



Orad reports third quarter of 2009 results

November 9, 2009- Orad Hi-Tec Systems Ltd. (Frankfurt - Prime Standard; Symbol: OHT), a global developer, marketer and distributor of state-of-the-art, 3D real-time graphic solutions for the broadcasting markets, today announces its results for the three months and nine months ended September 30, 2009.

Third quarter highlights Q3/2009 Vs. Q2/ 2009:

- **Revenues increased by 18% to \$6,651K**
 - **Net profits increased by 103% to \$848K**
 - **Gross margin improved to 71%**
 - **Positive cash flow of \$2.4Millions**
 - **Cash increased to the level of \$16.1Million**
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- Revenues increased by 18% from \$5,624K in Q2/09 to \$6,651K in Q3/09. Revenues in the nine months of 2009 went down by 25% to \$17,865K compared to \$23,876K on the first nine months of 2008. Revenues in Q3/09 were 18% lower compared to the revenues in Q3/08 which were \$8,153K.
 - Net profits increased by 103% to \$848K in Q3/09 compared to net profit of \$418K in Q2/09 and net loss of \$238K in Q1/09. Net profits in the first nine months of 2009 were \$1,028K compared to \$2,646K in the first nine months of 2008. Net profits on Q3/09 were higher by 30% compared to Q3/08 which were \$650K.
 - Cash, cash equivalents and restricted cash increased to the level of US\$16.1million, a cash flow positive of \$2.4 million during Q3/09.
 - Gross margin increased to 71% on Q3/09 compared to 70% on Q2/09 and compared to 69% on Q3/08. In the first nine months of 2009 gross margin was 70% compared to 68% during the first nine months of 2008.

"We are proud to present the results for the third quarter of 2009", said Avi Sharir President and CEO of Orad and continued: "During this quarter orders income increased and revenues grew. The immediate result was a much higher profitability and very strong cash flow. The strong Orders income during Q3/09 enables us to keep the back log at the same level as was in 2008 which was a record year for us. We have good reason to believe that Q4 of 2009 is going to be even better. During IBC show we presented the first version of the "Play maker", Orad's slow motion server for sports broadcasting applications. The feedbacks that we received were very good and we already booked several orders. The server is going to be an important growing engine for 2010 ".

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Orad Hi-Tec Systems Ltd ('Orad' or the 'Company')

Results for the period ended September 30, 2009

Financial and Operational highlights for first nine months and for the third quarter of 2009 compared to the first nine months and third quarter of 2008 :

Revenues, net profit and cash status:

The table below reflects the results of the last five quarters:

In Thousand USD	<u>Q3/08</u>	<u>Q4/08</u>	<u>Q1/09</u>	<u>Q2/09</u>	<u>Q3/09</u>
Cash status	14,769	14,759	14,489	13,682	16,099
Revenue	8,153	8,012	5,590	5,624	6,651
Gross Profit	5,617	5,321	3,904	3,924	4,740
Net Profit	650	784	(238)	418	848

Gross Margin

Gross margin for the third quarter of 2009 increased to 71% compared to 70% in Q1/09 and Q2/09. The gross margin in the first nine months of 2009 improved to 70% compared to 68% in the first nine months of 2008. This is mainly due to the increasing of efficiency in project implementation and lower cost of hardware.

Operational expenses:

(in thousand USD)	<u>Q1/09</u>	<u>Q2/09</u>	<u>Q3/09</u>	<u>Q3/08</u>
Research and Development	869	848	949	1,133
Sales and Marketing	2,160	2,380	2,418	2,747
General and Administrative	<u>663</u>	<u>563</u>	<u>694</u>	<u>860</u>
Total Operating Expenses:	3,692	3,791	4,061	4,740

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2009

U.S. DOLLARS IN THOUSANDS

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ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,726	\$ 14,391
Restricted cash	373	368
Trade receivables (net of allowance for doubtful accounts of \$ 57 and \$ 154 at September 30, 2009 and December 31, 2008, respectively)	4,186	3,399
Other accounts receivable and prepaid expenses	1,220	1,748
Inventories	1,956	2,650
Work in progress, net of advances from customers	-	-
Total current assets	23,461	22,556
SEVERANCE PAY FUND	1,712	1,366
PROPERTY AND EQUIPMENT, NET	1,614	1,949
Total assets	\$ 26,787	\$ 25,871
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 1,681	\$ 2,441
Deferred revenues	2,556	2,214
Other accounts payable and accrued expenses	4,327	4,503
Total current liabilities	8,564	9,158
ACCRUED SEVERANCE PAY	2,269	1,973
Total liabilities	10,833	11,131
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value:		
Authorized - 27,000,000 shares as of September 30, 2009 and December 31, 2008		
Issued - 11,749,304 and 10,820,550 shares as of September 30, 2009 and December 31, 2008, respectively; Outstanding - 10,820,550 shares as of September 30, 2009 and December 31, 2008		
	29	29
Additional paid-in capital	75,858	75,672
Accumulated other comprehensive income	(547)	(547)
Accumulated deficit	(59,386)	(60,414)
Total shareholders' equity	15,954	14,740
Total liabilities and shareholders' equity	\$ 26,787	\$ 25,871

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

, 2009		
Date of approval of the financial statements	Avi Sharir Director and Chief Executive Officer	Ehud Ben Yair Chief Financial Officer

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited				
Revenues	\$ 17,865	\$ 23,876	\$ 6,651	\$ 8,153	\$ 31,888
Cost of sales	5,297	7,664	1,911	2,536	10,355
Gross profit	12,568	16,212	4,740	5,617	21,533
Operating expenses:					
Research and development, net	2,666	3,158	949	1,133	4,063
Sales and marketing	6,958	7,910	2,418	2,747	10,444
General and administrative	1,920	2,430	694	860	3,353
Total operating expenses	11,544	13,498	4,061	4,740	17,860
Operating income	1,024	2,714	679	877	3,673
Financial income, net	3	(82)	169	(233)	(257)
Other income, net	1	14	-	6	14
Net income	<u>\$ 1,028</u>	<u>\$ 2,646</u>	<u>\$ 848</u>	<u>\$ 650</u>	<u>\$ 3,430</u>
Basic net earnings per share	<u>\$ 0.1</u>	<u>\$ 0.24</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.32</u>
Weighted average number of shares used in computing basic net earnings per share (in thousands)	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>
Diluted net earnings per share	<u>\$ 0.09</u>	<u>\$ 0.24</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.31</u>
Weighted average number of shares used in computing diluted net earnings per share (in thousands)	<u>10,977</u>	<u>10,926</u>	<u>10,977</u>	<u>10,821</u>	<u>11,022</u>

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

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands, except share data

	Number of outstanding Ordinary shares	Share capital	Additional paid-in capital	Accumulated other comprehensive income (loss) *	Accumulated deficit	Total comprehensive income	Total
Balance as of January 1, 2008	10,820,550	\$ 29	\$ 75,475	\$ (547)	\$ (63,844)		\$ 11,113
Net income	-	-	-	-	3,430	\$ 3,430	3,430
Stock-based compensation	-	-	197	-	-	-	197
Total comprehensive income						<u>\$ 3,430</u>	
Balance as of December 31, 2008	10,820,550	29	75,672	(547)	(60,414)		14,740
Net income	-	-	-	-	1,028	\$ 1,028	1,028
Stock-based compensation	-	-	186	-	-	-	186
Total comprehensive income						<u>\$ 1,028</u>	
Balance as of September 30, 2009 (unaudited)	<u>10,820,550</u>	<u>\$ 29</u>	<u>\$ 75,858</u>	<u>\$ (547)</u>	<u>\$ (59,386)</u>		<u>\$ 15,954</u>

	Number of outstanding ordinary shares	Share capital	Additional paid-in capital	Foreign currency translation adjustments	Accumulated deficit	Total
Balance as of January 1, 2008	10,820,550	\$ 29	\$ 75,475	\$ (547)	\$ (63,844)	\$ 11,113
Net income	-	-	-	-	2,646	2,646
Share-based compensation	-	-	136	-	-	136
Balance as of September 30, 2008 (unaudited)	<u>10,820,550</u>	<u>29</u>	<u>75,611</u>	<u>(547)</u>	<u>(61,198)</u>	<u>13,895</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended		Year ended
	September 30,		December 31,
	2009	2008	2008
	<u>Unaudited</u>		
<u>Cash flows from operating activities:</u>			
Net income	\$ 1,028	\$ 2,646	\$ 3,430
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	593	556	740
Share-based compensation	186	136	197
Increase in trade receivables, net	(787)	(1,351)	(1,530)
Decrease (increase) in other accounts receivable and prepaid expenses	528	(416)	(585)
Decrease (increase) in inventories	595	(148)	46
Decrease in work in process, net of advances from customers	-	(80)	78
Increase (decrease) in trade payables	(760)	1,052	326
Decrease in other accounts payable and accrued expenses	(176)	(713)	(1,215)
Increase (decrease) in accrued severance pay, net	(50)	89	-
Increase (decrease) in deferred revenues	342	(344)	(66)
Net cash provided by operating activities	<u>1,499</u>	<u>1,427</u>	<u>1,421</u>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	(159)	(708)	(727)
Proceeds from sale of property and equipment	-	-	15
Decrease (increase) in restricted cash	(5)	84	701
Net cash used in investing activities	<u>(164)</u>	<u>(624)</u>	<u>(11)</u>
<u>Cash flows from financing activities:</u>			
Net cash provided by financing activities	-	-	-
Increase in cash and cash equivalents	1,335	803	1,410
Cash and cash equivalents at the beginning of the period	<u>14,391</u>	<u>12,981</u>	<u>12,981</u>
Cash and cash equivalents at the end of the period	<u>\$ 15,726</u>	<u>\$ 13,784</u>	<u>\$ 14,391</u>
<u>Non-cash transactions:</u>			
Classification between property and equipment, and inventories, net	<u>99</u>	<u>-</u>	<u>-</u>

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

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

- a. The Company's shares and options held by members of the Board of Directors and officers of the Company:

	<u>Number of Ordinary shares</u>	<u>Number of share options *)</u>
Avi Sharir	2,143,238	319,253
Moshe Nissim	-	40,000
Ehud Ben-Yair	-	75,000
Orna Nehushtan	-	60,000
Dan Falk	-	20,000
Shimon Ravid	-	10,000
Uzi Peled	-	10,000
Daniel Furman	753,300	10,000
Anat Segal	-	20,000

*) Each share option is convertible into one Ordinary share.

- b. As of September 30, 2009, the Company employs 168 employees.
