

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

MAGAL SECURITY SYSTEMS LTD

Form 6-K

February 22, 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 February 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 Fourth Quarter and Full Year 2006 Financial Results dated February 22, 2007.

ITEM 1

Press Release

Source: Magal Security Systems Ltd

Magal Security Systems Ltd. Announces Fourth Quarter
and Full Year 2006 Financial Results

Thursday February 22, 7:52 am ET

Revenues for the Full Year of 2006 Reached US\$ 66.9 Million

Revenues for the Fourth Quarter Reached US\$ 22.4 Million

YAHUD, Israel, February 22 /PRNewswire-FirstCall/ -- Magal Security Systems Ltd. (Nasdaq:MAGS; TASE:MAGS) today announced its consolidated financial results for the three and twelve month periods ended December 31, 2006.

Fourth Quarter Results

Revenues for the fourth quarter of 2006 reached US\$22.4 million, an increase of 20.7 percent compared with US\$18.6 million in the fourth quarter of 2005, and an increase of 38.7 percent over the third quarter of 2006.

Gross profit for the fourth quarter of 2006 reached US\$8.3 million (37.1 percent of revenues), an increase of 50.1 percent over the fourth quarter of 2005, and an increase of 20.9 percent compared with the third quarter of 2006.

Operating income in the fourth quarter of 2006 reached US\$1.0 million compared with an operating loss of US\$1.3 million in the fourth quarter last year.

Beginning in the fourth quarter of 2006 the Company changed its functional currency from the US dollar to the New Israeli Shekel. The US dollar remains the Company's reporting currency. This change resulted in the Company incurring approximately US\$0.6 million in additional expenses in the fourth quarter of 2006.

The Company's net loss in the fourth quarter of 2006, including the expenses associated with the change in functional currency, totalled US\$0.2 million compared to a net loss of US\$1.6 million for the fourth quarter of 2005.

Diluted loss per share for the fourth quarter of 2006 was US\$0.02, compared with a diluted loss per share of US\$0.15 in the same period last year.

Full Year Results

Revenues for the year ended December 31, 2006 reached US\$66.9 million, an increase of 9.2 percent compared with US\$61.3 million for the year ended December 31, 2005.

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

Gross profit for the year 2006 reached US\$27.1 million (40.5 percent of revenues), an increase of 22.6 percent over 2005.

Operating income for 2006 reached US\$3.3 million, compared with a net loss of \$2.3 million in 2005. Net income for 2006, including the expenses following the change in functional currency in the fourth quarter for 2006, reached US\$0.8 million, compared with a net loss of US\$3.2 million in 2005. Diluted earnings per share for the year ended December 31, 2006 were US\$0.08, compared with diluted loss per share of US\$0.32 in the year ended December 31, 2005.

The Company's 2005 financial information includes the reversal of revenues and a corresponding increase in expenses as a result of the cancellation of an Eastern European turnkey project subsequent to the 2005 year-end.

Commenting on the results, Mr. Izhar Dekel, CEO of Magal, said: "We are satisfied with our performance which further attests to the Company's key underlying technology, broad range of solutions, strong order backlog and worldwide customer base. Looking ahead, we expect to generate increased revenues from our traditional and new products, further improve our income while expanding our customer and geographic breadth. This follows the substantial and ongoing marketing and technological efforts invested over the past few years."

The Company will be hosting its quarterly conference call at 10:00am EST today. Mr. Jacob Even-Ezra, Chairman of the Board, Mr. Izhar Dekel, CEO, and Mrs. Raya Asher, V.P. Finance & CFO, will review and discuss the fourth quarter 2006 results. They will then be available to answer questions.

To participate, you may call one of the teleconferencing numbers below. 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. US Dial-in Number: 1-888-668-9141

Canada Dial-in Number: 1-866-485-2399
ISRAEL Dial-in Number: 03-918-0609
INTERNATIONAL Dial-in Number: +972-3-918-0609
at:
10:00am Eastern Time
7:00am Pacific Time
5:00pm Israel Time
About Magal Security Systems, Ltd.:

Magal Security Systems Ltd. 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 established in the U.S. in June 2001. 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 on the Nasdaq National Market since 1993 and on the Tel-Aviv Stock Exchange (TASE) since July 2001.

This press release contains forward-looking statements, which are subject to risks and uncertainties. Such statements are based on assumptions and

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

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.

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.Helft@galir.com Kenny.Green@galir.com
---	--

FINANCIAL TABLES FOLLOW-

	Year Ended December 31,			Quarter Ended December 31,		
	2006	2005	% change	2006	2005	% change
Revenues	66,912	61,282	9.2%	22,406	18,557	20.7%
Cost of revenues	39,785	39,154	1.6%	14,085	13,013	8.2%
Gross profit	27,127	22,128	22.6%	8,321	5,544	50.1%
Operating expenses:						
Research and development, net	5,376	5,265	2.1%	1,574	1,496	5.2%
Selling and marketing	11,960	13,180	-9.3%	3,845	3,611	6.5%
General and administrative	6,484	5,961	8.8%	1,947	1,743	11.7%
Total operating expenses	23,820	24,406	-2.4%	7,366	6,850	7.5%
Operating income (loss)	3,307	(2,278)		955	(1,306)	
Financial expense, net	1,061	800	32.6%	422	315	34.0%
Income (loss) from continuing operations before income						

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

taxes	2,246	(3,078)		533	(1,621)
Income tax (tax benefit)	1,366	(23)		750	(144)
Net Income (loss) from continuing operations	880	(3,055)		(217)	(1,477)
Loss on discontinued operations, net	55	156	-64.7%	--	80
Net income (loss)	825	(3,211)		(217)	(1,557)
Basic net earnings (losses) per share	\$ 0.08	(\$0.32)		(\$ 0.02)	(\$ 0.15)
Weighted average number of shares outstanding used in computing basic net earnings per share	10,384	9,883		10,392	10,372
Diluted net earnings (losses) per share	\$ 0.08	(\$0.32)		(\$ 0.02)	(\$ 0.15)
Weighted average number of shares outstanding used in computing diluted net earnings per share	10,442	9,900		10,427	10,389

FINANCIAL RATIOS

	Year ended December 31,	
	2006	2005
Gross margin	40.5%	36.1%

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

Research and development, net as a % of revenues	8.0%	8.6%
Selling and Marketing as a % of revenues	17.9%	21.5%
General and administrative as a % of revenues	9.7%	9.7%
Operating income (loss) Margin	4.9%	(3.7%)
Net income (loss) margin (after discontinued operation)	1.2%	(5.2%)
Total bank debt to total Capitalization	0.43*	0.41**
Current ratio	2.16*	1.86**

	Quarter ended December 31,	
	2006	2005
Gross margin	37.1%	29.9%
Research and development, net as a % of revenues	7.0%	8.1%
Selling and Marketing as a % of revenues	17.2%	19.5%
General and administrative as a % of revenues	8.7%	9.4%
Operating income (loss) Margin	4.3%	(7.0%)
Net income (loss) margin (after discontinued operation)	(1.0%)	(8.4%)
Total bank debt to total Capitalization	0.43*	0.41**
Current ratio	2.16*	1.86**

* As of December 31, 2006

** As of December 31, 2005

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

Three months ended
Dec. 31, 2005

	As previously reported	As adjusted
Revenues	\$20,038	\$18,557
Cost of revenues	11,981	13,013
Gross profit	8,057	5,544
Operating expenses:		
Research and development, net	1,496	1,496
Selling and marketing, net	3,789	3,611
General and administrative	1,644	1,743

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

Total operating expenses	6,929	6,850
Operating income (loss)	1,128	(1,306)
Financial income (expenses), net	111	(315)
Income (loss) before income taxes	1,239	(1,621)
Income taxes (tax benefit)	412	(144)
Income (loss) from continuing operations	827	(1,477)
Loss from discontinued operations, net	(80)	(80)
Net income	747	(1,557)

MAGAL SECURITY SYSTEMS LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS
(All numbers expressed in thousands of US\$)

	December 31, 2006	December 31, 2005
CURRENT ASSETS:		
Cash and cash equivalents	5,039	10,099
Short term bank deposits	17,128	17,053
Trade receivables	26,596	24,012
Unbilled accounts receivable	6,372	8,596
Other accounts receivable and prepaid expenses	3,962	4,455
Deferred income taxes	1,289	1,187
Inventories	14,500	11,110
Total current assets	74,886	76,512
Long term investments and receivables:		
Long-term trade receivables	822	290
Long-term bank deposits	4,800	1,800
Severance pay fund	2,401	2,070
Total long term investments and receivables	8,023	4,160
PROPERTY AND EQUIPMENT, NET	14,366	15,587
OTHER ASSETS, NET	5,539	5,583
Total assets	102,814	101,842
CURRENT LIABILITIES:		
Short-term bank credit	17,026	18,068
Current maturities of long-term bank debt	795	3,647
Trade payables	5,827	6,360
Other accounts payable, accrued expenses and customer advances	11,082	12,983
Total current liabilities	34,730	41,058
LONG-TERM LIABILITIES:		
Long-term bank debt	7,399	1,653
Accrued severance pay	2,560	2,131
Long-term liability in respect of forward		

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

Contracts	--	50
Total long-term liabilities	9,959	3,834
SHAREHOLDERS' EQUITY	58,125	56,950
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	102,814	101,842

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

Jacob Even-Ezra
Chairman of the Board

Date: February 22, 2007