

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

MAGAL SECURITY SYSTEMS LTD

Form 6-K

May 05, 2008

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 2008

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 Presents 86% YoY Revenue Increase in First Quarter

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

2008 dated May 5, 2008.

ITEM 1

Press Release

Source: Magal Security Systems Ltd

Magal Presents 86% YoY Revenue Increase in First Quarter 2008

Monday May 5, 7:00 am ET

Revenues Reach Record Level of \$26 Million for the First Quarter

YAHUD, Israel, May 5 /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, 2008.

Revenues for the first quarter of 2008 increased 86% reaching US\$26.3 million, compared to US\$14.1 million in the first quarter of 2007. Effective September 1, 2007, Magal's financial statements consolidate the results of the European integration company acquired in August 2007. Following the sale of Magal's U.S. based video monitoring business operated by Smart Interactive Systems Inc. in December 2007, the results of this business for the first quarter of 2007, were reclassified as discontinued operations.

Gross profit for the first quarter of 2008 increased by 52% over the first quarter of 2007, reaching US\$9.7 million, or 36.8% of revenues. Gross margin for the quarter was adversely affected by the ongoing weakening of the US dollar against the Israeli Shekel as well as the shift in revenue mix towards larger scale integration projects.

Operating expenses for the first quarter of 2008 totalled US\$8.4 million, compared to US\$5.5 million in the first quarter 2007. Operating expenses, as a percent of revenues, decreased to 31.9%, from 38.8% last year.

The operating expenses for the quarter included a US\$1.0 million amortization of intangible assets relating to the recently acquired European subsidiary. Operating expenses for the quarter were also adversely affected by the devaluation of the US dollar against the Israeli Shekel and the Canadian Dollar, increasing operating expenses by approximately US\$0.6 million for the quarter.

Operating income for the first quarter of 2008 increased 43% reaching US\$1.3 million, compared to US\$0.9 million in the first quarter of 2007.

Financial expenses for the first quarter of 2008 totalled US\$1.0 million, compared to \$0.3 million for the first quarter of 2007. Financial expenses for the quarter included \$0.6 million resulting from the ongoing weakening of the US dollar.

Net income from continued operation for the first quarter of 2008 was flat,

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

compared to net income from continued operation of US\$0.5 million at the first quarter of 2007. Net loss, including discontinued operations, totalled US\$0.2 million, compared with net income of US\$0.3 million in the first quarter of 2007. Diluted loss per share for the first quarter totalled US\$0.02 per share compared to diluted earnings of US\$0.03 per share in the same quarter of last year.

"Once again we presented strong revenue growth this quarter. This is in line with our long term strategic plan of acquiring new complimentary companies and activities; penetrating new territories; and targeting larger scale projects. We expect this trend to continue in the quarters to come," commented Mr. Izhar Dekel, CEO of Magal. "Despite our strong revenue growth, our results this quarter were adversely affected by several items including the weakening of the US dollar, several one-time expenses and change in our revenue mix. Looking ahead we expect to continue generating growth in line with our long term plan and believe our results will better reflect this growth in quarters to come."

The Company will be hosting its quarterly conference call later today at 9:00am ET. On the call, management will review and discuss the first quarter 2008 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.

US Dial-in Number: 1-866-229-7198
UK Dial-in Number: 0-800-032-3367
Israel Dial-in Number: 03-918-0688
International Dial-in Number: +972-3-918-0688
at: 9:00 am Eastern Time; 6:00 am Pacific
Daylight Time; 4:00 pm Israel Time

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: <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. 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.

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

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

Form 20-F filed with the Securities and Exchange Commission.

-FINANCIAL TABLES FOLLOW-

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Quarter Ended March 31,				
	2008	% Of revenues	2007 (*)	% Of revenues	% change
Revenues	26,290	100%	14,113	100%	86.3%
Cost of revenues	16,608	63.2%	7,732	54.8%	114.8%
Gross profit	9,682	36.8%	6,381	45.2%	51.7%
Operating expenses:					
Research and development, net	1,625	6.2%	1,454	10.3%	11.8%
Selling and marketing	4,236	16.1%	2,709	19.2%	56.4%
General and administrative	2,095	8.0%	1,316	9.3%	59.2%
Special post employment benefit	438	1.7%	-		
Total operating expenses	8,394	31.9%	5,479	38.8%	53.2%
Operating income	1,288	4.9%	902	6.4%	42.8%
Financial expenses, net	984	3.7%	303	2.1%	224.8%
Income from continuing operations before income taxes	304	1.2%	599	4.2%	(49.2%)
Income tax net	292	1.1%	148	1.0%	97.3%
Net Income from continuing operations	12	0.0%	451	3.2%	62.1%
Net loss from discontinued operations	248	0.9%	153	1.1%	62.0%
Net income (loss)	(236)	(0.9%)	298	2.1%	
Basic and diluted net earnings per share from continuing operations	0.00		0.05		
Basic and diluted loss per share from discontinued operations	(0.02)		(0.02)		
Basic and diluted net earnings (loss) per share	(0.02)		0.03		

(*Reclassified

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

MAGAL SECURITY SYSTEMS LTD.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All numbers expressed in thousands of US\$)

	March 31, 2008	December 31, 2007
CURRENT ASSETS:		
Cash and cash equivalents	15,559	9,814
Marketable securities	9,452	9,464
Short term bank deposits	11,243	11,220
Trade receivables	15,394	26,623
Unbilled accounts receivable	13,856	4,003
Other accounts receivable and prepaid expenses	5,371	6,976
Deferred income taxes	2,043	1,847
Inventories	19,633	23,816
Total current assets	92,551	93,763
Long term investments and receivables:		
Long-term trade receivables	2,012	2,019
Long-term loans	868	808
Long-term bank deposits	1,832	1,846
Escrow deposit	2,071	4,442
Severance pay fund	2,777	2,765
Total long-term investments and receivables	9,560	11,880
PROPERTY AND EQUIPMENT, NET	8,640	8,429
OTHER ASSETS, NET	19,191	13,755
ASSETS ATTRIBUTED TO DISCONTINUED OPERATION	120	244
Total assets	130,062	128,071
CURRENT LIABILITIES:		
Short-term bank credit	19,419	16,434
Current maturities of long-term bank debt	4,303	4,303
Trade payables	7,154	7,344
Deferred income taxes	778	687
Other accounts payable, accrued expenses and customer advances	22,499	24,791
Total current liabilities	54,153	53,559
LONG-TERM LIABILITIES:		
Long-term bank debt	2,895	3,095
Deferred income taxes	1,503	- 1,218
Accrued severance pay	4,005	3,873
Total long-term liabilities	8,403	8,186
LIABILITIES ATTRIBUTED TO DISCONTINUED	400	849

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

OPERATION

SHAREHOLDERS' EQUITY	67,106	65,477
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	130,062	128,071
Total bank debt to total capitalization	0.40	0.36
Current ratio	1.71	1.75

[end_table]>

Contacts:

Company

Magal Security Systems,
Lian Goldstein, CFO
Tel: +972-3-5391444
Fax: +972-3-5366245
E-mail: lian@magal-ssl.com

Investor Relations

Ltd GK Investor Relations
Ehud Helft/Kenny Green
Tel: +1-646-201-9246
E-mail: info@gkir.com

SIGNATURE

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/ Izhar Dekel

Izhar Dekel
Chief Executive Officer

Date: May 5, 2008