

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 Under  
The Securities Exchange Act of 1934

For the month of February, 2009

Commission File Number: 0-19415

***MAGIC SOFTWARE ENTERPRISES LTD.***

(Translation of Registrant's Name into English)

***5 HaPlada Street, Or-Yehuda, Israel 60218***  
(Address of Principal Executive Offices)

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

Form 20-F ☒    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): N/A

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): N/A

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 ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

**CONTENTS**

This report on Form 6-K of MAGIC SOFTWARE ENTERPRISES Ltd. consists of the following documents, which are attached hereto and incorporated by reference herein:

1. Magic Software Reports Record 2008 Results: Net Profit Quadruples on Increased Sales

**SIGNATURES**

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.

Date: February 18, 2009

Magic Software Enterprises Ltd

By: /s/ Amit Birk

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Amit Birk, VP  
General Counsel and Corporate Secretary

## EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Magic Software Reports Record 2008 Results: Net Profit Quadruples on Increased Sales



## PRESS RELEASE

# Magic Software Reports Record 2008 Results: Net Profit Quadruples on Increased Sales

***-- Net Income from Continuing Operations Increased 309% to \$4.5 million;  
2008 Revenues Up 6% to \$62.0 million --***

**Or Yehuda, Israel, February 18, 2009** -- Magic Software Enterprises Ltd. (NASDAQ: MGIC), a leading provider of application platform and business and process integration solutions, today announced its financial results for the fourth quarter and full year ended December 31, 2008.

### Financial Results for the Year ended December 31, 2008

- Net income from continuing operations reached \$4.5 million, compared to \$1.1 million in 2007, an increase of 309%.
- Operating income amounted to \$4.3 million, an increase of 231% compared to \$1.3 million in 2007.
- Gross margin improved to 56.2% from 53.2% in 2007.
- Revenues from sales of licenses grew to \$17.9 million, an increase of 19% compared to \$15.0 million in 2007.
- Total revenues increased by 6% to \$62.0 million, up from \$58.4 million in 2007.
- Total cash and short-term investments as of December 31, 2008 were \$32.6 million and shareholders' equity was \$66.8 million.
- Operational cash flow for the year amounted to \$5 million.
- On a non-GAAP basis, net income from continuing operations increased by 269% to \$4.8 million from \$1.3 million in 2007.

### Financial Results for the Fourth Quarter of 2008

- Net income from continuing operations totaled \$1.1 million compared to \$0.3 million for the fourth quarter of 2007, an increase of 267%.
- Operating income amounted to \$1.2 million, a six-fold increase compared to \$0.2 million recorded in the same period of 2007.
- Total revenues were \$15.1 million, a decrease of 4% compared to \$15.7 million for the fourth quarter of 2007.
- Net income from continuing operations on a non-GAAP basis, was \$1.2 million compared to net income of \$0.4 million recorded in the fourth quarter of 2007.
- Net income from discontinued operations for the fourth quarter of 2007 included a \$9.3 million one-time capital gain from the sale of the Company's AAOD subsidiary and contributions from AAOD operations.

### Comments of Management

Commenting on the results, Guy Bernstein, Chairman of Magic Software, said: "I am pleased to report that the Company continued to increase its sales and profits throughout 2008 despite the challenging economic climate. We are maintaining our competitive edge by providing our customers with cost-effective solutions and solid support. We are also maintaining tight control over costs and remain focused on the long-term growth of the Company."

"Our successful introduction of uniPaaS during 2008 and the increasing adoption of iBOLT by the industry place Magic Software in the forefront of the Application Platform industry and we are now considered to be one of the few global strategic providers in this field," stated Mr. Bernstein.

### Key Trends

- **Significant reduction of the Company's churn rate.** This has been demonstrated by growth in the Company's license sales and by the renewal and strengthening of existing customers' interest and commitment.
- **Industry recognition of the value of Magic Software's "Power of Choice."** Numerous partners and customers have expressed appreciation that Magic Software platforms enable them to deploy certain application modules as Client/Server and others as RIA (Rich Internet Applications).
- **Significant adoption of Service Oriented Architecture.** The migration to Service Oriented Architecture is driving the initiation of many new IT projects based on Magic Software products and increasing the scope of existing ones. In parallel, an increasing number of Service Oriented Architecture projects are using both uniPaaS and iBOLT.
- **Growth in the use of iBOLT in the SAP ecosystem,** in particular at the Enterprise level. This has been accompanied by increasing sales into the Salesforce.com space and the Oracle JD Edwards ecosystem.

### Non-GAAP Financial Measures

This release includes non-GAAP operating income, net income, basic and diluted earnings per share and other non-GAAP financial measures. These non-GAAP measures exclude the following items:

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

Magic Software'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.

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 Software believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Magic Software's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Magic Software'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 10:00 AM EST / 5:00 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:** 1-888-723-3164

**From Canada:** 1-866-958-6867

**From Israel:** 1-800-227-297

**All others:** +972-3-9180609

Callers should reference the Magic Software Earnings Conference Call.

A replay of the call will be available from 1:00 p.m. EDT on February 19, 2009 through 12:00 p.m. EDT on February 26, 2009. To access the replay, please call:

From the US: 1-888-295-2634

From Canada: 1-866-500-4964

From Israel: 1-800-286-285  
All others: +972-3-9255937

An archive of the online broadcast will be available on the investor relations part of Magic Software's website, from February 19, at: <http://www.magicsoftware.com/2024-en/Magic.aspx>

### **About Magic Software**

Magic Software Enterprises Ltd. (NASDAQ: MGIC) is a leading provider of multiple-mode application platform solutions – including Full Client, Rich Internet Applications (RIA) or Software-as-a-Service (SaaS) modes - and business and process integration solutions. Magic Software has offices in 10 countries and a presence in over 50, as well as a global network of ISV's, system integrators, value-added distributors and resellers, and consulting and OEM partners. The company's award-winning code-free solutions give partners and customers the power to leverage existing IT resources, enhance business agility and focus on core business priorities. Magic Software's technological approach, product roadmap and corporate strategy are recognized by leading industry analysts. Magic Software has partnerships with global IT leaders including SAP AG, salesforce.com, IBM and Oracle. For more information about Magic Software and its products and services, visit [www.magicsoftware.com](http://www.magicsoftware.com).

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

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.

### **Contacts**

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**MAGIC SOFTWARE ENTERPRISES LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
U.S. dollars in thousands (except per share data)

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenues	\$15,071	\$15,679	\$61,980	\$58,428
Cost of Revenues	6,923	6,612	27,139	27,340
<b>Gross profit</b>	<b>8,148</b>	<b>9,067</b>	<b>34,841</b>	<b>31,088</b>
Research and development, net	653	837	2,350	2,716
Selling, general and administrative expenses	6,302	8,076	28,224	27,090
<b>Total operating expenses</b>	<b>6,955</b>	<b>8,913</b>	<b>30,574</b>	<b>29,806</b>
<b>Operating income</b>	<b>1,193</b>	<b>154</b>	<b>4,267</b>	<b>1,282</b>
Financial income (expenses), net	(34)	136	448	161
Other income (expenses), net	(24)	95	-	170
<b>Income before taxes on income</b>	<b>1,135</b>	<b>385</b>	<b>4,715</b>	<b>1,613</b>
Taxes on income	54	49	199	362
Minority interest	3	(17)	-	(22)
Equity in loss of affiliates	-	(35)	(8)	(86)
<b>Net income before discontinued operation</b>	<b>1,084</b>	<b>284</b>	<b>4,508</b>	<b>1,143</b>
<b>Net income from discontinued operation</b>	<b>-</b>	<b>9,733</b>	<b>-</b>	<b>11,465</b>
<b>Net income</b>	<b>\$1,084</b>	<b>\$10,017</b>	<b>\$4,508</b>	<b>\$12,608</b>
<b>Basic net earnings per ordinary share</b>	<b>\$0.03</b>	<b>\$0.32</b>	<b>\$0.14</b>	<b>\$0.40</b>
<b>Diluted net earnings per ordinary share</b>	<b>\$0.03</b>	<b>\$0.31</b>	<b>\$0.14</b>	<b>\$0.39</b>
<b>Weighted average number of ordinary shares used in computing net earnings per share</b>				
<b>Basic</b>	<b>31,894</b>	<b>31,520</b>	<b>31,769</b>	<b>31,443</b>
<b>Diluted</b>	<b>32,010</b>	<b>31,993</b>	<b>32,032</b>	<b>32,023</b>



**MAGIC SOFTWARE ENTERPRISES LTD.**  
**RECONCILIATION BETWEEN GAAP AND NON-GAAP STATEMENTS OF**  
**OPERATIONS FOR COMPARATIVE PURPOSES**  
U.S. dollars in thousands (except per share data)

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
GAAP operating income	1,193	154	4,267	1,282
Amortization of intangibles	783	583	2,600	2,761
Capitalization of software development	(546)	(717)	(2,577)	(3,027)
Stock-based compensation	(168)	248	244	434
Total adjustments to GAAP	69	114	267	168
Non-GAAP operating income	<u>1,262</u>	<u>268</u>	<u>4,534</u>	<u>1,450</u>
GAAP net income before discontinued operation	1,084	284	4,508	1,143
Total adjustments to GAAP as above before discontinued operation	69	114	267	168
Non-GAAP net income before discontinued operation	<u>1,153</u>	<u>398</u>	<u>4,775</u>	<u>1,311</u>
GAAP net income	1,084	10,017	4,508	12,608
Total adjustments to GAAP as above	69	114	267	168
Non-GAAP net income	<u>1,153</u>	<u>10,131</u>	<u>4,775</u>	<u>12,776</u>
Non-GAAP earnings per ordinary share (basic)	<u>\$0.04</u>	<u>\$0.32</u>	<u>\$0.15</u>	<u>\$0.41</u>
Weighted average number of ordinary shares used in computing basic net earnings per ordinary share	<u>31,894</u>	<u>31,520</u>	<u>31,769</u>	<u>31,443</u>
Non-GAAP diluted earnings per ordinary share	<u>\$0.04</u>	<u>\$0.32</u>	<u>\$0.15</u>	<u>\$0.40</u>
Weighted average number of ordinary shares used in computing diluted net earnings per ordinary share	<u>32,010</u>	<u>31,993</u>	<u>32,032</u>	<u>32,023</u>

**MAGIC SOFTWARE ENTERPRISES LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
U.S. dollars in thousands

	<u>December 31,</u> <u>2008</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2007</u> <u>(Unaudited)</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$27,309	\$12,178
Short-term bank deposits	1,810	89
Marketable securities	3,469	4,179
Trade accounts receivable, net	13,140	12,941
Other accounts receivables and prepaid expenses	1,933	2,010
Receivables from a sale of subsidiary	-	16,000
Current assets of discontinued operations	31	41
<b>Total Current Assets</b>	<u>47,692</u>	<u>47,438</u>
<b>LONG-TERM INVESTMENTS:</b>		
Severance pay fund	1,753	1,925
Long-term lease deposits	290	383
Investment in an affiliated company	-	127
Property and equipment, net	5,436	5,758
Goodwill	16,829	15,986
Other intangible assets, net	10,656	10,681
<b>Total Non-Current Assets</b>	<u>34,964</u>	<u>34,860</u>
<b><u>TOTAL ASSETS</u></b>	<u><u>\$82,656</u></u>	<u><u>\$82,298</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term credit and current maturities of long term loans	\$147	\$3,621
Trade payables	2,988	2,999
Deferred revenues	1,643	2,314
Accrued expenses and other accounts payable	8,779	9,169
Current liabilities of discontinued operations	372	503
<b>Total Current Liabilities</b>	<u>13,929</u>	<u>18,606</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term loans	33	132
Accrued severance pay	1,939	2,316
<b>Total Non-Current Liabilities</b>	<u>1,972</u>	<u>2,448</u>
<b>SHAREHOLDERS' EQUITY</b>	<u>66,755</u>	<u>61,244</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$82,656</u></u>	<u><u>\$82,298</u></u>