



NEWS

FOR IMMEDIATE RELEASE

NUR Macroprinters reports second quarter 2005 results

To preview a new roll-fed wide-format UV inkjet press

LOD, Israel, August 11, 2005 - **NUR Macroprinters Ltd. (NURM.PK)**, a leading supplier of wide-format inkjet production printing systems for the out-of-home advertising market, today reported its preliminary un-audited financial results for the second quarter ended June 30, 2005.

Revenues for the second quarter of 2005 were \$20.3 million, a 4% increase compared to \$19.5 million for the second quarter of 2004, as restated, and a 10% increase compared to \$18.4 million reported in the prior quarter. The increase is mostly attributed to increased Ink and Service revenues.

Operating loss in the second quarter of 2005 was \$0.69 million and net loss was \$1.27 million, or \$0.05 per share. Excluding a special charge for restructuring of \$0.3 million that resulted from NUR's previously announced plan to lower operating expenses, the operating and net loss on a non-GAAP basis were \$0.39 million and \$0.97 million, or \$0.04 per share. Operating profit and net loss for the second quarter of 2004, as restated, were \$0.37 million and \$0.61 million, or \$0.02 per share, respectively. Operating loss for the first quarter of 2005 was \$0.41 million and the net loss was \$1.4 million, or \$0.05 per basic share. We have provided this non-GAAP measure regarding the second quarter of 2005 in order to enhance the user's overall understanding of our financial performance and to make the period to period comparisons more meaningful. Specifically, we believe this non-GAAP measure of net income (loss) provides useful information to both management and investors by excluding nonrecurring expenses.

Revenues for the six months ended June 30, 2005 were \$38.7 million compared with \$43.0 million, as restated, for the same period in the prior year. Operating loss for the first six months of 2005 was \$1.1 million and net loss was \$2.7 million, or \$0.11 per share, compared to an operating income of \$4.1 million and a net income of \$1.8 million, or \$0.08 per diluted share for the same period in the prior year.

"We have implemented a previously announced plan to lower our operating costs in order to maintain our on-going operations. Despite the cut in expenses, we were able to increase revenues quarter over quarter and in addition to continue our research and development efforts," commented David Amir, President and CEO "At a major trade show next month, we plan to preview a new 3.2 meter wide, roll-fed UV inkjet press currently in an advanced stage of development. This will be an excellent opportunity for us to demonstrate to the market our leadership role in UV inkjet technology. "

ABOUT NUR MACROPRINTERS LTD.

NUR Macroprinters (NURM.PK) is a leading supplier of wide-format inkjet printing systems used for the production of out-of-home advertising materials. From entry-level photo-realistic printers to high-throughput production presses, NUR's complete line of cost-effective, reliable printing solutions and companion inks are helping customers in over 100 countries worldwide address the full spectrum of wide-format printing requirements. NUR customers, including commercial printing companies, sign printers, screen printers, billboard and media companies, photo labs, and digital printing service providers, count on NUR to help them deliver the high quality and fast turnaround they need to meet their clients' exacting demands and succeed in today's competitive marketplace. More information about NUR Macroprinters is available at www.nur.com.

SAFE HARBOR:

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this press release regarding our plans and objectives of management are forward-looking statements. The use of certain words, including the words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Various important factors could cause actual results or events to differ materially from those which may be expressed or implied by the forward-looking statements that we make, including, among others, our inability to have our ordinary shares listed for trading on the OTC Bulletin Board, changes in general economic and business conditions and specifically, a decline in demand for our products, our inability to timely develop and introduce new technologies, products and applications and loss of market share and pressure on prices resulting from competition; our inability to successfully conclude the negotiations with potential investors and thus our inability to secure additional funding to our present and future operations and our ability to secure a new debt agreement with the lender banks for the year 2006 and beyond. These and other risks and uncertainties associated with our business are described in greater detail in the filings we make from time to time with, Securities and Exchange Commission, including our Annual Report on Form 20-F. The forward-looking statements are made as of this date and NUR does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. This press release is available at www.nur.com

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-- tables to follow --

NUR MACROPRINTERS LTD.
Consolidated Balance Sheets, US\$ in thousands

| | December 31, 2004 | June 30 2005 |
|--|----------------------|--------------------------|
| | Audited | Unaudited Preliminary |
| <u>Assets</u> | | |
| Current Assets : | | |
| Cash and cash equivalents | 8,745 | 4,525 |
| Short-term restricted cash | 682 | 621 |
| Accounts receivable - trade | 10,974 | 9,183 |
| Other receivables and prepaid expenses | 3,396 | 2,904 |
| Inventories | 21,358 | 20,407 |
| Total Current Assets | 45,155 | 37,640 |
| <u>Long-term investments</u> | | |
| Long-term accounts receivables - trade | 233 | 138 |
| Restricted long-term bank deposits | 65 | 74 |
| Long-term prepaid expenses | 68 | 68 |
| Severance pay funds | 938 | 907 |
| | 1,304 | 1,187 |
| Property, plant and Equipment, net | 4,749 | 4,620 |
| Intangible assets, net | 378 | 294 |
| Total assets | 51,586 | 43,741 |
| <u>Liabilities and Shareholders' Deficiency</u> | | |
| Current Liabilities : | | |
| Short - term bank credit and short-term bank loans | 42,435 | 42,046 |
| Current maturities of long - term loans | 117 | 109 |
| Trade payables | 16,122 | 11,677 |
| Other accounts payable and accrued expenses | 14,225 | 14,622 |
| Total Current Liabilities | 72,899 | 68,454 |
| Long -Term Liabilities : | | |
| Long - Term loans, net of current maturities | 1,064 | 896 |
| Accrued severance pay | 1,265 | 1,200 |
| | 2,329 | 2,096 |
| <u>Shareholders' Deficiency:</u> | | |
| Share capital | 6,198 | 6,198 |
| Additional paid in capital | 51,802 | 51,802 |
| Accumulated other comprehensive loss | (781) | (1,282) |
| Accumulated Deficit | (80,861) | (83,527) |
| Total Shareholders' Equity | (23,642) | (26,809) |
| Total Liabilities and Shareholders' Equity | 51,586 | 43,741 |

| | Three months ended | | Six months ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30-Jun-05 | 30-Jun-04 | 30-Jun-05 | 30-Jun-04 |
| | Unaudited Preliminary | Unaudited As restated | Unaudited Preliminary | Unaudited As restated |
| Revenues | | | | |
| Sales of printers and related products | \$ 20,268 | \$ 19,518 | \$ 38,706 | \$ 42,965 |
| Cost of sales of printers and related products | 13,398 | 12,220 | 25,340 | 25,068 |
| Gross profit | <u>6,871</u> | <u>7,298</u> | <u>13,366</u> | <u>17,897</u> |
| Gross profit % | 33.9% | 37.4% | 34.5% | 41.7% |
| Research & Development expenses, net | 1,904 | 2,085 | 3,757 | 4,148 |
| Selling expenses, net | 2,860 | 2,464 | 5,546 | 4,687 |
| General and administrative expenses | 2,493 | 2,377 | 4,861 | 4,948 |
| Restructuring expenses | 300 | -- | 300 | -- |
| Operating expenses | <u>7,557</u> | <u>6,926</u> | <u>14,464</u> | <u>13,783</u> |
| Operating profit/(loss) | <u>(687)</u> | <u>372</u> | <u>(1,098)</u> | <u>4,114</u> |
| Financial and other expenses net | (568) | (810) | (1,558) | (2,089) |
| Profit/(loss) before taxes on income | <u>(1,255)</u> | <u>(438)</u> | <u>(2,656)</u> | <u>2,025</u> |
| Taxes on income | (10) | (174) | (10) | (180) |
| Net profit/(loss) for the period | <u><u>\$(1,265)</u></u> | <u><u>\$(612)</u></u> | <u><u>\$(2,666)</u></u> | <u><u>\$ 1,845</u></u> |
| Profit/(loss) per basic share | <u><u>\$(0.05)</u></u> | <u><u>\$(0.02)</u></u> | <u><u>\$(0.11)</u></u> | <u><u>\$ 0.09</u></u> |
| Weighted average number of shares outstanding during the period | <u><u>26,117,406</u></u> | <u><u>25,383,736</u></u> | <u><u>24,249,943</u></u> | <u><u>21,393,471</u></u> |