

## 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 November, 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 RegulationS-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 RegulationS-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 Results for the Third Quarter of 2009

## PRESS RELEASE

# Magic Software Reports Results for the Third Quarter of 2009

-- COMPANY MAINTAINING PROFITABILITY DESPITE CHALLENGING ECONOMIC CONDITIONS --

**Or Yehuda, Israel, November 4, 2009** -- Magic Software Enterprises Ltd. (NASDAQ: MGIC), a provider of application platforms and business and process integration solutions, today announced its financial results for the third quarter ended September 30, 2009. All references to \$ are to US Dollars.

### Financial Highlights for the Quarter

- Revenues for the third quarter were \$13.5 million compared to \$13.6 million in the second quarter of 2009.
- Operating income in the third quarter was \$0.8 million compared to \$1.0 million in the second quarter of 2009.
- Net income for the third quarter was \$0.9 million, compared to \$1.1 million in the second quarter of 2009.
- Total cash, cash equivalents and short-term investments as of September 30, 2009 were \$37 million, compared to \$33 million as of December 31, 2008.

### Financial Highlights for the First Nine Months

- Cash flow from operations for the first nine months of 2009 amounted to \$4.3 million.
- Revenues reached \$40.9 million, compared to \$46.9 million for the first nine months of 2008.
- Operating income was \$2.5 million, compared to \$3.1 million for the first nine months of 2008.
- Net income was \$2.7 million, compared to \$3.4 million for the first nine months of 2008.

### Comments of Management

Guy Bernstein, Chairman of Magic Software, commented on the results: "We are pleased to report an eleventh consecutive quarter of profitability for the company, which comes despite the continuing challenges in the global economy. Notwithstanding these challenges, we have been successful in obtaining new business this year, including twenty new customers in the US alone. While cautiously encouraged by the reviving markets in the US and Japan, we continue to exercise fiscal and operational restraint. To ensure ongoing stability and profitability, we continue to invest in our core growth engines."

### Summary of the Quarter

- Eyal Pfeifel has been appointed as the company's new CTO. Eyal brings with him previous Magic Software experience and 20 years in planning and managing large-scale and innovative technology projects.
- The company's US branch continues to gain new customers, and increased revenues and profits this quarter.
- The company's Japanese branch also showed improved revenues and profitability thanks to careful planning, and provides a basis for cautious optimism in the Japanese market recovery.
- The uniPaaS application platform continues to be adopted worldwide. The company is now implementing close to 100 uniPaaS RIA projects in Japan alone.
- Other significant uniPaaS deals include uniPaaS RIA for KLAFS, Europe's leading sauna and spa manufacturer; and Bank Leumi, Israel's leading commercial bank, which is migrating 60 of its applications to uniPaaS.
- The company has won a number of new iBOLT deals, including a SaaS/on-premise integration for Clinical Financial Services in the US; a Lotus Notes integration for MintWave in Japan; a Salesforce.com/SAP R/3 integration for AVL in Austria; and a SAP R/3 integration for KLAFS in Germany. The company also entered into a new partnership agreement with nefos GmbH, a leading consulting partner for Salesforce.com, based in Zurich, Switzerland.
- Magic Software's executives continue to speak at industry events, including the recent Software Business 2009 Conference and the 2009 Quest West Conference.
- Magic Software joined Salesforce.com Foundation's 'Power of Us' partner program.

- The company was ranked 250 among the World's Largest Software Companies by Software Magazine.
- The company's uniPaaS and iBOLT solutions gained significant media coverage in the quarter from specialist IT media publications including IT-Business, banking technology, ebizQ, Channel Pro, ITBusinessEdge, ITWeb, manufacturing.net, SaaS Directory, BCW, Software Mag.com, and Retail Technology. For a full listing of our media coverage read [here](#).
- Magic Software was included in five Gartner and Forrester industry analyst reports this quarter. Magic Software's uniPaaS was recently added to Gartner's Magic Quadrant for Enterprise Application Servers, (Gartner Report, 24 September 2009, Yefim V. Natis, Massimo Pezzini, Kimihiko Iijima).

### **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.

### **About Magic Software**

Magic Software Enterprises Ltd. (NASDAQ: MGIC) is a global 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), and for more about our industry related news, business issues and trends, read the Magic Software Blog.

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			Nine months ended	
	September 30,		June 30,	September 30,	
	2009	2008	2009	2009	2008
	Unaudited			Unaudited	
Revenues	13,504	15,809	13,595	40,869	46,909
Cost of Revenues	6,625	6,648	6,443	19,805	20,216
<b>Gross profit</b>	<b>6,879</b>	<b>9,161</b>	<b>7,152</b>	<b>21,064</b>	<b>26,693</b>
Research and development, net	358	676	260	957	1,697
Selling, general and administrative expenses	5,709	6,873	5,937	17,600	21,922
<b>Total operating expenses, net</b>	<b>6,067</b>	<b>7,549</b>	<b>6,197</b>	<b>18,557</b>	<b>23,619</b>
<b>Operating income</b>	<b>812</b>	<b>1,612</b>	<b>955</b>	<b>2,507</b>	<b>3,074</b>
Financial income (expenses), net	154	123	(78)	140	482
Other income (expenses), net	(63)	42	286	223	24
<b>Income before taxes on income</b>	<b>903</b>	<b>1,777</b>	<b>1,163</b>	<b>2,870</b>	<b>3,580</b>
Taxes on income	1	70	76	167	145
<b>Income after taxes on income</b>	<b>902</b>	<b>1,707</b>	<b>1,087</b>	<b>2,703</b>	<b>3,435</b>
Minority interest	-	(1)	-	-	(3)
Equity in losses of affiliates	-	-	-	-	(8)
<b>Net income</b>	<b>902</b>	<b>1,706</b>	<b>1,087</b>	<b>2,703</b>	<b>3,424</b>
Basic net earnings per share	0.03	0.05	0.03	0.08	0.11
Diluted net earnings per share	0.03	0.05	0.03	0.08	0.11
Weighted average number of shares used in computing net earnings per share					
Basic	<u>31,894</u>	<u>31,829</u>	<u>31,894</u>	<u>31,894</u>	<u>31,727</u>
Diluted	<u>32,169</u>	<u>32,159</u>	<u>32,009</u>	<u>32,038</u>	<u>32,039</u>

**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 September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	Unaudited	Unaudited		
GAAP operating income	812	1,612	2,507	3,074
Amortization of intangibles	950	767	2,700	1,817
Capitalization of software development	(771)	(421)	(2,356)	(2,031)
Stock-based compensation	64	(168)	189	412
Total adjustments to GAAP	243	178	533	198
Non-GAAP operating income	<u>1,055</u>	<u>1,790</u>	<u>3,040</u>	<u>3,272</u>
GAAP net income	902	1,706	2,703	3,424
Total adjustments to GAAP as above	243	178	533	198
Non-GAAP net income	<u>1,145</u>	<u>1,884</u>	<u>3,236</u>	<u>3,622</u>
Non-GAAP basic net earnings per share	<u>0.04</u>	<u>0.06</u>	<u>0.10</u>	<u>0.11</u>
Weighted average number of shares used in computing basic net earnings per share	<u>31,894</u>	<u>31,829</u>	<u>31,894</u>	<u>31,727</u>
Non-GAAP diluted net earnings per share	<u>0.04</u>	<u>0.06</u>	<u>0.10</u>	<u>0.11</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>32,276</u>	<u>32,159</u>	<u>32,115</u>	<u>32,039</u>

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

	<b>September 30, 2009</b>	<b>December 31, 2008</b>		
	(Unaudited)			
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	20,392	27,309		
Short-term bank deposits	12,557	1,810		
Available for sale marketable securities	3,905	3,469		
Trade receivable, net	11,935	13,140		
Other accounts receivable and prepaid expenses	2,567	1,933		
Current assets of discontinued operation	32	31		
<b>Total current Assets</b>	<b>51,388</b>	<b>47,692</b>		
<b>LONG-TERM INVESTMENTS:</b>				
Severance pay fund	385	316		
Long-term lease deposits	267	235		
<b>Total long-term investments</b>	<b>652</b>	<b>551</b>		
Property and equipment, net	4,911	5,436		
Goodwill	16,900	16,829		
Other intangible assets, net	10,311	10,656		
<b>TOTAL ASSETS</b>	<b>84,162</b>	<b>81,164</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Short-term credit and current maturities of long term loans	76	147		
Trade payables	2,845	2,988		
Deferred revenues	3,664	1,643		
Accrued expenses and other accounts payable	6,616	8,691		
Current liabilities of discontinued operation	391	372		
<b>Total current liabilities</b>	<b>13,592</b>	<b>13,841</b>		
Long-term loans	17	33		
Accrued severance pay	598	535		
<b>Total non-current Liabilities</b>	<b>615</b>	<b>568</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>69,955</b>	<b>66,755</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>84,162</b>	<b>81,164</b>		

## **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: November 4, 2009

Magic Software Enterprises Ltd

By: /s/ Amit Birk

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Amit Birk  
VP, General Counsel

**EXHIBIT INDEX**

Exhibit Number

Description of Exhibit

10.1            Magic Software Reports Results for the Third Quarter of 2009

**Exhibit 10.1**