

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

G WILLI FOOD INTERNATIONAL LTD
Form 6-K
August 27, 2008

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 august 2008

G. WILLI-FOOD INTERNATIONAL LTD.
(Translation of registrant's name into English)

4 Nahal Harif St., Yavne, Israel 81106
(Address of principal executive offices)

Indicate by check mark whether 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 registrant 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-_____.

Attached hereto and incorporated by reference herein is a press release issued by G. Willi-Food International Ltd. ("Registrant") on august 27, 2008.

This report on Form 6-K shall be deemed to be incorporated by reference in the Registration Statements on Form F-3 (File No. 333-11848 and 333-138200) of the Registrant.

SIGNATURES

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

In accordance with 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.

G. WILLI-FOOD INTERNATIONAL LTD.

Dated: August 27, 2008

By: /s/ Ety Sabach

Ety Sabach
Chief Financial Officer

News

FOR IMMEDIATE RELEASE

G. WILLI-FOOD REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS OF 2008

RESULTS INCLUDE ONE TIME EXPENSES RELATED TO THE CLOSING DOWN OF WF LAISH ISRAELI AND TO FINAL ARBITRATION AWARD ENTERED AGAINST THE COMPANY IN VITARROZ ARBITRATION

THE COMPANY EXPECTS PROFITABLE FISCAL 2008 YEAR WITH ANNUAL SALES FORECAST TO EXCEED NIS 330 MILLION (\$100 MILLION)

YAVNE, ISRAEL - AUGUST 27, 2008 - G. WILLI-FOOD INTERNATIONAL LTD. (NASDAQ: WILC) (THE "COMPANY" OR "WILLI-FOOD"), one of Israel's largest food importers and a single-source supplier of one of the world's most extensive ranges of quality kosher food products, today announced its unaudited financial results for the second quarter and first six months ended June 30, 2008.

SECOND QUARTER FISCAL 2008 SUMMARY

- o 41.7% increase in sales over second quarter 2007
- o 27.3% increase in gross profit over second quarter 2007
- o Operating loss of NIS 1.4 million (US \$0.4 million) compared to operating income of NIS 2.8 million (US \$0.8 million) in second quarter 2007, mainly as a result of approximately NIS 4.6 million (US \$1.4 million) expense in connection with the closing down of WF Laish (approximately NIS 2.6 million, US \$0.8 million) and as a result of a final arbitration award entered against the Company in the Vitarroz arbitration (approximately NIS 2.0 million, US \$0.6 million) described below.

Revenues for the second quarter of fiscal 2008 increased by 41.7% to NIS 79.0 million (US \$23.6 million) compared to revenues of NIS 55.8 million (US \$16.6 million) in the second quarter of 2007. Willi-Food's organic growth in the home market of Israel and sales from each of the Company's subsidiaries has been particularly strong through the half year. The Company now consists of Willi-Food, Gold Frost, the Baron joint venture, Danish dairy distributor and

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

Shamir Salads. Sales synergies and the wide product mix that each of these divisions provide to the Company's network of distribution channels is gaining momentum. In addition, as a result of broader distribution, sales generated from most of the subsidiaries have surpassed expectations of Willi-Food. To date, the only underperforming subsidiary of the Company has been WF Kosher Food Distributors Ltd. - Laish Israeli ("WF LAISH"), whose operations were recently shut down.

Gross profit for the second quarter of 2008 increased by 27.3% to NIS 16.8 million (US \$5.0 million) compared to gross profit of NIS 13.2 million (US \$3.9 million) in the second quarter of 2007. Second quarter gross margin was 21.2% compared to 23.6% for the same period in 2007. The price of global food commodities has remained volatile during the year to date. However, despite the effects of global inflationary costs on food production and supply, Willi-Food expects to maintain its historical gross margins through the full fiscal year by maintaining tight controls of its cost of sales.

Mr. Zwi Williger, President and COO of Willi-Food commented, "Second quarter results were strong despite the current operating environment affecting global food manufacturers and distributors. While consumers and manufacturers alike have acclimated to the global inflationary rise in food costs, we do not believe that the cost of food will stabilize in the near future. In light of this, Willi-Food's solid top line growth reflects the synergies found in bringing together a broad range of premium kosher products to our internal and external distribution channels. We will continue to work on diversifying our product base, expanding our distribution channels and maintaining control of our cost of sales."

Willi-Food's operating loss for the second quarter of 2008 was NIS 1.4 million (US \$0.4 million) compared to operating income of NIS 2.8 million (US \$0.8 million) reported in the comparable quarter of last year. Second quarter selling expenses as a percentage of revenues decreased to 10.7% compared to 11.3%. In addition, general and administrative expenses as a percentage of revenue increased to 9.8% from 7.3% as a result of the transitional activities related to the closing down of WF Laish, in the amount of approximately NIS 2.6 million (US \$0.8 million). An additional expense is related to a final arbitration award entered against the Company for damages in the amount of NIS 2.0 million (\$0.6 million) to be paid to Vitarroz in connection with litigation initiated by Vitarroz in 2005, described below. We expect these percentages to be in line with historical trends when we report results for the third quarter of fiscal 2008.

Willi-Food's second quarter 2008 loss before taxes was NIS 1.1 million (US \$0.3 million) compared to income before taxes of NIS 3.4 million (US \$1.0 million) recorded in the second quarter of 2007. Second quarter 2008 net loss was NIS 1.4 million (US \$0.4 million), or NIS -0.19 (US\$ -0.06) per share compared to a net income of NIS 3.2 million (US \$0.95 million), or NIS 0.23 (US\$0.07) per share, recorded in the second quarter of 2007.

Willi-Food ended the quarter with NIS 79.1 million (US \$23.6 million) in cash and securities and approximately NIS 14.1 million (US \$4.2 million) in short-term debt.

SIX-MONTH RESULTS

Willi-Food's revenues for the six-month period increased by 45.8% to NIS 185.5 million (US \$55.3 million) compared to revenues of NIS 127.2 million (US \$38.0 million) in the first half of 2007. Gross profit for the period increased 38.6%

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

to NIS 46.8 million (US \$14.0 million) compared to gross profit of NIS 33.8 million (US \$10.1 million) for the six month period in 2007. First half gross margins were 25.2% compared to gross margins of 26.6% in the same period in 2007.

Operating income for the first half of 2008 increased by 3.9% to NIS 13.4 million (US \$4.0 million) from NIS 12.9 million (US \$3.9 million) reported in the comparable period of last year. First half 2008 income before taxes was NIS 12.0 million (US \$3.6 million) compared to NIS 12.4 million (US \$3.7 million) recorded in the first half of 2007. Net income for the first half of 2008 was NIS 8.2 million (US \$2.5 million), or NIS 0.64 (US \$0.19) per share compared to net income for the first half of 2007 of NIS 9.6 million (US \$2.9 million), or NIS 0.73 (US \$0.22) per share.

ARBITRATION AWARD

As previously disclosed, the Company (and related parties) and Vitarroz Corp. agreed to submit their claims relating to alleged breach of contract and related claims to an arbitration panel. On August 25 2008, the arbitration panel has granted an award against the Company in the amount of approximately NIS 2.0 million (US \$0.6 million). Among other things, the panel found that the press release issued by the Company announcing the termination of the proposed acquisition of the Vitarroz business by the Company constituted a breach of contract and violation of the covenant of good faith and fair dealing. In addition, the panel rejected the Company's counterclaims. As the Company did not expect the arbitration panel to enter an arbitration award against it, the Company did not reserve any amounts for this award. The Company is currently evaluating its legal options with respect to this matter with its legal advisers.

OUTLOOK

Mr. Williger commented, "Willi-Food's diversification strategy is working. Our top line growth is a reflection of the synergies we have created to channel the broad range of products coming from our own sourcing and that of our subsidiaries."

"We have been able to grow revenues and contain costs to an acceptable degree despite the immediate challenges pertaining to food commodities currently exceeding global inflation rates. This was made possible through diversification, as each operating company in the Willi-Food family produces a different product range to be channeled into our growing distribution network.

"The foreseeable challenges ahead will be in managing the volatile cost of our product base, which can vary monthly. While consumers are accepting of the increase in food costs, rapid changes to our product pricing would lead to attrition of our customer base both in the retail and wholesale markets. With the closing of WF Laish in the US, we are carefully reviewing our merger and acquisition strategy. The US, however, remains a strategic region of interest for Willi-Food, and for now, we are objectively seeking potential partnerships to distribute our products with distributors who wish to grow their volume and diversify their line of premium kosher products. Our line of products includes over 600 exclusively distributed products by Willi-Food and Shamir Salads."

Mr. Williger continued, "The results of this reporting quarter were impaired by NIS 2.6 million (US \$0.8 million) in expenses related to the closing down of WF Laish, and to a final arbitration award entered against the Company in the amount of NIS 2.0 million (US \$0.6 million) in connection with litigation

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

initiated by Vitarroz in 2005. The balance sheet is now currently clean and we anticipate moving forward with the progress of Willi-Food."

Mr. Williger concluded, "We had hoped to provide guidance for the remainder of the fiscal year, but we will not be able to do so because commodity and food prices remain in a state of flux, and change from month to month. However, we still believe that the Company is on track to end the full fiscal year profitable and expect to grow 2008 sales to be in excess of NIS 330 million (US \$100 million). We look forward to discussing our results in more detail in our conference call."

The Company will host a conference call to discuss results on August 27, at 11:00 AM Eastern. Interested parties may participate in the conference call by dialing (877) 407-8035 (US), or (201) 689-8035 (International) 5-10 minutes prior to the start of the call. A replay of the conference call will be available from 5:00 PM EDT on August 29 through 11:59 PM EDT on September 29, by dialing (877) 660-6853 (US), or (201) 612-7415 (International), and entering passcode #286 and conference ID# 295002 thereafter. A webcast link of the live and archived conference call will be available on the day of the call by following this link:

<http://investor.shareholder.com/media/eventdetail.cfm?mediaid=33003&c=WILC&mediakey=6A44836CE77792E569B604911D6D683A&e=0>

(Note sometimes for the link to work you must copy and paste the link from two lines onto one URL of your browser.)

ABOUT G. WILLI-FOOD INTERNATIONAL LTD.

G. Willi-Food International Ltd. is one of Israel's largest food importers and a single-source supplier of one of the world's most extensive ranges of quality kosher food products. It currently imports, markets and distributes more than 2,500 food products manufactured by some 120 top-tier suppliers throughout the world to more than 2,000 customers. Willi-Food excels in identifying changing tastes in its markets and sourcing high-quality kosher products to address them. The Company also operated several subsidiaries: Gold Frost Ltd. subsidiary develops and distributes kosher chilled and frozen dairy food products internationally together with its Danish dairy distributor subsidiary; joint venture with the Baron Family engage in the global import, export and distribution of kosher products worldwide; and Shamir Salads is a leading international distributor of pre-packaged Mediterranean foods. For more information, please visit the Company's website at <http://www.willi-food.co.il>.

THIS PRESS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 RELATING TO FUTURE EVENTS OR OUR FUTURE PERFORMANCE, SUCH AS STATEMENTS REGARDING TRENDS, DEMAND FOR OUR PRODUCTS AND EXPECTED REVENUES, OPERATING RESULTS, AND EARNINGS. FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED IN THOSE FORWARD-LOOKING STATEMENTS. THESE RISKS AND OTHER FACTORS INCLUDE BUT ARE NOT LIMITED TO: CHANGES AFFECTING CURRENCY EXCHANGE RATES, INCLUDING THE NIS/U.S. DOLLAR EXCHANGE RATE, PAYMENT DEFAULT BY ANY OF OUR MAJOR CLIENTS, THE LOSS OF ONE OF MORE OF OUR KEY PERSONNEL, CHANGES IN LAWS AND REGULATIONS, INCLUDING THOSE RELATING TO THE FOOD DISTRIBUTION INDUSTRY, AND INABILITY TO MEET AND MAINTAIN REGULATORY QUALIFICATIONS AND APPROVALS FOR OUR PRODUCTS, TERMINATION OF ARRANGEMENTS WITH OUR SUPPLIERS, IN PARTICULAR ARLA

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

FOODS, LOSS OF ONE OR MORE OF OUR PRINCIPAL CLIENTS, INCREASING LEVELS OF COMPETITION IN ISRAEL AND OTHER MARKETS IN WHICH WE DO BUSINESS, CHANGES IN ECONOMIC CONDITIONS IN ISRAEL, INCLUDING IN PARTICULAR ECONOMIC CONDITIONS IN THE COMPANY'S CORE MARKETS, INCREASES IN MILK, WHEAT, CORN, RICE AND OTHER PRODUCT PRICES, OUR INABILITY TO ACCURATELY PREDICT CONSUMPTION OF OUR PRODUCTS AND RISKS ASSOCIATED WITH PRODUCT LIABILITY CLAIMS. WE CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. THE MATTERS DISCUSSED IN THIS PRESS RELEASE ALSO INVOLVE RISKS AND UNCERTAINTIES SUMMARIZED UNDER THE HEADING "RISK FACTORS" IN THE COMPANY'S ANNUAL REPORT ON FORM 20-F FOR THE YEAR ENDED DECEMBER 31, 2007, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE FACTORS ARE UPDATED FROM TIME TO TIME THROUGH THE FILING OF REPORTS AND REGISTRATION STATEMENTS WITH THE SECURITIES AND EXCHANGE COMMISSION. WE DO NOT ASSUME ANY OBLIGATION TO UPDATE THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE.

NOTE A: CONVENIENCE TRANSLATION TO DOLLARS

The convenience translation of New Israeli Shekels (NIS) into U.S. dollars was made at the rate of exchange prevailing on June 30, 2008: U.S. \$1.00 equals NIS 3.352. The translation was made solely for the convenience of the reader.

NOTE B: IFRS

The Company's consolidated financial results are presented in accordance with International Financial Reporting Standards ("IFRS"). In prior years the Company prepared its financial reports in accordance with generally accepted accounting principles in Israel ("IL GAAP"). The Company recasted the comparative amounts included in this financial results to IFRS.

COMPANY CONTACT:

G. Willi-Food International Ltd.
 Ety Sabach, CFO
 +972-8-932-1000
 ety@willi-food.co.il

IR CONTACT:

Grayling Global
 Christopher Chu
 (646) 284-9426
 cchu@hfgcg.com

G. WILLI-FOOD INTERNATIONAL LTD. CONDENSED CONSOLIDATED BALANCE SHEETS

| | JUNE 30, ----- | DECEMBER 31, ----- | JUNE 30, ----- |
|---------------------------|----------------------------------|-----------------------|-------------------|
| | 2 0 0 8 | 2 0 0 7 | 2 0 0 8 |
| | NIS | | US |
| | ----- (IN THOUSANDS) ----- | | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 46,712 | 61,649 | 13,936 |

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

| | | | |
|---|---------|---------|--------|
| Marketable securities | 32,413 | 31,267 | 9,670 |
| Trade receivables | 77,188 | 63,728 | 23,027 |
| Other receivables and prepaid expenses | 9,406 | 4,374 | 2,806 |
| Inventories | 33,469 | 29,166 | 9,985 |
| | ----- | ----- | ----- |
| TOTAL CURRENT ASSETS | 199,188 | 190,184 | 59,424 |
| | ----- | ----- | ----- |
| FIXED ASSETS | | | |
| Cost | 54,447 | 44,569 | 16,243 |
| Less: accumulated depreciation and amortization | 11,658 | 8,355 | 3,478 |
| | ----- | ----- | ----- |
| | 42,789 | 36,214 | 12,765 |
| | ----- | ----- | ----- |
| OTHER ASSETS, NET | 22,105 | 13,069 | 6,595 |
| | ===== | ===== | ===== |
| | 264,082 | 239,467 | 78,784 |
| | ===== | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' | | | |
| EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short-term loans | 14,053 | 5,978 | 4,193 |
| Trade payables | 40,981 | 33,961 | 12,226 |
| Related parties | 2,475 | 3,945 | 738 |
| Other payables and accrued expenses | 13,527 | 3,655 | 4,035 |
| | ----- | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 71,036 | 47,539 | 21,192 |
| | ----- | ----- | ----- |
| LONG TERM LIABILITIES | | | |
| Long term loan | 953 | - | 284 |
| Deffered tax | 38 | 118 | 11 |
| Accrued severance pay | 598 | 163 | 179 |
| | ----- | ----- | ----- |
| TOTAL LONG TERM LIABILITIES | 1,589 | 281 | 474 |
| | ----- | ----- | ----- |
| WARRANTS TO ISSUE SHARES | 101 | 1,040 | 31 |
| | ----- | ----- | ----- |
| SHAREHOLDERS' EQUITY | | | |
| Ordinary shares NIS 0.10 par value (authorized - 50,000,000 shares, issued and outstanding - 10,267,893 shares | 1,113 | 1,113 | 332 |
| Additional paid-in capital | 59,056 | 59,056 | 17,618 |
| Capital fund relating to Goodwill | 247 | - | 74 |
| Foreign currency translation reserve | (863) | (414) | (257) |
| Retained earnings | 118,842 | 112,233 | 35,454 |
| Minority Interest | 12,961 | 18,619 | 3,866 |
| | ----- | ----- | ----- |
| | 191,356 | 190,607 | 57,087 |
| | ===== | ===== | ===== |
| | 264,082 | 239,467 | 78,784 |
| | ===== | ===== | ===== |

(*) Convenience translation into U.S. dollars

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

G. WILLI-FOOD INTERNATIONAL LTD. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | SIX MONTHS | | THREE MONTHS | |
|---|----------------------------|---------|--------------|---------|
| | ----- ENDED JUNE 30, ----- | | | |
| | 2 0 0 8 | 2 0 0 7 | 2 0 0 8 | 2 0 0 7 |
| | ----- NIS ----- | | | |
| ----- I N T H O U S A N D S (EXCEPT PER SHARE A ----- | | | | |
| Sales | 185,481 | 127,216 | 79,036 | 55,771 |
| Cost of sales | 138,659 | 93,439 | 62,271 | 42,601 |
| | ----- | ----- | ----- | ----- |
| GROSS PROFIT | 46,822 | 33,777 | 16,765 | 13,170 |
| | ----- | ----- | ----- | ----- |
| Selling expenses | 17,538 | 12,316 | 8,436 | 6,312 |
| General and administrative expenses | 13,901 | 8,566 | 7,752 | 4,088 |
| Other (Income) Expense | 1,981 | (9) | 1,981 | (9) |
| | ----- | ----- | ----- | ----- |
| Total operating expenses | 33,420 | 20,873 | 18,169 | 10,391 |
| | ----- | ----- | ----- | ----- |
| OPERATING INCOME (EXPENSE) | 13,402 | 12,904 | (1,404) | 2,779 |
| | ----- | ----- | ----- | ----- |
| Financial income | 2,026 | 2,534 | 1,207 | 1,743 |
| Financial expense | 3,465 | 3,025 | 936 | 1,143 |
| | ----- | ----- | ----- | ----- |
| Income (expense) before taxes on income | 11,963 | 12,413 | (1,133) | 3,379 |
| Taxes on income | 3,750 | 2,861 | 312 | 193 |
| | ----- | ----- | ----- | ----- |
| INCOME AFTER TAXES ON INCOME | 8,213 | 9,552 | (1,445) | 3,186 |
| | ===== | ===== | ===== | ===== |
| RELATED TO: | | | | |
| Company Shareholders' | 6,609 | 7,455 | (1,986) | 2,332 |
| Minority interest | 1,604 | 2,097 | 541 | 854 |
| | ----- | ----- | ----- | ----- |
| NET INCOME | 8,213 | 9,552 | (1,445) | 3,186 |
| | ===== | ===== | ===== | ===== |
| Earnings per share data: | | | | |
| Earnings per share: | | | | |
| Basic | 0.64 | 0.73 | (0.19) | 0.23 |
| | ===== | ===== | ===== | ===== |
| Diluted | 0.64 | 0.73 | (0.19) | 0.23 |
| | ===== | ===== | ===== | ===== |

Edgar Filing: G WILLI FOOD INTERNATIONAL LTD - Form 6-K

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| Shares used in computing basic and diluted earnings per ordinary share: | 10,267,893 ===== | 10,267,893 ===== | 10,267,893 ===== | 10,267,893 ===== |
|---|---------------------|---------------------|---------------------|---------------------|

(*) Convenience translation into U.S. dollars