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ALVARION LTD  
Form 6-K  
February 05, 2004

UNITED STATES  
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 February 2004

Commission File Number: 0-30628

ALVARION LTD.

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(Translation of registrant's name into English)

21A Habarzel Street, Tel Aviv 69710, Israel

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(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-\_\_\_\_\_

The following are included in this report on Form 6-K:

Exhibit -----	Description -----	Sequential Page Number -----
1.	Press release, dated February 5, 2004	3

CONTACTS

ALVARION

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ALVARION

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ALVARION REPORTS RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2003

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Record revenues plus net profit in Q4

TEL - AVIV, ISRAEL, FEBRUARY 5, 2004 - ALVARION LTD. (NASDAQ: ALVR), the global leader in wireless broadband solutions, today announced financial results for the fourth quarter and full year ended December 31, 2003.

RESULTS OF THE FOURTH QUARTER

Revenues for the fourth quarter of 2003 rose to a record \$39.5 million, an increase of 15% compared to \$34.3 million in the third quarter of 2003, and up 77% from \$22.3 million in the fourth quarter of 2002. Gross margin increased for the 9th consecutive quarter, reaching 42.4% compared to 41.1% in the third quarter of 2003 and 38.9% in the fourth quarter of 2002.

Growth in revenues and higher gross margins resulted in a net profit of \$81,000, or \$0.00 per share on a fully diluted basis for the fourth quarter of 2003. Net loss for the third quarter of 2003 was \$(2.1) million, or \$(0.04) loss per share and net loss for the fourth quarter of 2002 was \$(5.4) million, or \$(0.1) per share.

Results for all periods include expenses attributable to the amortization of intangible assets, which totaled \$706,000 in the fourth quarter of 2003, \$650,000 in the third quarter of 2003, and \$600,000 in the fourth quarter of 2002. The results also include amortization of deferred stock compensation totaling \$91,000 in the fourth quarter of 2003, and \$140,000 in both the third quarter of 2003 and the fourth quarter of 2002.

Excluding all aforementioned amortizations, the Company's non-GAAP net income

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for the fourth quarter of 2003 was \$878,000, or \$0.02 per basic share and \$0.01 per diluted share, compared to a non-GAAP net loss of \$(1.3) million, or \$(0.02) per share for the third quarter of 2003. Non-GAAP net loss for the fourth quarter of 2002 was \$(3.5) million, or \$(0.07) per share.

### RESULTS OF THE YEAR

Revenues for the year ended December 31, 2003 were \$127.2 million, an increase of 43% compared with \$88.8 million in 2002. Gross margin for 2003 increased to 41% compared to 38% in 2002. Net loss for 2003 was \$(11.8) million, or \$(0.23) per share, compared with a net loss of \$(20.7) million, or \$(0.38) per share for 2002. The results for the second, third, and fourth quarters of 2003 include the results of operations added following the acquisition of most of the assets and liabilities of InnoWave ECI Wireless Systems Ltd. ("InnoWave") on April 1, 2003.

Amortization expenses totaled \$3.1 million in 2003, and \$3.0 million in 2002. The results of 2003 also included a \$2.2 million charge related to the InnoWave acquisition, and the results of 2002 included one-time restructuring costs of \$1.1 million. Excluding these amounts, the Company's non-GAAP net loss for 2003 would have been \$(6.5) million, or \$(0.12) per share, compared to a non-GAAP net loss of \$(16.6) million, or \$(0.31) per share for 2002.

### COMMENTS OF MANAGEMENT

Zvi Slonimsky, CEO of Alvarion, commented, "We are proud of our professional and dedicated team that achieved one of our most important goals - a profitable quarter after a long difficult period for the industry .

Our revenues have been rising steadily, a testament to growth in global broadband demand, increasing awareness of the BWA value proposition, and Alvarion's leadership in the market. Our goal for 2004 is to increase revenues over 40% from the \$127 million reported in 2003, with further progress toward our target financial model".

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"To further expand the market for our solutions, we are building on this strong foundation, leading the development of WiMAX standards-based solutions. WiMAX will enable interoperability and multi-vendor solutions with improved price/performance characteristics that will allow BWA applications to answer the growing demand for broadband everywhere."

Mr. Slonimsky concluded, "Some of the trends likely to support our continued growth include the development of the vast Chinese and Indian markets, new rural broadband initiatives throughout Europe, new telephony infrastructure initiatives in Latin America and Africa, increasing broadband demand in Russia and Central Europe, and greater penetration of broadband wireless solutions in the US.

"With our leading brand name and market position, the broadest BWA product portfolio, excellent partners, a decade of successful deployment experience and excellent financial condition, Alvarion is well-positioned to take advantage of these opportunities , lead the transition to standards-based solutions and help accelerate the growth of BWA."

### Q1 2004 GUIDANCE

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The Company expects Q1 2004 revenues to range between \$43 million and \$45 million. At this revenues range, net earnings per share is expected to range between 1 and 2 cents, while non-GAAP net earnings per share, which excludes amortizations of intangible assets and deferred stock-based compensation, is expected to range between 2 and 3 cents.

Alvarion's management will host a conference call today, February 5, 2004, at 9:00 a.m. Eastern Time to discuss the quarter's results. To participate in the call, please dial one of the following numbers approximately five minutes prior

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to the scheduled start time: USA: 612-332-0523, International +1-612-332-0523. The public is invited to listen to the live webcast of the conference call. For details please visit Alvarion's website at [www.alvarion.com](http://www.alvarion.com). An archive of the on-line broadcast will be available on the website. A replay of the call will be available from 4 p.m. Eastern Time on February 5, 2004 through 11:59 p.m. Eastern Time on February 12, 2004. To access the replay, please call USA: (320) 365-3844, International: +1-320-365-3844. To access the replay, users will need to enter the following code: 716970

### ABOUT ALVARION

Alvarion is dedicated to delivering seamless wireless broadband networking infrastructure to carriers, ISPs and private network operators, in order to leverage their broadband opportunities into sustainable profits. Alvarion offers premier wireless broadband solutions for access in the last mile, backhauling connection to the backbone and private network connectivity. Featuring the industry's most extensive range of products and international support, Alvarion is a pioneering leader of the converged wireless broadband network.

With over 1.5 million units deployed in 130 countries worldwide, Alvarion provides secure rich-media networks for business or residential Internet access, corporate VPNs, cellular base station feeding, community interconnection, public safety connectivity and extended Hotspots.

Having recently acquired InnoWave's wideband access portfolio and expertise, Alvarion provides a complete wireless solution that supports a wide range of frequency bands, customer profiles and service types.

For more information, visit Alvarion's World Wide Web site at [www.alvarion.com](http://www.alvarion.com)

This press release contains forward -looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on the current expectations or beliefs of Alvarion's management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward -looking statements. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: inability to further identify, develop and achieve success for new products, services and technologies; increased competition and its effect on pricing, spending, third-party relationships and revenues; as well as the inability to establish and maintain relationships with commerce, advertising, marketing, and technology providers and other risks detailed from time to time in filings with the Securities and Exchange Commission.

Information set forth in this press release pertaining to third parties has not been independently verified by Alvarion and is based solely on publicly available information or on information provided to Alvarion by such third

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parties for inclusion in this press release. The web-sites appearing in this press release are not and will not be included or incorporated by reference in any filing made by Alvarion with the Securities and Exchange Commission which this press release will be a part of.

### Use of Non-GAAP Financial Information

To supplement its consolidated financial statements presented on a GAAP basis, Alvarion uses non-GAAP measures of operating results, net income/loss and income/loss per share, which are adjusted to exclude certain costs, expenses, gains and losses that it believes are appropriate to enhance the overall understanding of its financial performance. These adjustments to Alvarion's GAAP results are made with the intent of providing both management and investors a supplemental understanding of its underlying operational results and trends. Adjusted non-GAAP results are among the primary indicators management uses as a basis for planning and forecasting Alvarion's business. The presentation of this additional information is not meant to be considered in isolation or as a substitute for Alvarion's financial results prepared in accordance with generally accepted accounting principles in the United States.

You may request Alvarion's future press releases or a complete Investor Kit by contacting Carmen Deville, Investor Relations: [carmen.deville@alvarion.com](mailto:carmen.deville@alvarion.com) or 760-517-3188.

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(Tables to Follow)

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	ALVARION LTD.	
	CONDENSED CONSOLIDATED BALANCE SHEETS	
	December 31, 2003	December 31, 2002
	-----	-----
ASSETS		
Cash, cash equivalents, short-term and long-term investments	\$ 153,616	\$ 162,663
Trade receivables	21,199	11,750
Other accounts receivable	4,499	4,872
Inventories	36,981	27,502
Severance pay fund	5,493	3,732
Long-term receivables	834	-
PROPERTY AND EQUIPMENT, NET	11,939	11,116

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GOODWILL AND OTHER INTANGIBLE ASSETS	50,396	50,440
	-----	-----
TOTAL ASSETS	\$ 284,957	\$ 272,075
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Trade payables	\$ 23,780	\$ 15,847
Other accounts payable and accrued expenses	27,959	17,595
	-----	-----

Total current liabilities	51,739	33,442
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LONG TERM LIABILITIES	5,248	5,357
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ACCRUED SEVERANCE PAY	7,768	5,446
	-----	-----

TOTAL LIABILITIES	64,755	44,245
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SHAREHOLDERS' EQUITY	220,202	227,830
	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 284,957	\$ 272,075
	=====	=====

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ALVARION LTD.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
U.S. dollars in thousands (except per share data)

	Year Ended Dec. 31,	Year Ended Dec. 31,	Three Months Ended Dec. 31,	Three Months Ended Dec. 31,	Three Months Ended Sept. 30,
	----- 2003 -----	----- 2002 -----	----- 2003 -----	----- 2002 -----	----- 2003 -----
Sales	\$ 127,208	\$ 88,849	\$ 39,496	\$ 22,314	\$ 34,291
Cost of sales	75,097	55,370	22,750	13,635	20,181
Gross profit	52,111	33,479	16,746	8,679	14,110
Operating expenses:					
Research and development, net	23,505	24,077	6,089	5,386	6,132
Selling and marketing	32,904	26,570	8,912	6,624	8,684

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General and administrative	6,323	6,018	1,740	1,479	1,729
Amortization of intangible assets	2,606	2,400	706	600	650
Amortization of deferred stock compensation	511	580	91	140	140
Acquisition related expenses	2,201	-	-	-	-
Restructuring costs	-	1,102	-	1,102	-
	-----	-----	-----	-----	-----
Total Operating expenses	68,050	60,747	17,538	15,331	17,335
	-----	-----	-----	-----	-----
Operating loss	(15,939)	(27,268)	(792)	(6,652)	(3,225)
	-----	-----	-----	-----	-----
Financial income, net	4,127	6,587	873	1,288	1,162
	-----	-----	-----	-----	-----
Net Income (loss )	\$ (11,812)	\$ (20,681)	\$ 81	\$ (5,364)	\$ (2,063)
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Basic earnings (loss) per share	\$ (0.23)	\$ (0.38)	\$ 0.00	\$ (0.10)	\$ (0.04)
	=====	=====	=====	=====	=====

Weighted average number of shares used in computing basic earnings (loss) per share	52,127	53,941	53,219	52,521	52,254
	=====	=====	=====	=====	=====

Diluted earnings (loss) per share	\$ (0.23)	\$ (0.38)	\$ 0.00	\$ (0.10)	\$ (0.04)
	=====	=====	=====	=====	=====

Weighted average number of shares used in computing diluted earnings (loss) per share	52,127	53,941	62,252	52,521	52,254
	=====	=====	=====	=====	=====

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ALVARION LTD.  
DISCLOSURE OF NON-US GAAP NET INCOME (LOSS)  
U.S. dollars in thousands (except per share data)

	Year Ended Dec. 31,	Year Ended Dec. 31,	Three Months Ended Dec. 31,	Three Months Ended Dec. 31,	Three Months Ended Sept. 30,
	2003	2002	2003	2002	2003
Net Income (loss) according to US GAAP	\$ (11,812)	\$ (20,681)	\$ 81	\$ (5,364)	\$ (2,063)
Amortization of intangible assets	2,606	2,400	706	600	650
Amortization of deferred stock compensation	511	580	91	140	140
Acquisition related expenses	2,201	-	-	-	-
Restructuring costs	-	1,102	-	1,102	-
Net Income (loss), excluding amortization of intangible assets and deferred stock compensation, restructuring costs and acquisition related expenses	\$ (6,494)	\$ (16,599)	\$ 878	\$ (3,522)	\$ (1,273)
Basic net earnings (loss) per share, excluding amortization of intangible assets and deferred stock compensation, restructuring costs and acquisition related expenses	\$ (0.12)	\$ (0.31)	\$ 0.02	\$ (0.07)	\$ (0.02)

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Weighted average number of shares used in computing basic net earnings (loss) per share	52,127	53,941	53,219	52,521	52,254
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Diluted net earnings (loss)					
per share, excluding amortization					
of intangible assets and deferred					
stock compensation, restructuring					
costs and acquisition related					
expenses	\$ (0.12)	\$ (0.31)	\$ 0.01	\$ (0.07)	\$ (0.02)
	=====	=====	=====	=====	=====
Weighted average number of					
shares used in computing					
diluted net earnings (loss)					
per share	52,127	53,941	62,252	52,521	52,254
	=====	=====	=====	=====	=====

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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.

ALVARION LTD.

Date: February 5, 2004

By: /s/ Dafna Gruber

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Name: Dafna Gruber  
Title: Chief Financial Officer

