

# 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 August, 2011

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-Breaking Performance with \$3.5 Million Net Profit, an Increase of 84% Year over Year

## PRESS RELEASE

# Magic Software Reports Record-Breaking Performance with \$3.5 Million Net Profit, an Increase of 84% Year over Year

## Company Reports Excellent Results for Second Quarter of 2011 with Double-Digit Growth

**Or Yehuda, Israel, August 3, 2011** – Magic Software Enterprises Ltd. (NASDAQ: MGIC), a global provider of mobile and cloud-enabled application and business integration platforms, today announced its financial results for the second quarter of 2011.

### Financial Highlights for the Second Quarter and Six-Month Periods Ended June 30, 2011

- Second-quarter revenues increased 27% to \$27.4 million compared to \$21.5 million in the same period last year.
- Operating income for the second quarter increased 62% to \$3.4 million, compared to \$2.1 million in the same period last year.
- Net income for the second quarter increased 84% to \$3.5 million compared to \$1.9 million in the same period last year.
- Revenues for the first half of 2011 increased 28% to \$52.9 million compared to \$41.2million in the same period last year.
- Operating income for the first half of 2011 increased 71% to \$6.5 million compared to \$3.8 million in the same period last year.
- Net income for the first half of 2011 increased 76% to \$6.7 million compared to \$3.8 million in the same period last year.
- Operating cash flow for the first half totaled \$9 million.
- Total cash and cash equivalents, short-term bank deposits and short-term investments in marketable securities as of June 30, 2011 amounted to \$47.4 million.

### Results

For the second quarter ended June 30, 2011, total revenues were \$27.4 million, with net income of \$3.5 million, or \$0.1 per fully diluted share. This compares with revenues of \$21.5 million and net income of \$1.9 million, or \$0.06 per fully diluted share, for the same period last year.

Operating income for the second quarter ended June 30, 2011, was \$3.4 million, or \$0.09 per fully diluted share. This compares to operating income of \$2.1 million, or \$0.06 per fully diluted share, for the same period a year ago.

For the six month period ended June 30, 2011, total revenues were \$52.9 million, with net income of \$6.7 million, or \$0.18 per fully diluted share. This compares with revenues of

\$41.2 million and net income of \$3.8 million, or \$0.12 per fully diluted share, for the same period last year.

Operating income for the six month period ended June 30, 2011, was \$6.5 million, or \$0.18 per fully diluted share. This compares to operating income of \$3.8 million, or \$0.12 per fully diluted share, for the same period a year ago.

### **Comments of Management**

Commenting on the results, Guy Bernstein, Chief Executive Officer of Magic Software, said: "These record-breaking results demonstrate that Magic Software is continuing its impressive forward momentum. For an unprecedented seventh consecutive quarter, we have achieved double-digit overall growth, and we achieved continued growth in revenues and profits in all our regional centers of activity."

"Moving forward, we have plans to increase growth by expanding our global presence through additional M&A activities and increased penetration of new products both to our current huge customer base and to new customers. Our new mobile offering is attracting a great deal of positive interest throughout the industry. This and other enhancements to our product portfolio, including the major new release of the uniPaaS 2.0 application platform and our new cloud offering, will provide new and exciting opportunities for our company and greater added value for our customers," concluded Mr. Bernstein.

### **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 provides 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.

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 mobile and cloud-enabled application and business integration platforms.

For more information, visit [www.magicsoftware.com](http://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.

Magic is the trademark of Magic Software Enterprises Ltd.

## **Press contact:**

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	Unaudited		Unaudited	
Revenues	27,380	21,468	52,868	41,179
Cost of Revenues	16,318	12,666	31,474	23,913
<b>Gross profit</b>	<b>11,062</b>	<b>8,802</b>	<b>21,394</b>	<b>17,266</b>
Research and development, net	454	409	820	1,040
Selling, marketing and general and administrative expenses	7,205	6,325	14,040	12,404
<b>Total operating costs and expenses</b>	<b>7,659</b>	<b>6,734</b>	<b>14,860</b>	<b>13,444</b>
<b>Operating income</b>	<b>3,403</b>	<b>2,068</b>	<b>6,534</b>	<b>3,822</b>
Financial income (expenses), net	149	(429)	251	(316)
Other income, net	62	19	73	80
<b>Income before taxes on income</b>	<b>3,614</b>	<b>1,658</b>	<b>6,858</b>	<b>3,586</b>
Taxes on income	-	(246)	43	(168)
<b>Net income</b>	<b>3,614</b>	<b>1,904</b>	<b>6,815</b>	<b>3,754</b>
Net income attributable to non-controlling interests	(67)	-	(155)	-
<b>Net income attributable to Magic Shareholders</b>	<b>3,547</b>	<b>1,904</b>	<b>6,660</b>	<b>3,754</b>
Net earnings per share attributable to Magic :				
Basic	0.10	0.06	0.18	0.12
Diluted	0.10	0.06	0.18	0.12
Weighted average number of shares used in computing net earnings per share attributable to Magic:				
Basic	36,299	31,982	36,192	31,982
Diluted	37,144	32,507	37,109	32,429

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Unaudited</b>		<b>Unaudited</b>	
GAAP operating income	3,403	2,068	6,534	3,822
Amortization of capitalized software and other intangible assets	880	1,007	1,763	1,957
Capitalization of software development	(1,304)	(856)	(2,593)	(1,567)
Stock-based compensation	144	23	308	59
Total adjustments to GAAP	<u>(280)</u>	<u>174</u>	<u>(522)</u>	<u>449</u>
Non-GAAP operating income	<u>3,123</u>	<u>2,242</u>	<u>6,012</u>	<u>4,271</u>
GAAP net income Net income attributable to Magic Shareholders	3,547	1,904	6,660	3,754
Total adjustments to GAAP as above	<u>(280)</u>	<u>174</u>	<u>(522)</u>	<u>449</u>
Non-GAAP net income	<u>3,267</u>	<u>2,078</u>	<u>6,138</u>	<u>4,203</u>
Non-GAAP basic net earnings per share attributable to Magic	<u>0.09</u>	<u>0.07</u>	<u>0.17</u>	<u>0.13</u>
Weighted average number of shares used in computing basic net earnings per share	<u>36,299</u>	<u>31,982</u>	<u>36,192</u>	<u>31,982</u>
Non-GAAP diluted net earnings per share attributable to Magic	<u>0.09</u>	<u>0.06</u>	<u>0.17</u>	<u>0.13</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>37,247</u>	<u>32,552</u>	<u>37,210</u>	<u>32,476</u>

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

	<u>June 30,</u> <u>2011</u> (Unaudited)	<u>December 31,</u> <u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	38,938	43,661
Short-term bank deposits	6,218	24
Available-for-sale marketable securities	2,245	2,857
Trade receivables, net	20,738	17,801
Other accounts receivable and prepaid expenses	3,350	4,029
<b>Total current assets</b>	<u>71,489</u>	<u>68,372</u>
<b>LONG-TERM RECEIVABLES:</b>		
Severance pay fund	335	325
Other long-term receivables	3,272	2,141
<b>Total other long-term receivables</b>	<u>3,607</u>	<u>2,466</u>
PROPERTY AND EQUIPMENT, NET	2,024	1,827
IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL, NET	<u>48,998</u>	<u>39,285</u>
<b>TOTAL ASSETS</b>	<u>126,118</u>	<u>111,950</u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term credit and current maturities of long term loans	31	9
Trade payables	3,609	2,994
Accrued expenses and other accounts payable	15,535	15,028
Deferred revenues	6,790	1,526
<b>Total current liabilities</b>	<u>25,965</u>	<u>19,557</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term loans	10	2
Liability due to acquisition activities	1,326	2,990
Accrued severance pay	699	536
<b>Total non-current liabilities</b>	<u>2,035</u>	<u>3,528</u>
<b>EQUITY</b>		
Magic Shareholders' equity	97,034	88,865
Non-controlling interests	1,084	-
<b>Total equity</b>	<u>98,118</u>	<u>88,865</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>126,118</u>	<u>111,950</u>

## **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: August 3, 2011

Magic Software Enterprises Ltd

By: /s/ Amit Birk

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Amit Birk  
VP, General Counsel



## EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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10.1	Magic Software Reports Record-Breaking Performance with \$3.5 Million Net Profit, an Increase of 84% Year over Year
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**Exhibit 10.1**