



FORM 6-K

NICE SYSTEMS LTD – NICE

Filed: May 04, 2005 (period: May 04, 2005)

Report of foreign issuer rules 13a-16 and 15d-16 of the Securities Exchange Act

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For May 4,, 2005

NICE-SYSTEMS LTD.

(Translation of Registrant's Name into English)

8 Hapnina Street, P.O. Box 690, Ra'anana, Israel

(Address of Principal Executive Offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as

permitted by Regulations S–T Rule 101(b)(1):

Yes No

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Indicate by check mark if the Registrant is submitting this Form 6–K in paper as permitted by Regulation S–T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form 6–K, 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 as–signed to the Registrant in connection with Rule 12g3–2(b): 82– N/A

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THIS REPORT ON FORM 6–K IS HEREBY INCORPORATED BY REFERENCE INTO NICE–SYSTEMS LTD.'S ("NICE") REGISTRATION STATEMENTS ON FORM F–3 (REGISTRATION STATEMENT NOS. 333–12350 AND 333–12996) AND NICE'S REGISTRATION STATEMENTS ON FORM S–8 (REGISTRATION STATEMENT NOS. 333–6784, 333–8146, 333–9350, 333–11842, 333–7414, 333–9352, 333–11154 , 333–13686, 333–111112 ,333–111113 AND 333–109766), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

CONTENTS

This Report on Form 6-K of NICE consists of the following documents, which are attached hereto and incorporated by reference herein:

Press Release: Nice Systems Reports 2005 first Quarter Results.

___ 1 ___

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.

NICE-SYSTEMS LTD.

By: /s/ Ran Oz

Name: Ran Oz

Title: Corporate Vice President

And Chief Financial Officer

Dated: May 4, 2005



NICE Reports 2005 First Quarter Results

Highlights:

Q1 revenue at \$66.1 million, up 13.3% from Q1 2004

Q1 gross margin improved to 55.3%

EPS was \$0.29, up 107% from Q1 2004

Acquisition of Dictaphones CRS business on track

Ra'anana, Israel, May 4, 2005 – NICE Systems (NASDAQ: NICE), the global provider of advanced solutions that enable organizations to extract insight from interactions to drive performance, today announced results for the first quarter ending March 31, 2005.

First quarter 2005 revenue was \$66.1 million, at the upper end of the Company's guidance range. First quarter revenue represents a 13.3% increase over \$58.3 million in the same quarter of 2004.

First quarter gross margin was 55.3%, an improvement from the 53.8% reported in the first quarter of 2004.

The company reported a first quarter operating profit of \$5.4 million and operating margins of 8.2%, compared with \$2.0 million and 3.5% in the first quarter of 2004.

Net income from continuing operations, which excludes income from discontinued operations, was \$5.8 million or \$0.29 per fully diluted share in the first quarter of 2005, up from \$2.6 million or \$0.14 per fully diluted share in the same quarter of 2004. First quarter net income was \$5.8 million, or \$0.29 per fully diluted share, compared with net income of \$5.9 million, or \$0.32 per share, on a fully diluted basis, in the first quarter of 2004.

Total cash and equivalents at March 31, 2005 rose to \$185.1 million, up from \$165.9 million at December 31, 2004. DSO's for the first quarter stood at 69 days.

Commenting on the quarter, Haim Shani, Chief Executive Officer of NICE, said, "After a great year in fiscal 2004, we got off to an outstanding start in fiscal 2005. We are seeing a general growth in demand for our Insight from Interactions solutions, both in the enterprise and security sector. And as a result of the increase in demand and further to the Company's strong operating platform and business model we have achieved significant earnings growth rate and bottom line leverage."

"Last month we announced our acquisition of Dictaphone's Communications Recording Systems business, which strengthens our leadership positions in each of our key sectors, and the transaction is progressing according to plan."

"We reiterate our annual guidance, with revenues at \$295 – \$300 million and pro-forma EPS at \$1.50 – 1.60. For the second quarter of 2005, we expect to see 9%–14% growth in revenues to \$67–\$70 million from the \$61.3 million reported in the second quarter of last year. In terms of earnings, we expect a 33%–50% increase over second quarter 2004 EPS of \$0.24, to between \$0.32 and \$0.36 per share."

Conference Call

NICE will host a conference call to discuss the results and its business outlook today at 8:30 a.m. EST (15:30 Israel). The call will be broadcast live on the internet via NICE's website at www.nice.com. A telephone replay will be available for up to 72 hours after the call. The replay information: US Toll-free: 1-866-276-1485; International: +972-3-925-5930; Israel: 03-925-5930.

About NICE

NICE Systems (NASDAQ: NICE) is the leading provider of Insight from Interactions, based on advanced content analytics of telephony, web, radio and video communications. NICE's solutions improve business and operational performance, as well as security. NICE has over 15,000 customers in 100 countries, including the world's top 10 banks and 65% of the Fortune 100. More information is available at www.nice.com.

Trademark Note: 3600 View, Agent@home, Big Picture Technology, Executive Connect, Executive Insight, Experience Your Customer, Investigator, Lasting Loyalty, Listen Learn Lead, MEGACORDER, Mirra, My Universe, NICE, NiceAdvantage, NICE Analyzer, NiceCall, NiceCLS, NiceCMS, NICE Feedback, NiceFix, NiceGuard, NICE Learning, NICE Link, NiceLog, NICE Perform, ScreenSense, NiceScreen, NiceSoft, NICE Storage Center, NiceTrack, NiceUniverse, NiceUniverse LIVE, NiceVision, NiceVision Harmony, NiceVision Mobile, NiceVision Pro, NiceVision Virtual, NiceWatch, Renaissance, Secure Your Vision, Tienna, Wordnet and other product names and services mentioned herein are trademarks and registered trademarks of NICE Systems Ltd. All other registered and unregistered trademarks are the property of their respective owners.*

**Only in Australia*

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This press release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on the current expectations of the management of NICE Systems Ltd. (the Company) only, and are subject to a number of risk factors and uncertainties, including but not limited to changes in technology and market requirements, decline in demand for the Company's products, inability to timely develop and introduce new technologies, products and applications, difficulties or delays in absorbing and integrating acquired operations, products, technologies and personnel, loss of market share, pressure on pricing resulting from competition, and inability to maintain certain marketing and distribution arrangements, which could

cause the actual results or performance of the Company to differ materially from those described therein. We undertake no obligation to update these forward-looking statements. For a more detailed description of the risk factors and uncertainties affecting the company, refer to the Company's reports filed from time to time with the Securities and Exchange Commission.

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
U.S. dollars in thousands (except per share amounts)

	Three months ended March 31, 2004 Unaudited	2005 Unaudited
Revenue		
Product	\$ 41,397	\$ 47,277
Services	16,946	18,845
Total revenue	58,343	66,122
Cost of revenue		
Product	14,855	15,557
Services	12,123	13,991
Total cost of revenue	26,978	29,548
Gross Profit	31,365	36,574
Operating Expenses:		
Research and development, net	6,215	6,756
Selling and marketing	15,261	16,069
General and administrative	7,865	8,340
Total operating expenses	29,341	31,165
Operating income	2,024	5,409
Financial income, net	901	1,052
Income before taxes on income	2,925	6,461
Taxes on income	310	685
Net income from continuing operations	2,615	5,776
Net income from discontinued operation	3,236	-
Net income	\$ 5,851	\$ 5,776
Basic income per share from continuing operations	\$ 0.15	\$ 0.31
Basic income per share from discontinued operation	\$ 0.19	-
Basic income per share	\$ 0.34	\$ 0.31
Diluted income per share from continuing operations	\$ 0.14	\$ 0.29
Diluted income per share from discontinued operation	\$ 0.17	-
Diluted income per share	\$ 0.32	\$ 0.29

Weighted average number of shares
outstanding used to compute:

Basic income per share	17,107	18,411
Diluted income per share	18,568	19,861

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	December 31, 2004 Audited	March 31, 2005 Unaudited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26,579	\$ 25,420
Short-term bank deposits	175	161
Marketable securities	24,348	41,486
Trade receivables	46,407	49,365
Other receivables and prepaid expenses	7,937	8,617
Inventories	12,615	11,306
Assets of discontinued operation	652	652
Total current assets	118,713	137,007
LONG-TERM INVESTMENTS:		
Long-term marketable securities	114,805	118,024
Other long-term investments	9,410	9,324
Total long-term investments	124,215	127,348
PROPERTY AND EQUIPMENT, NET	16,981	16,247
OTHER ASSETS, NET	38,410	36,064
TOTAL ASSETS	\$ 298,319	\$ 316,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 11,975	\$ 15,037
Accrued expenses and other liabilities	55,302	59,860
Liabilities of discontinued operation	8	8
Total current liabilities	67,285	74,905

LONG-TERM LIABILITIES	8,163	8,068
SHAREHOLDERS' EQUITY	222,871	233,693
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 298,319	\$ 316,666

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS

U.S. dollars in thousands

	Three months ended	
	March 31,	2005
	2004	2005
	Unaudited	Unaudited
<u>Cash flows from operating activities:</u>		
Net income	\$ 5,851	\$ 5,776
Less income for the period from discontinued operation	(3,236)	-
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,510	3,009
Accrued severance pay, net	(9)	(49)
Amortization of discount (premium) and accrued interest on marketable securities	303	280
Decrease (increase) in trade receivables	1,541	(3,477)
Decrease (increase) in other receivables and prepaid expenses	1,145	(759)
Decrease in inventories	285	229
Increase (decrease) in trade payables	(1,598)	3,097
Increase (decrease) in accrued expenses and other liabilities	(99)	4,700
Other	11	37
Net cash provided by operating activities from continuing operations	7,704	12,843
Net cash provided by operating activities from discontinued operation	204	-
<i>Net cash provided by operating activities</i>	7,908	12,843
<u>Cash flows from investing activities:</u>		

Purchase of property and equipment	(1,838)	(1,378)
Investment in short-term bank deposits	(7)	(21)
Proceeds from short-term bank deposits	47	33
Proceeds from maturity of short-term marketable securities	7,300	83,485
Investment in short-term marketable securities	–	(95,050)
Proceeds of call of long-term held-to-maturity marketable securities	15,800	–
Investment in long-term held-to-maturity marketable securities	(35,355)	(9,072)
Capitalization of software development costs	(443)	(217)
Decrease in accrued acquisition costs	(75)	–
Payment in respect of terminated contract from TCS acquisition	(1,483)	–
Proceeds from related party in respect of TCS acquisition	4,013	2,531
Net cash used by investing activities from continuing operations	(12,041)	(19,689)
Net cash provided by investing activities from discontinued operation	4,136	–
<i>Net cash used by investing activities</i>	(7,905)	(19,689)
Cash flows from financing activities:		
Proceeds from issuance of shares and exercise of share options, net	8,022	5,703
<i>Net cash provided by financing activities</i>	8,022	5,703
Effect of exchange rate changes on cash	(6)	(16)
Increase (decrease) in cash and cash equivalents	8,019	(1,159)
Cash and cash equivalents at beginning of period	29,859	26,579
Cash and cash equivalents at end of period	\$37,878	\$25,420