

FOR IMMEDIATE RELEASE

MAGAL SECURITY SYSTEMS REPORTS RECORD FOURTH QUARTER AND FULL YEAR 2011 FINANCIAL RESULTS

YAHUD, ISRAEL, April 4, 2012 -- Magal S3 Ltd. (NASDAQ GMS: MAGS) today announced its financial results for the three and twelve month period ended December 31, 2011. Management will hold an investors' conference call later today, at 10:00 a.m. Eastern Time and 5:00 p.m. Israel time, to discuss the results.

FOURTH QUARTER 2011 RESULTS SUMMARY

Revenues in the fourth quarter of 2011 increased year-over-year by 122.9% to a record \$33.7 million, compared with \$15.1 million in the fourth quarter of 2010.

Gross profit in the quarter was \$15.4 million, or 45.8% of revenues, an increase of 174.8% compared to gross profit of \$5.6 million, or 37.1% of revenues, in the fourth quarter of 2010.

Operating profit in the quarter was \$5.0 million, or 14.8% of revenues, compared to an operating loss of \$0.6 million in the fourth quarter of 2010.

Financial expenses in the quarter amounted to \$73,000 compared to financial expenses of \$405,000 in the fourth quarter of 2010.

Tax expenses in the quarter were \$668,000, compared with \$556,000 in the fourth quarter of 2010.

Net income in the quarter was \$4.3 million, compared with a net loss of \$1.5 million in the fourth quarter of 2010.

Earnings per share in the fourth quarter of 2011 were \$0.27, compared with a net loss per share of \$0.14 in the same period last year.

FULL YEAR 2011 RESULTS

Revenues for the year ended December 31, 2011 were \$88.6 million, a 78.3% increase compared \$49.7 million in 2010.

Gross profit for the year was \$39.5 million, representing 44.6% of revenues, compared with \$18.3 million, representing 36.8% of revenues in 2010.

Operating profit for 2011 was \$9.8 million, representing 11.1% of revenues, compared with an operating loss of \$4.7 million in 2010.

Financial income in 2011 amounted to \$756,000 compared to financial expenses of \$967,000 in 2010.

Tax expenses in 2011 were \$723,000 compared with \$602,000 in 2010.

Net income for 2011 was \$9.8 million, compared with a net loss of \$6.2 million in 2010.

Earnings per share for the year ended December 31, 2011 was \$0.78, compared with a net loss per share of \$0.60 in 2010.

Cash and short term deposits net of current bank debt, as of December 31, 2011, were \$32.5 million, or \$2.06 per share, compared with net cash and equivalents of \$9.5 million, or \$0.91 per share, on December 31, 2010.

As of December 31, 2011, the Company's backlog was \$50.1 million, compared with \$50.2 million on December 31, 2010.

MANAGEMENT COMMENT

Commenting on the results, Mr. Eitan Livneh, President and CEO of Magal, said, "I am very proud of our 2011 results, which reflect strong improvement across all financial parameters. We achieved an all-time record in revenues and net income, generating significant positive operating cash flow of \$20.4 million."

Continued Mr. Livneh, "Our success is the result of the strenuous efforts we have made over the past two years in transitioning Magal into a leader in delivering full-scale homeland security projects. Our two-pronged strategy is to strengthen and build on our market leadership in PIDS products, while at the same time establishing a strong local presence in various key geographic areas. A recent example of this strategy can be found in our announcement concerning our new joint venture in India. Our now exceptionally strong balance sheet, with \$32.5 million in net cash, opens many new growth avenues for us enabling both organic investments and synergistic acquisitions."

Mr. Jacob Perry, Chairman of the Board of Magal added, "I would like to congratulate the management team as well as all the employees at Magal on a highly successful and profitable year. Magal has built a strong brand and reputation in the developing regions of Africa, Latin America and Asia. The successful conclusion of projects in those regions places Magal in a strong position to compete for large projects and opportunities, and we look forward to continued success in the future."

INVESTORS' CONFERENCE CALL INFORMATION

The Company will host a conference call later today, April 4, 2012, at 10:00 a.m. Eastern Time and 5:00 p.m. Israel time.

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

US: 1 888 668 9141 ; Israel: 03 918 0609 ; UK: 0 800 917 5108 ; Intl.: +972 3 918 0609

Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

A replay of the call will be available from the day after the call for three months. The link to the replay will be accessible from Magal's website at: www.magal-s3.com.

ABOUT MAGAL S³

Magal S3 is a leading international provider of security, safety and site management solutions and products. Over the past 42 years, Magal S3 has delivered tailor-made solutions and turnkey projects to hundreds of satisfied customers in over 80 countries in some of the world's most demanding locations.

Magal S3 offers the broadest portfolio of unique homegrown **Perimeter Intrusion Detection Systems (PIDS)** as well as **Fortis^{4G}** - a new generation of cutting edge **Physical Security Information Management** system (PSIM) with comprehensive **CCTV** solutions and leading **Intelligent Video Analytics (IVA)**.

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.

For more information:

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**** Financial Tables to Follow ****

MAGAL S3 LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(All numbers except EPS expressed in thousands of US\$)

| | AUDITED Year Ended December 31, | | | UNAUDITED Three months Ended December 31, | | |
|---|--|-------------|-----------------|---|-------------|-----------------|
| | <u>2011</u> | <u>2010</u> | <u>% change</u> | <u>2011</u> | <u>2010</u> | <u>% change</u> |
| Revenues | \$88,591 | \$49,699 | 78.3 | \$33,731 | \$15,133 | 122.9 |
| Cost of revenues | 49,089 | 31,400 | 56.3 | 18,284 | 9,512 | 92.2 |
| Gross profit | 39,502 | 18,299 | 115.9 | 15,447 | 5,621 | 174.8 |
| Operating expenses: | | | | | | |
| Research and development, net | 3,898 | 4,105 | (5) | 980 | 1,041 | (5.9) |
| Selling and marketing | 19,415 | 11,261 | 72.4 | 7,033 | 3,413 | 106.1 |
| General and administrative | 8,682 | 7,593 | 14.3 | 2,431 | 1,729 | 40.6 |
| Other income (expense) | (2,304) | - | | 6 | - | |
| Total operating expenses | 29,691 | 22,959 | 29.3 | 10,450 | 6,183 | 69 |
| Operating income (loss) | 9,811 | (4,660) | | 4,997 | (562) | |
| Financial income (expense), net | 756 | (967) | | (73) | (405) | |
| Income (loss) before income taxes | 10,567 | (5,627) | | 4,924 | (967) | |
| Income tax expense | 723 | 602 | | 668 | 556 | |
| Net income (loss) | 9,844 | (6,229) | | 4,256 | (1,523) | |
| Less: net loss attributable to non-controlling interest | - | 24 | | - | 43 | |
| Net income (loss) attributable to Magal shareholders' | \$9,844 | \$(6,205) | | \$4,256 | \$(1,480) | |
| Basic and diluted income (loss) per share from continuing operations | \$0.78 | \$(0.60) | | \$0.27 | \$(0.14) | |
| Number of basic and diluted shares | 12,645,283 | 10,396,548 | | 15,819,822 | 10,396,548 | |
| | AUDITED Twelve Months Ended December 31, | | | UNAUDITED Three months ended December 31, | | |
| | <u>2011</u> | <u>2010</u> | | <u>2011</u> | <u>2010</u> | |
| | <u>%</u> | <u>%</u> | | <u>%</u> | <u>%</u> | |
| Gross margin | 44.6 | 36.8 | | 45.8 | 37.1 | |
| Research and development, net as a % of revenues | 4.4 | 8.3 | | 2.9 | 6.9 | |
| Selling and marketing as a % of revenues | 21.9 | 22.7 | | 20.9 | 22.6 | |
| General and administrative as a % of revenues | 9.8 | 15.3 | | 7.2 | 11.4 | |
| Operating margin | 11.1 | (9.4) | | 14.8 | (3.7) | |
| Net margin | 11.1 | (12.5) | | 12.6 | (9.8) | |

MAGAL S3 LTD.
AUDITED CONSOLIDATED BALANCE SHEETS
(All numbers expressed in thousands of US\$)

| | December 31, 2011 | December 31, 2010 |
|---|------------------------------|------------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$32,622 | \$16,596 |
| Short-term bank deposit | 3,005 | - |
| Restricted deposit | 2,299 | 2,692 |
| Trade receivables, net | 13,230 | 15,106 |
| Unbilled accounts receivable | 4,855 | 2,927 |
| Other accounts receivable and prepaid expenses | 5,438 | 2,630 |
| Deferred income taxes | 508 | 474 |
| Inventories | 9,664 | 10,340 |
| Total current assets | 71,621 | 50,765 |
| LONG TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term trade receivables | 1,423 | 1,568 |
| Long-term deposits and restricted bank deposits | 2,202 | 2,196 |
| Severance pay fund | 2,121 | 2,148 |
| Total long-term investments and receivables | 5,746 | 5,912 |
| PROPERTY AND EQUIPMENT, NET | 6,460 | 6,794 |
| OTHER INTANGIBLE ASSETS, NET | 190 | 213 |
| GOODWILL | 1,970 | 2,026 |
| TOTAL ASSETS | \$85,987 | \$65,710 |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | \$5,357 | \$9,327 |
| Current maturities of long-term bank debt | 33 | 503 |
| Trade payables | 6,724 | 3,937 |
| Customer advances | 5,877 | 2,428 |
| Other accounts payable and accrued expenses | 13,137 | 7,958 |
| Total current liabilities | 31,128 | 24,153 |
| LONG-TERM LIABILITIES: | | |
| Long-term bank debt | 38 | 50 |
| Loan from related party | - | 9,907 |
| Deferred income taxes | 205 | 190 |
| Accrued severance pay | 3,605 | 3,394 |
| Total long-term liabilities | 3,848 | 13,541 |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares of NIS 1 par value - Authorized: 39,748,000 shares at December 31, 2011 and 19,748,000 shares at December 31, 2010; Issued and outstanding: 15,819,822 shares at December 31, 2011 and 10,396,548 shares at December 31, 2010 | 4,813 | 3,225 |
| Additional paid-in capital | 64,920 | 49,971 |
| Accumulated other comprehensive income | 4,486 | 5,075 |
| Foreign currency translation adjustments (Company's stand alone financial statements) | 603 | 3,400 |
| Accumulated deficit | (23,811) | (33,655) |
| TOTAL SHAREHOLDERS' EQUITY | 51,011 | 28,016 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$85,987 | \$65,710 |