



OUTPERFORM THE FUTURE™

Financial Fact Sheet

H1/2012

NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises empowers customers and partners around the globe with smarter technology that provides a multi-channel user experience of enterprise logic and data.

Our future-proof platforms provide a productive environment for streamlined development and deployment, and effective integration of core business applications, supporting scalable deployment on multiple channels, including on-premise, Web (HTML5), rich Internet, mobile, and SaaS. Using a fresh metadata-driven approach and forward-looking expertise, we deliver products and services that can be deployed with minimal effort, while making the best use of existing assets.

We draw on 30 years of experience, millions of installations worldwide, and strategic alliances with global IT leaders, including IBM, Microsoft, Oracle, Salesforce.com, and SAP, to enable our customers to seamlessly adopt new technologies and maximize business opportunities.

With a presence in more than 50 countries, including 14 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

Customers

- adidas Canada
- Adecco
- Allstate Life Insurance
- Anritsu Corporation
- AXA
- Bank of Cyprus UK
- Bank Hapoalim
- Bank Leumi
- CBS Outdoor
- CB Medical
- Club Med
- Crane & Co
- Datenlotsen
- DHL
- Discovery
- Fiskars
- FMRP
- Fujitsu-Ten
- Grange Insurance
- Guardian Life Insurance
- Honda Europe
- IDF
- ING Commercial Finance
- Intelys
- KDDI
- Merrill Lynch
- Mitsubishi
- NHS Trust
- Rosenbauer
- Sheba Medical Center
- Sony DADC
- State of Washington Courts
- Sterling Crane
- Sun Life Insurance
- TOTO
- United Nations
- UPS
- Vandrie Group
- Victorinox
- Vishay Intertechnology
- Vodafone
- Volvo Brazil
- WellMark

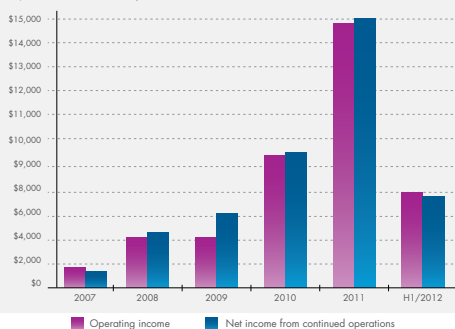
Income Statement Highlights

(US\$, in millions)

	Q2/2012	Q2/2011	%	H1/2012	H1/2011	%	2011	2010	%
Revenues	28.0	27.4	2%	58.1	52.9	10%	113.3	88.6	28%
Operating Income	3.8	3.4	12%	8.0	6.5	23%	14.7	9.3	58%
Non-GAAP Operating Income	4.3	3.1	39%	9.0	6.0	50%	14.5	10.0	45%
Net Income	3.6	3.5	2%	7.8	6.7	17%	15.0	9.4	60%
Non-GAAP Net Income	4.1	3.3	24%	8.6	6.1	41%	14.8	10.0	48%

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights - Zero Debt

(US\$, in millions)

	30/6/2012
Total Cash*	43.7
Total Assets	144.4
Total Equity	113.5

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

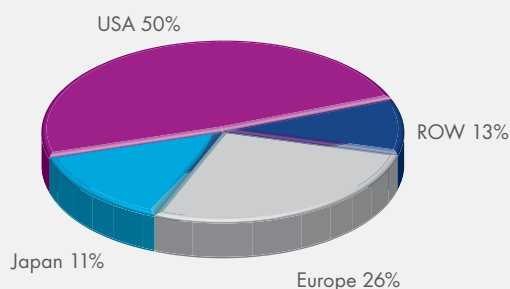
H1/2012 Cash Flow Highlight

(US\$, in millions)

Total Cash 31/12/2011*	32.1
Payment Towards M&A	(1.6)
Other Non-Operating Activities	0.2
Net Cash Provided by Operations	13
Total Cash 30/6/2012*	43.7

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

Revenues by Geography - H1/2012



First Half of 2012: Highlights

• Strong Financial Performance

- Strong cash position with zero debt and a healthy cash balance of \$43.7 million
- Revenues for the first half of 2012 increased 10% year over year to \$58.1 million
- Operating income for the first half of 2012 increased 23% to \$8.0 million; Non-GAAP operating income for the first half of 2012 increased 50% to \$9.0 million
- Net income for the first half increased 17% year over year to \$7.8 million; Non-GAAP net income for the first half of 2012 increased 41% to \$8.6 million
- Operating cash flow for the first half totaled \$13 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
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- Continuously expanding and improving product portfolio
- Mobile offering for all popular mobile operating systems including iOS, Android, BlackBerry, Windows Mobile, and any future mobile platform

• 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

- 30 years of experience in the software industry
- Millions of successful installations worldwide
- Listed in the NASDAQ Global Select Market, the Tel-Aviv Stock Exchange TA-100, 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 South Africa and Israel
- 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 Worldwide Offices

CORPORATE HEADQUARTERS Tel: +972 3 538 9292	NORTH & LATIN AMERICA Tel: +1 949 250 1718	BENELUX Tel: +31 30 65 66 266	DISTRIBUTION Tel: +972 3 538 9480
UK Tel: +44 1344 667 000	GERMANY Tel: +49 89 962 730	INDIA Tel: +91 20 4102 2022	SOUTH AFRICA Tel: +27 11 258 4442
FRANCE Tel: +33 1 49 10 58 58	HUNGARY Tel: +36 1 216 9910	JAPAN Tel: +81 3 5365 1600	ISRAEL Tel: +972 3 538 9389



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