



For Immediate Release

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Universal Security Instruments Reports Second-Quarter Results

OWINGS MILLS, MD. November 11, 2010: Universal Security Instruments, Inc. (NYSE AMEX: UUU) today announced its earnings for the second quarter ended September 30, 2010.

For the three months ended September 30, 2010, the Company reported net income of \$268,376, or \$0.11 per basic and diluted share, on net sales of \$3,714,378, compared to net income of \$924,870, or \$0.39 per basic and diluted share, on net sales of \$7,900,805 for the same period last year.

For the six months ended September 30, 2010, sales were \$7,395,799 versus \$13,815,710 for the same period last year. The Company reported net income of \$550,243, or \$0.23 per basic and diluted share, compared to net income of \$1,536,335, or \$0.64 per basic and diluted share. The lower sales and net income for the three and six month periods were the result of the loss of a large national retail customer. The Company's book value at September 30, 2010 rose to \$11.21 from \$10.64 at September 30, 2009.

"We have experienced some delays in getting approvals from certain testing agencies for our next-generation products, and we now believe we should start receiving approvals for North American sales during the quarter ending December 31, 2010. We believe these products have the potential to significantly increase sales during our next fiscal year. In response, we are continuing to strengthen our balance sheet by increasing our cash position during this challenging period," said CEO Harvey Grossblatt.

UNIVERSAL SECURITY INSTRUMENTS, INC. is a U.S.-based manufacturer (through its Hong Kong Joint Venture) and distributor of safety and security devices. Founded in 1969, the Company has a 40-year heritage of developing innovative and easy-to-install products, including smoke, fire and carbon monoxide alarms. For more information on Universal Security Instruments, visit our website at www.universalsecurity.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain matters discussed in this news release may constitute forward-looking statements within the meaning of the federal securities laws that inherently include certain risks and uncertainties. Actual results could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, among other items, our and our Hong Kong Joint Venture's respective ability to maintain operating profitability, currency fluctuations, the impact of current and future laws and governmental regulations affecting us and our Hong Kong Joint Venture and other factors which may be identified from time to time in our Securities and Exchange Commission filings and other public announcements. We do not undertake and specifically disclaim any obligation to update any forward-looking statements to reflect occurrence of anticipated or unanticipated events or circumstances after the date of such statements. We will revise our outlook from time to time and frequently will not disclose such revisions publicly.

UNIVERSAL SECURITY INSTRUMENTS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| | <u>Three Months Ended September 30,</u> | |
|---|---|--------------|
| | <u>2010</u> | <u>2009</u> |
| Sales | \$ 3,714,378 | \$ 7,900,805 |
| Net income | 268,376 | 924,870 |
| Income per share: | | |
| Basic | 0.11 | 0.39 |
| Diluted | 0.11 | 0.39 |
| Weighted average number of common shares outstanding: | | |
| Basic | 2,387,887 | 2,387,887 |
| Diluted | 2,394,750 | 2,394,014 |

CONSOLIDATED STATEMENTS OF INCOME

| | <u>Six Months Ended September 30,</u> | |
|---|---------------------------------------|--------------|
| | <u>2010</u> | <u>2009</u> |
| Sales | \$ 7,395,799 | \$13,815,710 |
| Net income | 550,243 | 1,536,335 |
| Income per share: | | |
| Basic | 0.23 | 0.64 |
| Diluted | 0.23 | 0.64 |
| Weighted average number of common shares outstanding: | | |
| Basic | 2,387,887 | 2,390,100 |
| Diluted | 2,395,043 | 2,395,724 |

CONSOLIDATED BALANCE SHEETS

| <u>ASSETS</u> | <u>September 30, 2010</u> | <u>March 31, 2010</u> |
|--|-----------------------------|----------------------------|
| Cash and investments | \$ 7,496,194 | \$ 6,255,521 |
| Accounts receivable and amount due from factor | 2,169,391 | 4,374,224 |
| Inventory | 3,064,018 | 3,439,906 |
| Prepaid expenses | <u>379,077</u> | <u>351,192</u> |
| TOTAL CURRENT ASSETS | 13,108,680 | 14,420,843 |
| INVESTMENT IN HONG KONG JOINT VENTURE | 12,731,632 | 12,153,456 |
| PROPERTY, PLANT AND EQUIPMENT – NET | 174,256 | 199,163 |
| OTHER ASSETS AND DEFERRED TAX ASSET | <u>1,906,247</u> | <u>1,897,292</u> |
| TOTAL ASSETS | <u>\$27,920,815</u> | <u>\$28,670,754</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable and accrued expenses | \$ 909,326 | \$ 2,162,755 |
| Accrued liabilities | <u>188,530</u> | <u>279,035</u> |
| TOTAL CURRENT LIABILITIES | 1,097,856 | 2,441,790 |
| LONG TERM OBLIGATION | 46,458 | 46,459 |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, \$.01 par value per share; authorized 20,000,000 shares; issued and outstanding 2,387,887 at September 30, 2010 and March 31, 2010 | 23,879 | 23,879 |
| Additional paid-in capital | 13,135,198 | 13,135,198 |
| Retained earnings | 13,573,671 | 13,023,428 |
| Other comprehensive income | <u>43,753</u> | <u>-</u> |
| TOTAL SHAREHOLDERS' EQUITY | <u>26,776,501</u> | <u>26,182,505</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 27,920,815</u> | <u>\$28,670,754</u> |