

ROBOGROUP TEK LTD
Form 6-K
August 04, 2005

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 August 2005

ROBOGROUP T.E.K. LTD.

(Name of Registrant)

Rechov Hamelacha 13, Afeq Industrial Estate, Rosh HaAyin 48091 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- _____

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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.

ROBOGROUP T.E.K. LTD.
(Registrant)

By: /s/ Rafael Aravot

Rafael Aravot
Chairman of the Board and CEO

Date: August 4, 2005

For Immediate Release

RoboGroup Announces Net Profit and 27% Increase in Revenues in Second-Quarter 2005

RoboGroup's Board Approved Voluntarily Deregistration and Delisting from the NASDAQ SmallCap Market

ROSH HA AYIN, Israel, August 4, 2005 RoboGroup T.E.K. Ltd. (Nasdaq: ROBO) today reported second-quarter and first-half 2005 financial results. Revenues for the second quarter increased by 27% to NIS 16.9 million (US\$3.7 million) from NIS 13.3 million (US\$2.9 million) for the comparable quarter in 2004. Gross profit for the second quarter was NIS 8.1 million (US\$1.8 million) compared with NIS 5.9 million (US\$1.3 million) for the comparable period in 2004.

The company reported second-quarter net profit of NIS 0.4 million (US\$0.1 million) compared with a net loss of NIS 2.9 million (US\$0.6 million) in second-quarter of 2004. Backlog, as of June 30, 2005 increased significantly to NIS 13.5 million (US\$3 million) from NIS 7.9 million (US\$1.7) as of June 30, 2004.

Revenues for the six month period totaled NIS 27.8 million (US\$6.1 million) compared with NIS 27.7 million (US\$6.1 million) for the comparable period in 2004. The net loss for the six month period decreased significantly to NIS 2.2 million (US\$0.5 million) from NIS 5.8 million (US\$1.3 million) in the comparable period in 2004.

Rafael Aravot, chief executive officer of RoboGroup, commented: I am pleased with our second quarter results. In addition to generating higher revenues and increased backlog, we managed to keep our cost level low as a result of the efficiency improvement measures we have implemented during the last quarters, and we achieved net profit. Looking forward, we plan to focus on realizing the full potential of the market opportunities, while continuing to focus our attention on operating efficiency, thereby maximizing revenues while controlling costs .

Deregistration and delisting from the NASDAQ SmallCap Market

The Company's board of directors today resolved to voluntarily deregister the Company's shares under the Securities Exchange Act of 1934 and upon deregistration, to delist from the NASDAQ SmallCap Market. To deregister its ordinary shares, the Company will file a Form 15 with the SEC thereby suspending its obligations for filing annual and other reports with the SEC. The Company intends to seek authorization from NASDAQ to maintain the listing of its shares on the NASDAQ SmallCap Market for the period of 90 days from the filing of the Form 15, or such shorter period until the deregistration of its shares becomes effective, and will undertake to continue file reports on a voluntary basis until delisting. In its decision, the Company's board resolved to authorize RoboGroup's management to determine the exact timing for filing the Form 15 and to take all measures and acts required for the implementation of the deregistration and delisting process. Subject to the SEC's review, the Company anticipates completing the process within 90-days.

The board's plan to deregister and delist its ordinary shares was made after careful consideration of the advantages and disadvantages of continuing the Company's share registration in the United States and the rising costs and demands on management time arising in connection with SEC and NASDAQ compliance requirements. The Company's board believes that the current burdens associated with being a reporting company under the 1934 Act, including the recent obligations arising under the provisions of the Sarbanes-Oxley Act of 2002 outweigh the advantages of being traded both in the US and in Israel. The board estimates that the deregistration and delisting will achieve a substantial reduction in the Company's annual expenses associated with being a reporting company in the US.

The Company's shares shall continue to trade on the Tel Aviv Stock Exchange and the Company will continue to issue periodic and other reports in accordance with the rules and regulations of the Israeli Securities Authority.

In the opinion of the Company's board, the delisting and deregistration will benefit the Company and all of its shareholders, including its US shareholders, who will be able to continue to trade the Company's shares on the Tel-Aviv Stock Exchange.

Mr. Aravot commented on the delisting decision: As part of our cost control efforts our Board approved the voluntarily delisting and deregistration of our shares from the Nasdaq SmallCap market. We believe that this step will significantly reduce reporting-related expenses, avoid potentially higher future expenses, enable our management to focus more of its time on operating the Company, and create greater value for our shareholders

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A complete Directors Report for the second quarter of 2005 is available on the Company's Website at <http://www.robo-group.com> or as a PDF file upon request. Please contact Ayelet Shiloni at Integrated IR, toll-free +1-866-447-8633.

RoboGroup

RoboGroup and its subsidiaries are engaged in two major fields of activity. The first is the field of education devoted to RoboGroup's training products and e-learning systems. RoboGroup is a world leader in engineering and manufacturing technology training systems. The Company is market driven, deriving its growth from technological leadership, strong partnerships and management expertise. The other field of activity is the development, manufacturing and marketing of motion control products for the industrial market, which is performed through the Company's subsidiary, Yaskawa Eshed Technologies (YET). For more information, visit <http://www.robo-group.com>.

To the extent that this press release discusses expectations about market conditions or about market acceptance and future sales of the Company's products, or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause results to differ materially from the statements made. These factors include the rapidly changing technology and evolving standards in the industries in which the Company and its subsidiaries operate, risks associated with the acceptance of new products by individual customers and by the market place and other factors discussed in the business description and management discussion and analysis sections of the Company's Annual Report on Form 20-F.

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RoboGroup T.E.K. Limited

Directors' Report for Six-Month Period Ended June 30, 2005

We are pleased to present the Directors' Report on the financial condition of the Company for the six month period ended June 30, 2005.

1. Main data out of the Company's business description

The Company engages, by itself and through its subsidiaries (the Company and its subsidiaries, hereinafter: **The Group**), in two major fields of activity:

- 1.1 The first field of activity is the Company's traditional field of activity – the field of education, performed mainly abroad but also in Israel. The Company's activities in the field of education includes research and development, operation, marketing and sales of the Company's products, and the sale and to a much smaller degree the marketing of third party products to the training and education markets in Israel. Overseas, this activity is performed mainly through the Company and its U.S. subsidiary, Intelitek Inc. In Israel, the activity is performed through the Company and its subsidiary, Robotec Technologies Ltd.
- 1.2 The second field of activity is industrial motion control. The Group engages, through its subsidiary, Yaskawa Eshed Technology Ltd (**YET**), in the development, manufacturing and marketing of industrial motion controllers for motorized systems, marketed to the international and domestic industrial markets. The motion controllers are electronic systems with embedded software whose function is to supervise the process of regular, day to day operation of machines and motors of various kinds and sizes.

Data and developments that have occurred in the six month period ended June 30, 2005

For the three months ended June 30, 2005 the Company recorded net profits of approximately NIS 0.4 million and positive cash flows from operating activities in the amount of approximately NIS 1.1 million, compared to net losses of approximately NIS 2.9 million and negative cash flows from operating activities of approximately NIS 5.5 million for the three months ended June 30, 2004.

The Company's return to profit in the second quarter of 2005, resulted from an increase in sales compared to the corresponding period of 2004 and from a reduction in expenses compared to the corresponding period of 2004..

For the six months ended June 30, 2005 the Company incurred net losses of approximately NIS 2.2 million and had positive cash flows from operating activities in the amount of approximately NIS 0.1 million compared to net losses of approximately NIS 5.8 million and negative cash flows from operating activities in the amount of approximately NIS 7.9 million for the six months ended June 30, 2004.

In the years ended December 31, 2004 and 2003, the Company incurred net losses of approximately NIS 8 million and NIS 18 million, respectively. In addition, during those two years the Company's negative cash flows from operating activities were approximately NIS 6 million and NIS 9 million, respectively.

RoboGroup T.E.K. Limited

Directors' Report for Six-Month Period Ended June 30, 2005

As part of the Company's efforts to reduce expenses, the Company's management took steps to consolidate activities, reduce manpower, reduce salary costs of senior executives and cut general expenses.

As a result of the foregoing, the Company's losses in 2004 and in the first quarter of 2005 were reduced, compared with the corresponding periods in the previous years, and it turned to profit in the second quarter of 2005.

Events after balance sheet date decision regarding deregistration and delisting from the NASDAQ SmallCap Market

On August 3, 2005, the Company's board of directors resolved to voluntarily deregister the Company's shares under the Securities Exchange Act of 1934 and to delist from the NASDAQ Small Cap Market. To deregister its ordinary shares, the Company will file a Form 15 with the SEC thereby suspending its obligations for filing annual and other reports with the SEC. The Company intends to seek authorization from NASDAQ to maintain the listing of its shares on the NASDAQ SmallCap Market for the period of 90 days from the filing of the Form 15, or such shorter period until the deregistration of its shares becomes effective, and will undertake to continue file reports on a voluntary basis until delisting.

In its decision, the Company's board resolved to authorize RoboGroup's management to determine the exact timing for filing the Form 15 and to take all measures and acts required for the implementation of the deregistration and delisting process. Subject to the SEC's review, the Company anticipates completing the process within 90-days. The Company's shares shall continue to trade on the Tel Aviv Stock Exchange and the Company will continue to issue periodic and other reports in accordance with the rules and regulations of the Israeli Securities Authority.

For additional details regarding this issue, see immediate disclosure filed by the Company on August 4, 2005.

Backlog of Orders

The Company's backlog of orders as of June 30, 2005 was approximately NIS 13.5 million, compared to approximately NIS 7.9 million at June 30, 2004.

Previous names of the Company

The Company's name at the time of incorporation was Robotec (GAL) Industrial Robot Technologies Ltd. In 1983, the Company changed its name to Eshed Robotec (1982) Ltd., and in 2000, the Company changed its name to RoboGroup T.E.K. Ltd.

RoboGroup T.E.K. Limited

Directors' Report for Six-Month Period Ended June 30, 2005

2. Financial Results

Sales

The Company's revenues for the second quarter of 2005 totaled approximately NIS 16.9 million, compared with NIS 13.3 million for the corresponding period of 2004.

The Company's revenues for the six months ended June 30, 2005 amounted to approximately NIS 27.8 million, as compared to approximately NIS 27.7 million for the corresponding period of 2004.

The increase in revenues in the second quarter of 2005, stemmed from an increase in sales of the Company's products in the education activity field, in the sum of approximately NIS 3 million and from an increase of approximately NIS 0.5 million in the Company's revenues in the industrial motion control field.

Gross profit

The Company's gross profit for the second quarter of 2005 totaled approximately NIS 8.1 million (approximately 48% of sales), compared with approximately NIS 5.9 million (approximately 44% of sales) for the corresponding period of 2004.

The Company's gross profit for the six months ended June 30, 2005 was approximately NIS 12.3 million (44% of the total revenues), compared to approximately NIS 12 million (44% of the total revenues) for the corresponding period of 2004.

Research and development expenses, net

Research and development expenses, net, for the second quarter of 2005 totaled approximately NIS 1.6 million, compared with approximately NIS 2 million for the corresponding period of 2004.

Research and development expenses, net, for the six months ended June 30, 2005 were approximately NIS 3.3 million as compared to approximately NIS 4.3 million for the corresponding period of 2004.

The decrease in research and development expenses stemmed mainly from a reduction in the Company's development expenses of the education activity field.

Sales and marketing expenses

Sales and marketing expenses for the second quarter of 2005 totaled approximately NIS 3.3 million, compared with approximately NIS 3.3 million for the corresponding period of 2004.

Sales and marketing expenses for the six months ended June 30, 2005 were approximately NIS 6.3 million as compared to approximately NIS 7.1 million for the corresponding period of 2004. The decrease in sales and marketing expenses in the six months ended June 30, 2005 is attributed mainly to the reduction in the Company's marketing expenses in the education activity field, which was offset partially by an increase in its sales and marketing expenses in the industrial motion control field.

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Directors' Report for Six-Month Period Ended June 30, 2005

General and administrative expenses

General and administrative expenses for the second quarter of 2005 totaled approximately NIS 2 million, compared with approximately NIS 2.5 million for the corresponding period of 2004.

General and administrative expenses for the six months ended June 30, 2005 were approximately NIS 3.9 million as compared to approximately NIS 5 million for the corresponding period of 2004.

The reduction in administrative expenses stemmed mainly from a reduction in general and administrative expenses in the education activity field.

Operating income (loss)

The operating income for the second quarter of 2005 totaled approximately NIS 1.2 million, compared with an operating loss of approximately NIS 1.9 million for the corresponding period of 2004.

The Company's operating loss for the six months ended June 30, 2005 was approximately NIS 1.3 million as compared to approximately NIS 4.3 million for the corresponding period of 2004.

Financial income (expenses), net

Financial expenses, net, for the second quarter of 2005 totaled approximately NIS 0.3 million, representing no change from the corresponding period of 2004.

The financial expenses, net, for the six months ended June 30, 2005 were approximately NIS 0.4 million as compared to approximately NIS 1.1 million for the corresponding period of 2004.

The decrease in financial expenses was mainly due to a reduction in exchange rate differences.

Other income (expenses), net

Other expenses, net, for the second quarter of 2005 totaled approximately NIS 0.3 million, compared with other income, net, of approximately NIS 0.5 million for the corresponding period of 2004.

The decrease is attributed mainly to a write-off of prepaid issuance expenses of approximately NIS 0.6 million in the second quarter of 2005, and to a reduction in income net of expenses from renting space in the Company's building in Rosh Ha Ayin.

Income (loss) before tax

The income before tax for the second quarter of 2005 totaled approximately NIS 0.5 million, compared with a loss before tax of approximately NIS 2 million for the corresponding period of 2004.

The loss before tax for the six months ended June 30, 2005 was approximately NIS 2 million as compared to approximately NIS 4.9 million for the corresponding period of 2004.

Taxes on income

The tax expenses for the second quarter of 2005 totaled approximately NIS 0.2 million, compared to approximately NIS 0.9 million for the corresponding period of 2004.

Tax expenses for the six months ended June 30, 2005 were approximately NIS 0.3 million as compared to approximately NIS 0.9 million for the corresponding period of 2004.

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Directors' Report for Six-Month Period Ended June 30, 2005

Tax expenses for the six months ended June 30, 2005 stemmed mainly from the industrial motion control field.

Net income (loss)

The Company's net income for the second quarter of 2005 totaled approximately NIS 0.4 million, compared with a net loss of approximately NIS 2.9 million for the corresponding period of 2004.

The Company's net loss for the six months ended June 30, 2005 was approximately NIS 2.2 million as compared to approximately NIS 5.8 million for the corresponding period of 2004.

3. The Financial Position of the Company

- a) The Company's assets as of June 30, 2005 totaled approximately NIS 72.2 million, compared to approximately NIS 72 million at December 31, 2004.
- b) The Company's equity was approximately NIS 21 million at June 30, 2005, compared with approximately NIS 23.1 million as at December 31, 2004. The decrease in equity was mainly due to the Company's net loss of approximately NIS 2.2 million for the six months ended June 30, 2005.

4. Liquidity

- a) The Company's cash and cash equivalents at June 30, 2005 were approximately NIS 7 million as compared to approximately NIS 7 million at December 31, 2004.

b) Cash flows from operating activities:

In the six months ended June 30, 2005 the Company had a surplus from operating activities of approximately NIS 0.1 million as compared to a deficit from operating activities of approximately NIS 7.9 million in the corresponding period of 2004.

c) Cash flows used in investing activities:

In the six months ended June 30, 2005 the Company invested approximately NIS 0.1 million in fixed assets as compared to approximately NIS 0.6 million in the corresponding period of 2004.

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Directors' Report for Six-Month Period Ended June 30, 2005

d) Cash flows from financing activities:

In the six months ended June 30, 2005 the Company had a deficit from financing activities of approximately NIS 0.4 million as compared to a surplus of approximately NIS 0.7 million in the corresponding period of 2004.

5. Sources of Financing

- a) The Company's current ratio was 1.02 at June 30, 2005, compared with 1.08 at the end of 2004. The Company's quick ratio was 0.68 at June 30, 2005 compared with 0.78 at December 31, 2004.
- b) The Company's shareholders' equity of approximately NIS 21 million at June 30, 2005, accounted for approximately 29% of its total balance sheet, in comparison to shareholders' equity of approximately NIS 23.1 million that accounted for approximately 32% of the company's balance sheet at December 31, 2004.
- c) The average amount of credit provided to the Company's customers in the six months ended June 30, 2005 was approximately NIS 14.6 million and the average credit the Company obtained from its suppliers and service providers was approximately NIS 6.5 million, as compared with approximately NIS 14.2 million and approximately NIS 5.6 million, respectively, in 2004.
- d) The average amount of short-term credit from banks in the six months ended June 30, 2005 was approximately NIS 15.7 million as compared with approximately NIS 15.6 million in 2004.
- e) The average amount of long-term bank credit in the six months ended June 30, 2005 was approximately NIS 16.6 million as compared with approximately NIS 17.3 million in 2004.

6. Exposure to and Management of Market Risks

No significant changes occurred during the period covered by this report in the Company's exposure to market risks and their management relative to the Company's report on this issue in the Director's report on the period ending December 31, 2004.

RoboGroup T.E.K. Limited

Directors' Report for Six-Month Period Ended June 30, 2005

Linked Balances:

June 30, 2005								
Linked to US dollar	Linked to Euro	Linked to Japanese Yen	Linked to Swiss Franks	Linked to the CPI	Unlinked	Autonomous Unit & Non-monetary items	Total	
NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	
Assets								
Cash and cash equivalents	5,540	717	13	-	-	675	31	6,976
Short-term investments	61	-	-	-	-	-	-	61
Trade receivables	2,119	635	-	-	-	3,171	8,033	14,008
Other receivables and debit balances	19	8	-	-	-	2,467	195	2,689
Inventories	-	-	-	-	-	-	11,683	11,683
Funds in respect of employee rights upon retirement, net	-	-	-	-	-	836	-	836
Fixed assets, net	-	-	-	-	-	-	35,527	35,527
Other assets and deferred expenses	-	-	-	-	-	-	404	404
	<u>7,739</u>	<u>1,360</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>7,149</u>	<u>55,923</u>	<u>72,184</u>
Liabilities								
Short-term bank credits	736	-	645	2,496	1,158	8,171	2,994	16,200
Trade payables	298	56	641	-	-	3,344	2,741	7,080
Other payables and credit balances	4,162	-	-	-	-	6,397	957	11,516
Long-term loans	5,707	-	4,996	-	5,376	-	-	16,079
Deferred taxes	-	-	-	-	-	134	-	134
Liability for termination of employee/employer relationship, net	-	-	-	-	-	184	-	184
	<u>10,903</u>	<u>56</u>	<u>6,282</u>	<u>2,496</u>	<u>6,534</u>	<u>18,230</u>	<u>6,692</u>	<u>51,193</u>
Excess of assets (liabilities)	<u>(3,164)</u>	<u>1,304</u>	<u>(6,269)</u>	<u>(2,496)</u>	<u>(6,534)</u>	<u>(11,081)</u>	<u>49,231</u>	<u>20,991</u>

RoboGroup T.E.K. Limited*Directors' Report for Six-Month Period Ended June 30, 2005***Linked Balances (cont.)**

December 31, 2004

	Linked to US dollar	Linked to Euro	Linked to Japanese Yen	Linked to Swiss Franks	Linked to the CPI	Unlinked	Autonomous Unit & Non-monetary items	Total
	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)	NIS (K)
Assets								
Cash and cash equivalents	4,842	990	-	-	-	870	255	6,957
Short-term investments	99	-	-	-	-	-	-	99
Trade receivables	5,893	1,493	-	-	-	2,205	5,691	15,282
Other receivables and debit balances	40	-	-	-	-	1,811	242	2,093
Inventories	-	-	-	-	-	-	9,372	9,372
Funds in respect of employee rights upon retirement, net	-	-	-	-	-	563	-	563
Fixed assets, net	-	-	-	-	-	-	36,548	36,548
Other assets and deferred expenses	-	-	-	-	-	-	-	-