

August 27, 2001

D E P O S I T A R Y R E C E I P T S**ATTENTION: MIDDLE EAST AND AFRICAN RESEARCH,
SALES, TRADING AND OPERATIONS STAFF****CASH DISTRIBUTION*****FORMULA SYSTEMS
(1985) LTD.***

Formula Systems (**CUSIP # 346414105**) announced a distribution to their shareholders resulting from a spin-off of shares. The terms of the spin-off were: 1.5 Mashov Computer Ltd. shares for every one (1) Formula share held on the foreign record date of August 12, 2001.

As The Mashov Computer Ltd. ("Mashov") shares will not be registered under the United States Securities Act of 1933, BNY was not permitted to pass the shares on to the ADRs holders. Therefore, the shares will be sold in the Israeli market and the proceeds from the sale of the shares will be distributed to Formula Systems' ADR holders. The pertinent details are as follows:

Foreign Record Date:	August 12, 2001
ADR Ex-Date:	TBA
ADR Record Date:	August 29, 2001
ADR Payable Date:	TBA
Books Closed Period:	Aug. 12 – Aug 29 (inclusive)

The Approximate Net Rate of Distribution per ADS is: **\$0.5352**

This approximate rate is based on the current market value of the Mashov shares and the current foreign exchange rate. The final rate will be announced after the sale of the Mashov shares has been completed, and will be subject to fluctuations in the market of the Mashov shares as well as fluctuations in the foreign exchange rate.

If you require any additional information please visit our website at **www.adrbny.com** or feel free to contact:

New York

Steven Farber
Assistant Vice President
Sfarber@bankofny.com
T. (212) 815-3874

London

James T. Green
Vice President
Jgreen@bankofny.com
Tel: 44 20 7964 6080

www.adrbny.com

**THE
BANK OF
NEW
YORK**