

Cimatron Ltd.

**Q2/2009 Results Conference Call
August 12, 2009**

Operator: Ladies and gentlemen, thank you for standing by.

Welcome to the **Cimatron 2nd Quarter 2009 Results** conference call. All participants are at present in a listen-only mode.

Following management's formal presentation, instructions will be given for the question and answer session.

As a reminder this conference is being recorded, August 12th, 2009.

With us on the line today are: Mr. Danny Haran, Cimatron's president and CEO, and Mr. Ilan Erez, Cimatron's CFO.

Before I turn the call over to Mr. Danny Haran I would like to remind everyone that statements contained in this conference call which are not historical facts contain forward-looking information with respect to plans, projections, or future performance of the Company, the occurrence of which involve certain risks and uncertainties, which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include dependence on economic and political conditions globally and in Israel, the impact of competition, supply constraints, as well as certain other risks and uncertainties which are detailed in the Company's filings with the various securities authorities.

If you have not received a copy of today's release and would like to do so, please download it from the company's website at the investors' pages or contact Commitment – IR Investor Relations at 972-9-7418866.

I would like to turn the call over to Mr. Danny Haran, Cimatron's president and CEO,

Danny Haran:

Good morning and welcome to Cimatron's second quarter 2009 results Conference Call.

Basically, the trends we saw in Q1 2009 continued into the second quarter of the year. New product sales continued at a reduced pace, reflecting the uncertainty in our major target markets. On the positive side, maintenance revenues held up very well, indicating the breadth and strength of the Cimatron installed base of customers.

As we said before, our new software business is directly related to the global economic conditions and the level of global manufacturing activity. There have been many opinions voiced lately, by both government officials and commercial institutions, suggesting that the end of the downturn is very close. On a much smaller scale, we also have evidence from some of our customers that they see stabilization in their businesses. Key projects put on hold at the beginning of the year seem to be moving on now, which gives rise to some hope of improvement in the manufacturing market.

However, these initial signs do not translate yet into significantly higher CAD/CAM software sales. While the second quarter does show a slight improvement in new software revenues compared to the first quarter, it is hard to tell if this is the beginning of a sustainable trend or just small quarterly fluctuations. Therefore, we plan on remaining cautious with respect to our expenses and means of cash preservation until the picture becomes clearer.

In light of the overall situation, we are pleased to report a balanced quarter, with a small non-GAAP operational loss and a small non-GAAP net income. Our financials are in good shape - cash reserves are healthy, cash flow is positive, and DSO is low and stable.

As planned, CimatronE version 9 was released during the second quarter, and is being distributed to customers on maintenance contracts. Already work on the next version is well underway, with even more exciting improvements to be released next year. We remain committed to continued development of our products, in good times or bad. I believe this is one of the main reasons why Cimatron enjoys one of the highest rates of maintenance-paying customers in the industry, as evidenced by our relatively high maintenance revenues.

Ilan Erez, our CFO, will now review the financial statements. Ilan, please:

Ilan Erez:

Thank you Danny. Hello everybody and thank you for joining us for our second quarter 2009 results conference call.

The results we will present on this call are on a non-GAAP basis, as we believe they better represent the actual state of our business, and make comparisons to previous periods easier. We have also published our results on a GAAP basis, as well as a reconciliation between results on a GAAP and Non-GAAP basis, and those can be found in our press release issued earlier today.

Revenues on a non-GAAP basis for the second quarter of 2009 were 8.1 million Dollars, compared to 10.9 million Dollars in the second quarter of 2008.

Revenues on a non-GAAP basis for the first six months of 2009 were 16.0 million Dollars, compared to 21.2 million Dollars in the first six months of 2008. On a constant currency basis, the revenues in the first half of 2009 were down 19% from the same period in 2008, with a decrease of 34% in product and product-related services revenues, and no change in maintenance revenues.

The revenue breakdown in the second quarter of 2009 was as follows - License revenues: 35%, Maintenance revenues: 53%, other professional services revenues: 6%, and hardware revenues: 6%. The geographical revenue breakdown for the second quarter of 2009 was as follows: Europe: 55%, North America: 27%, Asia Pacific: 14%, and Rest of the World: 4%.

Gross Profit on a non-GAAP basis for the second quarter of 2009 was 6.7 million Dollars, or 83% of revenues, as compared to 9.2 million Dollars, or 84% of revenues, in the same period in 2008.

Gross Profit on a non-GAAP basis for the first six months of 2009 was 13.2 million Dollars, or 83% of revenues, as compared to 17.6 million Dollars, or 83% of revenues, in the same period in 2008.

R&D expenses in the second quarter of 2009 were 1.5 million dollars, compared to 1.8 million Dollars in the second quarter of 2008.

R&D expenses in the first six months of 2009 were 2.9 million dollars, compared to 3.6 million Dollars in the first six months of 2008. Approximately 65% of the decrease in the first six months of 2009 is attributed to the expense control measures that we took, while the remainder of the decrease reflects the weakening Israeli Shekel against the US Dollar during this period, as compared to the same period in 2008.

Sales and Marketing and G&A expenses on a non-GAAP basis in the second quarter of 2009 were 5.3 million dollars, compared to 6.8 million dollars in the second quarter of 2008.

Sales and Marketing and G&A expenses on a non-GAAP basis in the first six months of 2009 were 10.7 million dollars, compared to 13.1 million dollars in the first six months of 2008.

Approximately 70% of the decrease in the first six months of 2009 is attributed to the expense control measures that we took, while the remainder of the decrease reflects the weakening Euro and Israeli Shekel against the US Dollar during this period, as compared to the same period in 2008.

Operating loss on a non-GAAP basis in the second quarter of 2009 was (70) thousand dollars, compared to an operating profit of 568 thousand dollars in the second quarter of 2008.

Operating loss on a non-GAAP basis in the first six months of 2009 was (335) thousand dollars, compared to an operating profit of 844 thousand dollars in the first six months of 2008.

Net profit on a non-GAAP basis for the second quarter of 2009 was 73 thousand Dollars, or 1 Cent per diluted share, compared to a net profit of 740 thousand Dollars, or 8 Cents per diluted share recorded in the corresponding quarter of 2008.

Net loss on a non-GAAP basis for the first six months of 2009 was (332) thousand Dollars, or (4) Cents per diluted share, compared to a net profit of 974 thousand Dollars, or 10 Cents per diluted share recorded in the corresponding period of 2008.

Our cash flow from operating activities in the first six months of 2009 was 3.3 million Dollars, reflecting the fact that most of our annual maintenance revenues are collected in the first half of each year.

We will now open the call for Questions and answers. Operator, please.

Operator: Thank you. There are no questions at this time.

Danny Haran: Thank you for joining Cimatron's conference call. I hope to meet you all in the future.