

The MAGIX share

General Development

The significant earnings growth reported on the international stock exchanges in recent years also continued in 2007.

Although experts were only relatively optimistic at the beginning of the year, the stock markets in Germany, Europe and the United States continued their superior performance despite the price adjustments that took place in the summer of 2006. In this respect, the relevant markets to a large extent performed in the same manner. After a temporary slow period in March of this year, the various stock exchanges reached historic highs throughout the period between mid-May and mid-July, including the DAX which closed at a new all-time high of 8,151.57 points on July 13, 2007. Other indexes such as the TecDAX, Eurostoxx 50, DowJones and Nasdaq reported record closers during this period of time.

Only following the increasing repercussions of the US real estate market crisis at the end of July and the continuing pressures on European banks was the upward trend temporarily halted. But by mid-August, the markets once again reached their record highs from earlier in the summer.

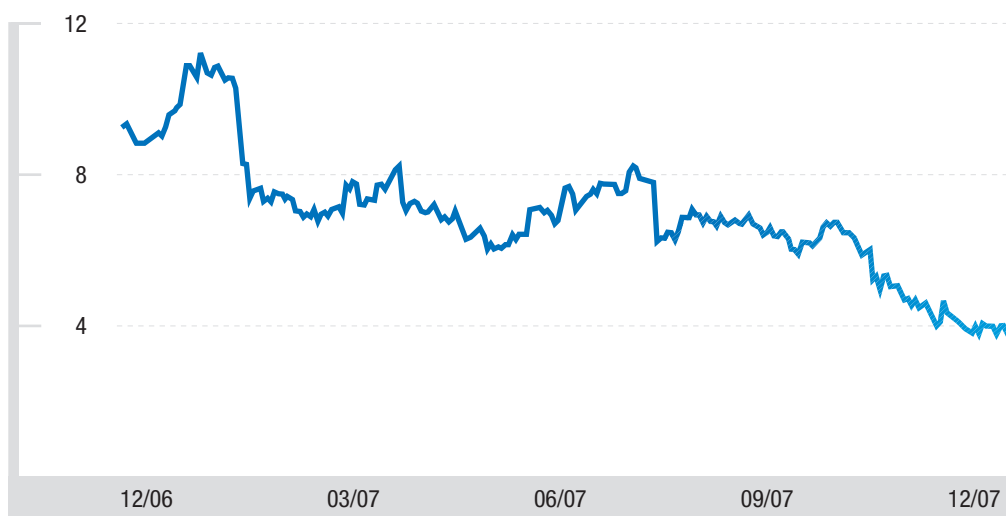
MAGIX Share Performance

MAGIX AG shares are listed under the ticker symbol "MGX" under ISIN DE0007220782 in the Prime Standard segment of the Frankfurt Stock Exchange.

Shares of MAGIX AG ended the year at a price of EUR 4.98 per share and were therefore almost 44% lower than the share price at the beginning of the year (EUR 8.93). The result is a significant decline in market capitalisation to EUR 62 million. MAGIX shares reported their highest price for the year at the end of October 2007 (EUR 10.15). The lowest price for the year was at the end of September 2007 (EUR 4.80). Business performance in the recently completed fiscal year can be attributed primarily to the tense situation in the German and English-speaking retail markets, which has resulted in a significant drag on sales for the entire multimedia software industry and has thereby encumbered the Group's EBIT. In addition, the new launch of two internet services with significant strategic significance for MAGIX has made it necessary to increase spending on research and development, which in turn has likewise adversely affected the EBIT.

The average number of shares traded on XETRA during the reporting period was almost 32,000 with average sales of approximately kEUR 232.

The MAGIX share
(in EUR)



Shareholder Structure

With respect to the shareholder structure, the following change occurred in this fiscal year. The 3i Group was invested in MAGIX before the IPO held 11.21% of MAGIX's shares. Due to a fundamental reorganisation of its business divisions it jettisoned a substantial amount of its holdings in small mid-sized companies. As part of this restructuring of the business divisions, shares in MAGIX AG were sold in their entirety to HeidelbergCapital Equity Fund 1 GmbH & Co. KG, which now holds 11.21% of MAGIX shares.

Stock Buyback Program 2007

The Shareholders' Meeting authorised the Group on March 23, 2007 to purchase a total of 1,266,203 MAGIX shares on the stock exchange or by way of public buy-back offer.

On 25 June 2007, the company first launched a stock buy-back program over the stock exchange. Up until August 6, 2007, the Group purchased 165,394 shares at a total price of EUR 1,107,972.48 in this manner. However, the statutory provisions require that the daily quota

of shares repurchased track the trading volume of the last 20 stock exchange days. Thus, only a smaller number of shares could be purchased each trading day and ranged between five and six thousand MAGIX shares.

Thus, the company decided at the end of August to make its shareholders a public buy-back offer for the remaining 1,100,809 shares, which could be repurchased in connection with the buy-back program pursuant to the shareholder resolution. The buy-back price offered was EUR 5 per share. The offer, which was limited through September 21, 2007, was met with a subscription of 1,282,374 tendered shares. Thus, the buy-back percentage resulting therefrom was 85.84% per individual shareholder. Based on any rounding off in servicing the buy-back percentage, the Group was able to acquire a total of 1,100,744 MAGIX shares, which were then transferred to the company on October 2, 2007.

Thus, in connection with the 2007 stock buy-back program, MAGIX acquired 1,266,138 of its own shares at a total price of EUR 6,611,692.48, thereby exercising nearly the full extent of the authority granted to the company by the Shareholders' Meeting.