



Orad Hi-Tec Systems Ltd. ('Orad' or the 'Company')
Results for the first six months of 2010

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 half of 2010.

- **Revenues increased by 19% to US\$13.3 million compared to US\$ 11.2 million in H1/09.**
- **Net profits of US\$932K in H1/10 compared to net profits of US\$180K in H1/09.**
- **On June 2010 the company declared a gross dividend in the amount of \$1.8M and paid a net dividend to its shareholders in the amount of \$1.44M. Cash, cash equivalents and restricted cash at the level of US\$17.5 million with a positive cash flow from operational activity of US\$1.7M in H1/10.**
- **Gross margin increased to 72% compared to 70% in H1/09**

"We are very proud with the results of the first half of 2010", said Avi Sharir President and CEO of Orad and continued: "in the last few months we see increasing demand to Orad's new products and Orad's traditional products especially for the Sports products. Orad's order Back log is now 15% higher than it was in the same time last year, allowing us to maintain the optimism for the results for 2010.

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

Results for Q2/10 compared to Q2/09 and results for H1/10 compared to H1/09:

Revenues, gross profit, net profit and cash status:

(in Thousand USD)	<u>H1/2010</u>	<u>H1/2009</u>	<u>Q2/2010</u>	<u>Q2/2009</u>
Cash	17,452	13,683		
Revenues	13,343	11,214	6,343	5,624
Gross Margin	72%	70%	70%	70%
Net profit	932	180	178	418

Operational expenses:

(in thousand USD)	<u>H1/2010</u>	<u>H1/2009</u>	<u>Q2/2010</u>	<u>Q2/2009</u>
Research and Development	2,014	1,717	977	848
Sales and Marketing	4,892	4,540	2,592	2,380
General and Administrative	<u>1,333</u>	<u>1,226</u>	<u>693</u>	<u>563</u>
Total Operating Expenses:	<u>8,239</u>	<u>7,483</u>	<u>4,262</u>	<u>3,791</u>

ORAD HI-TEC SYSTEMS LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2010

U.S. DOLLARS IN THOUSANDS

UNAUDITED

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CONSOLIDATED BALANCE SHEETS

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

	June 30, 2010	December 31, 2009
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,075	\$ 16,949
Restricted cash	377	372
Trade receivables (net of allowance for doubtful accounts of \$200 and \$ 184 at June 30, 2010 and December 31, 2009, respectively)	2,564	3,155
Other accounts receivable and prepaid expenses	1,655	1,306
Inventories	2,243	1,912
<u>Total current assets</u>	<u>23,914</u>	<u>23,694</u>
SEVERANCE PAY FUND	1,917	1,836
PROPERTY AND EQUIPMENT, NET	1,192	1,442
<u>Total assets</u>	<u>\$ 27,023</u>	<u>\$ 26,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 2,467	\$ 1,532
Deferred revenues	1,085	1,454
Other accounts payable and accrued expenses	4,562	4,463
<u>Total current liabilities</u>	<u>8,114</u>	<u>7,449</u>
ACCRUED SEVERANCE PAY	2,487	2,380
<u>Total liabilities</u>	<u>10,601</u>	<u>9,829</u>
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.01 par value -		
Authorized: 27,000,000 shares at June 30, 2010 and December 31, 2009; Issued and Outstanding: 10,878,050 shares at June 30, 2010 and 10,820,550 at December 31, 2009	29	29
Additional paid-in capital	76,129	75,917
Foreign currency translation adjustments	(547)	(547)
Accumulated deficit	(59,189)	(58,256)
<u>Total shareholders' equity</u>	<u>16,422</u>	<u>17,143</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 27,023</u>	<u>\$ 26,972</u>

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

August 15 th , 2010		
Date of approval of the financial statements	Avi Sharir Director and Chief Executive Officer	Ehud Ben Yair Chief Financial Officer

CONSOLIDATED STATEMENTS OF INCOME

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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2010	2009	2010	2009	2009
	Unaudited				
Revenues	\$ 13,343	\$ 11,214	\$ 6,343	\$ 5,624	\$ 26,867
Cost of sales	3,788	3,386	1,933	1,700	8,669
Gross profit	9,555	7,828	4,410	3,924	18,198
Operating expenses:					
Research and development, net	2,014	1,717	977	848	3,633
Sales and marketing	4,892	4,540	2,592	2,380	9,467
General and administrative	1,333	1,226	693	563	2,711
<u>Total operating expenses</u>	<u>8,239</u>	<u>7,483</u>	<u>4,262</u>	<u>3,791</u>	<u>15,811</u>
Operating income	1,316	345	148	133	2,387
Financial income/(expenses), net	(398)	(166)	24	287	(223)
Other income (expenses), net	14	1	6	(2)	(6)
Net income	<u>\$ 932</u>	<u>\$ 180</u>	<u>\$ 178</u>	<u>\$ 418</u>	<u>\$ 2,158</u>
Basic net earnings per share	<u>\$ 0.09</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.04</u>	<u>\$ 0.20</u>
Weighted average number of shares used in computing basic net earnings per share (in thousands)	<u>10,823</u>	<u>10,821</u>	<u>10,833</u>	<u>10,821</u>	<u>10,821</u>
Diluted net earnings per share	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.04</u>	<u>\$ 0.20</u>
Weighted average number of shares used in computing diluted net earnings per share (in thousands)	<u>10,984</u>	<u>10,960</u>	<u>11,019</u>	<u>10,960</u>	<u>10,943</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	Foreign currency translation adjustments	Accumulated deficit	Total comprehensive income	Total
Balance as of January 1, 2009	10,820,550	\$ 29	\$75,672	\$ (547)	\$ (60,414)		\$ 14,740
Net income	-	-	-	-	2,158	\$ 2,158	2,158
Stock-based compensation	-	-	245	-	-	-	245
Total comprehensive income						<u>\$ 2,158</u>	
Balance as of December 31, 2009	10,820,550	29	75,917	(547)	(58,256)		17,143
Net income	-	-	-	-	932	\$ 932	932
Issuance of shares upon exercise of employee share options	57,500	-	93	-	-	-	93
Dividend	-	-	-	-	(1,865)	-	(1,865)
Stock-based compensation	-	-	119	-	-	-	119
Total comprehensive income						<u>\$ 565</u>	
Balance as of June 30, 2010 (unaudited)	<u>10,878,050</u>	<u>\$ 29</u>	<u>\$ 76,129</u>	<u>(547)</u>	<u>\$ (59,189)</u>		<u>\$ 16,422</u>

	Number of outstanding Ordinary shares	Share capital	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total comprehensive income	Total
Total comprehensive income						<u>\$ 3,430</u>	
Balance as of January 1, 2009	10,820,550	\$ 29	\$ 75,672	\$ (547)	\$ (60,414)		\$ 14,740
Net income	-	-	-	-	180	\$ 180	180
Unrealized gain (loss) on call and put options contracts, net	-	-	-	31	-	-	31
Stock-based compensation	-	-	124	-	-	-	124
Total comprehensive losses						<u>\$ 180</u>	
Balance as of June 30, 2009 (unaudited)	<u>10,820,550</u>	<u>\$ 29</u>	<u>\$ 75,796</u>	<u>\$ (516)</u>	<u>\$ (60,234)</u>		<u>\$ 15,075</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2010	2009	2009
	Unaudited		
<u>Cash flows from operating activities:</u>			
Net income	\$ 932	\$ 180	\$ 2,158
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	367	398	780
Share-based compensation	119	124	245
Decrease (increase) in trade receivables, net and other accounts receivable and prepaid expenses	242	(761)	686
Decrease (increase) in inventories	(336)	408	639
Increase (decrease) in trade payables and other accounts payable and accrued expenses and accrued severance pay, net	687	(1,482)	(1,012)
Increase (decrease) in deferred revenues	(369)	212	(760)
Revaluation of restricted cash	15	-	(4)
Net cash provided by (used in) operating activities	<u>1,657</u>	<u>(921)</u>	<u>2,732</u>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	(118)	(160)	(178)
Proceeds from sale of property and equipment	6	4	4
Increase in restricted cash	(20)	(42)	-
Net cash used in investing activities	<u>(132)</u>	<u>(198)</u>	<u>(174)</u>
<u>Cash flows from finance activities:</u>			
Issuance of shares upon exercise of employee share options	93	-	-
Dividend paid	(1,492)	-	-
Net cash used in finance activities	<u>(1,399)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	126	(1,119)	2,558
Cash and cash equivalents at the beginning of the period	<u>16,949</u>	<u>14,391</u>	<u>14,391</u>
Cash and cash equivalents at the end of the period	<u>\$ 17,075</u>	<u>\$ 13,272</u>	<u>\$ 16,949</u>
<u>Non-cash transactions:</u>			
Classification between property and equipment and inventories, net	<u>\$ 5</u>	<u>\$ 83</u>	<u>\$ 99</u>
Dividend withholding taxes	<u>\$ 373</u>		
Unrealized gain on call and put options contracts, net	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ -</u>

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

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

	Number of Ordinary shares	Number of share options *)
Avi Sharir	2,143,238	319,253
Moshe Nissim	-	40,000
Ehud Ben-Yair	-	50,000
Orna Nehushtan	-	60,000
Dan Falk	-	30,000
Shimon Ravid	-	10,000
Uzi Peled	-	20,000
Daniel Furman	753,300	20,000
Jackie Goren	-	10,000

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

b. As of June 30, 2010, the Company employs 189 employees.
