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RADA ELECTRONIC INDUSTRIES LTD
Form 6-K
November 01, 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
November 2004

RADA ELECTRONIC INDUSTRIES LIMITED
(Name of Registrant)

7 Giborei Israel Street, Netanya 42504, 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 Form 6-K is being incorporated by reference into the Company's
Form F-3 Registration Statements File Nos. 333- 12074, 333-115598 and
333-117954.

RADA ELECTRONIC INDUSTRIES LTD.

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1. Press Release re RADA Electronic Industries Ltd. Q3 Financial Results - Steady Growth and Improved Margins dated November 1, 2004.

ITEM 1

Press Release

Source: Rada Electronic Industries Ltd

RADA Electronic Industries Ltd. Q3 Financial Results - Steady Growth and Improved Margins

Monday November 1, 6:15 am ET

NETANYA, Israel, November 1 /PRNewswire-FirstCall/ -- RADA Electronic Industries Ltd. (Nasdaq SmallCap: RADIF - News) today reported its financial position and results of operations for the three month ended September 30, 2004.

Third quarter 2004 revenues reached US\$3.74 million an increase of 35% compared with US\$2.77 million reported in the same period in 2003.

Gross profit reached US\$1.20 million in the third quarter of 2004, compared with US\$640,000 in the third quarter of the last year. Gross margins reached 32.1% in the third quarter of 2004 compared with gross margins of 23.1% in the same period of 2003.

Operating income reached US\$455,000 in the third quarter of 2004, compared with an operating loss of US\$34,000 in the same period last year.

For the nine-month period ended September 30, 2004, the company reported \$10.66 million in revenues, an increase of 46 percent compared to \$7.32 million for the same period of 2003.

Gross profit reached US\$2.89 million, representing a gross margin of 27.1% in the nine-month period ended September 30, 2004 compared with US\$1.56 million, representing a gross margin of 21.3% in the same period in 2003.

Operating income reached US\$762,000 in the nine-month period ended September 30, 2004 compared with an operating loss of US\$422,000 in the same period of 2003.

Financial expenses in the nine-month period ended September 30, 2004 were US\$321,000 compared with a financial income of US\$733,000 in the same period of 2003.

Net income reached US\$476,000, representing diluted net earnings per share of US\$0.02 in the nine-month period ended September 30, 2004 compared with US\$261,000, representing diluted net earnings per share of US\$0.01 in the same period of 2003.

"Our business has seen significant growth throughout 2004, with our financials showing improvements across the board. In particular, we are proud of our improving gross margins." said Adar Azancot, CEO of RADA. "We believe that our organic growth rate has stabilized at an annual rate of between 15-20%, above the industry average. Furthermore, we foresee additional growth due to

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acquisitions that we are currently looking into, as well as larger scale contracts that we are pursuing," concluded Azancot.

Conference call

The company will host a conference call to discuss these results today Monday, November 2 at 09:00 am EDT (16:00 Israel time). To participate, please call +1-866-860-9642 (U.S. toll free), or +972-3-918-0600 (International).

The conference call also will be available for replay for two days starting 11:00am EDT on the day of the call, by calling +1-866-276-1002 (U.S.) or +972-3-925-5936 (International).

About RADA

RADA Electronic Industries Ltd. is an Israel based company involved in the military and commercial aerospace industries, with 90 staff. The company specializes in Avionics, Ground Debriefing Stations (Video, ACMI and Maintenance) and Automatic Test Equipment.

Note: Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risk uncertainties and other factors include, but are not limited to, changes in general economic conditions, risks in product and technology developments, market acceptance of new products and continuing product demand, level of competition and other factors described in the Company's Annual Reports on Form 20-F and other filings with the Securities and Exchange Commission.

Contacts

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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

| | September 30, 2004 | December 31, 2003 |
|------------------------------------|--------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS | 8,699 | 5,262 |
| LONG-TERM RECEIVABLES AND DEPOSITS | 3,828 | 2,572 |

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| | | |
|--|----------|----------|
| PROPERTY AND EQUIPMENT, NET | 4,381 | 4,728 |
| OTHER ASSETS, NET | 1,843 | 1,987 |
| Total assets | 18,751 | 14,549 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | 7,041 | 7,978 |
| LONG-TERM LIABILITIES | 4,689 | 3,268 |
| MINORITY INTERESTS | 407 | 425 |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | | |
| Ordinary shares of NIS 0.005 par value - | | |
| Authorized: 45,000,000 shares at September | | |
| 30, 2004 and December 31, 2003; Issued and | | |
| outstanding: 20,417,446 and 18,510,716 | | |
| shares at September 30, 2004 and December | | |
| 31, 2003, respectively | | |
| Additional paid-in capital | 110 | 108 |
| Warrants | 61,845 | 59,139 |
| Accumulated deficit | 1,957 | 1,405 |
| Total shareholders' equity | (57,298) | (57,774) |
| Total liabilities and shareholders' equity | 6,614 | 2,878 |
| | 18,751 | 14,549 |

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

| | Nine months ended | | Three months ended | | Year ended |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | September 30, 2004 | September 30, 2003 | September 30, 2004 | September 30, 2003 | December 31, 2003 |
| Revenues: | | | | | |
| Products | 8,372 | 4,806 | 3,162 | 1,921 | 8,977 |
| Services | 2,286 | 2,515 | 578 | 853 | 3,338 |
| | 10,658 | 7,321 | 3,740 | 2,774 | 12,315 |
| Cost of revenues: | | | | | |
| Products | 6,579 | 4,323 | 2,219 | 1,639 | 6,933 |
| Services | 1,192 | 1,439 | 319 | 495 | 2,659 |
| | 7,771 | 5,762 | 2,538 | 2,134 | 9,592 |
| Gross profit | 2,887 | 1,559 | 1,202 | 640 | 2,723 |
| Operating expenses: | | | | | |
| Marketing, selling, general and administrative expenses | 2,125 | 1,981 | 747 | 674 | 2,698 |
| Operating income (loss) | 762 | (422) | 455 | (34) | 25 |
| Financial income (expenses), net | (321) | 733* | (149) | 964 | 708 |
| Other income (expenses), net | 17 | (79)* | 7 | (141) | (2) |
| | 458 | 232 | 313 | 789 | 731 |
| Minority interests in losses of subsidiary | 18 | 29 | - | 22 | 27 |
| Net income | 476 | 261 | 313 | 811 | 758 |
| Earnings per share: | | | | | |
| Basic net earnings per share | \$ 0.02 | \$ 0.01 | \$ 0.02 | \$ 0.04 | \$ 0.04 |
| Diluted net earnings per share | \$ 0.02 | \$ 0.01 | \$ 0.01 | \$ 0.04 | \$ 0.04 |

* Reclassified

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STATEMENTS OF CHANGES IN SHARHOLDERS' EQUITY
U.S. dollars in thousands, except share data

| | Number of Ordinary shares | Share capital | Additional paid-in capital | Warrants | Accumulated deficit | Total share- holders' equity |
|---|---------------------------------|------------------|----------------------------------|----------|------------------------|---------------------------------------|
| Balance at January 1, 2003 | 18,510,716 | 108 | 58,785 | 124 | (58,532) | 485 |
| Adjustment of accrual for issuance expenses | - | - | 354 | - | - | 354 |
| Fair value of warrants issued in connection with settlement of debt, net * | - | - | - | 1,267 | - | 1,267 |
| Fair value of warrants issued to suppliers | - | - | - | 14 | - | 14 |
| Net income | - | - | - | - | 758 | 758 |
| Balance at December 31, 2003 | 18,510,716 | 108 | 59,139 | 1,405 | (57,774) | 2,878 |
| Issuance of Ordinary shares, net ** | 1,864,313 | 2 | 2,624 | - | - | 2,626 |
| Issuance of warrants | - | - | - | 552 | - | 552 |
| Beneficial conversion feature on convertible note | - | - | 53 | - | - | 53 |
| Exercise of options | 42,417 | - | 29 | - | - | 29 |
| Net income | - | - | - | - | 476 | 476 |
| Balance at | | | | | | |

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September
30, 2004 20,417,446 \$ 110 \$ 61,845 \$ 1,957 \$ (57,298) \$ 6,614

- o Net of issuance expenses of approximately \$ 38 ended December 31, 2003.
- o Net of issuance expenses of approximately \$ 95 ended September 30, 2004.

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.

Rada Electronic Industries Ltd.
(Registrant)

By: /s/Herzle Bodinger

Herzle Bodinger, Chairman

Date: November 1, 2004