



Football fan before the television set.

The red line shows him that three players in white are standing offside

Orad Hi-Tec Systems

From a Sidelines Spectator to being in the Thick of Things

Millions of fans are watching the World Cup feverishly. The TV graphics turn the event into a special experience – for the investor too.

The German team is playing its first match at the World Football Championship, against Australia. In the 34th minute Bastian Schweinsteiger passes the ball to Miroslav Klose. The deputy referee decides on offside. In the Hempel family's living room a heated discussion breaks out. "Shiri had tomato in his eyes," says Hans Hempel, folding his hands over his head. "Nonsense, you know absolutely nothing about football", teases his buddy Bernd Blumentopf. Precisely at that moment, the TV station repeats the scene in question, confirming - with the aid of a virtual line - that the striker was standing offside. Blumentopf glances triumphantly at Hempel, upon which the situation in the domestic calms somewhat. Hats off to Israeli company Orad Hi-Tec Systems from Kfar Saba. Thanks to its innovative graphic solutions for television stations (see accompanying box) it may have taken the wind out of so many football fans' sails. And this despite the fact that the past year was not so rosy for the Israelis. A marked fall in TV stations' income from advertising revenues caused them to curb investment and buy less software. Additionally, Orad's sales dropped 16 percent vs. 2008, to 21.9 million Euros. In pretax profits too, the company had to lower its sights, taking in 1.8 million Euros, about nine

percent less. The hoped-for turnabout came at year-end, following which demand has again accelerated tangibly: In comparison to the same 2009 period, when the books recorded a 2.9 million Euro loss, first quarter sales climbed 25 percent to 5.7 million Euros.

Sports Events are

Relaxing. It is precisely in the run-up to events like major football occasions that the TV stations stock up with Orad's graphic systems. When Hans Hempel shares the thrill of the second preliminary round game (Uruguay against France) on the opening day of the World Football Championship, he can simultaneously admire the Israeli's image processing technology.

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After the final whistle, football expert Juergen Klopp draws toy trains during selected scenes, which subsequently flicker on the watcher's tube fortunately; boring TV broadcasts also belong to the past. You haven't yet entered the sitting chamber of the British Parliament? Perhaps the moderator of England's "Sky News" also hasn't. But Orad's virtual TV studio makes it possible. While the British waited tensely for the election outcome on May 6, the journalist strolled through the fully-occupied chamber of the Upper and Lower House. In reality, however, he was standing in a so-called 'green box'. Here a person is recorded in front of a well-illuminated, green-colored background surface. The reason why green was chosen is that it sets itself apart best from skin tones, the rest is settled by the Israeli software.

In doing so, the Israeli company avails itself of three – dimensional (3D) technology, both in virtual studios and in many other productions. News broadcasts or weather forecasts receive the finishing touch with tools like a three-dimensional raincloud hovering over the European continent. Apart from subsidiary programs like RTL, one also finds Orad's three-dimensional elements at MTV Deutschland, MDTV India or TV Global in Brazil. Across the globe, broadcast stations spend about 200 million Euros annually on these.

Sleeping Giant. Regarding the future, individual three-dimensional elements will not remain the last word. With the spread of 3D TVs, Orad's software is also applicable for 3D broadcasts. However, development is being somewhat delayed, since consumers will only buy the innovative TV sets extensively when manufacturers reach an accord on uniform standards. That is to say those so far, only 3D glasses and TV sets by the same manufacturer have matched. "If this problem is removed, an estimated 78.1 million 3D television sets will be sold across the counter in 2015 alone, whereas this year only 4.2 million were sold," explains Riddhi Patel of the iSuppli market research institute. 3D television will then be part of the daily business of the broadcasting corporations, in which case footballs will already be flying around viewer's ears in their living rooms during the 2014 Football World Cup.

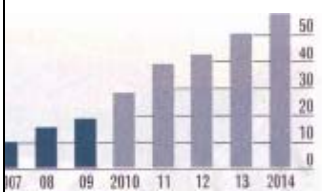
However the greatest challenge facing Orad is the fast pace of the branch.

"Whoever does not keep his eyes on the ball during development has lost from the outset, says analyst Raimund Saier of the VEM-Aktienbank. Until now, however, Orad has shown that it can keep pace with the market's speed. Consequently, turnover is expected to rise by 17.7% in 2010, to 25.7 million Euros.

The Israelis themselves are relying less on themselves for the future. Although the company hitherto refused to reward shareholders with a dividend, it wishes to distribute at least one third of the annual net profit in 2010 and beyond. In addition to the growth prospects, this is an attractive side effect for investors.....

AREAS OF BUSINESS

HD-TV/IP-TV

<p>The New TV Experience</p> <ul style="list-style-type: none"> o Virtual TV studio: artificial production of a studio environment o virtual elements in a real studio: animations, graphics, video clips o 3D (stereoscopic) television, synchronous acting out of 3D elements o Upgrading of sport productions: sport analyses, offside lines, advertising air graphics: live ticker, logos o Channel branding: preview, trailer o Video server for use in mobile broadcasting units and studio o Interactivity: control of animations, clips or graphics via touch screen or laser tracking o Events and TV studio: software and hardware for synchronous presentation of graphics, videos and animations on large LCD 	<p>Sharp Pictures for All</p> <p>If one is talking about the difference between normal TV and high definition (HD) digital TV, then resolution is the magic word. The quality of HD is two to four times as high as that of conventional television. To enjoy sharper pictures, spectators need an HD-capable screen and a set-top-box or receiver. Transmission is effected via satellite, cable or Internet (IPTV). In the long term Online reception will prevail. In 2010 the number of IPTV receivers sold doubled compared to the previous year, to 28.7 million</p>	<p>Orad's graphic solutions are tailored for both standard TV and HD.</p> <p>Plus 25 percent annually</p> <p>Forecast of IPTV Boxes sold worldwide (in millions of units) from 2010</p>  <table border="1"> <caption>Forecast of IPTV Boxes sold worldwide (in millions of units)</caption> <thead> <tr> <th>Year</th> <th>Units (Millions)</th> </tr> </thead> <tbody> <tr> <td>07</td> <td>5</td> </tr> <tr> <td>08</td> <td>10</td> </tr> <tr> <td>09</td> <td>15</td> </tr> <tr> <td>2010</td> <td>20</td> </tr> <tr> <td>11</td> <td>25</td> </tr> <tr> <td>12</td> <td>30</td> </tr> <tr> <td>13</td> <td>35</td> </tr> <tr> <td>2014</td> <td>50</td> </tr> </tbody> </table> <p>Since digitalization reduces channels' storage needs, thereby lowering costs, smaller providers are able to distribute their programs trans-regionally, and larger TV channels can expand their existing ranges.</p>	Year	Units (Millions)	07	5	08	10	09	15	2010	20	11	25	12	30	13	35	2014	50
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screens at an extremely high resolution	units.	
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KATHRIN SANDMUIR

Focus Money, 09.06.2010

Stronger Upward Trend

[200 Tage-Linie = 200 Day Line, etc]

Quelle = Source

Media Software

	Branch
ISIN	IL0010838071
09 Turnover	21.88 million
09 Profit	1.76 million
Profit per share 10/11a	0.25/0.35
P/E Ratio 10/11:	13.2/9.5
Stop price	2.55

A = anticipated; data is in Euros