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## Valor's Q2 Results Show Revenue Growth and Highest Profits since the Year 2000; Annual Profit Forecast Revised Upwards to \$3.75 Million.

**YAVNE, Israel – August 7<sup>th</sup>, 2006** - Valor Computerized Systems [Prime Standard: VCR], the leader in productivity-enhancing solutions for the Electronics Industry, announces today its financial results for the six-month period ending June 30, 2006.

The net profit in the second quarter of 2006 was \$1 Million – a growth of nearly 150% over the parallel quarter of the previous year. The net profit in the first six months of 2006 was \$1.75 Million, an increase of 68% percent as compared to \$1 Million in the first six months of 2005.

The company's cash flow from operating activities in Q2-06 was \$1.7 Million, nearly 7 times more compared to \$241 thousand in Q2-05.

Revenues in the second quarter of 2006 accumulated to \$9.2 Million, an increase of 10% compared to \$8.4 Million in the first quarter of 2006, and an increase of 2% compared to \$9 Million in the second quarter of 2005.

EBIT in Q2-06 was \$856 thousand - an increase of 157% compared to \$333 thousand in Q2-05. In the first half of 2006, EBIT was \$1.4 Million – 68% more than in the parallel period of 2005.

Earnings per Share (diluted) in the first half of 2006 were \$0.08, as compared to \$0.05 in the first half of 2005.

### Summary of Financial Data:

	Q2 / 2006	Q2 / 2005	% Change	H1 / 2006	H1 / 2005	% Change
Product Sales	5,745	5,893	(2.5)%	10,897	11,733	(7.1)%
Maintenance	3,443	3,110	10.7%	6,673	5,975	11.7%
<b>Total Revenues</b>	<b>9,188</b>	<b>9,003</b>	2.1%	<b>17,570</b>	<b>17,708</b>	(0.8)%
Gross Profit	8,317	7,670	8.4%	15,583	15,227	2.3%
EBITDA	1,165	496	134.7%	1,890	1,166	62.0%
EBIT	856	333	156.8%	1,427	851	67.6%
<b>Net Profit (Loss)</b>	<b>1,002</b>	<b>408</b>	<b>145.6%</b>	<b>1,749</b>	<b>1,039</b>	<b>68.3%</b>
EPS in US\$ (diluted)	0.05	0.02	150.0%	0.08	0.05	60.0%
Shareholder's Equity	37,244	34,595	7.7%	37,244	34,595	7.7%
Total Assets	50,457	43,883	15.0%	50,457	43,883	15.0%
Research & Development	3,069	2,825	8.6%	5,372	5,635	(4.6)%
Employees (Period End)	236	220	7.5%	236	220	7.5%

(all figures are in US\$ 1000, unless otherwise noted)

*Some of the following statements are forward-looking in nature, and actual results may differ materially:*

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“I’m very pleased with the results”, said Ofer Shofman, Valor’s President and CEO. “As previously predicted, the successful implementation of a restructuring process enabled us to show an increase in revenues in Q2 as well as significant increase in net profits”.

“We have been able to penetrate several of the world’s largest electronics companies with our TraceXpert solution this quarter. We expect these deals to deliver significant business in the upcoming years and to open the doors for us into new markets”, he added.

“By the end of the year we are planning to launch a number of new products”, Shofman revealed. “The first one, to be launched within a few months, will provide a web-based collaboration platform between our customers and their clients. It will increase the overall value of our solution, thus making it more attractive and allowing us to extend our opportunities and increase our sales”, he explained.

“Overall, we expect to see continued growth in the next quarter – both in revenues and net profits”, said Shofman. “We expect this trend to continue in the upcoming quarters as well, and as a result, we are revising our annual net profit forecast upwards, from \$3 Million to \$3.75 Million”, he announced.

The complete financial report can be downloaded from the Investor Relations Section on the Valor corporate website: [www.valor.com](http://www.valor.com)

## **About Valor**

Valor Computerized Systems develops compelling technologies for simulating and optimizing the manufacture of printed circuit boards. Valor's breakthrough technologies for product design analysis, simulation and optimization of PCB assembly, and Manufacturing Operations Management increase productivity, yield and quality, and help streamline and accelerate product innovation in a fast-paced global market. Valor is listed on the Prime Standard of the Frankfurt Stock Exchange [WKN 928731, ISIN IL0010845324]. Its customer base includes the majority of Tier I and Tier II companies in the electronics industry, most of which are fortune 500 companies. More information on Valor can be found on [www.valor.com](http://www.valor.com).

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