

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

	September 30, 2009	December 31, 2008
	(Unaudited)	(Audited)
	U.S. \$	
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	88,525	107,847
Short-term investments	55,040	46,158
Trade receivables	122,374	136,353
Other accounts receivables	23,133	15,425
Inventories	2,417	2,772
Total assets attributed to discontinued operations	<u>22,170</u>	<u>27,614</u>
	<u>313,659</u>	<u>336,169</u>
LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES:		
Loans and other investments	15,953	15,844
Investments in affiliates	<u>3,602</u>	<u>3,694</u>
	<u>19,555</u>	<u>19,538</u>
SEVERANCE PAY FUND	<u>41,801</u>	<u>38,105</u>
FIXED ASSETS, NET	<u>13,412</u>	<u>15,009</u>
OTHER ASSETS, NET	<u>186,947</u>	<u>187,801</u>
	<u><u>575,374</u></u>	<u><u>596,622</u></u>
CURRENT LIABILITIES:		
Liabilities to banks and others	10,542	8,481
Trade payables	36,914	39,475
Other accounts payable	83,351	75,252
Dividend payable	-	29,964
Liability in respect of the acquisition of subsidiaries	210	6,954
Debentures	4,843	5,157
Total liabilities attributed to discontinued operations	<u>18,884</u>	<u>24,903</u>
	<u>154,744</u>	<u>190,186</u>
LONG-TERM LIABILITIES:		
Debentures	58,710	56,004
Deferred taxes	2,762	4,502
Customer advances	1,055	1,093
Liabilities to banks and others	10,176	16,640
Liability in respect of the acquisition of activity	1,085	1,010
Accrued severance pay	<u>53,578</u>	<u>49,817</u>
	<u>127,366</u>	<u>129,066</u>
SHAREHOLDERS' EQUITY	<u>293,264</u>	<u>277,370</u>
	<u><u>575,374</u></u>	<u><u>596,622</u></u>

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

	Nine months ended September 30,		Three months ended September 30,	
	2009	2008	2009	2008
	U.S.\$		U.S.\$	
	(in thousands, except per share data)			
Revenues	345,677	373,463	117,793	127,840
Cost of revenues	258,284	273,272	87,519	93,597
Gross profit.....	87,393	100,191	30,274	34,243
Research and development costs, net	3,382	4,484	1,189	1,646
Selling, general and administrative expenses	58,128	70,992	19,477	22,828
Operating income	25,883	24,715	9,608	9,769
Financial income (expenses), net	1,173	(5,186)	(883)	(4,696)
	27,056	19,529	8,725	5,073
Gain (loss) on realization of investments	16	(404)	12	(112)
Other income (expenses), net	(77)	(331)	(134)	90
Income before taxes on income.....	26,995	18,794	8,603	5,051
Taxes on income	6,146	1,500	1,250	433
	20,849	17,294	7,353	4,618
Share in (gains) losses of associated companies, net.....	130	296	129	(94)
Net Income	20,719	16,998	7,224	4,712
Attributable to non-controlling interest	10,243	8,022	3,546	2,538
Net income attributable to Formula from continuing operation.....	10,476	8,976	3,678	2,174
Net income from discontinued continuing operation	594	1,185	254	705
Net income attributable to Formula.....	11,070	10,161	3,932	2,879
 Earnings per share generated from continued operation :				
Basic.....	0.8	0.68	0.28	0.16
Diluted.....	0.77	0.67	0.27	0.16
 Earnings per share generated from discontinuing operation :				
Basic	0.05	0.09	0.02	0.06
Diluted.....	0.04	0.09	0.02	0.06
 Weighted average number of shares outstanding:				
Basic.....	13,200	13,200	13,200	13,200
Diluted.....	13,596	13,200	13,596	13,200