

Electronics Line 3000 Ltd. Announces Results for the First Half of 2011

- **Operating profit of US\$ 226,000 in H1 of 2011**
- **Revenues of US\$ 11.4 Million in the first half of 2011**
- **Positive cash flow from operations of US\$ 724,000 in the first six months**

Rishon Le Zion, Israel (August 25, 2011) – Electronics Line 3000 Ltd. (“the Company” or “EL”) (XETRA: ELN), global provider of wireless security with remote management solutions, today announced the financial results for the first half of 2011 in U.S. dollars.

Financial Highlights

- **Sales** for the first half of 2011 were US\$ 11.4 million, compared to US\$ 14.1 million for the first half of 2010. The sales decrease is due to a production shift to new sub-contractors that were carried out during Q2 2011. As a result, the company had a total customer order backlog of US\$ 2.2million at the end of H1 2011 that expected to be fully delivered to its customers during Q3 2011. If all orders could have been delivered during Q2, sales for the first six months would have totaled US\$ 13.6 million. In addition, during H1 2010 the Company had extraordinary orders from a major customer.

As part of the new products policy the company had decided to streamline its product portfolio. Dropping some low-margin products also impacts the Company’s turnover.

Based on the current orders on hand, the company expects to end fiscal 2011 with a turnover similar to last year’s.

- **Gross Margin** during the first half of 2011 was ca. 30% of sales and around the same as for the comparable period of the previous year. The gross margin for H1 was affected by an increase in provision of slow moving inventory in the total amount of US\$ 330,000. The gross profit in the reporting period amounted to US\$ 3.4 million compared to US\$ 4.4 million in the first six months of 2010.
- The **Operating Result** for H1 of 2011 show a profit of US\$ 226,000, compared to an operating loss of US\$ 1.3 million for the first half of 2010.
- **Profit before taxes** on income amounted to US\$ 10,000 during H1 of 2011, compared to a loss of US\$ 1.6 million for the comparable period of last year and to a US\$ 5.3 million loss for 2010.

- **Net loss** for the first half of 2011 was US\$ 28,000, compared to a net loss of US\$ 1.65 million for the first half of 2010.
- **Net cash** provided by operating activities for the first half of 2011 was US\$ 724,000, compared to US\$ 218,000 for the first half of 2010. In H1 of fiscal 2011, the Company repaid bank loan principals in the amount of US\$ 880,000.

Outlook

Looking ahead, the Company expects an increase in revenues from its strategic customers and markets, in particular, Northern and Western Europe even though the global economic trend is most likely set to slow slightly in the second half of the year. In these locations, the Company intends to address non-traditional marketing channels in addition to the traditional security channels.

The Company plans to focus on its 2-way-wireless iConnect product line and its PIR Camera Detector with a built-in camera for video verification, which will support a wide range of solutions and services that the Company offers to its customers. The Company believes that the new solution will be well received in the market place.

In view of the reorganization of its sales activities in the strategic markets, outsourcing the production activity, and the increase in value added resulting from synergies with Risco Ltd., EL expects to significantly improve earnings and, as a consequence of this, to achieve an earnings turnaround in 2011.

The interim report for H1 2011 is available at Investors/Financials on the company's website at www.electronics-line.com.

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About Electronics Line (EL):

EL is a pioneer in next-generation security solutions for the residential and small commercial markets. The Company designs and produces cutting-edge solutions for security and control of living and working environments. The EL line provides comprehensive security protection, as well as sophisticated system and home management functionality, for optimal comfort, safety and peace of mind. This new industry standard is further upgraded with enhanced remote management capabilities that give homeowners instant access to their system from anywhere in the world.

Upgrading Everyday Security

EL solutions enable new levels of control and maintenance in protected sites through the ELAS, a proprietary remote management server. The Company enjoys a unique market position in supplying ELAS-governed systems for the home and workplace, which provide the multiple benefits of a virtual security presence, convenient home automation, and energy efficiency, all customized by the end-user and/or the service provider.

EL's extensive product line includes both wired and wireless solutions, as well as the integration of both types into one hybrid system. EL solutions offer enhanced detection and PSTN/IP/GSM/GPRS-based event reporting, along with advanced remote management tools. The back-office support and customized branding of EL solutions provide superior security with significant business benefits and market expansion potential.

Global Partnerships

Nearly three decades of cutting-edge leadership have earned EL a solid market position, allowing users worldwide to benefit from EL's ongoing development of upgraded security solutions. The Company maintains long-term partnerships worldwide.

EL has made emerging technology, user-friendly design and exceptional quality the benchmarks for serving its international network of clients and partners. Drawing on a tradition of pioneering expertise, EL specialists also provide security integration consultancy, installation service, training and technological support.

EL was established in 1982 and is headquartered in Israel. The Company is publicly traded on the Frankfurt Stock Exchange (ELN) and is part of the RISCO Group, an established leader in the international security market.

Disclaimer:

“This release contains forward-looking statements, which express the current beliefs and expectations of management. Such statements involve a number of known and unknown risks and uncertainties that could cause the Company’s future results, performance or achievements to differ significantly from those expressed or implied by such 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 and its other filings filed with the Israeli Securities Authority. Forward-looking statements speak only as of the date on which they are made and the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.”