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MAGAL SECURITY SYSTEMS LTD

Form 6-K

November 07, 2005

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 November 2005

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 Third Quarter and Nine Months Financial Results dated November 7, 2005.

Press Release

Source: Magal Security Systems Ltd.

Magal Security Systems Ltd. Announces Third Quarter and Nine Months Financial Results

Monday November 7, 6:01 am ET

Revenues Increase 17% Compared With the Third Quarter of 2004

YAHUD, Israel, November 7 /PRNewswire-FirstCall/ -- Magal Security Systems Ltd. (Nasdaq NM:MAGS; TASE:MAGS) today announced its consolidated financial results for the three and nine-month periods ended September 30, 2005.

Revenues for the third quarter of 2005 reached US\$17.8 million, an increase of 16.7 percent compared with the third quarter of 2004 and an increase of 3.3 percent over the second quarter of 2005.

Gross profit for the third quarter of 2005 reached US\$7.5 million (42 percent of revenues), an increase of 9.7 percent over the third quarter of 2004 and an increase of 0.8 percent compared with the second quarter of 2005. The fluctuation in the gross margin was within expected parameters and is due to the revenues mix between turnkey projects and products.

Operating and net income in the third quarter of 2005, reached US\$974,000 and US\$602,000, respectively, compared with operating and net income of US\$1.2 million and US\$663,000 respectively, for the third quarter of 2004.

Diluted earnings per share for the third quarter were US\$0.06, compared with diluted earnings per share of US\$0.08 in the same period last year. The decrease was due to a 19% increase in the number of shares as a result of 1,700,000 share secondary offering completed in April 2005 and the 9% decrease in net income.

Revenues for the first nine months of 2005 reached US\$48.9 million, an increase of 11.2 percent compared with the same period in 2004. Operating and net income for the nine-month period, reached US\$2.7 million and US\$ 1.4 million, respectively, compared with US\$ 2.1 million and US\$611,000 respectively, for the first nine months of 2004.

Diluted earnings per share for the nine-month period were US\$0.14, compared with diluted earnings per share of US\$0.07 in the same period of last year.

In the second quarter of 2004, the Company recorded an expense of US\$1.2 million relating to an award granted to all of the Company's employees by the Company's two principal shareholders out of their own personal funds. According to generally accepted accounting principles in the United States (US GAAP), this grant was recorded as an expense in the second quarter of 2004, although it did

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not affect shareholders' equity nor the Company's cash flow.

Commenting on the results, Mr. Jacob Even-Ezra, Chairman of Magal and CEO, said: "I am pleased to present good results for the third quarter. Our work on the seam line project is proceeding at full-steam and according to schedule. The Israeli Government recently stated that the completion of the seam-line fence is its top priority and we believe we are very well placed to win the remaining tenders on the seam-line fence."

The Company will be hosting its quarterly conference call at 11:00am EST today. Mr. Jacob Even-Ezra, Chairman of the Board & CEO, and Mrs. Raya Asher, V.P. Finance & CFO, will review and discuss the third quarter 2005 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.

US Dial-in Number:	1-866-860-9642
Canada Dial-in Number:	1-866-485-2399
ISRAEL Dial-in Number:	03-918-0610
INTERNATIONAL Dial-in Number:	+972-3-918-0610
At:	
11:00am Eastern Time	
8:00am Pacific Time	
6:00pm 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 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.

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Contacts:

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MAGAL SECURITY SYSTEMS LTD.
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
 (All numbers except EPS expressed in
 thousands of US\$)

	Nine Months Ended Sep. 30 2005 % change		2004		Quarter Ended Sep. 30 2005 % change		2004	
REVENUES	\$ 48,924	11	\$43,986	\$ 17,825	17	\$15,271		
Cost of revenues	27,725	14	24,378	10,332	22	8,443		
Gross Profit	21,199	8	19,608	7,493	10	6,828		
OPERATING EXPENSES:								
Research and development, net	3,769	8	3,486	1,337	12	1,193		
Selling and marketing, net	10,495	20	8,728	3,814	26	3,031		
General and administrative	4,218	2	4,133	1,368	-3	1,415		
Award granted by principal shareholders	-		1,200	-		-		
TOTAL OPERATING EXPENSES	18,482	5	17,547	6,519	16	5,639		
OPERATING INCOME	2,717	32	2,061	974	-18	1,189		
FINANCIAL EXPENSES, NET	485	-16	574	116	-48	223		
INCOME BEFORE TAXES ON INCOME	2,232	50	1,487	858	-11	966		
TAXES ON INCOME	854	-3	876	256	-16	303		
NET INCOME	\$ 1,378	126	\$ 611	\$ 602	-9	\$ 663		
BASIC NET EARNINGS PER SHARE	\$ 0.14		\$ 0.07	\$ 0.06		\$ 0.08		
SHARES USED IN COMPUTING BASIC NET EARNINGS PER SHARE (IN THOUSANDS)	9,712		8,565	10,372		8,617		

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DILUTED NET EARNINGS PER SHARE	\$ 0.14	\$ 0.07	\$ 0.06	\$ 0.08
SHARES USED IN COMPUTING DILUTED NET EARNINGS PER SHARE (IN THOUSANDS)	9,811	8,673	10,383	8,706

FINANCIAL RATIOS

	Nine months Ended Sep. 30, 2005	2004	Quarter Ended Sep. 30, 2005	2004
Gross Margin	43.3%	44.6%	42.0%	44.7%
R&D as a % of Revenues	7.7%	7.9%	7.5%	7.8%
Selling & Marketing as a % of Revenues	21.5%	19.8%	21.4%	19.8%
G&A Expenses as a % of Revenues	8.6%	9.4%	7.7%	9.3%
Operating Margin	5.6%	4.7%	5.5%	7.8%
Net Income Margin	2.8%	1.4%	3.4%	4.3%
Total Debt to Total Capitalization	*0.42	**0.48	*0.42	**0.48
Current Ratio	*2.16	**1.77	*2.16	**1.77

* As of September 30, 2005

** As of December 31, 2004

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

	September 30, 2005	December 31, 2004
CURRENT ASSETS:		
Cash and cash equivalents	\$25,400	\$11,964
Trade receivables	17,179	13,232
Unbilled accounts receivable	13,185	7,465
Other accounts receivable	3,365	3,858
Deferred income taxes	377	488
Inventories	11,020	12,702
Total current assets	70,526	49,709
LONG TERM INVESTMENTS AND TRADE RECEIVABLES:		
Long-term trade receivables	391	344
Long-term bank deposits and structure notes	6,028	5,994
Severance pay fund	1,980	2,142
Total long term investments and trade receivables	8,399	8,480
PROPERTY AND EQUIPMENT, NET	15,242	14,659
OTHER ASSETS, NET	5,119	5,128
Total assets	\$99,286	\$77,976
CURRENT LIABILITIES:		

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Short-term bank credit	\$20,263	\$15,618
Current maturities of long-term bank loans	1,769	1,849
Trade payables	5,192	3,189
Other accounts payable and accrued expenses	5,420	7,450
Total current liabilities	32,644	28,106
LONG-TERM LIABILITIES:		
Long-term bank loans	3,500	3,500
Accrued severance pay	2,038	2,172
Long-term liability in respect of forward contracts	26	650
Total long terms liabilities	5,564	6,322
SHAREHOLDERS' EQUITY	61,078	43,548
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$99,286	\$77,976

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 and
Chief Executive Officer

Date: November 7, 2005