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MAGAL SECURITY SYSTEMS LTD

Form 6-K

April 28, 2004

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 April 2004

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 Statement File No. 333-9050.

Magal Security Systems Ltd.

6-K Items

1. Press Release re Magal Security Systems Ltd. Announces 2004 First Quarter Results dated April 28, 2004.

Press Release

Source: Magal Security Systems Ltd.

Magal Security Systems Ltd. Announces 2004 First Quarter Results

Wednesday April 28, 9:04 am ET

- Net Income increases 29% compared with the first quarter of 2003 and 30% compared with the fourth quarter of 2003 -

YAHUD, Israel, April 28 /PRNewswire-FirstCall/ -- Security Systems Ltd. (Nasdaq: MAGS; TASE: MAGS) today announced its consolidated financial results for the three-month period ended March 31, 2004.

Revenues for the first quarter of 2004 reached US\$14.2 million, an increase of 11 percent compared with the first quarter of 2003. Operating income reached US\$1.2 million and net income reached US\$687,000, an increase of 14 percent and 29 percent respectively compared with the first quarter of 2003.

Compared with the fourth quarter of 2003, revenues decreased by 20 percent, operating income increased by 12 percent and net income increased by 30 percent.

Operating expenses for the first quarter of 2004 reached US\$5.1 million, an increase of 17 percent compared with the same period of last year and a decrease of 26 percent compared with the fourth quarter of 2003.

Diluted earnings per share for the first quarter reached US\$0.08, an increase of 14 percent compared with the same period of last year.

Commenting on the results, Mr. Jacob Even-Ezra, Chairman of Magal, said: "Usually, our first quarter of the year is the weakest quarter, as outdoor installations are harder during the winter months. We remain pleased with the organic growth in our business and the growth in the operating income, income before tax and net income compared to the first and fourth quarters of 2003."

Mr. Even-Ezra added: " During this quarter, we launched three new products. These were the Fortis Integrated Command and Control System, the PipeGuard Pipeline Security System and the DreamBox, the All-in-One CCTV solution. Management believes that the sales of Fortis and DreamBox will start during the year 2004. Sales of the PipeGuard, we expect will start in the year 2005 due to the long trial periods associated with this product."

Mr. Even-Ezra concluded: " Based on the first quarter results, the current backlog and increased interest in our security products, we have every reason to believe that our results in the year 2004 will be better than those of 2003".

The Company will be hosting its quarterly conference call at 11:00am EDT. On the call, Mr. Jacob Even-Ezra, Chairman of the Board & CEO, and Ms. Raya Asher, V.P. Finance & CFO, will review and discuss the first quarter 2004 results. They will then be available to answer questions.

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To participate, you may listen to the webcast by accessing the link from Magal's web-site at: [www.magal-ssl.com](http://www.magal-ssl.com). Alternatively, 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: 1-866-860-9642  
Canada Dial-in Number: 1-866-485-2399  
ISRAEL Dial-in Number: 03-9180610  
INTERNATIONAL Dial-in Number: +972 3 9180610

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 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.

Revenues for fiscal year 2003 were US\$59 million, with net income of US\$2.4 million.

Magal trades under the symbol MAGS in the U.S. on the Nasdaq National Market since 1993 and in Israel 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.

Contacts:

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

	Quarter ended March 31		
	2004	2003	% change
Revenues	14,215	12,801	11%
Cost of revenues	7,945	7,400	7%
Gross Profit	6,270	5,401	16%
Operating expenses:			
Research & development, net	1,131	1,084	4%
Selling & marketing, net	2,621	1,930	36%
General & administrative	1,301	1,320	-1%
	5,053	4,334	17%
Operating income	1,217	1,067	14%
Financial expenses, net	93	331	
Income before taxes on income	1,124	736	53%
Taxes on income	437	204	
Net income	687	532	29%
Basic net earnings per share	0.09	0.07	29%
Diluted net earnings per share	0.08	0.07	14%
Weighted average ordinary shares outstanding (in thousands)	8,065	7,897	
Weighted average ordinary shares outstanding, assuming dilution (in thousands)	8,186	7,985	
	Quarter Ended March 31,		
	2004	2003	
Gross Margin (%)	44.1	42.2	
Research & development net as a % of Revenues	8.0	8.5	
Selling & Marketing as a % of Revenues	18.4	15.1	
General & Administrative as a % of Revenues	9.2	10.3	
Operating margin (%)	8.6	8.3	
Net income margin (%)	4.8	4.2	
Total Bank Debt to Total Capitalization	0.46	*0.47	
Current Ratio	2.06	*1.76	

\* As of December 31, 2003

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

	March 31, 2004 Unaudited	December 31, 2003 Audited
CURRENT ASSETS:		
Cash and cash equivalents	5,425	4,389
Short-term bank deposits	9,084	9,000
Trade receivables:	13,290	14,885
Unbilled accounts receivable	4,808	5,072
Other accounts receivable	3,145	3,332
Inventories	11,416	11,777
Deferred income taxes	931	979
Total current assets	48,099	49,434
Long term investments and trade receivables:		
Long-term trade receivables	105	300
Long-term bank deposits	3,075	3,051
Severance pay fund	1,895	1,960
Total long term investments and trade receivables	5,075	5,311
PROPERTY AND EQUIPMENT, NET	12,137	11,505
OTHER ASSETS, NET	5,159	5,193
Total assets	70,470	71,443
CURRENT LIABILITIES:		
Short-term bank credit	12,861	12,597
Current maturities of long-term bank loans	1,348	3,841
Trade payables	3,005	5,077
Other accounts payable and accrued expenses	6,116	6,518
Total current liabilities	23,330	28,033
LONG-TERM LOANS	4,342	1,873
ACCRUED SEVERANCE PAY	1,926	1,992
UNREALIZED LOSSES ON FORWARD CONTRATCS	365	561
SHAREHOLDERS' EQUITY:		
Share capital	2,717	2,683
Additional paid-in capital	24,820	24,098
Unrealized losses on forward contracts, net	(556)	(807)
Accumulated other comprehensive income	1,115	1,286
Retained earnings	12,411	11,724
Total shareholders' equity	40,507	38,984
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	70,470	71,443

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 and  
Chief Executive Officer

Date: April 28, 2004