

Financial Fact Sheet

H1/2011

NASDAQ: MGIC



About Magic Software

Magic Software Enterprises (NASDAQ: MGIC) is a global provider of mobile and cloud-enabled application and business integration platforms. With over 25 years of experience, our technology gives our partners and customers the power to leverage existing IT resources, enhance business agility, and focus on core business priorities.

Magic Software has millions of successful customer installations worldwide and a global network of ISVs, system integrators, value added distributors and resellers, and consulting and OEM partners. Our technological approach, product roadmap, and corporate strategy are recognized by the leading industry analysts. Magic Software has 14 offices worldwide, a presence in over 50 countries, and partner alliances with global IT leaders including SAP AG, Salesforce.com, IBM, and Oracle.

Income Statement Highlights

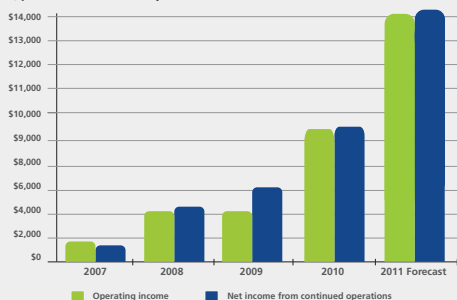
(US\$, in millions)

	Q2/2011	Q2/2010	%	H1/2011	H1/2010	%	2010	2009	%
Revenues	27.4	21.5	27%	52.9	41.2	28%	88.6	55.4	60%
Operating Income	3.4	2.1	62%	6.5	3.8	71%	9.3	4.3	116%
Net Income	3.5	1.9	84%	6.7	3.8	76%	9.4	6.2*	52%
Non-GAAP Net Income	3.3	2.1	57%	6.1	4.2	45%	10.0	6.8*	47%
Cash Flow from Operations	4.2	2	110%	9	8.7	3%	11.7	4.5	160%

*Including \$2.0 million one-time capital gain from the sale of the company's headquarters office building.

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights - Zero Debt

(US\$, in millions)

	30/6/2011
Total Cash*	47.4
Total Assets	126.1
Equity	98.1

*Including cash and cash equivalents, short term bank deposits and short term investments in marketable securities.

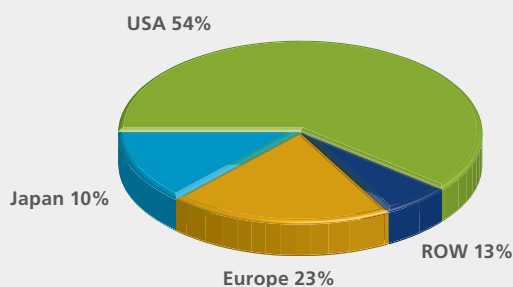
H1 2011 Cash Flow Highlights

(US\$, in millions)

Total Cash 31/12/2010*	46.5
Payment Towards M&A	(9)
Other Non-Operating Activities	0.9
Net Cash Provided by Operations	9
Total Cash 30/6/2011*	47.4

*Including cash and cash equivalents, short-term bank deposits and short-term investments in marketable securities.

Revenues by Geography - H1/2011



Customers

- adidas Canada
- Adecco
- Allstate Life Insurance
- Anritsu Corporation
- Bank of Cyprus UK
- Bank Discount
- Bank Hapoalim
- Bank Leumi
- CBS Outdoor
- CB Medical
- Club Med
- Datenlotsen
- Deutsche Bank
- DHL
- Discovery
- FMRP
- Fujitsu-Ten
- Grange Insurance
- Guardian Life Insurance
- Heller Bank
- Honda Europe
- IDF
- ING Commercial Finance
- Intelys
- Merrill Lynch
- Mitsubishi
- Norfolk and Norwich University
- NHS Trust
- Rosenbauer
- Sheba Medical Center
- Sun Life Insurance
- TOTO
- United Nations
- UPS
- Vandrie Group
- Victorinox
- Vishay Intertechnology
- Vodafone
- Volvo Brazil
- State of Washington Courts

First Half of 2011: Highlights

• Strong Financial Performance

- Strong cash position with zero debt and a healthy cash balance of \$50 million
- Cash available for strategic M&A, with an impressive \$21.2 million recently raised in a private placement transaction
- Four consecutive years of sustained and rising profitability
- Revenues increased 28% year over year to \$52.9 million
- Net income increased 76% year over year to \$6.7 million
- Operating cash flow for the first half totaled \$9 million

• Exceptional Product Offering

- Robust environment for developing and deploying enterprise-class applications in a complex business environment
- High scalability and future-proof technology maximize market opportunities
- Continuously expanding and improving product portfolio
- Launched new mobile offering for developing and deploying mobile applications
- Announced major new release of uniPaaS 2.0, our core application platform

• Strong Leadership and Corporate Vision

- Strong and talented management team focused on efficiency and growth
- Corporate culture of openness, ingenuity, and forward-looking determination
- Clear strategic mission
- Close collaboration with customers to enhance and accelerate business performance

• Global Industry Recognition

- Over 25 years of experience in the software industry
- Millions of successful installations worldwide
- Listed in the NASDAQ Global Select Market, the Tel-Aviv Stock Exchange Mid-Cap 50, and the 2011 SD Times Top 100 Innovators and Leaders
- Israel-based company with a presence in over 50 countries, including 14 worldwide offices across North America, Europe, Japan, India and South Africa
- Global network of thousands of ISVs, system integrators, and value-added distributors and resellers
- Strategic partnerships with global IT leaders including SAP AG, Salesforce.com, IBM, and Oracle

www.magicsoftware.com | ir@magicsoftware.com

Magic Software's Worldwide Offices

Corporate Headquarters

Magic Software Enterprises Ltd.
Tel: +972 3 538 9292

UK

Magic Software Enterprises UK
Tel: +44 1344 667 000

France

Magic Software Enterprises France
Tel: +33 1 49 10 58 58

Distribution

Magic Software Enterprises
Tel: +972 3 538 9480

North and Latin America

Magic Software Enterprises Inc.
Tel: +1 949 250 1718

Germany

Magic Software Enterprises Germany
Tel: +49 89 962 730

Hungary

Magic Software Enterprises (Onyx) Hungary Ltd.
Tel: +36 1 216 9910

South Africa

Magix Integration
Tel: +27 11 258 4442

Japan

Magic Software Japan K.K.
Tel: +81 3 5365 1600

Benelux

Magic Software Enterprises Netherlands
Tel: +31 30 65 66 266

Israel

Magic Software Enterprises Israel
Tel: +972 3 538 9389

India

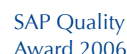
Magic Software Enterprises India Pvt. Ltd.
Tel: +91 9886 455 398

 SAP Certified
Integration with SAP Applications



 SAP® Certified
Integration with SAP NetWeaver®

 SAP Innovation
Award 2005

 SAP Quality
Award 2006

 SAP Leadership in Innovation
2007 Global Award

 appexchange™



 Do it Once. Do it Right.
MAGIC
SOFTWARE

Magic Software provides the information in this brochure as is and without any warranties. In no event will Magic Software be liable for any loss of profit, or for any damages of any kind whether based in contract, negligence or other sort. Magic Software may make changes to this brochure and the product information and prices at any time without notice and without obligation to update the materials contained in this brochure. © 2011 Magic Software Enterprises Ltd.Q2/2011

www.magicsoftware.com