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BOS BETTER ONLINE SOLUTIONS LTD
Form 6-K
March 23, 2004

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a - 16 or 15d -16
of the Securities Exchange Act of 1934

For the Month of March 2004

B.O.S. BETTER ON-LINE SOLUTIONS, LTD.
(Translation of Registrant's Name into English)

100 BOS ROAD, TERADION 20179, ISRAEL
(Address of Principal Corporate 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 whether the registrant by furnishing the information contained in this form 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): N/A

THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRANT'S REGISTRATION STATEMENTS ON FORM S-8 (NOS. 333-110696, 333-100971 AND 333-11650), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

Attached hereto and incorporated by reference is the following Registrant's press release:

B.O.S. Better On-line Solutions Ltd. Announces Financial Results of Operations for the Fourth Quarter and 2003; Dated March 23, 2004.

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Signature

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.

B.O.S. Better On-Line Solutions, Ltd.
(Registrant)

By: /s/ Adiv Baruch

Adiv Baruch
President and CEO

Dated: March 23, 2004

B.O.S. - BETTER ON-LINE SOLUTIONS LTD.

B.O.S. BETTER ON-LINE SOLUTIONS LTD. ANNOUNCES FINANCIAL RESULTS OF OPERATIONS FOR THE FOURTH QUARTER AND 2003
OPERATING INCOME FROM CONTINUING SEGMENT IN THE FOURTH QUARTER OF 2003.

TERADYON, ISRAEL - March 23, 2004 - B.O.S. Better On-line Solutions Ltd. (the "Company" or "BOS") (NASDAQ: BOSC, TASE:BOS) announced today its financial results for the fourth quarter and the year 2003.

Revenues for 2003 were \$5.7 million compared to \$9.4 million in 2002 a decrease of 39% mainly due to the fact that in 2003 the Company began marketing through a master distributor and not through its subsidiaries.

The Company's research and development plan for 2003 was approved by the Office of the Chief Scientist and as a result the Company recognized \$283,000 as a reduction of its R&D costs.

Net loss for the 2003 from the continuing segment was 2.4 million (or -\$0.66 per share), compared to a net loss of \$243,000 (or -\$0.08 per share) for 2002. The net loss of year 2003 includes expenses of \$678,000 due to restructuring cost and \$840,000 due to impairment of investment in a company.

Total cash and investments were \$6.7 million as of December 31, 2003.

FOURTH QUARTER 2003 - CONSOLIDATED STATEMENT OF OPERATION (CONTINUING SEGMENT):

Net loss for the fourth quarter of 2003 from the continuing segment was \$680,000 (or -\$0.17 per share), compared to a net profit of \$122,000 (or \$0.04 per share) for the fourth quarter of 2002.

The Company reported cost of \$840,000 derived from an impairment of long-term investment in a company. Revenues for the fourth quarter of 2003 were \$1.5 million, lower than the fourth quarter of 2002 by 47%, the reduction in comparison to 2002 mainly due to the fact that in 2003 the Company began marketing through a master distributor and not through its subsidiaries.

Gross profit margin for the fourth quarter of 2003 was 74% compared to 76% for the fourth quarter of 2002.

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Operation income for the fourth quarter of 2003, excluding restructuring cost totaled \$229,000 compared to \$142,000 for the fourth quarter of 2002.

Net income from the continuing segment for the fourth quarter of 2003, excluding impairment of investment and restructuring totaled \$246,000, compared to net income of \$122,000 for the fourth quarter of 2002.

As of January 1, 2003 the Company has been preparing consolidated financial statements in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Adiv Baruch, B.O.S.' CEO stated:

"Year 2003 took in consideration the slow down that impacted the IT industry and the Telecom sector in particular, We have been able to monitor the expenses of the Company and generate positive cash flow in the fourth quarter, while continuing to support the extensive development of our VOIP products."

Edouard Cukierman the Chairman of the Board stated:

"We are continuing to progress according to our restructuring plan, while the Company generates cash from its operation. We will be able to drive the Company forward with greater focus on marketing and business development."

FOURTH QUARTER AND THE YEAR 2003 - DISCONTINUED SEGMENT

The Company discloses the financial information related to its US subsidiary, Pacific Information Systems, Inc. ("Pacinfo") in accordance with accounting standards for "discontinued operations".

The net loss from the discontinued segment for the fourth quarter of 2003 was \$78,000 (or -\$0.02 per share) compared to a net loss of \$1.35 million for the fourth quarter of 2002 (or -\$0.43 per share), and a net earning of \$2.0 million (or \$0.55 per share) for the year 2003, compared to a net loss of \$7.7 million (or -\$2.46 per share) for 2002.

Net loss from continuing and discontinued segment for the fourth quarter of 2003 was \$758,000 (or -\$0.19 per share) compared to net loss a net loss of \$1.2 million (or -\$0.39 per share) for the fourth quarter of 2002), and a net loss of \$396,000 (or -\$0.11 per share) for the year 2003, compared to a net loss of \$7.9 million (or -\$2.54 per share) for 2002.

About B.O.S.

Through its wholly owned subsidiary, BOScom, the Company develops, produces and markets multi-functional, cross-enterprise communication and networking products. Marketed under the BOSaNOVA brand, these products are renowned for their simplicity of use, quality, and reliability.

The IP Telephony line (WWW.BOSCOM.COM) offers innovative convergence migration solutions that leverage a corporation's existing equipment infrastructure.

The legacy line (www.bosweb.com) provides solutions for IBM midrange-to-PC and LAN connectivity and GUI emulation, and printing solutions that are operating system-independent.

B.O.S. (www.boscorporate.com) was established in 1990 and became a public company traded on the Nasdaq National Market in 1996 (Nasdaq:BOSC), and on the Tel Aviv Stock Market in 2002 (TASE:BOS).

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For further information, please contact:
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THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN REFLECT MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE CONTROL OF BOS, INCLUDING, BUT NOT LIMITED TO, THOSE RISKS AND UNCERTAINTIES DETAILED IN BOS' PERIODIC REPORTS AND REGISTRATION STATEMENTS FILED WITH THE U.S. SECURITIES EXCHANGE COMMISSION. BOS UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY SUCH FORWARD-LOOKING STATEMENTS TO REFLECT ANY CHANGE IN ITS EXPECTATIONS OR IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENTS MAY BE BASED, OR THAT MAY AFFECT THE LIKELIHOOD THAT ACTUAL RESULTS WILL DIFFER FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

| | DECEMBER 31, 2003 | DECEMBER 31, 2002 |
|--|----------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 3,872 | \$ 5,246 |
| Restricted cash | - | 700 |
| Short-term marketable securities | 1,014 | 768 |
| Trade receivables | 1,075 | 1,523 |
| Other accounts receivable and prepaid expenses | 317 | 433 |
| Inventories | 961 | 855 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 7,239 | 9,525 |
| | ----- | ----- |
| LONG-TERM INVESTMENTS: | | |
| Long term marketable securities | 1,862 | 2,226 |
| Long term prepaid expenses | - | 15 |
| Severance pay funds | 684 | 563 |
| Investment in a company | 3,112 | 2,042 |
| | ----- | ----- |
| TOTAL LONG-TERM INVESTMENTS | 5,658 | 4,846 |
| | ----- | ----- |
| PROPERTY AND EQUIPMENT, NET | 598 | 965 |
| | ----- | ----- |

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| | | |
|--|-----------|-----------|
| GOODWILL | 741 | 741 |
| | ----- | ----- |
| ASSETS RELATED TO DISCONTINUED SEGMENTS | 119 | 1,115 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 14,355 | \$ 17,192 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 464 | \$ 1,044 |
| Employee and payroll accruals | 404 | 717 |
| Deferred revenues | 378 | 491 |
| Accrued and other liabilities | 911 | 1,293 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 2,157 | 3,545 |
| | ----- | ----- |
| ACCRUED SEVERANCE PAY | 951 | 794 |
| | ----- | ----- |
| LIABILITIES RELATED TO DISCONTINUED SEGMENTS | 374 | 4,131 |
| | ----- | ----- |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | 4,309 | 3,690 |
| Additional paid-in capital | 43,097 | 41,169 |
| Accumulated deficit | (36,533) | (36,137) |
| | ----- | ----- |
| TOTAL SHAREHOLDERS' EQUITY | 10,873 | 8,722 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 14,355 | \$ 17,192 |
| | ===== | ===== |

CONSOLIDATED STATEMENTS OF OPERATIONS

| | THREE MONTHS ENDED | | |
|----------|--------------------|----------|-------|
| | DECEMBER 31, | | |
| | 2003 | 2002 | 20 |
| | ----- | ----- | ----- |
| | ----- | ----- | ----- |
| Revenues | \$ 1,526 | \$ 2,891 | \$ |

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| | | | |
|--|-----------|-----------|-------|
| Cost of revenues | 394 | 700 | |
| Non recurring royalty reversal | - | - | |
| | ----- | ----- | ----- |
| Gross profit | 1,132 | 2,191 | |
| | ----- | ----- | ----- |
| Operating expenses: | | | |
| Research and development | 442 | 626 | |
| Less - grants and participation | (80) | - | |
| Selling and marketing | 244 | 947 | |
| General and administrative | 297 | 476 | |
| Restructuring and related costs | 86 | - | |
| | ----- | ----- | ----- |
| Total operating expenses | 989 | 2,049 | |
| | ----- | ----- | ----- |
| Operating income (loss) | 143 | 142 | (|
| Financial income, net | 27 | 17 | |
| Other expenses, net | (850) | (37) | |
| | ----- | ----- | ----- |
| Net earning (loss) from continuing segment | (680) | 122 | (|
| | ----- | ----- | ----- |
| Net earning (loss) related to discontinued segments | (78) | (1,350) | |
| | ----- | ----- | ----- |
| Net loss | (758) | (1,228) | |
| | ===== | ===== | ===== |
| Basic and diluted net earning (loss) per share from continuing segment | \$ (0.17) | \$ 0.04 | \$ |
| | ===== | ===== | ===== |
| Basic net earning (loss) per share from discontinued segments | \$ (0.02) | \$ (0.43) | \$ |
| | ===== | ===== | ===== |
| Diluted net earning (loss) per share from discontinued segments | \$ (0.02) | \$ (0.43) | \$ |
| | ===== | ===== | ===== |
| Basic and diluted net loss per share | \$ (0.19) | \$ (0.39) | \$ |
| | ===== | ===== | ===== |
| Weighted average number of shares used in computing basic net earning (loss) per share | 3,926,268 | 3,158,661 | 3,68 |
| | ===== | ===== | ===== |
| Weighted average number of shares used in computing diluted net earning (loss) per share | 3,926,268 | 3,158,661 | 3,71 |
| | ===== | ===== | ===== |