UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 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 August 2017

Commission file number: **001-20892**

ATTUNITY LTD.

(Name of registrant)

16 Atir Yeda Street, Atir Yeda Industrial Park, Kfar Saba, 4464321, Israel
(Address of principal executive office)

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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 ☒ 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): ☐

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This Form 6-K (including exhibits thereto) is hereby incorporated by reference into: Form F-3 Registration Statements File Nos. 333-205799, 333-205798, 333-173205, 333-138044, 333-122937 and 333-119157 and Form S-8 Registration Statements File Nos. 333-122302, 333-142284, 333-164656, 333-184136, 333-193783 and 333-219792.

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Exhibit

99.1	Attunity Ltd. unaudited interim consolidated financial statements for the six months ended June 30, 2017 and notes thereto.
99.2	Attunity Ltd. – Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2017.
101	The following financial information from the Registrant's financial statements for the six months ended June 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statement of Comprehensive Loss; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Interim Consolidated Financial Statements, tagged as blocks of text and in detail.

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.

ATTUNITY LTD.

By: /s/ Dror Harel-Elkayam
Dror Harel-Elkayam
Chief Financial Officer and Secretary

Date: August 31, 2017

Exhibit 99.1

ATTUNITY LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

UNAUDITED

U.S. DOLLARS IN THOUSANDS

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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2017	December 31, 2016
	Unaudited	**Audited**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,994	$ 9,166
Trade receivables, net	5,844	7,031
Prepaid expenses and other account receivables	1,289	663
Total current assets	17,127	16,860
LONG-TERM ASSETS:		
Other assets	159	155
Deferred taxes, net	1,950	2,340
Severance pay fund	4,226	3,770
Property and equipment, net	1,300	1,214
Intangible assets, net	2,105	2,778
Goodwill	30,929	30,929
Total long-term assets	40,669	41,186
Total assets	$ 57,796	$ 58,046

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	June 30, 2017 Unaudited	December 31, 2016 Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 824	$ 375
Payment obligation related to acquisitions	-	271
Deferred revenues	12,571	10,676
Employees and payroll accruals	4,429	4,741
Accrued expenses and other current liabilities	1,812	2,021
Liability presented at fair value	300	-
Total current liabilities	19,936	18,084
LONG-TERM LIABILITIES:		
Other liabilities	295	277
Deferred revenues	1,923	1,438
Liability presented at fair value	-	512
Accrued severance pay	5,801	5,027
Total long-term liabilities	8,019	7,254
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.4 par value -	1,946	1,921
Authorized: 32,500,000 shares at June 30, 2017 and December 31, 2016; Issued and outstanding: 17,062,445 shares at June 30, 2017 and 16,841,238 shares at December 31, 2016		
Additional paid-in capital	151,554	149,716
Accumulated other comprehensive loss	(1,077)	(1,013)
Accumulated deficit	(122,582)	(117,916)
Total shareholders' equity	29,841	32,708
Total liabilities and shareholders' equity	$ 57,796	$ 58,046

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

U.S. dollars and shares in thousands, except per share data

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Revenues:		
Software licenses	$ 13,164	$ 13,539
Maintenance and services	14,180	12,433
Total revenues	27,344	25,972
Operating expenses:		
Cost of software license	613	1,267
Cost of maintenance and services	3,912	3,112
Research and development	6,799	6,792
Selling and marketing	16,655	17,847
General and administrative	2,501	2,308
Impairment of acquisition-related intangible assets	-	2,132
Total operating expenses	30,480	33,458
Operating loss	(3,136)	(7,486)
Financial income (expenses), net	(58)	80
Loss before income taxes	(3,194)	(7,406)
Income tax benefit (taxes on income)	(1,472)	957
Net loss	$ (4,666)	$ (6,449)
Basic and diluted net loss per share	$ (0.28)	$ (0.39)
Weighted average number of shares used in computing basic net and diluted loss per share	16,951	16,671

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Net loss	$ (4,666)	$ (6,449)
Other comprehensive income (loss):		
Cash flow hedges:		
Changes in unrealized gains	311	91
Reclassification adjustments for gains included in net loss	(205)	(16)
Net change	106	75
Foreign currency translation adjustment	(170)	(25)
Net change in accumulated comprehensive loss	(64)	50
Comprehensive loss	$ (4,730)	$ (6,399)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Cash flows activities:		
Net loss	$ (4,666)	$ (6,449)
Adjustments required to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	239	237
Stock based compensation	1,650	1,922
Amortization of intangible assets	673	1,393
Impairment of acquisition-related intangible assets	-	2,132
Accretion of payment obligation	-	(12)
Change in:		
Accrued severance pay, net	318	111
Trade receivables	1,207	(2,714)
Other accounts receivable and prepaid expenses	(527)	(491)
Other long term assets	(1)	179
Trade payables	434	397
Deferred revenues	2,166	1,262
Employees and payroll accruals	(315)	1,138
Accrued expenses and other current liabilities	(181)	49
Liabilities presented at fair value	(219)	(86)
Tax benefit related to exercise of stock options	-	44
Change in deferred taxes, net	406	(1,196)
Net cash provided by (used in) operating activities	1,184	(2,084)
Cash flows from investing activities:		
Purchase of property and equipment	(320)	(340)
Net cash used in investing activities	(320)	(340)
Cash flows from financing activities:		
Proceeds from exercise of stock options	213	155
Payment of contingent consideration	(271)	(1,239)
Tax benefit related to exercise of stock options	-	(44)
Net cash used in financing activities	$ (58)	$ (1,128)
Foreign currency translation adjustments on cash and cash equivalents	22	(51)
Increase (decrease) in cash and cash equivalents	828	(3,603)
Cash and cash equivalents at the beginning of the year	9,166	12,522
Cash and cash equivalents at the end of the year	$ 9,994	$ 8,919
Supplemental disclosure of cash flow activities:		
Cash paid during the year for taxes	1,204	563
Supplemental disclosure of non- cash investing activities:		
Issuance of shares related to acquisition	-	224

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 1:- GENERAL

Attunity Ltd. (the "Company" or "Attunity") develops, markets, sells and supports data integration and "Big Data" management software solutions that enable availability, delivery and management of data across heterogeneous enterprise platforms, organizations, and the cloud. In addition, the Company provides maintenance, consulting, and other related services for its products.

The Company has wholly-owned subsidiaries in the United States, United Kingdom, Hong-Kong and Israel. The Company's subsidiaries are engaged primarily in sales and marketing.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited interim consolidated financial statements:

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the Company's consolidated financial statements.

The balance sheet at December 31, 2016 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2016, included in the Company's Annual Report on Form 20-F, filed with the U.S. Securities and Exchange Commission ("SEC") on March 1, 2017, as amended on Form 20-F/A, filed with the SEC on March 6, 2017 (collectively, the "Annual Report"). The significant accounting policies applied in the Company's audited 2016 consolidated financial statements and notes thereto included in the Annual Report are applied consistently in these financial statements. Results for the six months ended June 30, 2017 are not necessarily indicative of results that may be expected for the year ending December 31, 2017.

Unless otherwise noted, all references to "dollars" or "$" are to United States dollars.

b. Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Impact of recently issued accounting standards not yet adopted:

1. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which amends the existing accounting standards for revenue recognition. The FASB has recently issued several amendments to the standard, including clarification on accounting for licenses of intellectual property and on identifying performance obligations. The Company plans to adopt the new standard effective January 1, 2018.

   The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (the so-called "full retrospective method"), or retrospectively with the cumulative effect of initially applying the new standard recognized at the date of initial application (the so-called "modified retrospective method"). The Company currently anticipates adopting the new standard using the modified retrospective method. The Company is continuing to evaluate the impact that the standard will have on its consolidated financial statements and related disclosures.

2. In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business", which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. This guidance will be effective for the Company in the first quarter of 2018 on a prospective basis, and early adoption is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

3. In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance will be effective for the Company in the first quarter of 2020 on a prospective basis, and early adoption is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

NOTE 3:- FAIR VALUE MEASUREMENTS

The FASB issued Accounting Standards Codification ("ASC") No. 820, "Fair Value Measurements and Disclosures" ("ASC No. 820"), which defines fair value and establishes a framework for measuring fair value. According to ASC No. 820, fair value is an exit price, representing the amount that would be received for selling an asset or paid for the transfer of a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company measures the contingent payment obligations payable, if any, in connection with its acquisitions of businesses or entities ("Contingent Considerations"), foreign currency derivative contracts and other derivative instruments at fair value. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. The Contingent Considerations related to acquisitions and liabilities presented at fair value are classified within Level 3 as the valuation inputs are based on significant inputs not observable in the market. See also Note 5 below.

There have been no transfers between fair value measurements levels during the six months ended June 30, 2017.

The below table sets forth the Company's assets and liabilities that were measured at fair value as of June 30, 2017 and December 31, 2016 by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

U.S. dollars in thousands, except share and per share data

NOTE 3:- FAIR VALUE MEASUREMENTS (Cont.)

	June 30, 2017 (unaudited)			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	-	$ 99	-	$ 99
Total assets	-	$ 99	-	$ 99
Liabilities:				
Liabilities presented at fair value	-	-	$ 300	$ 300
Total liabilities	-	-	$ 300	$ 300

	December 31, 2016 (audited)			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent Considerations related to acquisitions	-	-	$ 271	$ 271
Foreign exchange contracts	-	$ 7	-	$ 7
Liability presented at fair value	-	-	$ 512	$ 512
Total liabilities	$ -	$ 7	$ 783	$ 790

The following table set forth the change of fair value measurements that are categorized within Level 3:

Total fair value as of January 1, 2017	$ 783
Cash settlements	(271)
Changes in fair value recognized in expenses	(212)
Total fair value as of June 30, 2017 (unaudited)	$ 300

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 4:- OTHER INTANGIBLE ASSETS, NET

Net other intangible assets consisted of the following:

	Weighted average amortization period (years)	June 30, 2017 Unaudited	December 31, 2016
Original amount:			
Core technology	4.74	$ 13,384	$ 13,384
Customer relationships	5.84	1,981	1,981
Non-competition agreement	4	224	224
		15,589	15,589
Accumulated amortization and impairment charges:			
Core technology		7,589	6,977
Customer relationships		1,577	1,544
Non-competition agreement		196	168
Impairment of acquisition-related intangible assets (*)		4,122	4,122
		9,362	8,689
Other intangible assets, net:			
Core technology		1,876	2,488
Customer relationships		201	234
Non-competition agreement		28	56
		$ 2,105	$ 2,778

The estimated future amortization expense of other intangible assets as of June 30, 2017 for the years ending December 31:

2017	$ 673
2018	943
2019	415
Thereafter	74
	$ 2,105

(*) In 2016, the Company recorded a $4,122 impairment charge on developed technology. This impairment was based upon forecasted discounted cash flows which considered delayed sales trends with longer than expected sales cycles of Appfluent products, which the Company believes is primarily due to the innovative nature of this solution.

NOTE 5:- LIABILITY PRESENTED AT FAIR VALUE

The Company entered into a Loan Agreement with Plenus Technologies Ltd. ("Plenus" or the "Lender"), on January 31, 2007 (as amended on March 30, 2009 and September 4, 2011, the "Loan Agreement"). According to the Loan Agreement if, during the period between March 19, 2009 and December 31, 2017, the Company enters into a "Fundamental Transaction" (which is defined in the Loan Agreement to include various types of change of control transactions), then the Lender shall be entitled to the following: (i) in the cases of merger or acquisition of shares, an amount equal to 15% of the aggregate proceeds payable in connection with such Fundamental Transaction to the shareholders, or (ii) in the case of the sale of substantially all of the Company's assets, an amount equal to 15% of the aggregate proceeds payable to the Company in connection with such Fundamental Transaction; the "aggregate proceeds" shall be calculated while subtracting any amount of debts, liabilities and obligations which have accrued prior to the closing of such Fundamental Transaction and have not been assumed by the purchaser in such Fundamental Transaction. During such period, the Lender may elect to receive $300 in cash in lieu of such contingent payment right.

The Company accounted for the above mentioned contingent payment right as a liability presented at fair value on the balance sheet, which was marked to market at each reporting period. As of June 30, 2017 and December 31, 2016, the liability amounted to $300 and $512, respectively. The fair value of this liability was performed by a third party valuation firm using the Binomial Model for options valuation, based on assumptions provided by management.

NOTE 6:- DERIVATIVES AND HEDGING ACTIVITIES

The Company accounts for derivatives and hedging based on ASC No. 815, "Derivatives and Hedging" ("ASC No. 815"). ASC No. 815 requires the Company to recognize all derivatives on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship.

According to ASC No. 815, for derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. If the derivatives meet the definition of a hedge and are so designated, depending on the nature of the hedge, changes in the fair value of such derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

U.S. dollars in thousands, except share and per share data

NOTE 6:- DERIVATIVES AND HEDGING ACTIVITIES (Cont.)

The Company entered into forward and option contracts to hedge against the risk of overall changes in future cash flow from payments of payroll and related expenses denominated in New Israeli Shekels ("NIS"). As of June 30, 2017, the fair value of the Company's outstanding hedging contracts that were designated as hedging instruments was recorded as an asset of $99, included in the balance sheet within "Other accounts receivable and prepaid expenses". As of December 31, 2016, the fair value of the Company's outstanding hedging contracts that were designated as hedging instruments was recorded as liability of $7, included in the balance sheet within "Accrued expenses and other current liabilities". The Company measured the fair value of these hedging contracts in accordance with ASC No. 820, and they were classified as Level 2. Net income (loss) from hedging transactions recognized in financial expenses, net during the first six months of 2017 and 2016 was ($2) and $3, respectively.

As of June 30, 2017 and December 31, 2016, the notional principal amount of the hedging contracts to sell U.S. dollars held by the Company was $2,873 and $4,963, respectively.

As of June 30, 2017 and December 31, 2016, there were no hedging contracts that were not designated as hedging instruments.

NOTE 7:- FINANCIAL INCOME (EXPENSES), NET

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Financial income:		
Revaluation of liabilities presented at fair value	$ 212	$ 86
Hedging	-	3
Exchange rate differences	167	100
	379	189
Financial expenses:		
Hedging	(2)	-
Exchange rate differences	(364)	(29)
Interest and bank charges	(71)	(57)
Accretion of contingent consideration	-	(23)
	(437)	(109)
Total financial income (expenses), net	$ (58)	$ 80

Exhibit 99.2

ATTUNITY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2017

Cautionary Statement Regarding Forward-Looking Statements

Except for the historical information contained in the following sections, the statements contained in the following sections are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Statements preceded by, followed by, or that otherwise include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", and similar expressions or future or conditional verbs such as "will", "should", "would", "may" and "could" are generally forward-looking in nature and not historical facts. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results could differ materially from our current expectations.

Factors that could cause or contribute to such differences include, but are not limited to, risks and uncertainties relating to:

- *our history of operating losses and ability to achieve or sustain profitability;*
- *our ability to manage our growth effectively;*
- *our business and operating results dependency on the successful and timely implementation of our third party partner solutions;*
- *the lengthy sales cycle of our products;*
- *competition;*
- *acquisitions, including costs and difficulties related to integration of acquired businesses and impairment charges;*
- *global economic conditions;*
- *the potential loss of one or more of our significant customers or a decline in demand from one or more of these customers;*
- *timely availability and customer acceptance of Attunity's new and existing products, including Attunity Compose and Attunity Visibility;*
- *international operations;*
- *our need and ability to raise capital; and*
- *other factors and risks on which Attunity may have little or no control.*

The foregoing list is intended to identify only certain of the principal factors that could cause actual results to differ. For a more detailed description of the risks and uncertainties affecting our company, reference is made to our Annual Report on Form 20-F for the year ended December 31, 2016, as amended (to which we refer herein as our "Annual Report"), which is on file with the Securities and Exchange Commission ("SEC"), and the other risk factors discussed from time to time by our company in reports filed or furnished to the SEC.

Except as otherwise required by law, we undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

Introduction

Unless indicated otherwise by the context, all references in this report to *"Attunity",* the *"Company", "we", "us" or "our"* are to Attunity Ltd. and its subsidiaries. When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

- "*Appfluent*" means Appfluent Technology, Inc., a Delaware corporation we acquired in March 2015;
- "*BI*" means business intelligence;
- "*Big Data*" means very large and complex quantities of data-sets that are difficult to process using traditional data processing applications;
- "*BIReady*" means BIReady B.V., a Netherlands company, from which we acquired its warehouse automation technology and certain related assets in November 2014;
- "*dollars" or "$"* mean United States dollars;
- "*Hadoop*" means an open-source software framework for storage and large-scale processing of data-sets on clusters of commodity hardware;
- "*Hayes*" means Hayes Technology Group, Inc., an Illinois corporation we acquired in December 2013;
- "*NIS*" means New Israeli Shekels; and
- "*SEC*" means the United States Securities and Exchange Commission.

You should read the following discussion and analysis in conjunction with our unaudited consolidated financial statements for the six months ended June 30, 2017 and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2016 filed with the SEC as part of our Annual Report.

Overview

We were founded in 1988 and became a public company in the United States in 1992. We have been delivering software solutions to organizations around the world for over twenty years and we are now a leading provider of data integration and Big Data management software solutions that enable availability, delivery, and management of data across heterogeneous enterprise platforms, organizations, and the cloud.

Our software solutions benefit our customers' businesses by enabling real-time access and availability of data and files where and when needed, across the maze of heterogeneous systems making up today's information technology environment. Our software is commonly used for projects such as data warehousing, Hadoop, BI and Big Data analytics, reporting, migration and modernization, data consolidation and distribution, and cloud initiatives.

Through direct sales as well as distribution, original equipment manufacturer ("OEM") agreements and strategic relationships with leading global-class partners, our solutions have been deployed at thousands of organizations worldwide in all areas of industry, including financial services, healthcare, insurance, energy, telecommunications, manufacturing, retail, pharmaceuticals and the supply chain industry.

Financial Highlights

- Total revenue in the first six months of 2017 increased by 5% to $27.3 million from $26.0 million in the first six months of 2016. Total revenue includes (1) license revenues, which decreased by 3% to $13.2 million in the first six months of 2017 from $13.5 million in the same period last year, and (2) maintenance, support and services revenues, which increased by 14% to $14.2 million in the first six months of 2017 from $12.4 million in the same period last year.

- Operating loss in the first six months of 2017 was $3.1 million, compared with $7.5 million for the same period in 2016. Operating loss for the first six months of 2016 included an impairment charge of acquisition-related intangible assets of approximately $2.1 million (compared with none in the first six months of 2017). Operating loss in the first six months of 2017 included equity-based compensation expenses totaling approximately $1.6 million (compared with $1.9 million for the same period last year), as well as $0.7 million in amortization and expenses related to acquisitions (compared with $1.4 million for the same period last year).

- Net loss in the first six months of 2017 was $4.7 million, or ($0.28) per diluted share, compared with a net loss of $6.4 million, or ($0.39) per diluted share, in the same period last year.

- Cash and cash equivalents were approximately $10.0 million as of June 30, 2017, compared with $9.2 million as of December 31, 2016.

- Shareholders' equity decreased to $29.8 million as of June 30, 2017, compared with $32.7 million as of December 31, 2016.

Recent Major Developments

Below is a summary of the most significant developments in our Company and business since January 1, 2017:

- On July 27, 2017, we announced that we entered into a multi-million dollar OEM license agreement with a top information technology company to incorporate Attunity technology to facilitate and drive database and data warehouse migrations.

- On June 20, 2017, we reported that we amended our shareholder bonus rights plan, such that the expiration date thereof was extended to June 30, 2018, unless earlier redeemed or exchanged.

Critical Accounting Policies

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. A comprehensive discussion of our critical accounting policies is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report.

Results of Operations

The following discussion of our unaudited results of operations for the six month periods ended June 30, 2017 and 2016, included in the following table, which presents selected financial information data (in U.S. dollars in thousands) as a percentage of total revenues as well as the percentage change between such periods, is based upon our unaudited statements of operations contained in our financial statements for those periods, and the related notes, accompanying this report.

	Six Month Periods Ended June 30,				
	2017		2016		Percent Change
	Unaudited		Unaudited		
Revenues:					
Software licenses	$ 13,164	48%	$ 13,539	52%	(3)%
Maintenance and services	14,180	52%	12,433	48%	14%
Total revenues	27,344		25,972	100%	5%
Cost of software licenses	613	2%	1,267	5%	(52)%
Cost of maintenance and services	3,912	14%	3,112	12%	26%
Research and development	6,799	25%	6,792	26%	--
Selling and marketing	16,655	61%	17,847	69%	(7)%
General and administrative	2,501	9%	2,308	9%	8%
Impairment of acquisition-related intangible assets	--	--	2,132	8%	n/a
Total operating expenses	30,480	111%	33,458	129%	(9)%
Operating loss	(3,136)	(11)%	(7,486)	(29)%	(58)%
Financial (expenses) income, net	(58)	--	80	--	n/a
Loss before taxes on income	(3,194)	(12)%	(7,406)	(29)%	(57)%
Income tax benefit (taxes on income)	(1,472)	(5)%	957	4%	n/a
Net loss	$ (4,666)	(17)%	$ (6,449)	(25)%	(28)%

Six Months Ended June 30, 2017 Compared with Six Months Ended June 30, 2016

Revenues. Our revenues are derived primarily from software licenses and maintenance and services. The following table provides a breakdown of our revenues by type of revenues (in U.S. dollars in thousands) and as a percentage of total revenues for the periods indicated, as well as the percentage change between such periods:

	Six Month Periods Ended June 30,				Percent
	2017		2016		Change
Software licenses	13,164	48%	13,539	52%	(3)%
Maintenance and services	14,180	52%	12,433	48%	14%
Total	27,344	100%	25,972	100%	5%

Total revenues in the first six months of 2017 increased to $27.3 million, a 5% increase compared with the same period in 2016. Total revenues were composed of:

- Software license revenues, which decreased by 3% to $13.2 million in the first six months of 2017, compared with the same period in 2017. This decrease is mainly due to a $0.8 million in revenue recognized from an OEM cloud partner in the first six months of 2016 that was not repeated in the first six months of 2017; and

- Maintenance and services revenues, which increased by 14% to $14.2 million in the first six months of 2017, compared with the same period in 2016. This increase is primarily due to (1) the growth in customer agreements we executed during 2016, (2) high rates of maintenance renewals, and (3) an increase in services revenues that was driven by large scale transactions that required professional services.

Cost of Revenues. Cost of software license revenues consists of amortization of acquired core technology. Cost of maintenance and services revenues consists primarily of salaries of employees performing the maintenance and consulting services and related overhead. The following table sets forth a breakdown of our cost of revenues between software licenses and maintenance and services (in U.S. dollars in thousands) as well as the percentage change between the periods indicated:

	Six Month Periods Ended June 30,		Percent
	2017	**2016**	**Change**
Cost of software licenses	613	1,267	(52)%
Cost of maintenance and services	3,912	3,112	26%
Total	4,525	4,379	3%

Our total cost of revenues increased by 3% to $4.5 million in the first six months of 2017 from $4.4 million last year. This is mainly due to (1) approximately $0.5 million of additional expenses associated with the increase in headcount of our support and professional services personnel, and (2) approximately $0.2 million increase in subcontractors' costs, partially offset by an approximately $0.7 million decrease in amortization of acquired intangible assets. The total headcount of customer support and professional services personnel increased from 36 on June 30, 2016 to 44 on June 30, 2017.

Operating Expenses. The following table sets forth a breakdown of our operating expenses, excluding cost of revenues (in U.S. dollars in thousands), and the percentage change between the periods indicated:

	Six Month Periods Ended June 30,		Percent
	2017	**2016**	**Change**
Research and development	6,799	6,792	--
Selling and marketing	16,655	17,847	(7)%
General and administrative	2,501	2,308	8%
Impairment of acquisition-related intangible assets	--	2,132	n/a
Total	$ 25,955	$ 29,079	(11)%

Research and Development. Research and development ("R&D") expenses consist primarily of salaries of employees engaged in on-going research and development activities and other related costs. Our total R&D costs in the first six months of 2017 are similar to the R&D costs in the same period last year. This is mainly due to an approximately $0.2 million increase in subcontractors costs, offset by an approximately $0.2 million decrease in a milestone retention payment to certain key Appfluent employees recorded last year. The total R&D headcount increased from 84 on June 30, 2016 to 85 on June 30, 2017.

Selling and Marketing. Selling and marketing expenses consist primarily of compensation costs and related overhead to sales, marketing and business development personnel and travel and related expenses and sales offices maintenance and administrative costs. Selling and marketing expenses decreased by 7% to $16.7 million in the first six months of 2017, compared with the same period in 2016. This decrease is primarily due to (1) a milestone retention payment of $0.6 million to certain key Appfluent employees recorded in first six months of 2016, (2) a decrease of $0.3 million in travel and related expenses, and (3) an approximately $0.2 million decrease in recruitment fees. Our sales and marketing teams' headcount decreased from 110 employees as of June 30, 2017 to 105 employees as of June 30, 2017.

General and Administrative. General and administrative expenses consist primarily of compensation costs for finance, general management and administration personnel, legal, audit, and other administrative costs. General and administrative expenses were $2.5 million in the first six months of 2017, an 8% increase compared with the same period in 2016. This increase is primarily due to (1) an increase in benefit-related costs associated with salary updates; and (2) an increase in headcount. Our general and administrative headcount increased from 12 on June 30, 2016 to 13 on June 30, 2017.

Impairment of acquisition-related intangible assets. In the second quarter of 2016, we recorded a $2.1 million impairment charge on acquisition-related intangible assets. This impairment was based upon forecasted discounted cash flows which considered delayed sales trends with longer than expected sales cycles of Attunity Visibility, which we believe is primarily due to the innovative nature of this solution.

Operating Loss. Based on the foregoing, we recorded an operating loss of approximately $3.1 million in the first six months of 2017 compared with $7.5 million in the first six months of 2016.

Financial Income/Expenses, Net. Financial expense, net amounted to $58,000 in the first six months of 2017, compared with financial income, net of $80,000 in the first six months of 2016. This is primarily because of (1) an increase in foreign exchange losses of $0.3 million, partially offset by (2) a decrease of approximately $0.1 million associated with a revaluation of a liability presented at fair value.

Taxes on Income. Taxes on income in the first six months of 2017 was $1.5 million, compared with income tax benefit of $1.0 million in the first six months of 2016. This is mainly due to (1) a tax benefit recorded in the second quarter of 2016 due to reduction of a deferred tax liability on intangible assets in the amount of $1.2 million, mainly due to the $2.1 million impairment charge recorded in the second quarter of 2016; and (2) an increase in taxable income of our U.S. subsidiaries.

Net Loss. Net loss in the first six months of 2017 was $4.7 million, or ($0.28) per diluted share, compared with $6.4 million, or ($0.39) per diluted share, in the same period last year.

Liquidity and Capital Resources

In the past several years, we financed our operations through cash generated by operations and short-term loans. In November 2013, we also raised net proceeds of approximately $18.0 million in a public offering of our ordinary shares and, as described below, in July 2015 we also secured a short-term line of credit.

Our funding and treasury activities are conducted within corporate practices to maximize investment returns while maintaining appropriate liquidity for both our short and long-term needs. Cash and cash equivalents are held primarily in U.S. dollars and in NIS.

Principal Financing Activities

In the past two years, we have engaged in several financing activities designed to improve our cash position, as follows:

Credit Line. In July 2015, we secured a short-term line of credit of approximately $5.0 million from an Israeli bank, which, following several extensions, is currently scheduled to expire in July 2018. Draws, if any, under the credit line will bear interest of the monthly LIBOR plus 3.25%. As of June 30, 2017, approximately $440,000 of the line of credit is used by the bank mainly as collateral to secure the Company's obligations under an office lease agreement. To secure the credit line, we agreed, among other things, to grant the bank a first priority floating charge on all of our assets. We refer to the agreements relating to such charges as the "Security Agreements". The Security Agreements contain various restrictive covenants, including limitations on our ability to pledge additional assets, enter into affiliated party transactions, pay dividends or repurchase our shares, and subject to specified exceptions, a negative pledge on the assets of some of our subsidiaries.

Working Capital and Cash Flows

As of June 30, 2017, we had cash and cash equivalents of approximately $10.0 million, compared with $9.2 million as of December 31, 2016. The increase is mainly attributable to (1) net cash provided by operating activities of $1.2 million, partially offset by (2) a final earn-out payment of $0.3 million made in connection with our acquisition of BIReady technology.

As of June 30, 2017, we had a deficit in working capital of $2.8 million, compared with $1.2 million as of December 31, 2016. The decrease in working capital was mainly due to (1) a decrease of $1.2 million in trade receivables, and (2) an increase in deferred revenues of $2.4 million. This was partially offset by (1) an increase of $0.8 million in cash and cash equivalents, and (2) an increase of $0.6 million in prepaid expenses and other current assets.

The following table presents the components of net cash flows used in and provided by operating, investing and financing activities for the periods presented (U.S. dollars in thousands(:

	Six Month Periods Ended June 30,	
	2017	**2016**
Net cash provided by (used in) operating activities	1,184	(2,084)
Net cash used in investing activities	(320)	(340)
Net cash used in financing activities	(58)	(1,128)

Net cash provided by operating activities was $1.2 million in the first six months of 2017, compared with net cash used in operating activities of $2.1 million in the first six months of 2016. The change is mainly due to (1) a decrease of approximately $1.8 million in net loss, and (2) $3.9 million increase in net cash inflow from trade receivables, which was partially offset by (3) a $1.7 million decrease in adjustments for non-cash expenses.

Net cash used in investing activities was $0.3 million in the first six months of 2017, similar to the same period in 2016.

Net cash used in financing activities was $58,000 in the first six months of 2017, compared with $1.1 million in the first six months of 2016. The decrease is mainly due a partial earn-out payment to Hayes' former shareholders in the amount of $1.2 million paid during the first six months of 2016 and a $0.3 million final earn-out payment in connection with the acquisition of the BIReady technology paid during the first six months of 2017.

Principal Capital Expenditure and Divestitures

Our capital expenditures remained at the same level with approximately $0.3 million in the six months ended June 30, 2017, compared with the same period in 2016, most of which was used for the purchase of computer equipment and software.

Other than future capital expenditures of the types and consistent with the amounts described above, we have no significant capital expenditures in progress. We did not affect any principal divestitures in the past three years.

Outlook

Currently, our principal commitments consist mainly of our lease payments. In light of our cash balances and other factors, including our ability to generate cash from operations, we believe that our existing capital resources will be adequate to satisfy our working capital and capital expenditure requirements for a period of no less than the next 12 months.