

DATE: Monday, 26 January 2009

Visonic Limited

Trading Update

Visonic Limited (LSE: VSC.L; TASE: VSC.TA) ("Visonic" or the "Group"), the international developer and manufacturer of electronic security systems (alarms) and home management systems, is pleased to announce the following trading update.

Sales in the second six months of the year to 31 December 2008 were US\$40.3m, up 8% compared with the same period in 2007 and total sales for the full twelve months to 31 December 2008 were up 14% to US\$85m, compared to 2007.

However, despite sales being in line with expectations in the second half (and indeed for the year as a whole) the Group's operating results and margins were adversely impacted, particularly during the fourth quarter, by the devaluation of the Euro and Sterling against the US Dollar (the Group's reporting currency).

As a result of movements in exchange rates during the second half, the Board expects the exchange rate gain of US\$1.3m reported at the Interim stage, to become a charge for the full year. This will have an adverse impact on the Group's reported pre tax profit for FY2008. However, this effect will be partially off set by a US\$1.5m write back to the Group's pre tax profit, following the settlement with Credit Suisse, as announced in October 2008. Despite the fourth quarter being weaker than the corresponding quarter in 2007 at the operating level, the Board expects the H2 2008 results will show improved operating profit in comparison with the corresponding period in 2007.

In addition, Visonic Technologies, which had an operational loss in 2007, increased sales by 28% during 2008 and is expected to report an operational profit.

Visonic continues its commitment to invest in R&D to maintain the Group's competitive advantage in wireless technologies.

Overall, in the year ended 31 December 2008, the Group has achieved a substantial increase in its operational and pre-tax profit compared to FY2007, despite the adverse impact on FY2008 pre tax profit following the currency movements referred to above. In response to the current economic climate the Board has focused on building a strong balance sheet and as at 31 December 2008 the Group had cash and cash deposits of approximately US\$15m and net cash of US\$6.5m.

Although the Board is pleased by the Group's sales and operating results in 2008 and also the positive early signs indicated by trading since the beginning of 2009, it is generally more cautious about FY2009, given the international economic environment. The recession in the US, as well as decreasing construction in Spain and the UK has already had an effect as seen in the last quarter of 2008. Visonic's ability to predict its sales is limited to a very short-range, as is its ability to accurately predict at this early point how FY2009 may develop. In addition the fluctuations being experienced in the Euro and Sterling against the US Dollar, are likely to continue to have an impact on the Group's net profit going forward.

The Group confirms that its Preliminary results for the year ended 31 December 2008 will be announced on 27 March 2009.

Commenting, Dr. Avigdor Shachrai, CEO and President of Visonic, said:

"In terms of sales and operating results, Visonic has had an excellent year, demonstrating continuing strong demand for our market leading products in our core businesses and also a recovery by Visonic Technologies in the second half. However, pre tax profit for the full year has been adversely impacted by the dramatic currency movements, particularly in the final quarter, over which we had little control.

The Company's strong financial position, its ongoing investment in R&D with new state of the art products to be launched this year, together with measures that will improve efficiency gives us confidence in our ability to steer through this challenging period and emerge as a stronger company going forward."

- ENDS -

This announcement contains certain forward-looking statements within the meaning of Israeli applicable law relating to future events or our future performance, such as statements regarding trends, demand for our products and expected revenues, operating results and earnings.

Such forward-looking statements usually contain language such as "believe", "estimate" and the like.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in those forward-looking statements.

These risks and other factors include but are not limited to: changes affecting currency exchange rate, including the New Israeli Shekel /US Dollar and the New Israeli Shekel/EURO exchange rate; payment default by any of our major clients; the loss of one or more of our key personnel; changes in laws and regulations, including those relating to the electronic security (alarms) industry and the home management industry and inability to meet and maintain regulatory qualifications and approvals for our products; termination of arrangements with our suppliers; loss of one or more of our principal clients; increasing levels of competition in markets in which we do business; changes in economic conditions in Israel, including in particular economic conditions in the Company's core markets; our inability to predict accurately consumption of our products; and risks associated with product liability claims.

We cannot guarantee future results, levels of activity, performance or achievements. We do not assume any obligation to update the forward-looking information contained in this announcement.

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