



Orad Hi-Tec Systems Ltd. ('Orad' or the 'Company') **Results for the first quarter of 2009**

Orad Hi-Tec Systems Ltd. (Frankfurt - Prime Standard; Symbol: OHT), a leading developer, marketer and distributor of state-of-the-art, 3D real-time graphic solutions for the broadcasting markets, today announces its results for the first quarter of 2009.

- **Revenues Decreased by 27% to US\$5.6 million compared to US\$ 7.7million in Q1/08 .**
- **EBITDA of US\$404K compared to US\$983K in Q1/08.**
- **Cash, cash equivalents and restricted cash remained at the level of US\$14.5million**
- **Gross margin increased to 70%.**

"By the end of 2008 we started feeling the world's economy crises", said Avi Sharir President and CEO of Orad and continued: "the results of sales in Q1/09 showing the slow down in graphics projects along with a significant increase in the demand for virtual studio solutions. Delay in completion of projects harmed our results and these revenues were shifted to Q2/09. In the last two quarters we are facing increasing demand to virtual Studios. Orad, as the world leader in this segment, is ready to provide several solutions each of them fit to different budget. Despite the facts described above, we managed to finish the first quarter of 2009 with an EBITDA of US\$404K. In Q1/09 the continues volatility in the currencies had negative impact on our results, resulting in net loss of US\$238K".

For further information:

Orad (www.orad.tv)

Ehud Ben-Yair, CFO + 972 976 768 62

Edicto Investor Relations + 49 608494859-1

Dr. Sonke Knop, Frankfurt Germany

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

Results for the first quarter of 2009

Financial and Operational highlights for the first quarter of 2009 compared to the first quarter of 2008 and fourth quarter of 2008:

Revenues, net profit and cash status:

The table below reflects the trend in the last five quarters:

In Thousand USD	<u>Q1/08</u>	<u>Q2/08</u>	<u>Q3/08</u>	<u>Q4/08</u>	<u>Q1/09</u>
Cash status	14,543	15,217	14,769	14,759	14,489
Revenue	7,668	8,054	8,153	8,012	5,590
Gross Profit	5,005	5,590	5,617	5,321	3,904
EBITDA	983	1,234	1,049	1,144	404

Gross Margin

Gross margin for the first quarter of 2009 increased to 70% compared to the average gross margin of 67% in 2008. This is mainly due to better product mix and reduces of expenses.

Operational expenses:

(in thousand USD)	<u>Q1/09</u>	<u>Q4/08</u>	<u>Q1/08</u>
Research and Development	869	905	964
Sales and Marketing	2,160	2,534	2,471
General and Administrative	<u>663</u>	<u>922</u>	<u>745</u>
Total Operating Expenses:	<u>3,692</u>	<u>4,361</u>	<u>4,180</u>

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2009

U.S. DOLLARS IN THOUSANDS

INDEX

	<u>Page</u>
Consolidated Balance Sheets	2
Consolidated Statements of Income	3
Consolidated Statements of Changes in Shareholders' Equity	4
Consolidated Statements of Cash Flows	5
Supplementary Information	6

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,947	\$ 14,391
Restricted cash	542	368
Trade receivables (net of allowance for doubtful accounts of \$ 100 and \$ 154 at March 31, 2009 and December 31, 2008, respectively)	3,274	3,399
Other accounts receivable and prepaid expenses	1,519	1,748
Inventories	2,522	2,650
Work in progress, net of advances from customers	-	-
Total current assets	21,804	22,556
SEVERANCE PAY FUND	1,312	1,366
PROPERTY AND EQUIPMENT, NET	1,923	1,949
Total assets	\$ 25,039	\$ 25,871
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 1,803	\$ 2,441
Deferred revenues	2,469	2,214
Other accounts payable and accrued expenses	4,357	4,503
Total current liabilities	8,629	9,158
ACCRUED SEVERANCE PAY	1,879	1,973
Total liabilities	10,508	11,131
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value:		
Authorized - 27,000,000 shares as of March 31, 2009 and December 31, 2008;		
Issued - 11,749,304 and 10,820,550 shares as of March 31, 2009 and December 31, 2008;, respectively; Outstanding - 10,820,550 shares as of March 31, 2009 and December 31, 2008;;		
	29	29
Additional paid-in capital	75,734	75,672
Accumulated other comprehensive income	(580)	(547)
Accumulated deficit	(60,652)	(60,414)
Total shareholders' equity	14,531	14,740
Total liabilities and shareholders' equity	\$ 25,039	\$ 25,871

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

May 28, 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

	Three months ended		Year ended	
	March 31,			December 31,
	2009	2008		
	Unaudited			
Revenues:				
Sales	\$ 5,590	\$ 7,668	\$ 31,888	
Cost of sales	1,686	2,663	10,355	
Gross profit	3,904	5,005	21,533	
Operating expenses:				
Research and development, net	869	964	4,063	
Sales and marketing	2,160	2,471	10,444	
General and administrative	663	745	3,353	
<u>Total operating expenses</u>	<u>3,692</u>	<u>4,180</u>	<u>17,860</u>	
Operating income	212	825	3,673	
Financial income/(expenses), net	(453)	127	(257)	
Other income, net	3	-	14	
Net income/(loss)	<u>\$ (238)</u>	<u>\$ 952</u>	<u>\$ 3,430</u>	
Basic net earnings/(losses) per share	<u>\$ (0.022)</u>	<u>\$ 0.086</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>	
Diluted net earnings/(losses) per share	<u>\$ (0.022)</u>	<u>\$ 0.086</u>	<u>\$ 0.31</u>	
Weighted average number of shares used in computing diluted net earnings per share (in thousands)	<u>10,821</u>	<u>11,084</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

	<u>Number of outstanding Ordinary shares</u>	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive income (loss) *</u>	<u>Accumulated deficit</u>	<u>Total comprehensive income</u>	<u>Total</u>
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 losses	-	-	-	-	(238)	(238)	(238)
Unrealized gain (loss) on call and put options contracts, net	-	-	-	(33)			(33)
Stock-based compensation	-	-	62	-	-		62
Total comprehensive losses						<u>\$ (238)</u>	
Balance as of March 31, 2009 (unaudited)	<u>10,820,550</u>	<u>29</u>	<u>75,734</u>	<u>(580)</u>	<u>(60,652)</u>		<u>14,531</u>
Balance as of January 1, 2008	10,820,550	\$ 29	\$ 75,475	\$ (547)	\$ (63,844)		\$ 11,113
Comprehensive income:							
Net income					952	952	952
Issuance of shares upon exercise of employee share options							
Share-based compensation	-	-	55	-	-		55
Balance as of March 31, 2008 (unaudited)	<u>10,820,550</u>	<u>29</u>	<u>75,530</u>	<u>(547)</u>	<u>(62,892)</u>	<u>952</u>	<u>12,120</u>

*) Represents adjustments in respect of foreign currency translation and unrealized gain (loss) on call and put option contracts, net. Balance of accumulated unrealized comprehensive income (loss) as of March 31, 2009 and December 31, 2008 included foreign currency translation adjustments in the amount of \$ (547), and unrealized gain (loss) on call and put options contracts, net, in the amount of \$ (33) and \$ 0, respectively.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS**U.S. dollars in thousands**

	Three months ended March 31,		Year ended December 31,
	2009	2008	2008
	Unaudited		
<u>Cash flows from operating activities:</u>			
Net income/(losses)	\$ (238)	\$ 952	\$ 3,430
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	192	158	740
Share-based compensation	62	55	197
Decrease (increase) in trade receivables, net	125	(716)	(1,530)
Decrease (increase) in other accounts receivable and prepaid expenses	229	(419)	(585)
Decrease (increase) in inventories	84	(43)	46
Decrease in work in process, net of advances from customers	-	15	78
Increase (decrease) in trade payables	(638)	332	326
Increase (decrease) in other accounts payable and accrued expenses	(179)	621	(1,215)
Increase (decrease) in accrued severance pay, net	(40)	30	-
Increase (decrease) in deferred revenues	255	(316)	(66)
Net cash provided by (used) in operating activities	<u>(148)</u>	<u>669</u>	<u>1,421</u>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	(125)	(176)	(727)
Proceeds from sale of property and equipment	3	-	15
Decrease (increase) in restricted cash	(174)	(20)	701
Net cash provided by (used) investing activities	<u>(296)</u>	<u>(196)</u>	<u>(11)</u>
<u>Cash flows from financing activities:</u>			
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	(444)	473	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>\$ 13,947</u>	<u>\$ 13,454</u>	<u>\$ 14,391</u>
<u>Non-cash transactions:</u>			
Classification between property and equipment, and inventories, net	44	-	-
Unrealized gain (loss) on call and put options contracts, net	<u>33</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 Nehustan	-	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 March 31, 2009, the Company employs 175 employees.
