

NEWS

EMRISE CORPORATION

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FOR IMMEDIATE RELEASE

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EMRISE CORPORATION REPORTS 2008 FIRST QUARTER FINANCIAL RESULTS

RANCHO CUCAMONGA, California—May 15, 2008—EMRISE CORPORATION (NYSE Arca: ERI), a multinational designer, manufacturer and marketer of proprietary electronic devices and communications equipment for aerospace, defense, industrial, and communications applications, today announced financial results for the first quarter ended March 31, 2008.

Driven primarily by sales of in-flight entertainment and communications (“IFE&C”) equipment, military power supplies and network access products, net sales for the first quarter of 2008 were \$12.2 million, up 3% from \$11.9 million in the first quarter of 2007. Gross profit for the first quarter of 2008 increased to \$4.4 million, or 36% of net sales, from \$3.8 million, or 32% of net sales, in the first quarter of 2007. Net loss for the first quarter of 2008 was \$0.9 million, or \$0.02 loss per share, compared to net loss of \$0.8 million, or \$0.02 loss per share, for first-quarter 2007.

EMRISE Chairman, President and Chief Executive Officer Carmine T. Oliva said: “While 2008 first quarter sales were only up 3% year over year due to temporary customer and production delays representing approximately \$1.1 million in revenue, we are particularly pleased with the nearly four percentage-point improvement in gross margin percentage in this year’s first quarter. We believe that our first-quarter gross margin percentage is indicative of the gross margin percentage we expect to report for all of 2008, although we may experience quarter-to-quarter variability due to product mix.”

Oliva added: “Even though \$1.1 million of orders didn’t ship in the first quarter as planned, we expect the majority of those orders will ship in the second quarter of 2008, which will contribute to even higher sales in the second quarter than originally planned. We also remain optimistic about sales going forward and we continue to anticipate full-year 2008 sales approaching \$60 million.”

The increase in net sales for the first quarter of 2008 was due primarily to improved sales by the Company’s electronic devices segment. Sales were positively affected as a result of new contracts for power supplies and new IFE&C products primarily at EMRISE’s facility in England. There was also a slight increase in digital switch and power supply sales at the Company’s U.S. electronic devices subsidiaries and improved network transmission sales at its French communications equipment subsidiary.

Gross profit, as a percentage of net sales, in the first quarter of 2008 increased over the first quarter of 2007 due primarily to product mix and higher volumes at its French communications equipment subsidiary. In the first quarter of 2008, the Company’s U.S. electronic devices subsidiaries experienced a resumption of increased levels of shipments for high-margin digital switches to satisfy orders for the U.S. government Defense Supply Agency, which were delayed throughout 2007. Improved production efficiency by RO Associates’ new contract manufacturer also positively impacted gross margins. The Company’s communications equipment segments’ margins were positively impacted by higher margin military network access products shipped by its French subsidiary and increased sales of EMRISE’s higher gross margin Tiempo™ product.

The primary factors that contributed to EMRISE’s net loss for the first quarter ended March 31, 2008, were the delayed shipment of approximately \$1.1 million in orders; the approximately \$0.4 million increase in interest expense as a result of the new debt financing facility secured late last year, \$0.1 million of which was interest on the \$10 million term loan to fund potential acquisitions; SOX related compliance costs of approximately \$0.2 million incurred in connection with the Company’s 2007 management assessment; and one-time severance costs of approximately \$0.1 million associated with restructuring at two of the Company’s operating units.

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As of March 31, 2008, cash and equivalents were \$3.5 million. Working capital was \$15.4 million with a current ratio of 2.3:1.0. Total assets were \$47.6 million, long term debt was \$5.4 million and stockholders' equity was \$24.4 million.

Backlog at March 31, 2008, remained at record levels of \$25.3 million, with approximately 96% of the orders related to the Company's electronic devices business and the remaining 4% of the orders related to the communications equipment business. EMRISE estimates that the majority of its current backlog is shippable during 2008.

Oliva said, "We are encouraged by the current trend in orders during the first 4½ months of 2008 and believe they reflect a growing interest in our new IFE&C, edge networking and military power supply products. We expect to continue to see higher sales growth, higher gross profit, and improvements in operating and net results during the second quarter and the last half of the year as compared to prior year."

Webcast and Conference Call Information

A conference call with management is scheduled for 8:30 a.m. PDT (11:30 a.m. EDT) today to discuss the Company's financial results for the first quarter of 2008. To join the call, dial toll-free (877) 407-8031 five minutes prior to the scheduled start time. For callers outside the United States, dial (201) 689-8031.

A live web cast of the call may also be accessed at <http://www.investorcalendar.com>. An archived replay of the webcast will be available shortly after the call. The replay may be accessed through the same web link listed above or for callers in the U.S. via telephone at (877) 660-6853, or at (201) 612-7415 for callers outside the U.S. The conference ID is #284611 and the account number 286. The telephone and webcast replays will be available for 90 days.

About EMRISE Corporation

EMRISE designs, manufactures and markets electronic devices, sub-systems and equipment for aerospace, defense, industrial and communications markets. EMRISE products perform key functions such as power supply and power conversion; RF and microwave transmission; digital and rotary switching; and network access, including timing and synchronization of communications networks carrying wireline, wireless, and cable data, voice, and video. Primary growth driver applications for EMRISE products include commercial avionic "In-Flight Entertainment and Communications" products and communications "Network Timing and Synchronization" equipment. EMRISE serves customers in North America, Europe and Asia through operations in the United States, England, France and Japan. The Company has built a worldwide base of customers including all of the Fortune 100 in the U.S. that do business in markets served by EMRISE and many similar-size companies in Europe and Asia. For more information go to www.emrise.com

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

With the exception of historical information, the matters discussed in this press release, including without limitation EMRISE's ability to develop sales of its new IFE&C and edge networking products, ability to successfully enter new and growing markets, ability to grow sales, improve gross margins, or to control operating expenses, ability to continue growth and improvement in 2008 and beyond, ability to significantly improve domestic sales of power supplies for military applications and communication products, including sales of its new TiemPo™ edge network timing product, ability to achieve significant long-term revenue growth potential from higher sales of new IFE&C products, ability to achieve higher operating income as a result of higher sales volumes and greater production efficiency to offset the impact of lower gross margins in IFE&C products, ability to achieve higher communications segment gross margins, especially in the second half of 2008, ability to achieve increases in shipments of TiemPo™ timing and synchronization products or to achieve higher gross margins on such shipments, ability to continue to invest in the engineering required to further develop new products, ability to achieve a significant return on investments as a result of expectations for sales to grow, gross profit to improve and operating income to increase in the last half of 2008 despite increased expenses and the impact of such expenses to EMRISE's bottom line in the first and second quarters of 2008, ability to increase revenue in the first quarter of 2008 year over year, ability to achieve revenue for 2008 approaching \$60 million, ability to ship the majority of current backlog within the next 12 months, ability to achieve continued growth in sales to foreign communications markets, ability to increase domestic sales due to growing demand for TiemPo™ edge-network products, especially from anticipated opportunities with national public communication carriers and other large-scale customers, ability to increase sales of patented VLP rotary switches and ongoing sales growth of IFE&C equipment and subsystems, ability to successfully complete an acquisition strategy in the U.S. to complement EMRISE's existing line of RF devices and subsystems, that could facilitate EMRISE's expansion into the domestic military market or the ability for such a possible acquisition to strengthen EMRISE's business, provide a source of incremental revenues, enhanced profitability and additional cash flow are all forward-looking statements that involve a number of risks and uncertainties. The actual future results of EMRISE could differ from those statements. Factors that could cause or contribute to such differences include, but are not limited to, unforeseen technical issues, failure to successfully market and sell new IFE&C and edge network products, failure to successfully penetrate new and growing markets, inability to grow sales, unexpected costs or lack of expected savings that affect future gross profit, inability to control operating expenses, failure to successfully improve sales of domestic power supplies for military applications and communication products, failure to offset the impact of lower gross margins in IFE&C through higher sales volume and/or through greater production efficiency, unexpected cost increases that affect the profitability of products, inability to support the required development of new or existing products, failure to achieve expected higher sales levels for TiemPo™ in the second half of 2008, despite investments in the product line during the first half of the year, unexpected delays by EMRISE customers, vendors or other circumstances which prevent timely shipment of current or future orders as expected, failure to develop opportunities with public communication carriers or other large scale customers for TiemPo™, failure to successfully complete an acquisition strategy in the U.S., possibility of incurring significant costs toward such an acquisition with no guarantee of success, and those factors contained in the "Risk Factors" Section of EMRISE's most recently filed Form 10-K, and other EMRISE filings with the Securities and Exchange Commission.

Financial tables on next pages

EMRISE CORPORATION
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2008	December 31, 2007
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 3,454	\$ 4,764
Accounts receivable, net of allowances for doubtful accounts of \$291 at March 31, 2008 and \$345 at December 31, 2007	9,297	9,406
Inventories	12,683	11,664
Current deferred tax assets	229	200
Prepaid and other current assets	1,367	1,617
Total current assets	27,030	27,651
Property, plant and equipment, net	2,511	2,227
Goodwill	13,093	13,129
Intangible assets other than goodwill, net	3,208	3,269
Deferred tax assets	618	617
Other assets	1,184	1,287
Total assets	\$ 47,644	\$ 48,180
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,465	\$ 4,440
Accrued expenses	5,811	5,435
Current portion of long-term debt	182	71
Notes payable to stockholders, current portion	500	521
Income taxes payable	296	712
Other current liabilities	357	357
Total current liabilities	11,611	11,536
Long-term line of credit	3,709	3,957
Long-term debt, net of discount of \$1,155 and \$1,264, respectively	5,204	4,829
Notes payable to stockholders, less current portion	625	750
Deferred income taxes	904	904
Other liabilities	1,196	1,158
Total liabilities	23,249	23,134
Commitments and contingencies (See Note 7)		
Stockholders' equity:		
Preferred stock,\$0.01 par value. Authorized 10,000,000 shares, zero shares issued and outstanding	-	-
Common stock,\$0.0033 par value. Authorized 150,000,000 shares; 38,254,000 shares issued and outstanding at March 31, 2008 and December 31, 2007	126	126
Additional paid-in capital	44,547	44,527
Accumulated deficit	(21,558)	(20,661)
Accumulated other comprehensive income	1,280	1,054
Total stockholders' equity	24,395	25,046
Total liabilities and stockholders' equity	\$ 47,644	\$ 48,180

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EMRISE CORPORATION
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2008	2007
Net sales	\$ 12,247	\$ 11,922
Cost of sales	7,838	8,074
Gross profit	4,409	3,848
Operating expenses:		
Selling, general and administrative	3,975	3,736
Engineering and product development	664	710
Total operating expenses	4,639	4,446
Loss from operations	(230)	(598)
Other income (expense):		
Interest income	18	19
Interest expense	(584)	(150)
Other, net	(17)	65
Total other income (expense), net	(583)	(66)
Loss before income taxes	(813)	(664)
Income tax provision (benefit)	84	128
Net loss	\$ (897)	\$ (792)
Loss per share:		
Basic	\$ (0.02)	\$ (0.02)
Diluted	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding		
Basic	38,254	38,110
Diluted	38,254	38,110

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