

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

MAGAL SECURITY SYSTEMS LTD

Form 6-K

July 26, 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 July 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 Second Quarter

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

2007 Results dated July 26, 2007.

ITEM 1

Press Release

Source: Magal Security Systems Ltd

Magal Security Systems Ltd. Announces Second Quarter 2007 Results

Thursday July 26, 8:47 am ET

Improved in Profitability and Profit Margins at all Levels

Net Income for the First Six Months Increased by 53% YOY

YAHUD, Israel, July 26 /PRNewswire-FirstCall/ -- Magal Security Systems Ltd. (Nasdaq GM:MAGS; TASE:MAGS) today announced its consolidated financial results for the three and six-month periods ended June 30, 2007.

Second Quarter Results

Revenues for the second quarter of 2007 were US\$14.9 million, similar to the second quarter of 2006. Revenues for the first quarter of 2007 were \$15.1 million.

Gross profit for the second quarter of 2007 reached US\$6.6 million, an increase of 6.1 % over the second quarter of 2006, and an increase of 1.3 % compared with first quarter of 2007. Gross margin for the second quarter was 44.1 %, a substantial increase compared with 41.8% in the second quarter 2006, and higher than the 43.2% in the first quarter 2007.

Operating income for the second quarter of 2007 reached US\$761,000, an increase of 18.0% compared with US\$645,000 for the second quarter of 2006, and an increase of 2.1% compared with US\$745,000 in the first quarter 2007.

Net income in the second quarter of 2007 reached US\$342,000, an increase of 27.1% compared to US\$269,000 in the second quarter of 2006 and an increase of 14.8% compared to the first quarter of 2007. Diluted earnings per share was US\$0.03, in both the second quarter of 2006 and 2007.

Six Month Results

Revenues for the first six months of 2007 reached US\$30 million, an increase of 5.8% compared with the same period in 2006. Operating income for the first six months of 2007 reached US\$1.5 million, an increase of 33.9% compared to US\$1.1 million in the same period in 2006. Net income for the first six months period of 2007 reached US\$640,000, an increase of 53.1% compared to US\$418,000 in the same period in 2006. Diluted earnings per share for the first six months ended June 30, 2007 was US\$0.06, compared with diluted earnings per share of US\$0.04 in the same period of last year.

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

"We are very pleased to report a steady increase in our profit and profit margins at all levels this quarter, despite revenues remaining flat due to the delay in receiving certain orders, which we expect to receive in the near future," Commented Mr. Izhar Dekel, CEO of Magal. "We continued to expand our marketing activities to new regions, while identifying new growth and expansion opportunities. We expect this investment to bear fruit in the coming quarters."

Mr. Dekel concluded: "We ended the second quarter with a healthy backlog. Based on our backlog and several anticipated orders, we believe that our 2007 year-end results will be better than those of 2006."

Conference Call

The Company will be hosting its quarterly conference call at 11:00am EDT today. On the call, Mr. Izhar Dekel, CEO, and Ms. Raya Asher, V.P. Finance & CFO, will review and discuss the second quarter 2007 results. They will then be available to answer questions.

To participate, you may call one of the teleconferencing numbers that follows. Please place your calls 5-10 minutes before the conference call commences. If you are unable to connect using one of the toll-free numbers, please try the international dial-in number or the webcast.

US Dial-in Number: 888-407-2553

Canada Dial-in Number: 1-866-485-2399

Israel Dial-in Number: +972-(0)-3-918-0688

International Dial-in Number: +972-3-918-0688

at:

11:00am Eastern Time; 8:00am Pacific Time; 6:00pm Israel Time

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. Israel-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

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

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.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

| | Six Months Ended June 30, | | |
|--|------------------------------|--------|----------|
| | 2007 | 2006 | % change |
| Revenues | 30,002 | 28,346 | 5.8 |
| Cost of revenues | 16,900 | 16,424 | 2.9 |
| Gross profit | 13,102 | 11,922 | 9.9 |
| Operating expenses: | | | |
| Research and development, net | 2,602 | 2,650 | (1.8) |
| Selling and marketing | 5,876 | 5,285 | 11.2 |
| General and administrative | 3,118 | 2,863 | 8.9 |
| Total operating expenses | 11,596 | 10,798 | 7.4 |
| Operating income | 1,506 | 1,124 | 33.9 |
| Financial expense, net | 438 | 380 | 15.3 |
| Income from continuing operations before income taxes | 1,068 | 744 | 43.5 |
| Income tax | 428 | 271 | 57.9 |
| Net Income from continuing operations | 640 | 473 | 35.3 |
| Loss on discontinued operations, net | - | 55 | - |
| Net income | 640 | 418 | 53.1 |
| Basic net earnings per share | 0.06 | 0.04 | |
| Weighted average number of shares outstanding used in computing basic net earnings per share | 10,394 | 10,377 | |
| Diluted net earnings per share | 0.06 | 0.04 | |

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

| | | |
|---|--------|--------|
| Weighted average number of shares outstanding used in computing diluted net earnings per share | 10,449 | 10,453 |
|---|--------|--------|

| | Quarter Ended June 30, | | |
|---|---------------------------|--------|----------|
| | 2007 | 2006 | % change |
| Revenues | 14,949 | 14,874 | 0.5 |
| Cost of revenues | 8,356 | 8,661 | (3.5) |
| Gross profit | 6,593 | 6,213 | 6.1 |
| Operating expenses: | | | |
| Research and development, net | 1,148 | 1,450 | (20.8) |
| Selling and marketing | 3,090 | 2,702 | 14.4 |
| General and administrative | 1,594 | 1,416 | 12.6 |
| Total operating expenses | 5,832 | 5,568 | 4.7 |
| Operating income | 761 | 645 | 18.0 |
| Financial expense, net | 139 | 226 | (38.5) |
| Income from continuing operations before income taxes | 622 | 419 | 48.4 |
| Income tax | 280 | 118 | 137.3 |
| Net Income from continuing operations | 342 | 301 | 13.6 |
| Loss on discontinued operations, net | - | 32 | - |
| Net income | 342 | 269 | 27.1 |
| Basic net earnings per share | 0.03 | 0.03 | |

| | | |
|---|--------|--------|
| Weighted average number of shares outstanding used in computing basic net earnings per share | 10,394 | 10,379 |
| Diluted net earnings per share | 0.03 | 0.03 |

Weighted average
number of shares
outstanding used
in computing

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

diluted net
earnings per share 10,454 10,443

FINANCIAL RATIOS

| | Six Months Ended | | Quarter Ended | |
|--|------------------|----------|---------------|----------|
| | June 30, | | June 30, | |
| | 2007 | 2006 | 2007 | 2006 |
| Gross margin | 43.7 | 42.1 | 44.1 | 41.8 |
| Research and development, net as a % of revenues | 8.7 | 9.3 | 7.7 | 9.7 |
| Selling and Marketing | 19.6 | 18.6 | 20.7 | 18.2 |
| as a % of revenues | | | | |
| General and administrative | 10.4 | 10.1 | 10.7 | 9.5 |
| as a % of revenues | | | | |
| Operating margin | 5.0 | 4.0 | 5.1 | 4.3 |
| Net income margin | 2.1 | 1.5 | 2.3 | 1.8 |
| (after discontinued operation) | | | | |
| Total bank debt to | (*)0.42 | (**)0.43 | (*)0.42 | (**)0.43 |
| total capitalization | | | | |
| Current ratio | (*)2.30 | (**)2.12 | (*)2.30 | (**)2.12 |

(*) As of June 30, 2007 (**) As of December 31, 2006

MAGAL SECURITY SYSTEMS LTD.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(All numbers expressed in thousands of US\$)

| | June 30, 2007 | December 31, 2006 |
|--|------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 6,550 | \$ 4,908 |
| Marketable securities | 3,041 | 3,067 |
| Short term bank deposits | 15,139 | 14,186 |
| Trade receivables | 21,744 | 28,027 |
| Unbilled accounts receivable | 6,427 | 5,389 |
| Other accounts receivable and prepaid expenses | 3,718 | 3,995 |
| Deferred income taxes | 1,336 | 1,604 |
| Inventories | 15,121 | 13,971 |
| Total current assets | 73,076 | 75,147 |

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

| | | |
|--|------------|-----------|
| Long term investments and receivables: | | |
| Long-term trade receivables | 272 | 224 |
| Long-term loans | 715 | 622 |
| Long-term bank deposits | 4,800 | 4,800 |
| Severance pay fund | 2,391 | 2,401 |
| Total long term investments and receivables | 8,178 | 8,047 |
| | | |
| PROPERTY AND EQUIPMENT, NET | 13,964 | 14,366 |
| | | |
| OTHER ASSETS, NET | 6,150 | 6,121 |
| | | |
| Total assets | \$101,368 | \$103,681 |
| | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | \$ 17,574 | \$ 17,026 |
| Current maturities of long-term bank debt | 795 | 795 |
| Trade payables | 4,230 | 6,001 |
| Other accounts payable, accrued expenses and customer advances | 9,210 | 11,608 |
| Total current liabilities | 31,809 | 35,430 |
| | | |
| LONG-TERM LIABILITIES: | | |
| Long-term bank debt | 7,002 | 7,399 |
| Long-term accounts payable | 45 | 178 |
| Accrued severance pay | 2,508 | 2,524 |
| Total long-term liabilities | 9,555 | 10,101 |
| | | |
| SHAREHOLDERS' EQUITY | 60,004 | 58,150 |
| | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 101,368 | \$103,681 |

Contacts:

Company

Magal Security Systems, Ltd
Raya Asher, CFO
Tel: +972-3-5391444
Fax: +972-3-5366245
E-mail: magalssl@trendline.co.il

Investor Relations
Gelbart Kahana Investor Relations
Ehud Helft/Kenny Green
Tel: +1-866-704-6710
E-mail: Ehud@gk-biz.com
Kenny@gk-biz.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,

Edgar Filing: MAGAL SECURITY SYSTEMS LTD - Form 6-K

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/ Izhar Dekel

Izhar Dekel
Chief Executive Officer

Date: July 26, 2007