



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

Lyrtech announces its 2010 second quarter financial results

Quebec City, Canada (August 31, 2010). Lyrtech Inc. (*Lyrtech* or the *Company*) (TSX-V: LTK), a firm specializing in digital signal processing technologies, announced today its financial results for the three-month period ending June 30, 2010. The Company's interim consolidated financial statements and management report are available at www.sedar.com.

2010 second quarter highlights

- Positive EBITDA of \$0.5 million for a second consecutive quarter.
- Net profit of \$0.1 million for a second consecutive quarter.
- Backlog of over \$4.8 million to be delivered in 2010.
- Closing of an important 24-month contract of US\$28 million.

"The global economic crisis impacted us in 2009. It, however, appears that our sector's economy has turned around. A tangible sign of this is our closing an important 24-month contract of US\$28 million during the second quarter of 2010. We are very proud to have turned around our operations and record, for a second consecutive quarter, a positive EBITDA of \$0.5 million and a net profit of \$0.1 million", declared Louis Bélanger, president and CEO of Lyrtech.

Financial review

During the second quarter of 2010, total revenues reached \$2.0 M, compared to \$1.9 M during the same period in 2009, representing a non-material increase of 3%. During the first semester of 2010, total revenues reached \$3.6 M, compared to \$3.8 M during the same period in 2009, representing a non-material decrease of 5%.

Gross margin reached 54% of revenues during the second quarter of 2010, compared to 50% during the same period in 2009. The small increase results from the mix of revenues where the Company generated higher volume on turnkey contracts and higher end platforms both delivering better margins. Gross margin reached 48% during the first semester of 2010, compared to 45% during the same period in 2009, representing a non-material increase of 3%, also resulting from the mix of revenues.

Selling and marketing expenses increased by 37% to \$0.2 M between the second quarters of 2010 and 2009 mainly because of the addition of one employee to sales from another department of the Company, increase in commissions payable and more traveling. Selling and marketing expenses reached \$0.4 M during the first semester of 2010, an amount similar to the same period in 2009.

Administrative expenses increased by 50% to \$0.5 M between the second quarters of 2010 and 2009, and by 30% to \$0.8 M between the first semesters of 2010 and 2009. These increases mainly result from the hiring of employees in this department and higher cost of annual audit. Moreover, the increase in the volume of work has had the effect of increasing general administrative costs.

Research and development expenses, net of tax credits, were comparable between the second quarters of 2010 and 2009, both with \$0.3 M. They decreased by \$0.1 M between the first semesters of 2010 and 2009. More precisely, the Company capitalized \$0.1 M of research and development expenses during the second quarter of 2010 considering the work on a new project which will generate benefits in the coming years. On the other hand, the Company got assessed by \$0.2 M on tax credits for the year 2009; this charge was totally recorded in the results of the second quarter. Thus, net research and development expenses would have decreased without considering the impact of this assessment.

Financial expenses reached \$0.4 M during the second quarter of 2010 and \$0.7 M during the first semester of 2010, a non-material variation from the same periods in 2009. The mix did, however, vary because factoring charges increased by \$0.2 M due to higher balances factored and foreign exchange activities generated a small gain during the second quarter of 2010 compared to a loss of \$0.2 M during the same period in 2009. Financial expenses reached \$0.7 M during the first semester of 2010, a non-material increase of 3% compared to the same period in 2009. The mix did, however, vary for the same reasons.

The Company successfully negotiated with unpaid suppliers of discontinued activities for repayments below their face value on terms the Company could afford and in the respect of said suppliers. This effort concluded in a gain of \$0.4 M on forgiveness of debt during the second quarter of 2010 and \$0.7 M during the first semester of 2010.

The net profit for the second quarter of 2010 was \$0.1 M, or \$0.0031 per basic and diluted share, compared to a net loss of \$0.3 M, or \$0.0116 per basic and diluted share, during the same period in 2009. The net profit for the first semester of 2010 was \$0.2 M, or \$0.0063 per basic and diluted share, compared to a loss of \$0.4 M, or \$0.0158 during the same period in 2009.

As of August 31, 2010, Lyrtech had 28,213,201 class A shares issued and paid, 15,331,016 warrants outstanding and 1,931,042 options outstanding for a total of 45,475,259 shares on a fully diluted basis.

Non-GAAP financial measure

The Company uses only one financial measure that is not consistent with generally accepted accounting principles (GAAP) in Canada, namely earnings before interest, income taxes, depreciation and amortization (EBITDA). Such a measure is used because the management believes it provides meaningful information about the Company's performance and operating results. Such a non-GAAP measure has no standardized meaning as prescribed by GAAP and may not be comparable to similarly titled measures presented by other companies. Accordingly, it should not be considered in isolation. Refer to conciliation table below:

| Reconciliation of EBITDA | June 30 | June 30 |
|--|-------------------|-------------------|
| <i>In thousands of dollars</i> | <i>(3 months)</i> | <i>(6 months)</i> |
| | 2010 | 2010 |
| Net profit and comprehensive profit for the period | 76.3 | 154.9 |
| Amortization | 35.6 | 71.1 |
| Financial expenses | 411.0 | 655.3 |
| EBITDA | 522.9 | 881.3 |

Grant of stock options

The Company announces today it will grant to various employees a total of 249,000 stock options and 25,000 stock options to one of its directors, Mr Richard L. Rumpf. All the options have an exercise price of \$0.16. The rights of the options are acquired over a period of two and a half years, more precisely 1/6 per semester, beginning on the date of grant and have a maturity of ten years.

Forward-looking statements

This news release contains certain forward-looking statements concerning the future performance of the Company's business, its operations and its financial results and condition. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us.

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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