



**PRESS RELEASE
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LYRTECH INC. ANNOUNCES 2009 SECOND QUARTER RESULTS

Quebec City, Canada (August 31, 2009). Lyrtech Inc. (*Lyrtech* or the *company*) (TSX-V: LTK), a firm specializing in digital signal processing technologies, announces today its results for the three and six-month periods ending June 30, 2009.

2009 second quarter highlights

- Improvement in the gross margin ratio resulting from tighter control and a focus on projects of higher value.
- Profit before financial charges and amortization of \$0.2 M.
- Completed development of ODM end-products in the wireless and vision vertical markets.
- Second quarter sales were affected by the global economy, resulting in the postponement of some major projects.
- Implementation of a temporary reduction of 25 % in the payroll and 10 % in manager wages.

"This first semester of 2009 has been challenging in the aftermath of the Innovator disposal, the resulting balance sheet, and global economy slowdown. We are maximising our resources on the projects generating the highest returns. Many projects were postponed rather than cancelled—there are signs that our clients are working towards catching up on their delays, which should generate positive results for Lyrtech in the coming months", declared Louis N. Bélanger, president and CEO of Lyrtech.

Financial review

During the second quarter of 2009, total revenues from continuing operations reached \$1.9 M, compared to \$2.7 M during the same period in 2008, representing a decrease of 31 %. During the first semester of 2009, total revenues from continuing operations reached \$3.8 M, compared to \$4.8 M at the same period in 2008. The decrease in revenues is a result of the global economy slowdown; more specifically, some projects with major customers were postponed.

The gross margin from continuing operations reached 52 % of revenues during the second quarter of 2009 from 41 % during the same period in 2008, an important improvement following a very tight management of resources to maximize return. The margin reached 47 % of revenues during the first semester of 2009 from 44 % during the same period in 2008.

Selling and marketing expenses from continuing operations decreased by 49 % to \$0.15 M during the second quarter of 2009, compared to the same period in 2008. They decreased by 34 % to \$0.35 M during the first semester of 2009, compared to the same period in 2008.

These decreases are mainly attributable to salary savings following the departures of three employees.

Administrative expenses from continuing operations totalled \$0.35 M during the second quarter of 2009, an increase of \$0.2 M during the same period in 2008. This is mainly the result of an increased use of legal professionals. Administrative expenses from continuing operations totalled \$0.65 M during the first semester of 2009, a decrease of \$0.1 M from the same period in 2008.

Research and development expenses, net of tax credits, reached \$0.3 M during the second quarter of 2009, an increase of 30 % compared to the same period in 2008. These expenses reached \$0.6 M during the first semester of 2009, an increase of 23 %, or \$0.1 M, compared to the same period in 2008. Although the company applied restrictions in development activities and wages, it witnessed an increase in the volume of work admissible to R&D tax credits, following tighter management control focusing on a favourable mix of the use of resources.

Lyrtech recorded a profit of \$0.15 M, before financial charges and amortization during the second quarter of 2009 and \$0.2 M during the first semester of 2009.

Financial expenses from continuing operations reached \$0.5 M during the second quarter of 2009, an increase of \$0.2 M from the same period in 2008. They reached \$0.8 M during the first semester of 2009, an increase of \$0.4 M from the same period in 2008. These increases are mainly the result of higher exchange losses in 2009, compared to minimal losses in 2008.

The net loss for the second quarter of 2009 was \$0.3 M, or \$0.0116 per basic and diluted share, compared to a net profit of \$0.06 M, or \$0.0023 per basic and diluted share, during the same period in 2008.

The company had a negative working capital of \$4.9 M on June 30, 2009, a non-material variation from December 31, 2008.

Financing

The holders of the Lyrtech convertible debentures issued on January 21, 2008, will issue new convertible debentures for a sum equivalent to the principal amount and the accrued interest on these convertible debentures matured January 21, 2009, amounting to \$550,000. These new convertible debentures will have a one-year term following their issue and a conversion price of \$0.07 per share. The issue of said convertible debentures is conditional to the approval of regulatory agencies.

Lyrtech announces its intent to complete a convertible debenture financing of \$750,000 (referred to as the "placement"). This convertible debenture will have a one-year term, bearing an annual interest rate of 10 %, and will be convertible to Lyrtech common shares at \$0.07 per share. The issue of said convertible debenture is conditional to the approval of regulatory authorities. The proceeds of this placement will be used as working capital.

As of August 28, 2009, Lyrtech had 24,673,255 class A shares issued and paid; 16,137,283 warrants outstanding; and 1,995,243 options outstanding, for a total of 42,806,318 shares on a fully diluted basis following a share consolidation on September 17, 2008, on a basis of ten old shares for one new share and prior to shares issued in this financing.

Forward-looking statements

This press release contains forward-looking statements that reflect the company's current expectations regarding future events. These forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein. The company disclaims any obligation to update these forward-looking statements.

About Lyrtech

Lyrtech develops and manufactures advanced digital signal processing solutions for companies worldwide, a vital technology to network and wireless communications, audio and video processing, as well as electronic systems in all fields of technology. Lyrtech offers a full range of DSP-FPGA development platforms, as well as design, prototyping, and manufacturing of electronic products. Lyrtech works in partnership with industry leaders such as Texas Instruments, The MathWorks, and Xilinx. Lyrtech's customers include many prestigious names of the consumer electronics, telecommunications, aerospace and defence fields. For more information, visit www.lyrtech.com.

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For more information, contact

Louis N. Bélanger, president and CEO
Lyrtech Inc.
(1) 418-877-4644
louis.belanger@lyrtech.com