

FOR IMMEDIATE RELEASE

MAGAL REPORTS THIRD QUARTER 2008 RESULTS

Nine-Month Revenues at a Record US\$72 million; Year-over-Year Growth of 46%

Yahud, Israel, Nov. 10th, 2008 - Magal Security Systems Ltd. (Nasdaq GM: MAGS; TASE: MAGS) today announced its consolidated financial results for the three and nine month periods ended September 30, 2008.

Revenues for the third quarter of 2008, was \$20.8 million, compared with US\$21.0 million in the third quarter of 2007. In the nine month period ended September 30, 2008, revenues reached US\$72.1 million, an increase of 46.4% compared with US\$49.2 million in the comparable period of 2007.

Effective from September 1, 2007, Magal's financial statements include the results of a European integration company acquired in August 2007. Following the sale in December 2007 of Magal's U.S. based video monitoring business, the results of that business were reclassified as discontinued operations.

Gross profit for the third quarter of 2008 reached US\$7.8 million compared with US\$7.7 million in the third quarter of 2007. Gross margin for the quarter stood at 37.6% compared with 36.8% in the third quarter of 2007. Gross profit for the nine month period ended September 30, 2008, reached US\$27.0 million compared with US\$20.5 million in the comparable period in 2007. Gross margin in the nine month period ended September 30, 2008 was 37.5% compared with 41.7% in the comparable period in 2007. The gross margin in the nine month period of 2008 was adversely affected, by the ongoing weakness of the US Dollar against the Israeli Shekel and Canadian Dollar, as well as the shift in revenue mix towards larger scale integration projects.

On a GAAP basis, operating loss for the third quarter of 2008 was US\$0.6 million compared with an operating income of US\$0.2 million in the third quarter of 2007. Operating income for the nine month period ended September 30, 2008 was \$1.5 million, compared to \$1.9 million in the comparable period in 2007.

Operating income on a non-GAAP basis for the third quarter of 2008 was US\$0.1 million compared with US\$1.2 million in the third quarter of 2007. Operating income on a non-GAAP basis for the nine month period ended September 30, 2008 was \$4.8 million, an increase of 64.7% compared with \$2.9 million in the comparable period in 2007.

Due to the devaluation of the US Dollar against the Israeli shekel and Canadian Dollar, operating expenses increased in the third quarter by US\$0.5 million, compared with that of the third quarter of last year. The operating income on a GAAP basis for the quarter also included a US\$0.5 million amortization of intangible assets charge, related to last year's acquisition of a European subsidiary.

On a GAAP basis, net loss for the third quarter of 2008 was US\$1.4 million, or US\$0.13 per

share, compared with a net loss of US\$1.6 million, or US\$0.16 per share in the third quarter of 2007. Net loss on a GAAP basis for the nine month period ended September 30, 2008 was \$1.5 million, or \$0.15 per share, compared to a net loss of \$1.0 million, or \$0.10 per share, in the comparable period in 2007.

On a non-GAAP basis, net loss for the third quarter of 2008 was US\$0.8 million, or US\$0.08 per share compared with a net loss US\$0.3 million, or US\$0.02 per share in the third quarter of 2007. Net income on a non-GAAP basis for the nine month period ended September 30, 2008 was \$1.2 million, or \$0.12 per diluted share, compared to \$0.6 million, or \$0.06 per diluted share, in the comparable period in 2007.

“In the first nine months of 2008 we matched the revenues achieved in the whole of 2007, and we are on track for a record year in revenues,” commented **Izhar Dekel, CEO of Magal**. “Despite our strong performance in the first six months of 2008, our third quarter revenues were below our expectations and negatively affected our profitability. This was primarily due to some bureaucratic delays with a recently announced US\$20 million Latin-American Fortis project, which was expected to generate revenues in the third quarter. We believe the delay will be temporary and hope to start deliveries for this project before the end of the year.”

Continued Mr. Dekel, “On a personal note, today I announced my intention to leave Magal in the coming months. During my years at the helm of the Company, Magal has become a pioneer in the security field. Our revenues have diversified internationally, and we have introduced many new, market leading security products such as the Fortis, which is currently generating revenues and very strong interest throughout the world. I leave Magal in a strong position to continue its growth, building on its leadership and reputation in the global security market.”

Results Conference Call

The Company will be hosting a conference call today at 10:00 am ET. On the call, management will review and discuss the results and will be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers:

US Dial-in Number: 1-888-281-1167
Israel Dial-in Number: 03-918-0691
UK Dial-in Number: 0-800-917-9141
International Dial-in Number: +972-3-918-0691

at: 10:00 am Eastern Time; 7:00 am Pacific Time; 3:00pm UK Time; 5:00 pm Israel Time

A replay of the call will be available for three months from the day after the call. The webcast and the replay will both be accessible from Magal’s website at: www.magal-ssl.com.

Use of Non-GAAP Financial Information

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this release of operating results also contains non-GAAP financial measures, which the Company believes are the principal indicators of the operating and financial performance of its business. The non-GAAP financial measures exclude the effects of stock-based compensation charges recorded in accordance with SFAS 123R as well as amortization of customer related intangible assets and a loss associated with a discontinued operation. Management believes the non-GAAP financial measures provided are useful to investors' understanding and assessment of the Company's on-going core operations and prospects for the future, as the charges eliminated are not part of the day-to-day business or reflective of the core operational activities of the Company. Management uses these non-GAAP financial measures as a basis for strategic decisions, forecasting future results and evaluating the Company's current performance. However, such measures should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Reconciliation of the non-GAAP measures to the most comparable GAAP measures are provided in the schedules attached to this release.

About Magal Security Systems, Ltd.

Magal Security Systems Ltd. (Magal) is engaged in the development, manufacturing and marketing of computerized security systems, which automatically detect, locate and identify the nature of unauthorized intrusions. The Company's products are currently used in more than 70 countries worldwide to protect national borders, airports, correctional facilities, nuclear power stations and other sensitive facilities from terrorism, theft and other threats.

Magal trades under the symbol MAGS in the U.S. on the Nasdaq Global Market and in Israel on the Tel-Aviv Stock Exchange.

This press release contains forward-looking statements, which are subject to risks and uncertainties. Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ from the results discussed in the forward-looking statements. A number of these risks and other factors that might cause differences, some of which could be material, along with additional discussion of forward-looking statements, are set forth in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(All numbers except EPS expressed in thousands of US\$)

	Nine Months Ended Sept. 30,			Three months Ended Sept. 30,		
	<u>2008</u>	<u>2007</u>	<u>% change</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Revenues	72,080	49,220	46.4	20,769	21,016	(1.2)
Cost of revenues	45,077	28,673	57.2	12,955	13,291	(2.5)
Gross profit	27,003	20,547	31.4	7,814	7,725	1.2
Operating expenses:						
Research and development, net	4,777	3,885	23.0	1,623	1,283	26.5
Selling and marketing	13,790	9,531	44.7	4,863	3,794	28.2
General and administrative	6,510	4,228	54.0	1,948	1,505	29.4
Special post-employment benefit	438	960	(54.4)		960	(100.0)
Total operating expenses	25,515	18,604	37.1	8,434	7,542	11.8
Operating income (loss)	1,488	1,943	(23.4)	(620)	183	
Financial expense, net	1,782	1,425	25.1	383	981	(60.1)
Income (loss) from continuing operations before income taxes	(294)	518		(1,003)	(798)	25.7
Income tax	885	1,177	(24.8)	314	749	(58.1)
Net Income (loss) from continuing operations	(1,179)	(659)	78.9	(1,317)	(1,547)	(14.9)
Loss on discontinued operations, net	351	336		42	88	(52.3)
Net loss	(1,530)	(995)	53.8	(1,359)	(1,635)	(16.9)
Basic and diluted loss per share from continuing operations	(0.12)\$	(0.07)\$		(0.13)\$	(0.15)\$	
Basic and diluted loss per share from discontinued operations, net	(0.03)\$	(0.03)\$		(0.00)\$	(0.01)\$	
Basic and diluted net loss per share	(0.15)\$	(0.10)\$		(0.13)	(0.16)	

FINANCIAL RATIOS

	Nine Months Ended Sep.30,		Three months Ended Sep. 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Gross margin	37.5	41.7	37.6	36.8
Research and development, net as a % of revenues	6.6	7.9	7.8	6.1
Selling and marketing as a % of revenues	19.1	19.4	23.4	18.1
General and administrative as a % of revenues	9.0	8.6	9.4	7.2
Special post employment benefit	0.6	2.0	-	4.6
Operating margin (loss)	2.1	3.9	(3.0)	0.9
Net income (loss) margin (before discontinued operation)	(1.6)	(1.3)	(6.3)	(7.4)
Loss on discontinued operation	(0.5)	(0.7)	(0.2)	(0.4)
Net income (loss) margin (after discontinued operation)	(2.1)	(2.0)	(6.5)	(7.8)

MAGAL SECURITY SYSTEMS LTD.
Reconciliation of GAAP to Non-GAAP Measures
(All numbers expressed in thousands of US\$)

	Nine Months Ended Sept. 30,		Three months Ended Sept. 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
GAAP operating income (loss)	1,488	1,943	(620)	183
Amortization of customer related intangible assets	2,637	-	537	-
Special post employment benefit	438	960	-	960
Amortization of deferred stock based compensation	252	20	138	20
Non-GAAP operating income	<u>4,815</u>	<u>2,923</u>	<u>55</u>	<u>1,163</u>
GAAP operating income (loss) as a percentage of revenues	2.1%	3.9%	(3.0%)	0.9%
Non-GAAP operating income as a percentage of revenues	6.7%	5.9%	0.3%	5.5%

	Nine Months Ended Sep 30,		Three months Ended Sep 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
GAAP net loss	(1,530)	(995)	(1,359)	(1,635)
Amortization of customer related intangible assets	2,637	-	537	-
Special post employment benefit	438	960	-	960
Loss on discontinued operation, net	351	336	42	88
Amortization of deferred stock based compensation	252	20	138	20
Income taxes with respect to the above items	(929)	(192)	(161)	(192)
Income taxes with respect to final tax assessment relating to the years 2001-4	-	500	-	500
Non-GAAP net income (loss)	<u>1,219</u>	<u>629</u>	<u>(803)</u>	<u>(259)</u>
GAAP net loss as a percentage of revenues	(2.1)	(2.0)	(6.5)	(7.8)
Non GAAP net income (loss) as a percentage of revenues	1.7	1.3	(3.9)	(1.2)
GAAP basic and diluted net loss per share	(0.15)	(0.10)	(0.13)	(0.16)
Non-GAAP basic and diluted net earnings (loss) per share	0.12	0.06	(0.08)	(0.02)

MAGAL SECURITY SYSTEMS LTD.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(All numbers expressed in thousands of US\$)

	Sept. 30, 2008	December 31, 2007
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	11,665	9,205
Marketable securities	6,017	9,464
Short term bank deposits	1,448	11,220
Trade receivables	25,578	26,775
Unbilled accounts receivable	5,846	4,053
Other accounts receivable and prepaid expenses	6,490	5,753
Deferred income taxes	2,916	1,936
Inventories	15,832	23,785
Total current assets	<hr/> 75,792 <hr/>	<hr/> 92,191 <hr/>
 LONG TERM INVESTMENTS AND RECEIVABLES:		
Long-term trade receivables	1,978	2,019
Long-term loans	980	808
Long-term bank deposits	1,834	1,846
Escrow deposit	921	4,442
Severance pay fund	3,080	2,765
Total long-term investments and receivables	<hr/> 8,793 <hr/>	<hr/> 11,880 <hr/>
 PROPERTY AND EQUIPMENT, NET	<hr/> 9,080 <hr/>	<hr/> 8,429 <hr/>
 DEFERRED INCOME TAXES	<hr/> 2,203 <hr/>	<hr/> 763 <hr/>
 OTHER INTANGIBLE ASSETS, NET	<hr/> 4,371 <hr/>	<hr/> 7,040 <hr/>
 GOODWILL	<hr/> 12,905 <hr/>	<hr/> 5,610 <hr/>
 ASSETS ATTRIBUTED TO DISCONTINUED OPERATION	<hr/> 36 <hr/>	<hr/> 244 <hr/>
 TOTAL ASSETS	<hr/> 113,180 <hr/>	<hr/> 126,157 <hr/>
 CURRENT LIABILITIES:		
Short-term bank credit	16,130	16,434
Current maturities of long-term bank debt	803	4,303
Trade payables	5,078	7,344
Other accounts payable, accrued expenses and customer advances	19,354	22,584
Total current liabilities	<hr/> 41,365 <hr/>	<hr/> 50,665 <hr/>
 LONG-TERM LIABILITIES:		
Long-term bank debt	2,493	3,095
Deferred income taxes	1,127	2,097
Accrued severance pay	4,097	3,873
Total long-term liabilities	<hr/> 7,717 <hr/>	<hr/> 9,065 <hr/>
 LIABILITIES ATRIBUTED TO DISCONTINUED OPERATION	<hr/> 222 <hr/>	<hr/> 849 <hr/>
 SHAREHOLDERS' EQUITY	<hr/> 63,876 <hr/>	<hr/> 65,578 <hr/>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<hr/> 113,180 <hr/>	<hr/> 126,157 <hr/>
Total bank debt to total capitalization	0.30	0.36
Current ratio	1.83	1.82