
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

Dated March 30, 2004

Commission File Number 333-100683

BARAN GROUP LTD.

(Translation of Registrant's name into English)

Baran House
8 Omarim St. Industrial Park
Omer 84965
ISRAEL

(Address of Principal Corporate Offices)

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 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 ☒



BARAN GROUP LTD.
Form 6-K

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**BARAN GROUP REPORTS FOURTH QUARTER AND YEAR END 2003
FINANCIAL RESULTS**

NEW YORK, NY - March 30, 2004 - The Baran Group Ltd. (NASDAQ, TASE: BRAN) announced its results of operations for the year ended December 31, 2003. a full and detailed report will be published in the Form 20-F in the coming month.

All U.S. \$ figures are adjusted to December 31, 2003 exchange rate.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

Convenience translation into thousands of
U.S. dollars

December
31,
2002

December
31,
2003

CURRENT ASSETS:

| | | |
|-----------------------------|--------|--------|
| Cash and cash equivalents | 20,615 | 14,680 |
| Short-term investment | 19,691 | 14,574 |
| Restricted Cash | 318 | 300 |
| Account receivable | 58,703 | 52,916 |
| Trade and income receivable | | |
| Other | 10,640 | 11,227 |
| Inventories | 2,098 | 3,763 |

| | | |
|----------------------|---------|--------|
| Total current assets | 112,065 | 97,460 |
|----------------------|---------|--------|

INVESTMENTS, LOANS AND
LONG-TERM RECEIVABLES:

| | | |
|--|-------|-------|
| Investments in associated companies | 6,124 | 5,521 |
| Other investments, loans and long-term receivable | 6,363 | 2,884 |
| Deferred income taxes | 356 | 393 |

| | | |
|--|--------|-------|
| | 12,843 | 8,798 |
|--|--------|-------|

LAND AND BUILDINGS FOR LEASE

| | | |
|--|--------|--------|
| Cost | 15,779 | 16,349 |
| Less- accumulated depreciation and amortization | 1,685 | 2,101 |

| | | |
|--|--------|--------|
| | 14,094 | 14,248 |
|--|--------|--------|

FIXED ASSETS

| | | |
|--|--------|--------|
| Cost | 33,588 | 34,332 |
| Less- accumulated depreciation and amortization | 17,103 | 19,309 |

| | | |
|--|--------|--------|
| | 16,485 | 15,023 |
|--|--------|--------|

GOODWILL,

| | | |
|---------------------------------|--------|--------|
| net of accumulated amortization | 22,210 | 11,694 |
|---------------------------------|--------|--------|

OTHER INTANGIBLE ASSETS, net of
Accumulated amortization

| | | |
|--|-------|-----|
| | 1,371 | 600 |
|--|-------|-----|

| | |
|----------------|----------------|
| 179,068 | 147,823 |
|----------------|----------------|

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|----------------------------------|--------|--------|
| Short-term credit and bank loans | 22,641 | 30,765 |
| Accounts payable and accruals | | |
| Trade | 22,182 | 15,456 |
| Other | 35,551 | 25,773 |

| | | |
|---------------------------|--------|--------|
| Total current liabilities | 80,374 | 71,994 |
|---------------------------|--------|--------|

LONG-TERM LIABILITIES

| | | |
|--|--------|--------|
| Liability-for employee rights upon retirement, net of amount funded | 1,309 | 1,163 |
| Bank loans, net of current maturities | 37,390 | 31,939 |
| Capital notes issued to minority Shareholders of a subsidiary, net | 2,500 | 2,449 |
| Deferred income taxes | 11 | 5 |

| | | |
|-----------------------------|--------|--------|
| Total long-term liabilities | 41,210 | 35,556 |
|-----------------------------|--------|--------|

| | | |
|---|----------------|----------------|
| MINORITY INTERESTS | 2,045 | 2,394 |
| SHAREHOLDERS' EQUITY | 55,439 | 37,879 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 179,068 | 147,823 |

Baran Group Ltd.
FINANCIAL HIGHLIGHTS
In thousands, except share and per share information)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Convenience translation from adjusted NIS
into thousands U.S. dollars

For the Year ended December 31

| | 2001 | 2002 | 2003 |
|--|---------------|---------------|-----------------|
| Revenues | 230,867 | 203,339 | 158,814 |
| Cost of Sales | 190,119 | 172,219 | 142,536 |
| Gross Profit | 40,748 | 31,120 | 16,278 |
| % Gross Profit | 18% | 15% | 10% |
| Research and Development Expenses, net | 836 | 1,370 | 295 |
| Selling and Marketing, net | 2,166 | 5,291 | 4,669 |
| General and Administrative | 13,488 | 11,986 | 16,727 |
| Operating Profit | 24,258 | 12,473 | (5,413) |
| % Operating Profit | 11% | 6% | - |
| Financing Income (Expenses) | 1,785 | (3,911) | (2,295) |
| Other Income (Expenses) | 94 | 237 | 167 |
| Goodwill impairment | - | - | (8,290) |
| Income before Taxes | 26,137 | 8,799 | (15,831) |
| Taxes on Income | 10,161 | 3,871 | 2,244 |
| Income after Taxes on Income | 15,976 | 4,928 | (18,075) |
| Share in Profits of Associated Companies | (725) | 237 | (141) |
| Minority Interest in Loss (Profits) | 131 | 489 | 569 |
| Net Income | 15,382 | 5,654 | (17,647) |
| Earning per Share - basic and diluted | 2.035 | 0.73 | (2.2) |

BARAN GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Convenience translation from adjusted NIS
into
thousands U.S. dollars

Year ended December

2001 2002 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | | |
|---|--------|----------|----------|
| Net income for the period | 15,382 | 5,654 | (17,647) |
| Adjustments to reconcile net income to net cash provided by operating activities: | 19,476 | (40,263) | 3,191 |
| Net cash provided by (used in) operating activities | 34,858 | (34,609) | (14,456) |

**CASH FLOWS FROM INVESTING
ACTIVITIES:**

| | | | |
|---|---------|----------|---------|
| Purchase of fixed assets and buildings for sale | (4,950) | (4,730) | (2,451) |
| Proceeds from sale of investments in an associated company | | | 210 |
| Acquisition of subsidiaries consolidated for the first time | (2,520) | (2,367) | 82 |
| Sale of investment designed for sale | | | 1,122 |
| Investment in associated companies | (225) | (181) | |
| Other investments acquired | (58) | | |
| Proceeds from sale of fixed assets | 1,052 | 996 | 992 |
| Decrease (increase) in short-term deposits, net | 1,351 | 200 | (991) |
| Increase in restricted cash | | (318) | |
| Sale (purchase) of short-term marketable securities, net | (89) | (19,145) | 7,681 |
| Increase in long term deposits | (2,490) | | (159) |
| Grant of long-term loan | | (124) | (55) |
| Net cash provided by (used in) investing activities | (7,929) | (25,669) | 6,431 |

BARAN GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Convenience translation from adjusted NIS into
thousands U.S. dollars

Year ended December

2001 2002 2003

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | | |
|---|---------|---------|---------|
| Issuance of restricted shares | 45 | | |
| Long-term bank loans received | 5,838 | 34,706 | 332 |
| Repayment of long-term bank loans | (6,168) | (1,812) | (6,121) |
| Dividend paid | (7,322) | (2,990) | |
| Dividend paid to minority shareholders in consolidated subsidiary | | | (50) |
| Short-term bank credit - net | 6,472 | 161 | 1,390 |
| Short-term bank loans - net | 1,705 | 1,288 | 6,249 |
| Cost of acquisition of company shares held by a subsidiary | | (399) | |
| Capital note issued to minority in a subsidiary | | | 556 |
| Net cash provided by (used in) financing activities | 570 | 30,954 | 2,356 |

TRANSLATION DIFFERENCES ON CASH BALANCES OF A SUBSIDIARY OPERATING INDEPENDENTLY

| | | |
|-----|----|-------|
| (2) | 22 | (266) |
|-----|----|-------|

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | | |
|--------|----------|---------|
| 27,497 | (29,302) | (5,935) |
|--------|----------|---------|

BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

| | | |
|--------|--------|--------|
| 22,420 | 49,917 | 20,615 |
|--------|--------|--------|

BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD

| | | |
|--------|--------|--------|
| 49,917 | 20,615 | 14,680 |
|--------|--------|--------|

A full and detailed discussion of Baran Group Ltd. activities for the year ended December 31, 2003, will be included in the forthcoming Form 20-F.

Full Year 2003

- For the 2003 full-year period, the Company reported revenue of \$159 million, compared to revenue of \$203 million in the year ago period, a decrease of 22%.
- In 2003 gross profit was \$16.3 million, compared with gross profit of \$ 31.1 million in 2002, a decrease of 48%. As a percentage of revenues, gross profit in the 2003 were 10% compared to 15% in 2002.
- Operating income in 2003 declined to a loss of (\$5.4) million from operating income of \$12.5 million a year ago.
- Income before taxes declined to loss of (\$15.8) million from an income of \$8.8 million in 2002.
- The Company reported net loss of (\$17.6) million in 2003, or (\$2.2) per share, compared to net income of \$5.6 million, or \$0.73 per share, in 2002.

The decrease in revenues is mainly attributable to the local and worldwide recession, economic downturn, and to political changes and dominant presence of governmental entities in the infrastructure market in Israel, which resulted in the slowdown of large-scale projects that Baran has already retained.

Additionally, the decrease in revenues is also influenced by the completion of large scaled projects mainly in the Industry and Communication divisions and the fact that several existing and future large scaled infrastructure projects are suspended or postponed.

Another significant reason influencing the decrease in revenues is the severe and extensive difficulties arisen during the last quarter of 2003, in one of Baran's large scaled projects; Baran recorded an accrual for additional costs of the project of approximately \$1.4 million. Some of the difficulties may have further future implications and Baran and its partners are operating to resolve them.

Furthermore, Baran's activity in the United States lagged behind the income target and its planned work budget and incurred losses during 2003. Additionally, in connection with the annual review of assets required by FAS 142 issued by the Financial Accounting Standard Board, as well as the IFAS 15 issued by the Israeli Financial Accounting Standard, Baran determined to writ down approximately \$8.3 million of its goodwill and its amortization, resulting mainly of Baran Telecom Inc (Baran's US subsidiary) goodwill impairment.

Liquidity and capital resource

Baran generated negative cash flow in the year ended December 31, 2003 in the amount of \$14.5 as compared to a \$34.6 negative cash flow in the year ended December 31, 2002. Baran's primary source of funds in 2001 was cash generated from operations and retained earnings. However, in the years 2002 and 2003 during which the Baran suffered negative cash flow, Baran used past cash surplus as well as bank credit as its main financing source.

Financial information by divisional classification

Baran currently operates through four divisions since the end of 2003. Each division's relative contribution to the aggregate revenues of Baran during the years 2001, 2002 and 2003, was as follows:

| Division | 2003 | 2002* | 2001* |
|----------------------------------|-------------|--------------|--------------|
| Communications Division | 34% | 38% | 42% |
| Civil Engineering Division | 8% | 5% | 3% |
| Industry Division | 19% | 30% | 44% |
| Technology and Services Division | 39% | 27% | 11% |
| Total | 100% | 100% | 100% |
| Revenues | \$ 159M | \$ 203M | \$ 231M |

(*) The relative contribution ascribed to each division during these years is estimated, based on the assumption that the divisional structure of Baran during the years 2002 and 2001 is similar to the divisional structure in the year of 2003.

Geographical breakdown of Baran's revenues for the years ended December 2003, 2002 and 2001 was as follows:

| Division | 2003 | 2002 | 2001 |
|-----------------------|-------------|-------------|-------------|
| Israel | 74% | 71% | 91% |
| Europe | 10% | 21% | 8.5% |
| USA | 14% | 4% | 0.5% |
| The rest of the world | 2% | 4% | 0 |
| Total | 100% | 100% | 100% |

Baran intends to expand its international operations to approximately 40% of its total operations in 2004, compared with 26% in 2003 and approximately 29% in 2002.

About the Baran Group

The Baran Group, Ltd. is a global provider of engineering, technology and construction solutions. The Company provides full-service, turnkey engineering and technological planning and production services to a broad range of industries through four professional divisions: communications, civil engineering, industry and technology and services. Baran specializes in handling complex and challenging projects, offering creative and unconventional solutions, and customizing projects to clients' real needs. Baran's services include feasibility & planning, detailed engineering, procurement, project management, facility management, and construction management.

For more information about the Baran Group, visit www.barangroup.com.

The information contained in this news release, other than historical information, consists of forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. These statements may involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors, including general economic conditions, consumer spending levels, adverse weather conditions and other factors could cause actual results to differ materially from the Company's expectations.

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.

BARAN GROUP LTD.

BY: /S/ Sasson Shilo

Sasson Shilo
Chief Financial Officer

Date: 30 March, 2004
