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RADA ELECTRONIC INDUSTRIES LTD
Form 6-K
March 08, 2006

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
March 2006

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 Registrant's Form F-3
Registration Statements File Nos. 333-12074, 333-115598, 333-117954, and
333-127491 and Form S-8 Registration Statement File No. 333-111437.

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6-K Items

1. Press Release re RADA Electronic Industries Announces Full Year 2005 Results dated March 8, 2006.

ITEM 1

Press Release

Source: Rada Electronic Industries Ltd

RADA Electronic Industries Announces Full Year 2005 Results

Wednesday March 8, 7:23 am ET

NETANYA, Israel, March 8 /PRNewswire-FirstCall/ -- RADA Electronic Industries Ltd. (Nasdaq: RADI - News) today reported its financial results for the year ended December 31, 2005. The company reported a net loss of \$2.3 million or \$0.10 per share (on a fully diluted basis). This compares with net income of \$822,000, or \$0.03 per share (on a fully diluted basis), for the year ended December 31, 2004. Operating loss for the year was \$1.8 million compared with operating profit of \$1.0 million in 2004.

Revenues in 2005 were \$13.4 million, a decrease of 5% from 2004. The gross margin on sales also decreased from 27% in 2004 to 8% in 2005. The decrease in gross margin is attributed to the high percentage of development programs, which programs have a lower profit margin than the sales of pre-existing products offered by the Company.

Looking forward to 2006, we believe that the development efforts over the last three years will be reflected in additional sales during 2006. In addition to our pre-existing products of FACE (DATA Recorder) and CATS (Commercial Aviation Test Station), we now also offer off the shelf our Network Centric Digital Recorder (NCDR), Ground Debriefing Systems (GDS), Heads Up Display (HUD) Cameras, Rear Sentry Cameras and several core avionics computers. In addition we have increased our marketing efforts towards our strategic markets: US, India, and Israel. In the US we have received an order to supply NCDRs for the T-45. As a result of our acquisition in 2005 of the assets of Vectop, Ltd., which had existing sales to India, we are positioned to enter that market. We have also won a contract to supply our NCDR and HUD Camera for the Sea Harrier in India. As a result of our broader product range, we have begun to see an increasing number of RFP's that we are able to respond to with bids.

About RADA

RADA Electronic Industries Ltd. is an Israel based company involved in the military and commercial aerospace industries, with 110 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

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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.

CONSOLIDATED BALANCE SHEETS

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

| | December 31, | |
|---|---------------|---------------|
| | 2005 | 2004 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 350 | \$ 3,464 |
| Trade receivables (net of allowance for doubtful accounts of \$ 6 and \$ 221 at December 31, 2005 and 2004, respectively) | 4,920 | 1,643 |
| Other receivables and prepaid expenses | 156 | 208 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 1,396 | 1,385 |
| Inventories | 1,942 | 1,824 |
| Total current assets | 8,764 | 8,524 |
| LONG-TERM RECEIVABLES AND DEPOSITS: | | |
| Long-term receivables | 983 | 988 |
| Long-term restricted cash | 1,017 | 1,002 |
| Leasing deposits | 72 | 94 |
| Severance pay fund | 1,614 | 1,638 |
| Total long-term receivables and deposits | 3,686 | 3,722 |
| PROPERTY AND EQUIPMENT, NET | 3,931 | 4,283 |
| OTHER ASSETS: | | |
| Intangible assets, net | 2,469 | 1,709 |
| Deferred charges, net | 40 | 59 |
| Total other assets | 2,509 | 1,768 |
| Total assets | \$ 18,890 | \$ 18,297 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit and current maturities of loans | \$ 877 | \$ 14 |
| Trade payables | 1,671 | 1,080 |
| Other payables and accrued expenses | 3,217 | 3,612 |
| Deferred revenues | 50 | 488 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 391 | 1,065 |
| Total current liabilities | 6,206 | 6,259 |
| LONG-TERM LIABILITIES: | | |
| Convertible note | 2,560 | 2,346 |
| Accrued severance pay | 2,009 | 2,063 |

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| | | |
|--|-----------|-----------|
| Total long-term liabilities | 4,569 | 4,409 |
| MINORITY INTERESTS | 380 | 397 |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | | |
| Ordinary shares of NIS 0.005 par value | | |
| - Authorized: 47,500,000 and 45,000,000 | | |
| shares at December 31, 2005 and 2004, | | |
| respectively; Issued and outstanding: | | |
| 26,144,027 and 20,448,364 shares at | | |
| December 31, 2005 and 2004, respectively | | |
| Additional paid-in capital | 116 | 110 |
| Warrants | 64,579 | 61,851 |
| Accumulated deficit | 2,321 | 2,223 |
| Total shareholders' equity | (59,281) | (56,952) |
| Total liabilities and shareholders' equity | 7,735 | 7,232 |
| | \$ 18,890 | \$ 18,297 |

CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Year ended | | Three months ended | |
|--|--------------|-----------|--------------------|----------|
| | December 31, | | December 31, | |
| | 2005 | 2004 | 2005 | 2004 |
| | (unaudited) | | | |
| Revenues: | | | | |
| Products | \$ 11,303 | \$ 11,123 | \$ 3,887 | \$ 2,751 |
| Services | 2,118 | 3,037 | 363 | 751 |
| | 13,421 | 14,160 | 4,250 | 3,502 |
| Cost of revenues: | | | | |
| Products | 10,829 | 8,669 | 3,575 | 2,162 |
| Services | 1,481 | 1,618 | 387 | 354 |
| | 12,310 | 10,287 | 3,962 | 2,516 |
| Gross profit | 1,111 | 3,873 | 288 | 986 |
| Operating expenses: | | | | |
| Marketing and selling expenses | 927 | 738 | 210 | 168 |
| General and administrative expenses | 1,939 | 2,116 | 498 | 561 |
| Total operating expenses | 2,866 | 2,854 | 708 | 729 |
| Operating income (loss) | (1,755) | 1,019 | (420) | 257 |
| Financial income (expenses), net | (624) | (248) | (160) | 73 |
| Other income, net | 33 | 23 | 33 | 6 |
| | (2,346) | 794 | (547) | 336 |
| Minority interests in losses of subsidiary | 17 | 28 | 3 | 10 |

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| | | | | |
|--|------------|---------|-----------|---------|
| Net income (loss) | \$ (2,329) | \$ 822 | \$ (544) | \$ 346 |
| Net income (loss) per share: | | | | |
| Basic net income (loss) per share | \$ (0.10) | \$ 0.04 | \$ (0.02) | \$ 0.02 |
| Diluted net income (loss) per share | \$ (0.10) | \$ 0.03 | \$ (0.02) | \$ 0.01 |
| No. of shares used in computing fully diluted net income (loss) per share | 22,513 | 23,684 | 24,883 | 23,556 |

Company Contact:
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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: March 8, 2006