

## **Visonic announced its results for the second quarter of 2010:**

Israel, Tel Aviv, August 19<sup>th</sup> 2010 – Visonic reported today its results for the second quarter of 2010:

### **Report Highlights:**

- Visonic sales in the second quarter were \$19.5M - compared to sales of \$21.4M in the corresponding quarter of 2009 – a decrease of 8.7%.
- Visonic sales in the first half of 2010 were \$42.1M - a 1.4% decrease compared to the corresponding quarter of 2009.
- The gross profit margins increased to 46.3% - compared to 44.6% in the corresponding quarter of 2009.
- The operating profit in the second quarter decreased to \$1M. The operating profit margin was 5.2%.
- The net profit in the second quarter was \$23K.

Avi Barir, the CEO of the Company – "Visonic concludes its second quarter of 2010 and continues to implement the strategic plan to enhance growth, penetration into new markets, in particular in the U.S, and keeping its technological advantage, while developing new innovative leading products to the world-wide security market. The decrease in sales in this quarter was mostly affected by the loss of a major customer (as reported in December 2009) and by a decrease in demands in Europe due to the economic slowdown.

Our major achievement in the second quarter was an increase in the gross profit margins compared to the corresponding quarter of 2009, which was mainly reached by past investment in cost reduction and re-design of several products of the Company in order to significantly decrease the production costs, while continuing the technological improvement".

### **About the quarter:**

Visonic sales in the second quarter were \$19.5M, compared to sales of \$21.4M in the corresponding quarter of 2009, a decrease of 8.7%.

This decrease was mostly affected by the loss of a major customer and the economic slowdown in Europe, which causes the customers to hold their decisions about transactions and financial undertakings.

Visonic's second quarter results show a decrease in gross profit, however, the gross profit margins were higher this quarter than the corresponding one – 46.3% compared to 44.5% in the corresponding quarter.



**Visonic®**  
*For a secure way of life*

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Gross profit in the second quarter was \$9M, compared to \$9.5M in the corresponding quarter due to decrease in sales; however, the decrease of gross profit was lower than the decrease in sales thanks to the increase in the gross margins.

The operating profit margins were 5.2%, after a decrease in the operating profit from \$2.5M to \$1M. Last year, the operating profit included one time tax return of \$1M. Therefore, the operating profit before such income was \$1.5M.

The company is proud with its strong balance sheet with \$20M in cash and other financial assets, equivalent to 29% of balance sheet. This data reflects a strong and firm basis during an instability period in several of the Company's markets.

Visonic is barely based on financial debts and has a financial debt of \$2M only, less than 3% of its balance sheet. Equity represents 76% of the balance sheet.



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