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BOS BETTER ONLINE SOLUTIONS LTD

Form 6-K

May 17, 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 May 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333-100971 AND 333-11650), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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 First Quarter of 2004; Dated May 17, 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: May 17, 2004

B.O.S. BETTER ON-LINE SOLUTIONS LTD. ANNOUNCES FINANCIAL RESULTS OF OPERATIONS FOR THE FIRST QUARTER OF 2004

TERADYON, ISRAEL - May 17, 2004 - B.O.S. Better On-line Solutions Ltd. (the "Company" or "BOS") (NASDAQ: BOSC, TASE:BOS) announced today its financial results for the quarter ended March 31, 2004.

FIRST QUARTER 2004 - CONSOLIDATED STATEMENT OF OPERATION - CONTINUING SEGMENT:

Results of operations for the first quarter of year 2004 reflected the reorganization made during the second half of year 2003. The major actions that were taken were a) marketing our products through distributors in Europe instead of marketing through subsidiaries, which decreased the revenues and the gross profit due to the distributors' margin, and b) reduction of headcount cost which reduced the operating expenses.

As a result of the reorganization and while continuing to support the extensive development of the Company's distribution channels, the revenues of the first quarter of year 2004 were reduced by 15.6% to \$1.2 million compared to \$1.4 million for the first quarter of 2003. The net loss was reduced to \$437,000 (or -\$0.10 per share), compared to a net loss of \$949,000 (or -\$0.30 per share), for the first quarter of 2003.

The improvement of the operating results reflected in a significant decrease in the cash used in operating activities to \$84,000 for the first quarter of year 2004 compared to \$1.2 million for the first quarter of year 2003.

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

"The first quarter results were in line with our expectations. We have introduced the Company's strategic plan during the first quarter and we are working according to our budget plan. As part of the plan, we have decided to focus on three products lines: Connectivity solutions, Communication products, and Enterprise software utilities. This structure will enable the Company to leverage the existing assets with a clear path to market. If market conditions remain the same, we believe that the continuous marketing efforts to develop our global distribution and reseller channels for each of the products lines, shall improve our results in the second half of the year."

Edouard Cukierman the Chairman of the Board stated: "During the first quarter,

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with the help of the new management, we focused on stabilizing the business, and now, with the additional talent on board, we will begin to explore our expansion opportunities both through generic growth and through merger and acquisitions strategy."

FIRST QUARTER AND THE YEAR 2004 - 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".

There was no significant operation in the discontinued segment in the first quarter of year 2004.

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.

Communication line (www.boscom.com) offers VOIP innovative convergence migration solutions that leverage a corporation's existing equipment infrastructure.

The Connectivity 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.

Software Utilities line (WWW.PRINTBOS.COM) provides solutions for document design, distribution and management for a wide range of operating systems, including mainframe and UNIX.

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 - News), and on the Tel Aviv Stock Market in 2002 (TASE:BOS).

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.

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CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

	MARCH 31, 2004	DECEMBER 31, 2003
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,446	\$ 3,872
Short-term marketable securities	1,763	1,014
Trade receivables, net	774	1,075
Other accounts receivable and prepaid expenses	332	317
Inventories	1,000	961
	-----	-----
TOTAL CURRENT ASSETS	7,315	7,239
	-----	-----
LONG-TERM INVESTMENTS:		
Long term marketable securities	1,370	1,862
Severance pay funds	664	684
Investment in a company	3,112	3,112
	-----	-----
TOTAL LONG-TERM INVESTMENTS	5,146	5,658
	-----	-----
PROPERTY AND EQUIPMENT, NET	566	598
	-----	-----
GOODWILL	741	741
	-----	-----
ASSETS RELATED TO DISCONTINUING SEGMENT	42	119
	-----	-----
TOTAL ASSETS	\$ 13,810	\$ 14,355
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 574	\$ 464
Employee and payroll accruals	381	404
Deferred revenues	387	378
Accrued and other liabilities	802	911
	-----	-----
TOTAL CURRENT LIABILITIES	2,144	2,157
	-----	-----
ACCRUED SEVERANCE PAY	925	951
	-----	-----

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LIABILITIES RELATED TO DISCONTINUING SEGMENT	272	374
	-----	-----
SHAREHOLDERS' EQUITY:		
Share capital	4,309	4,309
Additional paid-in capital	43,130	43,097
Accumulated deficit	(36,970)	(36,533)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	10,469	10,873
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,810	\$ 14,355
	=====	=====

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED
	-----		DECEMBER
	2004	2003	31,
	-----	-----	200
Revenues	\$ 1,189	\$ 1,410	\$
Cost of revenues	519	454	
Non recurring royalty reversal	-	-	
	-----	-----	-----
Gross profit	670	956	
	-----	-----	-----
Operating expenses:			
Research and development	423	607	
Less - grants and participation	-	-	
Selling and marketing	292	882	
General and administrative	407	411	
Restructuring and related costs	-	-	
	-----	-----	-----
Total operating expenses	1,122	1,900	
	-----	-----	-----
Operating loss	(452)	(944)	(
Financial income (expenses), net	15	(5)	
Other expenses, net	-	-	
	-----	-----	-----
Net loss from continuing segments	(437)	(949)	(
	-----	-----	-----

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Net earning related to discontinuing segment	-	1,507	
	-----	-----	-----
Net earning (loss)	(437)	558	
	=====	=====	=====
Basic and diluted net loss per share from continuing segment	\$ (0.10)	\$ (0.30)	\$
	=====	=====	=====
Basic and diluted net earning per share from discontinuing segment	\$ -	\$ 0.48	\$
	=====	=====	=====
Basic and diluted net earning (loss) per share	\$ (0.10)	\$ 0.18	\$
	=====	=====	=====
Weighted average number of shares used in computing basic and diluted net earning (loss) per share	4,167,509	3,171,881	3,68
	=====	=====	=====