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MAGAL SECURITY SYSTEMS LTD

Form 6-K

May 07, 2007

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR  
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2007

MAGAL SECURITY SYSTEMS LTD.  
(Name of Registrant)

P.O. Box 70, Industrial Zone, Yahud 56100 Israel  
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

This Report on Form 6-K is incorporated by reference into the Registrant's Form F-3 Registration Statements File Nos. 333-9050 and 333-123265 and Form S-8 Registration Statement File No. 333-06246.

Magal Security Systems Ltd.

6-K Items

1. Press Release re Magal Security Systems Ltd. Announces First Quarter 2007 Results dated May 7, 2007.

Press Release

Source: Magal Security Systems Ltd

Magal Security Systems Ltd. Announces First Quarter 2007 Results

Monday May 7, 6:00 am ET

YAHUD, Israel, May 7 /PRNewswire-FirstCall/ -- Magal Security Systems Ltd. (Nasdaq GM: MAGS ; TASE: MAGS) today announced its consolidated financial results for the three-month period ended March 31, 2007.

Revenues for the first quarter of 2007 reached US\$15.0 million, an increase of 11.7 percent compared to US\$13.5 million in the first quarter of 2006.

Operating income reached US\$745,000, an increase of 55.5 percent compared to US\$479,000 in the first quarter 2006. Operating expenses for the first quarter of 2007 reached US\$5.8 million, an increase of 10.2 percent compared to US\$5.2 million in the first quarter of last year.

Financial expenses for the first quarter of 2007 reached US\$299,000, compared to US\$154,000 in the first quarter of 2006. The increase in the financial expenses is primarily attributable to the change in the Company's functional currency from the US dollar to the New Israeli Shekel, that was initiated in the beginning of the fourth quarter of 2006. The US dollar remains the Company's reporting currency.

Net income reached US\$298,000, an increase of 100.0 percent compared to US\$149,000 in the first quarter of 2006.

Diluted earnings per share for the first quarter reached US\$0.03 per share compared to US\$0.01 per share the same quarter of last year.

Commenting on the results, Mr. Izhar Dekel, CEO of Magal, said: "We are very pleased with the organic growth in our business and the growth in revenues, operating income and net income, compared to the first quarter of 2006, this, despite the fact that our first quarter is usually our weakest quarter. According to our expectations, we have every reason to believe that our results for 2007 will be better than those of 2006 in all respects."

The Company will be hosting its quarterly conference call later today at 11:00am EDT. On the call, management will review and discuss the first quarter 2007 results. They will then be available to answer questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

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US Dial-in Number: 1-888-407-2553  
Canada Dial-in Number: 1-866-485-2399  
ISRAEL Dial-in Number: 03-918-0688  
INTERNATIONAL Dial-in Number: +972-3-918-0688  
at: 11:00 am Eastern Time; 8:00 am Pacific Time; 6:00 pm Israel Time

The call will also be broadcast live on the web, and can be accessed through a link on Magal's website. 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](http://www.magal-ssl.com).

### 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. Magal also supplies video monitoring services through Smart Interactive Systems, Inc., a subsidiary in the U.S. 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. Israeli-based Magal has subsidiaries in the U.S., Canada, the U.K., Germany, Romania, Mexico and an office in China.

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

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.

### FINANCIAL TABLES FOLLOW

#### MAGAL SECURITY SYSTEMS LTD.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

|                  | Quarter Ended March 31 |          |        |
|------------------|------------------------|----------|--------|
|                  | 2007                   | 2006     | %      |
|                  |                        |          | change |
| Revenues         | \$15,053               | \$13,472 | 11.7   |
| Cost of revenues | 8,544                  | 7,763    | 10.1   |

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|  |         |         |       |
|--|---------|---------|-------|
| Gross Profit   | 6,509   | 5,709   | 14.0  |
| Operating expenses:  |         |         |       |
| Research & development, net  | 1,454   | 1,200   | 21.2  |
| Selling & marketing, net   | 2,786   | 2,583   | 7.9   |
| General & administrative   | 1,524   | 1,447   | 5.3   |
|  | 5,764   | 5,230   | 10.2  |
| Operating income   | 745     | 479     | 55.5  |
| Financial expenses, net  | 299     | 154     | 94.2  |
| Income from continuing operations before taxes on income                       | 446     | 325     | 37.2  |
| Taxes on income  | 148     | 153     | -3.3  |
| Income from continuing operations  | 298     | 172     | 73.3  |
| Loss on discontinued operations, net   | -       | 23      |       |
| Net income   | 298     | 149     | 100.0 |
| Basic net earnings per share   | \$ 0.03 | \$ 0.01 | 200.0 |
| Diluted net earnings per share   | \$ 0.03 | \$ 0.01 |       |
| Weighted average ordinary shares outstanding (in thousands)                    | 10,394  | 10,375  |       |
| Weighted average ordinary shares outstanding, assuming dilution (in thousands) | 10,444  | 10,462  |       |

|   | Quarter Ended March 31, |          |
|---|-------------------------|----------|
|   | 2007                    | 2006     |
| Gross margin (%)  | 43.2                    | 42.4     |
| Research & development expenses, net as a % of Revenues | 9.7                     | 8.9      |
| Selling & marketing expenses as a % of Revenues         | 18.5                    | 19.2     |
| General & administrative expenses as a % of Revenues    | 10.1                    | 10.7     |
| Operating margin (%)                                    | 5.0                     | 3.6      |
| Net income margin (%)                                   | 2.0                     | 1.1      |
| Total bank debt to total capitalization                 | 0.40(*)                 | 0.43(**) |
| Current ratio   | 2.3(*)                  | 2.16(**) |

\*) as of March 31, 2007

\*\*\*) as of December 31, 2006

MAGAL SECURITY SYSTEMS LTD.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All numbers expressed in thousands of US\$)

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|  | March 31,<br>2007 | December 31,<br>2006 |
|--|-------------------|----------------------|
| CURRENT ASSETS:  |                   |                      |
| Cash and cash equivalents                                      | \$ 7,777          | \$ 5,039             |
| Marketable securities  | 3,095             | 3,067                |
| Short term bank deposits                                       | 14,397            | 14,061               |
| Trade receivables  | 20,345            | 26,596               |
| Unbilled accounts receivable                                   | 5,847             | 6,372                |
| Other accounts receivable and prepaid expenses                 | 3,010             | 3,962                |
| Deferred income taxes  | 1,726             | 1,289                |
| Inventories  | 14,049            | 14,500               |
| Total current assets   | 70,246            | 74,886               |
| Long term investments and receivables:                         |                   |                      |
| Long-term trade receivables                                    | 300               | 200                  |
| Long-term loans  | 657               | 622                  |
| Long-term bank deposits  | 4,800             | 4,800                |
| Severance pay fund   | 2,487             | 2,401                |
| Total long term investments and receivables                    | 8,244             | 8,023                |
| PROPERTY AND EQUIPMENT, NET                                    | 14,194            | 14,366               |
| OTHER ASSETS, NET  | 6,014             | 5,539                |
| Total assets   | \$98,698          | \$102,814            |
| CURRENT LIABILITIES:   |                   |                      |
| Short-term bank credit   | \$15,044          | \$ 17,026            |
| Current maturities of long-term bank debt                      | 795               | 795                  |
| Trade payables   | 4,942             | 5,827                |
| Other accounts payable, accrued expenses and customer advances | 9,801             | 11,082               |
| Total current liabilities                                      | 30,582            | 34,730               |
| LONG-TERM LIABILITIES:   |                   |                      |
| Long-term bank debt  | 7,201             | 7,399                |
| Accrued severance pay  | 2,645             | 2,560                |
| Total long-term liabilities                                    | 9,846             | 9,959                |
| SHAREHOLDERS' EQUITY   | 58,270            | 58,125               |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY                     | \$98,698          | \$102,814            |

Contacts:

Company

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Investor Relations

Gelbart Kahana Investor Relations

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGAL SECURITY SYSTEMS LTD.  
(Registrant)

By: /s/Jacob Even-Ezra  
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Jacob Even-Ezra  
Chairman of the Board

Date: May 7, 2007