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DELTA GALIL INDUSTRIES LTD

Form 6-K

May 13, 2004

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

For the month of May 2004

DELTA GALIL INDUSTRIES LTD.  
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(Translation of registrant's name into English)

TEXTILE BUILDING, 2 KAUFMAN STREET, TEL AVIV 68012, ISRAEL  
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(Address of principal executive 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    X    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    X  
      -----                    -----

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A  
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Attached hereto and incorporated by reference are copies of a press release dated May 10, 2004, relating to the Registrant's earnings.

This Form 6-K, other than the tenth paragraph of the attached press release, is hereby incorporated by reference into (i) the Registration Statement of F-3 (Registration No. 333-12984) and (ii) three Registration Statements on Form S-8 of Delta Galil Industries Ltd. (Registration Nos. 333-12608, 333-13716 and 333-102247).

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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.

Delta Galil Industries Ltd.

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(Registrant)

By: /s/ Miki Laxer

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Name: Miki Laxer

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Title: Controller

Date: May 12, 2004

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DELTA

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GALIL INDUSTRIES LTD.

EARNINGS RELEASE  
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DELTA GALIL REPORTS FIRST QUARTER 2004 RESULTS  
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TEL AVIV, ISRAEL - MAY 10, 2004 - DELTA GALIL INDUSTRIES LTD. (NASDAQ: DELT), the global provider of private label ladies' intimate apparel, socks, men's underwear, baby-wear and leisurewear, today reported an 11% increase in first quarter sales to \$152.1 million, compared to \$136.9 million in the comparable quarter of 2003. North America accounted for 50% of total first quarter sales, Europe for 42% and Israel for 8%. 2003 first quarter sales to North America, Europe and Israel accounted for 60%, 34% and 6% respectively.

Net income and diluted earnings per share for the first quarter were \$4.1 million or \$0.22 per share, compared to \$7.3 million or \$0.40 per share in the same period last year, a decrease of 44% and 45%, respectively. Net income and diluted earnings per share in the first quarter of 2003 included \$3.1 million, or \$0.17 per share, of capital gains, net of restructuring expenses, while net income and diluted earnings per share in the first quarter of 2004 included capital gains of only \$0.7 million or \$0.04 per share.

The increase in sales in the first quarter of 2004 compared to the first quarter of 2003 is attributed to an increase in sales to the European market, Marks & Spencer, and the Israeli market, in addition to the consolidation of Auburn Hosiery Mills, which was acquired in the fourth quarter of 2003. This increase was partly offset by a decrease in sales to the US mass market.

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Delta's sales in North America decreased 7% for the first quarter, totaling \$75.8 million, compared to \$81.8 million in the first quarter of 2003.

Sales to the US mass market decreased 14% to \$52.7 million in the first quarter of 2004 compared to \$61.0 million in the first quarter last year. Sales to the US mass market in the first quarter of 2004 included \$9.8 million due the consolidation of Auburn. In the first half of 2003, the Company reported intensive sales to this market, which moderated in the second half of 2003.

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Delta foresees that the total sales to this market ,excluding Auburn , in 2004 will be similar to the sales in 2003.

Delta's North American sales to Specialty and Department stores increased 11% in the first quarter, totaling \$23.1 million compared to \$20.8 million in the first quarter of 2003.

Delta's sales to the European market (including Marks & Spencer) increased 37% in the first quarter totaling \$64.0 million compared to \$46.8 million in the first quarter of 2003. Delta's sales to Marks & Spencer, increased 23% in the first quarter totaling \$41.3 million, compared to \$33.5 million in the first quarter of 2003. Delta's sales to the European market (excluding Marks & Spencer) increased 71% totaling \$22.7 million compared to \$13.3 million in the first quarter of 2003.

Delta's sales to the Israeli market increased 49% totaling \$12.3 million, compared to \$8.3 million in the first quarter of 2003.

Arnon Tiberg, Delta's CEO, stated, "The increase in sales to Specialty and Department stores in North America is in line with our expectation and we foresee further improvement throughout the year. The growth in sales to Marks & Spencer is attributed mainly to increases in most categories and the strengthening of the Pound Sterling versus the US dollar. The increase in sales to the European market is being driven by new customers, the consolidation of Auburn and the strengthening of the Euro versus the US dollar. The comparative decrease in sales to the US mass market in the first quarter reflects intensified sales to Wal-Mart and Target in the prior year's period. We expect total annual sales in 2004 to the US mass market , excluding Auburn , to be similar to sales levels in 2003."

Operating profit in the first quarter decreased 39% to \$6.6 million, compared to \$10.7 million in the first quarter of 2003. Operating profit in the first quarter of 2003 included a capital gain, net of restructuring expenses, which amounted to \$3.1 million. Excluding this capital gain and restructuring expenses, operating profit decreased by 15%. This decrease is mainly attributable to the overall decrease in sales to the US mass market.

Selling and marketing expenses were \$19.9 million, or 13% of sales, in the first quarter of 2004 compared to \$15.2 million, or 11% of sales, in the first quarter of 2003. This increase is

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mainly attributed to increases in freight expenses and expansion in the Israeli market with increased chain stores and related advertising expenses.

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Operating cash flow in the first quarter of 2004 was negative and amounted to \$1.1 million compared to a positive operating cash flow of \$17.7 million in the first quarter of 2003. The decrease in the operating cash flow is mainly attributed to an increase in inventory in the current quarter and a decrease in accounts receivable in the prior year's quarter.

The board of directors of the Company announced the distribution of a dividend of approximately \$2.0 million, or \$0.11 per share, for the first quarter of 2004, payable to shareholders of record on May 18, 2004.

DELTA GALIL IS A LEADING GLOBAL MANUFACTURER OF QUALITY APPAREL SOLD UNDER BRANDS SUCH AS CALVIN KLEIN, HUGO BOSS, NIKE, RALPH LAUREN, AND DONNA KARAN. RECOGNIZED FOR PRODUCT INNOVATION AND DEVELOPMENT, DELTA'S PRODUCTS ARE SOLD WORLDWIDE THROUGH RETAILERS INCLUDING MARKS & SPENCER, TARGET, WAL-MART, VICTORIA'S SECRET, JC PENNEY, HEMA, J. CREW, CARREFOUR, GAP, AND OTHERS. HEADQUARTERED IN ISRAEL, DELTA OPERATES MANUFACTURING FACILITIES IN ISRAEL, JORDAN, EGYPT, TURKEY, EASTERN EUROPE, NORTH AND CENTRAL AMERICA, THE CARIBBEAN AND THE FAR EAST. FOR MORE INFORMATION, PLEASE VISIT OUR WEBSITE: WWW.DELTAGALIL.COM

(THIS PRESS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS AS THAT TERM IS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS ARE BASED ON THE CURRENT EXPECTATIONS OF THE MANAGEMENT OF DELTA GALIL INDUSTRIES LTD. (THE "COMPANY") ONLY, AND ARE SUBJECT TO A NUMBER OF RISK FACTORS AND UNCERTAINTIES, INCLUDING BUT NOT LIMITED TO OUR DEPENDENCE ON A FEW SIGNIFICANT CUSTOMERS; OUR ANTICIPATED GROWTH STRATEGIES; OUR INTENTION TO INTRODUCE NEW PRODUCTS; ANTICIPATED TRENDS IN OUR BUSINESS; FUTURE EXPENDITURES FOR CAPITAL PROJECTS; AND OUR ABILITY TO CONTINUE TO CONTROL COSTS AND MAINTAIN QUALITY, WHICH COULD CAUSE THE ACTUAL RESULTS OR PERFORMANCE OF THE COMPANY TO DIFFER MATERIALLY FROM THOSE DESCRIBED THEREIN. FOR A MORE DETAILED DESCRIPTION OF THE RISK FACTORS AND UNCERTAINTIES AFFECTING THE COMPANY, REFER TO THE COMPANY'S REPORTS FILED FROM TIME TO TIME WITH THE SECURITIES AND EXCHANGE COMMISSION.)

### CONTACTS:

YOSSI HAJAJ	DELTA GALIL INDUSTRIES LTD.	TEL: +972-3-519-3744
RACHEL LEVINE	THE ANNE MCBRIDE COMPANY	TEL: +212-983-1702 X207

FINANCIAL TABLES FOLLOW

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GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
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	THREE MONTHS ENDED	YEA
	MARCH 31	DEC
	-----	-----
	2004	2003
	-----	-----

In US \$ thousand (except per sha

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REVENUES	152,108	136,903
COST OF REVENUES	121,628	109,503
GROSS PROFIT	30,480	27,400
SELLING, MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES:		
SELLING AND MARKETING EXPENSES	19,870	15,219
GENERAL AND ADMINISTRATIVE	4,111	4,570
CAPITAL GAIN FROM THE SALES OF ASSETS	53	4,057
RE STRUCTURING EXPENSES		1,007
OPERATING INCOME	6,552	10,661
FINANCIAL EXPENSES - NET	1,661	1,364
OTHER INCOME - NET	958	252
INCOME BEFORE TAXES ON INCOME	5,849	9,549
TAXES ON INCOME	1,392	1,912
INCOME AFTER TAXES ON INCOME	4,457	7,637
SHARE IN LOSSES OF AN ASSOCIATED COMPANY	(50)	(120)
MINORITY INTEREST - NET	(303)	(178)
NET INCOME FOR THE PERIOD	4,104	7,339
EARNINGS PER SHARE - BASIC	0.22	0.40
EARNINGS PER SHARE - DILUTED	0.22	0.40
WEIGHTED AVERAGE NUMBER OF SHARES - IN THOUSANDS:		
BASIC	18,441	18,258
DILUTED	19,080	18,478

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DELTA

GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

	MARCH 31	DECEMBER 31
	2004	2003
In US \$ thousands		
ASSETS:		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	10,392	17,699

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ACCOUNTS RECEIVABLE:			
TRADE	86,047	71,036	85,723
OTHER	14,681	24,046	10,662
INVENTORIES	155,673	138,181	142,984
DEFERRED INCOME TAXES	5,325		5,464
ASSOCIATED COMPANY		1,682	1,682
	-----	-----	-----
TOTAL CURRENT ASSETS	272,118	246,390	264,214
	-----	-----	-----
INVESTMENTS AND LONG-TERM RECEIVABLES	7,122	7,504	7,241
	-----	-----	-----
PROPERTY, PLANT AND EQUIPMENT	125,137	120,113	124,877
	-----	-----	-----
OTHER ASSETS AND DEFERRED CHARGES	54,502	46,544	54,552
	-----	-----	-----
TOTAL ASSETS	458,879	420,551	450,884
	=====	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY:			
CURRENT LIABILITIES:			
SHORT-TERM BANK CREDIT	102,910	89,359	104,996
ACCOUNTS PAYABLE :TRADE	62,184	49,554	54,464
OTHER	47,886	29,640	48,142
	-----	-----	-----
TOTAL CURRENT LIABILITIES	212,980	168,553	207,602
	-----	-----	-----
LONG-TERM LIABILITIES:			
DEFERRED INCOME TAXES	6,253	14,262	6,300
LIABILITY FOR EMPLOYEES RIGHTS UPON RETIREMENT	6,693	6,414	6,732
BANK LOANS AND OTHER LIABILITIES	11,963	21,940	14,709
	-----	-----	-----
TOTAL LONG-TERM LIABILITIES	24,909	42,616	27,741
	-----	-----	-----
TOTAL LIABILITIES	237,889	211,169	235,343
MINORITY INTEREST	3,147	3,722	3,207
SHAREHOLDERS' EQUITY	217,843	205,660	212,334
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	458,879	420,551	450,884
	=====	=====	=====

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
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THREE MONTHS ENDED  
MARCH 31  
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	2004	
	-----	
	In US \$ thousand	
	-----	
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME FOR THE PERIOD	4,104	7,
ADJUSTMENT REQUIRED TO REFLECT THE CASH FLOWS FROM OPERATING ACTIVITIES	(5,160)	10,
	-----	-----
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,056)	17,
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS, NET OF INVESTMENT GRANTS	(3,859)	(4,
PROCEEDS FROM REALIZATION OF FIXED ASSETS	108	
PROCEEDS FROM REALIZATION OF INVESTMENT IN AN ASSOCIATED COMPANIES	2,640	2,
OTHER	(273)	(
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(1,384)	(
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
LONG-TERM BANK LOANS, NET	(2,584)	(2,
SHORT-TERM BANK CREDIT - NET	(2,086)	(17,
OTHER	(197)	
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(4,867)	(19,
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS	(7,307)	(3,
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,699	14,
	-----	-----
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,392	11,
	=====	=====

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DELTA  
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GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
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THREE MONTHS ENDED  
MARCH 31

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2004

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In US \$ thousand

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ADJUSTMENT REQUIRED TO REFLECT THE CASH FLOWS FROM OPERATING ACTIVITIES:

INCOME AND EXPENSES NOT INVOLVING CASH FLOWS:

DEPRECIATION AND AMORTIZATION	3,987	3,
DEFERRED INCOME TAXES - NET	(446)	(
CAPITAL GAIN FROM REALIZATION OF AN INVESTMENT IN ASSOCIATED COMPANIES	(958)	(
CAPITAL GAINS ON SALE OF FIXED ASSETS	(53)	(3,
RESTRUCTURING EXPENSES		
OTHER	285	1,
	-----	-----
	2,815	-----
	-----	-----

CHANGES IN OPERATING ASSETS AND LIABILITIES ITEMS:

DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE AND ACCRUALS	(3,975)	23,
INCREASE (DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	8,689	(8,
INCREASE IN INVENTORIES	(12,689)	(4,
	-----	-----
	(7,975)	9,
	-----	-----
	(5,160)	10,
	=====	=====