

SILICOM LTD
Form 6-K
December 29, 2005

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 December, 2005

SILICOM LTD.

(Translation of Registrant's name into English)

8 Hanagar St., P.O.Box 2164, Kfar-Sava 44425, Israel

(Address of Principal Executive 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 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

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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.

SILICOM Ltd.
(Registrant)

BY: /S/ Eran Gilad

Eran Gilad
CFO

Dated: December 29th, 2005

Silicom Ltd.

(An Israeli Corporation)

and its Consolidated Subsidiary

**Unaudited Interim Financial
Statements**

September 30, 2005

Consolidated Unaudited Interim Financial Statements as of September 30, 2005

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Silicom Ltd. (An Israeli Corporation) and its Consolidated Subsidiary

Consolidated Unaudited Interim Balance Sheets at September 30, 2005

| | September 30, 2005 | December 31, 2004 |
|---|------------------------------|------------------------------|
| | U.S. dollars in thousands | U.S. dollars in thousands |
| | Unaudited | Audited |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 1,707 | 1,086 |
| Investment securities | - | 519 |
| Receivables: | | |
| Trade | 1,566 | 741 |
| Other | 367 | 337 |
| Inventories | 3,125 | 1,994 |
| | <u>6,765</u> | <u>4,677</u> |
| Total current assets | 6,765 | 4,677 |
| Investment securities | - | - |
| Assets held for severance benefits | 561 | 559 |
| Property, plant and equipment | | |
| Cost | 1,762 | 1,657 |
| Less - accumulated depreciation | 1,533 | 1,425 |
| | <u>229</u> | <u>232</u> |
| Net, property and equipment | 229 | 232 |
| Other assets | 50 | 57 |
| | <u>7,605</u> | <u>5,525</u> |
| Total assets | 7,605 | 5,525 |

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Silicom Ltd. (An Israeli Corporation) and its Consolidated Subsidiary

Consolidated Unaudited Interim Balance Sheets at September 30, 2005

| | September 30, 2005 | December 31, 2004 |
|---|------------------------------|------------------------------|
| | U.S. dollars in thousands | U.S. dollars in thousands |
| | Unaudited | Audited |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Trade accounts payable | 1,677 | 1,008 |
| Other accounts payable and accrued expenses | 892 | 522 |
| Total current liabilities | 2,569 | 1,530 |
| Long-term liability | | |
| Liability for employees severance benefits | 963 | 957 |
| Total liabilities | 3,532 | 2,487 |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Share capital and additional paid in capital | 5,838 | 5,652 |
| Treasury shares | (38) | (38) |
| Retained deficit | (1,727) | (2,576) |
| Total shareholders' equity | 4,073 | 3,038 |
| Total liabilities and shareholders' equity | 7,605 | 5,525 |

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Silicom Ltd. (An Israeli Corporation) and its Consolidated Subsidiary

Consolidated Unaudited Interim Statements of Income for the Nine-month period Ended September 30, 2005

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|--|---|-------------------|--|-------------------|
| | 2005 Unaudited | 2004 Unaudited | 2005 Unaudited | 2004 Unaudited |
| Sales | \$ 2,832 | \$ 1,235 | \$ 7,750 | \$ 2,978 |
| Cost of sales | 1,688 | 770 | 4,652 | 2,045 |
| Gross profit | 1,144 | 465 | 3,098 | 933 |
| Research and development costs, gross | 395 | 414 | 1,163 | 1,222 |
| Less - royalty bearing participations | (27) | (75) | (71) | (103) |
| Research and development costs, net | 368 | 339 | 1,092 | 1,119 |
| Selling and marketing expenses | 216 | 182 | 662 | 513 |
| General and administrative | 165 | 150 | 511 | 458 |
| | 749 | 671 | 2,265 | 2,090 |
| Operating income (Loss) | 395 | (206) | 833 | (1,157) |
| Financial income (expenses), net | (11) | (1) | 16 | 4 |
| Income (Loss) before taxes on income | 384 | (207) | 849 | (1,153) |
| Taxes on income | --- | --- | --- | --- |
| Net income (Loss) | \$ 384 | \$ (207) | \$ 849 | \$ (1,153) |
| Basic income (Loss) per share | \$ 0.09 | \$ (0.05) | \$ 0.20 | \$ (0.27) |
| Weighted average number of shares outstanding - Basic EPS (in thousands) | 4,276 | 4,199 | 4,241 | 4,199 |
| Diluted income (Loss) per share | \$ 0.09 | \$ (0.05) | \$ 0.20 | \$ (0.27) |
| Weighted average number of shares outstanding - Diluted EPS (in thousands) | 4,402 | 4,199 | 4,349 | 4,199 |

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Silicom Ltd. (An Israeli Corporation) and its Consolidated Subsidiary

Consolidated Unaudited Interim Statements of Changes in Shareholders' Equity

| | Ordinary shares | Share capital | Additional paid-in capital | Cost of Silicom shares held by its subsidiary | Retained earnings (deficit) | Total |
|--|--------------------|---------------------------|----------------------------------|---|-----------------------------------|---------|
| | Numbers* | U.S. dollars in thousands | | | | |
| Balance at December 31, 2003 | 4,111,829 | 14 | 5,537 | (38) | (1,336) | 4,177 |
| Changes during 2004 | | | | | | |
| Ordinary shares issued in connection with the exercise of stock options | 86,750 | - | 101 | - | - | 101 |
| Net loss for the year | - | - | - | - | (1,240) | (1,240) |
| Balance at December 31, 2004 | 4,198,579 | 14 | 5,638 | (38) | (2,576) | 3,038 |
| Changes during Nine-month period Ended September 30, 2005 | | | | | | |
| Ordinary shares issued in connection with the exercise of stock options | 81,850 | - | 186 | - | - | 186 |
| Net Income for the Nine-month period Ended September 30, 2005 | - | - | - | - | 849 | 849 |
| Balance at September 30, 2005, Unaudited | 4,280,429 | 14 | 5,824 | (38) | (1,727) | 4,073 |

* Net of 14,971 shares held by subsidiary.

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Silicom Ltd. (An Israeli Corporation) and its Consolidated Subsidiary

Consolidated Unaudited Interim Statements of Cash Flows for the Nine-month period Ended September 30, 2005

| | Nine-month period ended September 30, 2005 | Nine-month period ended September 30, 2004 |
|--|---|---|
| | Unaudited | Unaudited |
| Cash flows from operating activities | | |
| Net Income (loss) | 849 | (1,153) |
| <u>Adjustments to reconcile net income to net cash provided by operating activities:</u> | | |
| Depreciation and amortization of property, plant and Equipment | 115 | 117 |
| Severance, net | 4 | (6) |
| Amortization of discounts or premium of investment security and interest | (17) | (11) |
| <u>Changes in operating assets and liabilities</u> | | |
| Decrease (increase) in trade receivables | (825) | (295) |
| Decrease (increase) in other receivables | (30) | (51) |
| Decrease (increase) in inventories | (1,131) | (533) |
| Increase (decrease) in trade payables and accruals | 669 | 283 |
| Increase (decrease) in other payables and accruals | 370 | (20) |
| Net cash used in operating activities | 4 | (1,669) |
| Cash flows from investing activities | | |
| Acquisition of property and equipment | (105) | (72) |
| Acquisition of other assets | - | - |
| Proceeds from maturity of investment securities and deposits | 536 | 1,460 |
| Purchase of investment securities and deposits | - | (1,165) |
| Net cash provided by (used in) investing activities | 431 | 223 |
| Cash flows from financing activities | | |
| Issuance of ordinary shares in connection with the exercise of stock options | 186 | 101 |
| Net cash provided by financing activities | 186 | 101 |
| Net increase (decrease) in cash and cash equivalents | 621 | (1,345) |
| Cash and cash equivalents at beginning of year | 1,086 | 1,811 |
| Cash and cash equivalents at end of year | 1707 | 466 |

Supplementary disclosure of cash flow information:

Cash paid during the year for:

| | Nine-month period ended September 30, 2005 | Nine-month period ended September 30, 2004 |
|--------------------|---|---|
| Financing expenses | <u>14</u> | <u>11</u> |
| Taxes on income | <u>9</u> | <u>9</u> |
