

MAGAL SECURITY SYSTEMS LTD

Form SC 13G

February 14, 2008

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**  
**SCHEDULE 13G**  
**(Rule 13d-102)**  
**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO**  
**RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED**  
**PURSUANT TO RULE 13d-2(b)**  
**Magal Security Systems Ltd.**

(Name of Issuer)  
Ordinary Shares, NIS 1.0 per share

(Title of Class of Securities)  
M6786D104

(CUSIP Number)  
December 31, 2007

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

CUSIP No. M6786D104

13G

NAME OF REPORTING PERSONS

1

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Prescott Group Capital Management, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 539,097

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

539,097

SHARED DISPOSITIVE POWER

WITH 8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

539,097

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

**10**

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

**11**

5.2%\*\*

TYPE OF REPORTING PERSON\*

**12**

IA

\*SEE INSTRUCTIONS BEFORE FILLING OUT

\*\*SEE ITEM 4(b).

CUSIP No. M6786D104

13G

NAME OF REPORTING PERSONS

1

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Prescott Group Aggressive Small Cap, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY 6

OWNED BY 539,097

SOLE DISPOSITIVE POWER

EACH REPORTING 7

PERSON 0

SHARED DISPOSITIVE POWER

WITH 8

539,097

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

539,097

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

**10**

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

**11**

5.2%\*\*

TYPE OF REPORTING PERSON\*

**12**

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT

\*\*SEE ITEM 4(b).

CUSIP No. M6786D104

13G

NAME OF REPORTING PERSONS

1

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Prescott Group Aggressive Small Cap II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

539,097

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

0

SHARED DISPOSITIVE POWER

WITH 8

539,097

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

539,097

**10**

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

o

**11**

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.2%\*\*

**12**

TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT

\*\*SEE ITEM 4(b).



CUSIP No. M6786D104

13G

NAME OF REPORTING PERSONS

1

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Phil Frohlich

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

U.S. Citizen

SOLE VOTING POWER

5

NUMBER OF 539,097

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

539,097

SHARED DISPOSITIVE POWER

WITH 8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

539,097

**10**

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

o

**11**

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.2%\*\*

**12**

TYPE OF REPORTING PERSON\*

IN

\*SEE INSTRUCTIONS BEFORE FILLING OUT

\*\*SEE ITEM 4(b).

**SCHEDULE 13G**

This Schedule 13G (the Schedule 13G ) is being filed on behalf of Prescott Group Capital Management, L.L.C., an Oklahoma limited liability company ( Prescott Capital ), Prescott Group Aggressive Small Cap, L.P., an Oklahoma limited partnership ( Prescott Small Cap ), Prescott Group Aggressive Small Cap II, L.P., an Oklahoma limited partnership ( Prescott Small Cap II and together with Prescott Small Cap, the Small Cap Funds ) and Mr. Phil Frohlich the principal of Prescott Capital, relating to shares of Common Stock of Magal Security Systems Ltd., an Israel corporation (the Issuer ).

This Schedule 13G relates to shares of Ordinary Shares, NIS 1.0 per share, (the Common Stock ) of the Issuer purchased by the Small Cap Funds through the account of Prescott Group Aggressive Small Cap Master Fund, G.P., an Oklahoma general partnership ( Prescott Master Fund ), of which the Small Cap Funds are general partners. Prescott Capital serves as the general partner of the Small Cap Funds and may direct the Small Cap Funds, the general partners of Prescott Master Fund, to direct the vote and disposition of the 539,097 shares of Common Stock held by the Master Fund. As the principal of Prescott Capital, Mr. Frohlich may direct the vote and disposition of the 539,097 shares of Common Stock held by Prescott Master Fund.

**Item 1(a) Name of Issuer.**

Magal Security Systems Ltd.

**Item 1(b) Address of Issuer s Principal Executive Offices.**

P.O. Box 70, Industrial Zone

Yehud 56100, Israel

**Item 2(a) Name of Person Filing.**

Prescott Group Capital Management, L.L.C. ( Prescott Capital ), Prescott Group Aggressive Small Cap, L.P. ( Prescott Small Cap ), Prescott Group Aggressive Small Cap II, L.P. ( Prescott Small Cap II and together with Prescott Small Cap, the Small Cap Funds ), and Mr. Phil Frohlich.

**Item 2(b) Address of Principal Business Office, or, if none, Residence.**

1924 South Utica, Suite 1120

Tulsa, Oklahoma 74104-6529

**Item 2(c) Citizenship or Place of Organization.**

Prescott Capital is an Oklahoma limited liability company. Prescott Small Cap is an Oklahoma limited partnership. Mr. Phil Frohlich is the principal of Prescott Capital and is a U.S. citizen.

**Item 2(d) Title of Class of Securities.**

Ordinary Shares, NIS 1.0 per share (the Common Stock ).

**Item 2(e) CUSIP Number.**

M6786D104

**Item 3 Reporting Person.**

Inapplicable.

**Item 4 Ownership.**

- (a) Prescott Capital is the beneficial owner of 539,097 shares of Common Stock and Mr. Phil Frohlich is the beneficial owner of 539,097 shares of Common Stock.
- (b) Prescott Capital and Mr. Phil Frohlich are the beneficial owners of 5.2% of the outstanding shares of Common Stock. This percentage is determined by dividing 539,097 by 10,391,548, the number of shares of Common Stock issued and outstanding as of December 31, 2006, as reported in the Issuer's Form 20-F/A filed on January 22, 2008.
- (c) Prescott Capital, as the general partner of the Small Cap Funds, the general partners of Prescott Master Fund, may direct them to direct the vote and disposition of the 539,097 shares of Common Stock held by Prescott Master Fund. As the principal of Prescott Capital, Mr. Phil Frohlich may direct the vote and disposition of the 539,097 shares of Common Stock held by Prescott Master Fund.

**Item 5 Ownership of Five Percent or Less of a Class.**

Inapplicable.

**Item 6 Ownership of More Than Five Percent on Behalf of Another Person.**

Inapplicable.

**Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported On by the Parent Holding Company.**

Inapplicable.

**Item 8 Identification and Classification of Members of the Group.**

Inapplicable.

**Item 9 Notice of Dissolution of Group.**

Inapplicable.

**Item 10 Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

**Exhibits Exhibit 1**

Joint Filing Agreement dated February 14, 2008, between Prescott Capital, Prescott Small Cap and Mr. Phil Frohlich.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 14, 2008

Prescott Group Capital Management, L.L.C.

By: /s/ Phil Frohlich

PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap, L.P.

By: Prescott Group Capital Management, L.L.C.,  
its general partner

By: /s/ Phil Frohlich

PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap II, L.P.

By: Prescott Group Capital Management, L.L.C.,  
its general partner

By: /s/ Phil Frohlich

PHIL FROHLICH, Managing Member

/s/ Phil Frohlich

Phil Frohlich

9

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**EXHIBIT INDEX**

Exhibit 1 Joint Filing Agreement dated February 14, 2008, between Prescott Capital, Prescott Small Cap and Mr. Phil Frohlich.

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