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**CAMTEK LTD.**

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**FOR IMMEDIATE RELEASE**

**CAMTEK ANNOUNCES ALL TIME RECORD REVENUES  
IN THE SECOND QUARTER OF 2011**

*YEAR OVER YEAR REVENUE INCREASE OF 38% TO \$28.8 MILLION*

**MIGDAL HAEMEK, Israel – August 3, 2011** – Camtek Ltd. (NASDAQ and TASE: CAMT), today announced its financial results for the second quarter ended June 30, 2011.

**Main Financial Highlights of the Second Quarter**

- All time record revenues of \$28.8 million, representing a sequential quarterly increase of 4.8% and a year-over-year increase of 38%.
- Non-GAAP gross margin of 45.6% for the quarter compared with non-GAAP gross margin of 43.5% in the second quarter of last year; GAAP gross margin of 45.3% for the current quarter.
- Non-GAAP operating income of \$3.0 million compared with non-GAAP operating income of \$1.7 million in the second quarter of 2010. GAAP operating income reached \$2.8 million in the current quarter;
- Non-GAAP net income of \$2.9 million in the quarter compared with Non-GAAP net income of \$1.4 million in the second quarter of 2010; GAAP net income of \$2.2 million was earned in the current quarter.
- Non-GAAP earnings per diluted share of \$0.10; GAAP earnings per diluted share of \$0.07.

Results for the three months ended June 30, 2011 on a non-GAAP basis, exclude the following items: (i) Expenses with respect to the acquisition of SELA and Printar; and (ii) share based compensation expenses. A re-conciliation between the GAAP and non-GAAP results appears in the tables at the end of this press release.

**Second Quarter 2011 Financial Results**

**Revenues** for the second quarter of 2011 increased 38% to \$28.8 million, compared to \$20.8 million in the second quarter of 2010. The level of revenues in the second quarter of 2011 were at an all time high for the Company growing 4.8% sequentially, and came in at the top-end of the previously-announced guidance range of between \$27-\$29 million. The ongoing growth is a result of the continued increase in demand from customers in the quarter, as well as the penetration of new customers and increasing sales of the Company's new products. Compared with the prior quarter, revenues from semiconductor products in the quarter decreased by approximately 5% due to the softening in these markets, while revenues from PCB products increased by approximately 19%.

**Gross profit** on a GAAP basis in the quarter totaled \$13.0 million (45.3% of revenues), compared with \$8.8 million (42.4% of revenues) in the second quarter of 2010. Gross profit on a non-GAAP

basis in the quarter totaled \$13.1 million (45.6% of revenues), compared with \$9.1 million (43.5% of revenues) in the second quarter of 2010.

**Operating income** on a GAAP basis in the quarter was \$2.8 million (9.7% of revenues) compared with \$1.2 million (5.8% of revenues) in the second quarter of 2010. Non-GAAP operating income was \$3.0 million (10.4% of revenues) in the quarter compared with \$1.7 million (8.4% of revenues) in the second quarter of 2010.

**Net income on a GAAP basis** in the second quarter of 2011 totaled \$2.2 million, or \$0.07 per diluted share, compared to \$460 thousand, or \$0.02 per diluted share, in the second quarter of 2010.

**Net income on a non-GAAP basis** in the second quarter of 2011 was \$2.9 million, or \$0.10 per diluted share, compared with \$1.4 million, or \$0.05 per diluted share, in the second quarter of 2010.

**Operating cash flow** in the quarter amounted to a positive \$1.4 million.

**Cash and cash equivalents** levels as of June 30, 2011 were \$12.3 million with an additional amount of \$5.0 million in restricted cash. This is compared with \$9.2 million in cash and equivalents, and an additional \$5.2 million restricted cash as at March 30, 2011. The increase in cash and cash equivalents resulted mainly from a positive cash flow during the quarter and an increase in bank loans in the amount of \$2.5 million.

### **Management Comment**

**Roy Porat, Camtek's Chief Executive Officer, commented:** "We are continuing on from our great start to 2011 with another quarter of solid top line growth, and I am glad to present revenues of \$28.8 million which is a new all time record for Camtek. We showed strong growth in our PCB business, despite some softening in our semiconductor business, the diversification across our businesses allowed us to continue with our growth in the quarter. With regard to our new products in the front-end semiconductor market, the Xact and the Gannet, we continued to see significant interest. We also qualified more tools at new customers, which is a confirmation of their technological capabilities. Looking ahead, we expect these new products to materialize the strong momentum we see in customers' interest, and become larger contributors to our overall long-term revenue growth."

**Mr. Porat concluded:** "With regard to our outlook, while many of our peers in the semiconductor industry see some softening ahead, we see good order momentum and expect a sequentially more or less flat quarter with anticipated revenues of between \$27.5 and \$29.5 million."

### **Conference Call**

The Company will also host a conference call today, starting at 10:00 am ET. Roy Porat, Chief Executive Officer and Mira Rosenzweig, Chief Financial Officer, will host the call and will be available to answer questions after presenting the results.

To participate, please call one of the following telephone numbers a few minutes before the start of the call:

<b>US:</b>	<b>1 888 668 9141</b>	<b>at 10:00 am Eastern Time</b>
<b>Israel:</b>	<b>03 918 0609</b>	<b>at 5:00 pm Israel Time</b>
<b>International:</b>	<b>+972 3 918 0609</b>	

For those unable to participate, the teleconference will be available for replay on Camtek's website at <http://www.camtek.co.il> beginning 24 hours after the call.

## **ABOUT CAMTEK LTD.**

Camtek Ltd provides automated solutions dedicated for enhancing production processes and yield, enabling our customers new technologies in the Semiconductor and Printed Circuit Board (PCB) & IC Substrates industries.

Camtek addresses the specific needs of these industries with dedicated solutions based on a wide and advanced platform of technologies including intelligent imaging, image processing, ion milling and digital material deposition. Camtek's solutions range from micro-to-nano by applying its technologies to the industry-specific requirements.

This press release is available at [www.camtek.co.il](http://www.camtek.co.il).

*This press release may contain projections or other forward-looking statements regarding future events or the future performance of the Company. These statements are only predictions and may change as time passes. We do not assume any obligation to update that information. Actual events or results may differ materially from those projected, including as a result of changing industry and market trends, reduced demand for our products, the timely development of our new products and their adoption by the market, increased competition in the industry, intellectual property litigation, price reductions as well as due to risks identified in the documents filed by the Company with the SEC.*

### *Use of non-GAAP Measures*

*This press release provides financial measures that exclude certain items and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these Non-GAAP financial measures provide meaningful supplemental information regarding our performance. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it is important to make these non-GAAP adjustments available to investors.*

## CAMTEK LTD. and its subsidiaries

**Consolidated Balance Sheets**

(In thousands)

	<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
	<u>U.S. Dollars (In thousands)</u>	
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	12,318	9,577
Accounts receivable, net	33,317	28,817
Inventories	25,469	24,034
Due from affiliates	648	384
Other current assets	2,348	2,414
Deferred tax asset	54	54
Total current assets	<u>74,154</u>	<u>65,280</u>
Fixed assets, net	<u>14,973</u>	<u>15,077</u>
Restricted deposits *	5,084	5,182
Long term inventory	2,104	2,304
Deferred tax asset	152	152
Other assets, net	460	460
Intangible assets, net **	4,279	4,163
Goodwill	3,653	3,653
	<u>15,732</u>	<u>15,914</u>
<b>Total assets</b>	<b><u>104,859</u></b>	<b><u>96,271</u></b>
<b><u>Liabilities and shareholders' equity</u></b>		
<b>Current liabilities</b>		
Short term bank loans	3,842	1,409
Accounts payable – trade	10,882	9,761
Long term bank loans – current portion	433	433
Other current liabilities	21,481	21,408
Total current liabilities	<u>36,638</u>	<u>33,011</u>
<b>Long term liabilities</b>		
Long term bank loans	542	758
Liability for employee severance benefits	719	626
Other long term liabilities **	7,959	7,884
	<u>9,220</u>	<u>9,268</u>
Total liabilities	<u>45,858</u>	<u>42,279</u>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Ordinary shares NIS 0.01 par value, authorized 100,000,000 shares, 31,791,722 issued as June 30, 2011 and 31,370,359 as of December 31, 2010, outstanding 29,699,346 as of June 30, 2011 and 29,277,983 as of December 31, 2010	133	132
Additional paid-in capital	60,833	60,452
Accumulated losses	(67)	(4,694)
	<u>60,899</u>	<u>55,890</u>
Treasury stock, at cost (2,092,376 as of June 30, 2011 and December 31, 2010)	<u>(1,898)</u>	<u>(1,898)</u>
Total shareholders' equity	<u>59,001</u>	<u>53,992</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>104,859</u></b>	<b><u>96,271</u></b>

(\*) Bank guarantee against credit line related to the Rudolph Technologies appeal

(\*\*) Relates to Printar and SELA acquisitions

## Consolidated Statements of Operations

(in thousands, except share data)

	Six Months ended June 30,		Three Months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	U.S. dollars		U.S. dollars		U.S. dollars
<b>Revenues</b>	<b>56,248</b>	38,433	<b>28,778</b>	20,806	87,780
Cost of revenues	<b>30,415</b>	22,597	<b>15,752</b>	11,985	49,361
<b>Gross profit</b>	<b>25,833</b>	15,836	<b>13,026</b>	8,821	38,419
Research and development costs	<b>7,360</b>	6,224	<b>3,581</b>	3,138	12,906
Selling, general and administrative expenses	<b>12,707</b>	8,824	<b>6,644</b>	4,483	20,662
	<b>20,067</b>	15,048	<b>10,225</b>	7,621	33,568
<b>Operating income</b>	<b>5,766</b>	788	<b>2,801</b>	1,200	4,851
Financial expenses, net	<b>(769)</b>	(1,011)	<b>(361)</b>	(579)	(1,478)
<b>Income (loss) before income taxes</b>	<b>4,997</b>	(223)	<b>2,440</b>	621	3,373
Income tax	<b>(370)</b>	(264)	<b>(234)</b>	(164)	(557)
<b>Net income (loss)</b>	<b>4,627</b>	(487)	<b>2,206</b>	457	2,816
<b>Net income (loss) per ordinary share:</b>					
<b>Basic</b>	<b>0.16</b>	(0.02)	<b>0.07</b>	0.02	0.10
<b>Diluted</b>	<b>0.15</b>	(0.02)	<b>0.07</b>	0.02	0.09
<b>Weighted average number of ordinary shares outstanding:</b>					
<b>Basic</b>	<b>29,487</b>	29,248	<b>29,641</b>	29,254	29,259
<b>Diluted</b>	<b>30,017</b>	29,248	<b>29,973</b>	30,084	30,360

## Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

	Six Months ended June 30,		Three Months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	U.S. dollars		U.S. dollars		U.S. dollars
<b>Reported net income (loss) attributable to Camtek Ltd. on GAAP basis</b>	<b>4,627</b>	(487)	<b>2,206</b>	457	2,816
Acquisition of Sela and Printar related expenses (1)	<b>1,138</b>	1,273	<b>575</b>	626	2,093
Inventory write-downs	-	-	-	-	159
Share-based compensation	<b>235</b>	82	<b>126</b>	41	155
Restructuring expenses (2)	-	265	-	265	544
<b>Non-GAAP net income (loss)</b>	<b>6,000</b>	1,133	<b>2,907</b>	1,389	5,767
<b>Non-GAAP net income (loss) per share, basic and diluted</b>	<b>0.20</b>	<b>(0.04)</b>	<b>0.10</b>	<b>0.05</b>	0.19
<b>Gross margin on GAAP basis</b>					
<b>Reported gross profit on GAAP basis</b>	<b>45.9%</b>	41%	<b>45.3%</b>	42%	43.8%
	<b>25,833</b>	15,836	<b>13,026</b>	8,821	38,419
Acquisition of Sela and Printar related expenses (1)	<b>160</b>	517	<b>80</b>	237	731
Inventory write off	-	-	-	-	159
Share-based compensation	<b>54</b>	-	<b>29</b>	-	-
<b>Non GAAP gross margin</b>	<b>46.3%</b>	42.5%	<b>45.6%</b>	43.5%	44.8%
<b>Non-GAAP gross profit</b>	<b>26,047</b>	16,353	<b>13,135</b>	9,058	39,309
<b>Reported operating income attributable to Camtek Ltd. on GAAP basis</b>	<b>5,766</b>	788	<b>2,801</b>	1,200	4,851
Acquisition of Sela and Printar related expenses (1)	<b>160</b>	517	<b>80</b>	237	731
Inventory write-downs	-	-	-	-	159
Share-based compensation	<b>235</b>	82	<b>126</b>	41	155
Restructuring expenses (2)	-	265	-	265	544
<b>Non-GAAP operating income</b>	<b>6,161</b>	1,652	<b>3,007</b>	1,743	<b>6,440</b>

- (1) During the three and six months ended June 30, 2011 and 2010 and the twelve months ended December 31, 2010, the Company recorded acquisition expenses of \$0.6 million, \$1.1 million, \$0.6 million, \$1.3 million and \$2.1 million, respectively, consisting of: (1) inventory written-up to fair value in purchase accounting charges of \$0 million, \$0 million, \$0.2 million, \$0.4 million and \$0.4 million, respectively. These amounts are recorded under cost of revenues line item. (2) Revaluation adjustments of \$0.5 million, \$1 million, \$0.4 million, \$0.8 million and \$1.4 million, respectively, of contingent consideration and certain future liabilities recorded at fair value. These amounts are recorded under finance expenses line item and (3) \$0.07 million, \$0.14 million, \$0.05

million, \$0.1 million and \$0.3 million, respectively, with respect to amortization of intangible assets acquired recorded under cost of revenues line item.

- (2) The Company has entered into a Memorandum of Understanding with a Belgian company, according to which, commencing June 2010, this company began to distribute the Company's products for the PCB industry in Europe, subject to and in accordance with terms and conditions referred to in the agreement. Therefore, the Company implemented a restructuring plan in its Belgium subsidiary which includes mainly a reduction in workforce and recorded \$0.3 million as restructuring expenses under selling, general and administrative expenses line item.

During the twelve months ended December 31, 2010 the Company recorded \$0.28 million of restructuring expense with respect to reorganization in its subsidiaries in China.