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Leading Independent Research Firm Lists Magic Software as a Leading Integration-centric BPM Provider

Or Yehuda, Israel (November 03, 2005) - Magic Software Enterprises (NASDAQ: MGIC), a leading provider of state-of-the-art development and integration technology announced today that Forrester Research Inc. has included Magic Software as a leading integration-centric BPM Provider in its recent 'Trends 2006 report'.

In the Trends 2006 report entitled: "Integration-Centric Business Process Management" issued October 24th, 2005, by Ken Vollmer, Forrester highlights that Magic Software "provides comprehensive, integration-centric BPM solutions that focus primarily on the interactions between workers and their business applications."

Magic Software's iBOLT is designed as a comprehensive, cost-effective and straightforward Business Process Integration framework. iBOLT seeks to rationalize competing standards and proprietary formats while quickly creating and dynamically deploying new business processes, services, and applications. Its innovative visual design tools, Data Mapper and integration wizards are positioned to assure enterprises of fast, successful, end-to-end business integration.

According to Avigdor Luttinger, VP Marketing and Corporate Strategy at Magic Software, "this assessment of 2006 trends by Forrester's leading analyst further confirms Magic's strategic direction - the market requirements for a new applications development technology that would be more efficient than the classical IDE approach – and that Magic is especially well-suited to this task."

The complete 'trends 2006' report can be viewed at <http://www.magicsoftware.com/home/trends2006>

About Magic Software Enterprises

Magic Software Enterprises, a subsidiary of Formula Systems (Nasdaq: FORTY), is a leader in composite application development and deployment platforms, featuring a Service Oriented Architecture (SOA), Application Integration and Business Process Management (BPM). Magic customers rapidly develop and deploy applications, customizing and integrating with existing and legacy systems. Our products build on 20 years of R&D and customer experience, leading the industry in Composite Application Development. Magic technology, products and professional services are available through a global network of subsidiaries, distributors and over 2500 Magic Solutions Partners in approximately 50 countries. The Company's EMEA HQ offices are located in the Netherlands, Pelmolen 17 3994XX Houten, 0031-30.6566266. The company's North American subsidiary is located at 23046 Avenida de la Carlota Suite 300 Laguna Hills, CA 92653, telephone (800) 345-6244, (949) 250-1718, fax (949) 250-7404. 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