<u>38,105</u>
FIXED ASSETS, NET	<u>13,414</u>	<u>15,228</u>
OTHER ASSETS, NET	<u>183,772</u>	<u>189,918</u>
	<u>551,960</u>	<u>596,622</u>
CURRENT LIABILITIES:		
Liabilities to banks and others	11,240	10,731
Trade payables	49,111	57,240
Other accounts payable	80,703	79,768
Dividend payable	1,507	29,964
Liability in respect of the acquisition of subsidiaries	210	6,954
Debentures	4,618	5,157
Total liabilities attributed to discontinued operations	377	372
	<u>147,766</u>	<u>190,186</u>
LONG-TERM LIABILITIES:		
Debentures	54,958	56,004
Deferred taxes	3,873	4,502
Customer advances	1,147	1,093
Liabilities to banks and others	11,546	16,640
Liability in respect of the acquisition of activity	1,187	1,010
Accrued severance pay	51,930	49,817
	<u>124,641</u>	<u>129,066</u>
SHAREHOLDERS' EQUITY	<u>279,553</u>	<u>277,370</u>
	<u>551,960</u>	<u>596,622</u>

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Six months ended June 30,		Three months ended June 30,	
	2009	2008	2009	2008
	U.S.\$		U.S.\$	
	(in thousands, except per share data)			
Revenues.....	268,598	287,264	132,857	151,479
Cost of revenues	<u>207,557</u>	<u>217,200</u>	<u>101,992</u>	<u>115,451</u>
Gross profit	61,041	70,064	30,865	36,028
Research and development costs, net.....	2,193	2,838	1,050	1,404
Selling, general and administrative expenses	40,675	49,942	20,440	24,751
Depreciation and amortization.....	<u>1,477</u>	<u>1,792</u>	<u>727</u>	<u>871</u>
Operating income.....	16,696	15,492	8,648	9,002
Financial income (expenses), net.....	<u>2,013</u>	<u>(541)</u>	<u>255</u>	<u>(566)</u>
	18,709	14,951	8,903	8,436
Gain (loss) on realization of investments.....	4	(292)	4	(18)
Other income (expenses), net.....	<u>57</u>	<u>(421)</u>	<u>237</u>	<u>(377)</u>
Income before taxes on income	18,770	14,238	9,144	8,041
Taxes on income	<u>4,934</u>	<u>1,082</u>	<u>1,980</u>	<u>611</u>
	13,836	13,156	7,164	7,430
Share in gains (losses) of associated companies, net.....	<u>(1)</u>	<u>(390)</u>	<u>(34)</u>	<u>(115)</u>
Net Income	13,835	12,766	7,130	7,315
Attributable to non-controlling interest.....	<u>6,697</u>	<u>5,484</u>	<u>3,405</u>	<u>3,078</u>
Net income attributable to Formula	7,138	7,282	3,725	4,237
 Earnings per share generated from continued operation :				
Basic	0.54	0.55	0.28	0.32
Diluted	0.53	0.55	0.27	0.32
 Weighted average number of shares outstanding:				
Basic	13,219	13,200	13,238	13,200
Diluted	<u>13,596</u>	<u>13,200</u>	<u>13,596</u>	<u>13,200</u>