

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2007

MAGIC SOFTWARE ENTERPRISES LTD.

(Name of Registrant)

5 HaPlada Street, Or-Yehuda, Israel 60218

(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under
cover of Form 20-F or Form 40-F.

Form 20-F ☒ [x]

Form 40-F ☐ [-]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1): ☐ [-]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(7): ☐ [-]

Indicate by check mark whether by furnishing the information contained in this
Form, the registrant 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 -Inquiries:

US Press Inquiries:

Magic Software Reports Record Revenues for Q3 2007

Or Yehuda, Israel, November 08, 2007 -- Magic Software Enterprises Ltd. (NASDAQ: MGIC), a leading provider of business integration and development technology, today announced financial results for the third quarter and nine-month period ending September 30, 2007.

Results for the Third Quarter

Revenues for the third quarter of 2007 reached a record \$17.6 million, an increase of 5% compared with \$16.8 in the second quarter of 2007, and 17% compared with \$15.1 million in the third quarter of 2006.

On a U.S. GAAP (Generally Accepted Accounting Principles) basis, operating income for the third quarter was \$1.1 million, up 10% compared with \$1.0 from the second quarter of 2007, and a significant improvement compared to the \$3.6 million operating loss recorded in the third quarter of 2006. GAAP net profit for the period was \$0.8 million, or \$0.02 per share compared to \$0.8 million, or \$0.03 per share, in the second quarter of 2007, and a net loss of \$3.5 million, or \$0.11 per share, in the third quarter of 2006.

GAAP results include amortization expense as well as non-cash charges taken for the capitalization of intangible assets and stock-based compensation.

Excluding these expenses, non-GAAP operating income for the third quarter was \$1.3 million, up 44% compared with \$0.9 million in the second quarter of 2007. Operating loss for the third quarter of 2006 was \$3.0 million. Non-GAAP net income for the period was \$0.9 million, or \$0.03 per share, an increase of 29% compared with \$0.7 million, or \$0.02 per share, in the second quarter of 2007. Non-GAAP net loss for the third quarter of 2006 was \$2.9 million, or \$0.09 per share.

Reconciliation between GAAP and Non-GAAP results is summarized in the following table. For a complete reconciliation, please refer to the tables appended to this release.

(In millions of U.S. dollars, except per share data)

U.S. GAAP basis	Q3 2007	Q2 2007	Q3 2006
Revenues	\$17.6	\$16.8	\$15.6
Operating income (loss)	\$ 1.1	\$ 1.0	\$ (3.6)
Net income (loss)	\$ 0.8	\$ 0.8	\$ (3.5)
Basic EPS (loss)	\$0.02	\$0.03	\$(0.11)
 Non GAAP	 Q3 2007	 Q2 2007	 Q3 2006
Revenues	\$17.6	\$16.8	\$15.6
Operating income (loss)	\$ 1.3	\$ 0.9	\$ (3.0)
Net income (loss)	\$ 0.9	\$ 0.7	\$ (2.9)
Basic EPS (loss)	\$ 0.02	\$0.02	\$(0.09)

Results for the Nine-Month Period

Revenues for the first nine months of 2007 were \$50.8 million, a 12% increase compared to \$45.5 million in the first nine months of 2006.

On a U.S. GAAP basis, operating income for the nine-month period reached \$3.2 million compared to an operating loss of \$5.2 million in the first nine months of 2006. Net profit for the period on a GAAP basis was \$2.6 million, or \$0.08 per share, compared to a net loss of \$5.0 million, or \$0.16 per share, recorded in the first nine months of 2006.

On a non-GAAP basis, operating income for the first nine months of 2007 was \$3.3 million, compared to a non-GAAP operating loss of \$4.9 million in the nine month of 2006. Net income on a non-GAAP basis for the nine-month period was \$2.8 million, or \$0.09 per share, compared to non-GAAP net loss of \$4.7 million, or \$0.15 per share, for the first nine months of 2006.

Comments of Management

Commenting on the results, Eitan Naor, President and CEO of Magic Software, said, "Having reported record revenues for the third quarter together with four quarters of consecutive growth, we are ready to focus our attention on improving the Company's execution and profitability. We have recently strengthened our management team in line with our plan for building a stronger organization in 2008."

Mr. Naor continued, "During the reporting period, we continued to improve our execution, with the following **achievements standing out as highlights**:

- We achieved **significant cross sales** into our customer and partner base.
- In the **IBM space**, we reinforced our partner base via the addition of a significant competitive partner win in the Netherlands.
- We performed well in our **target ecosystem market**.
- We expanded our **footprint in the JD Edwards community** through the addition of new partners and new sales in the US.
- We continued to grow our **SAP Business One** partner base, and signed a significant deal that builds on our combined presence in the SAP and BMC communities."

Mr. Naor concluded, "We are now working on two parallel tracks: to improve our short-term results and bottom line performance, we are streamlining our operational capabilities; at the same time, we are formulating a detailed strategy for fueling our long-term growth. I look forward to reporting progress on both these fronts in the year ahead."

Non-GAAP Financial Measures

This release includes non-GAAP basic and diluted earnings per share and other non-GAAP financial measures, including cost of service, research and development, selling, general and administrative, operating income, income taxes and net income. These non-GAAP measures exclude the following items:

- Amortization of purchased intangible assets;
- In-process research and development capitalization and;
- Equity-based compensation expense.

Magic's management believes that the presentation of non-GAAP measures provide useful information to investors and management regarding financial and business trends relating to the company's financial condition and results of operations as well as the net amount of cash generated by its business operations after taking into account capital spending required to maintain or expand the business.

For its internal budgeting process and in monitoring the results of the business, Magic's management uses financial statements that do not include amortization of purchased intangible assets, in-process research and development capitalization and equity-based compensation expense. Magic's management also uses the foregoing non-GAAP financial measures, in addition to the corresponding GAAP measures, in reviewing the company's financial results.

These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Magic believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Magic's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Magic's results of operations in conjunction with the corresponding GAAP measures.

Please refer to the Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP tables below.

Conference Call

Magic Software's management will also host a conference call today at 10 am EST, 3 pm GMT, and 5 pm in Israel.

To participate in the conference call, please call the appropriate number listed below at least five to ten minutes prior to the start of the call:

From the US: 1 888 642 5032
From Canada: 1 866 485 2399
From UK: 0 800 917 9141
From Israel: 03 918 0688
All others: +972 3 918 0688

Callers should reference the Magic Software Earnings Conference Call.

For those unable to listen to the conference call, there will be a replay available from the investor relations part of Magic's web-site at: www.magicsoftware.com.

About Magic Software Enterprises

Magic Software Enterprises Ltd. (NASDAQ: MGIC) has been a leader in enterprise application development, deployment and integration technology for more than two decades. The company's service-oriented (SOA) platforms are used by companies worldwide to develop, maintain, and deploy both legacy and new business solutions, while integrating these applications across both internal and external, heterogeneous environments. Magic Software's platform-independent methodology lets companies achieve agility by quickly assembling composite applications, allowing programmers to create services and architects and business analysts to orchestrate and reuse these services to enable business processes. Through partnerships with industry leaders such as IBM and SAP and more than 2500 ISVs worldwide, Magic Software technology is used by more than 1.5 million customers around the globe.

Magic Software is a subsidiary of the Formula Systems and Emblaze Group of companies.

For more information on Magic Software Enterprises Ltd. and its products and services, visit www.magicsoftware.com.

Except for the historical information contained herein, the matters discussed in this news release include forward-looking statements that may involve a number of risks and uncertainties. Actual results may vary significantly based upon a number of factors including, but not limited to, risks in product and technology development, market acceptance of new products and continuing product conditions, both here and abroad, release and sales of new products by strategic resellers and customers, and other risk factors detailed in the Company's most recent annual report and other filings with the Securities and Exchange Commission.

Contact:

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Magic Software Enterprises Ltd
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales	\$ 17,632	\$ 15,117	\$ 50,804	\$ 45,536
Cost of revenues	7,936	7,312	23,320	21,179
Gross profit	9,696	7,805	27,484	24,357
Software development costs, net	1,140	1,338	3,236	3,114
Selling, general and administrative expenses	7,458	7,986	21,087	24,313
Restructuring expenses	-	2,125	-	2,125
Total operating expenses	8,598	11,449	24,323	29,552
Operating income (loss)	1,098	(3,644)	3,161	(5,195)
Financial income (expenses), net	(172)	191	(53)	286
Income (loss) before taxes	926	(3,453)	3,108	(4,909)
Taxes on income	(119)	(55)	(462)	(241)
	807	(3,508)	2,646	(5,150)
Minority interest	(7)	26	(5)	94
Equity gain (loss)	(31)	(49)	(51)	20
Net income (loss)	769	(3,531)	2,590	(5,036)
Basic net earnings (loss) per ordinary share	\$ 0.02	\$ (0.11)	\$ 0.08	\$ (0.16)
Diluted net earnings (loss) per ordinary share	\$ 0.02	\$ (0.11)	\$ 0.08	\$ (0.16)
Weighted average number of ordinary shares used in computing basic net earnings (loss) per ordinary share	31,486	31,210	31,417	31,150
Weighted average number of ordinary shares used in computing diluted net earnings (loss) per ordinary share	31,831	31,210	31,970	31,150

Magic Software Enterprises Ltd
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(In thousands of U.S. dollars, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
GAAP operating income (loss)	\$ 1,098	\$ (3,644)	\$ 3,161	\$ (5,195)
Amortization of intangibles	736	1,193	2,292	2,874
Capitalization of software development	(698)	(516)	(2,310)	(2,530)
Stock-based compensation	131	-	186	-
Total adjustments to GAAP	169	677	168	344
Non-GAAP operating income (loss)	<u>\$ 1,267</u>	<u>\$ (2,967)</u>	<u>\$ 3,329</u>	<u>\$ (4,851)</u>
GAAP net income (loss)	\$ 769	\$ (3,531)	\$ 2,590	\$ (5,036)
Total adjustments to GAAP as above	169	677	168	344
Non-GAAP net income (loss)	<u>\$ 938</u>	<u>\$ (2,854)</u>	<u>\$ 2,758</u>	<u>\$ (4,692)</u>
Non-GAAP basic earnings (loss) per share	<u>\$ 0.03</u>	<u>\$ (0.09)</u>	<u>\$ 0.09</u>	<u>\$ (0.15)</u>
Weighted average number of ordinary shares used in computing basic net earnings (loss) per ordinary share	<u>31,486</u>	<u>31,210</u>	<u>31,417</u>	<u>31,150</u>
Non-GAAP diluted earnings (loss) per share	<u>\$ 0.03</u>	<u>\$ (0.09)</u>	<u>\$ 0.09</u>	<u>\$ (0.15)</u>
Weighted average number of ordinary shares used in computing diluted net earnings (loss) per ordinary share	<u>31,831</u>	<u>31,566</u>	<u>31,970</u>	<u>31,568</u>

Magic Software Enterprises Ltd
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars)

	As of September 30, 2007	As of December 31, 2006
	(unaudited)	(unaudited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,232	\$ 8,162
Short term bank deposits	87	69
Marketable securities	4,037	4,649
Trade accounts receivable	13,429	12,365
Other receivables and prepaid expenses	3,487	2,472
Inventory	280	328
Total Current Assets	33,552	28,045
Non-Current Assets		
Severance pay fund	2,215	2,176
Long term deposits	567	576
Investment in affiliated companies	162	213
Fixed assets, net	6,256	6,414
Goodwill	21,647	21,624
Other assets, net	10,966	10,863
Total Non-Current Assets	41,813	41,866
Total Assets	\$ 75,365	\$ 69,911
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term credit from banks	\$ 4,094	\$ 4,514
Trade accounts payable	3,237	3,491
Accrued expenses and other liabilities	13,880	11,399
Total Current Liabilities	21,211	19,404
Non-Current Liabilities		
Long-term loans	201	233
Accrued severance pay	2,555	2,499
Minority interests	137	131
Total Non-Current Liabilities	2,893	2,863
Shareholders' Equity	51,261	47,644
Total Liabilities and Shareholders' Equity	\$ 75,365	\$ 69,911

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.

MAGIC SOFTWARE ENTERPRISES LTD.

(Registrant)

By /s/ Eitan Naor

Eitan Naor
President and CEO

Date: November 8, 2007