

SILICOM LTD  
Form 6-K/A  
January 05, 2006

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 6-K /A  
AMENDMENT No. 1**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

*For the month of January, 2006*

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**SILICOM LTD.**

(Translation of Registrant's name into English)

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

(Address of Principal Executive Offices)

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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: January 5<sup>th</sup>, 2006

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**Silicom Ltd.**

**(An Israeli Corporation)**

**and its Consolidated Subsidiary**

**Unaudited Interim Financial  
Statements**

**September 30, 2005**

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**Consolidated Unaudited Interim Financial Statements as of September 30, 2005**

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**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
<b>Assets</b>		
<b>Current assets</b>		
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>
<b>Total current assets</b>	<b>6,765</b>	<b>4,677</b>
<b>Investment securities</b>	<b>-</b>	<b>-</b>
	<u>-</u>	<u>-</u>
<b>Assets held for severance benefits</b>	<b>561</b>	<b>559</b>
	<u>561</u>	<u>559</u>
<b>Property, plant and equipment</b>		
Cost	1,762	1,657
Less - accumulated depreciation	1,533	1,425
	<u>229</u>	<u>232</u>
<b>Net, property and equipment</b>	<b>229</b>	<b>232</b>
<b>Other assets</b>	<b>50</b>	<b>57</b>
	<u>50</u>	<u>57</u>
<b>Total assets</b>	<b>7,605</b>	<b>5,525</b>
	<u>7,605</u>	<u>5,525</u>

**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
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	1,677	1,008
Other accounts payable and accrued expenses	892	522
<b>Total current liabilities</b>	<b>2,569</b>	<b>1,530</b>
<b>Long-term liability</b>		
Liability for employees severance benefits	963	957
<b>Total liabilities</b>	<b>3,532</b>	<b>2,487</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Share capital and additional paid in capital	5,838	5,652
Treasury shares	(38)	(38)
Retained deficit	(1,727)	(2,576)
<b>Total shareholders' equity</b>	<b>4,073</b>	<b>3,038</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,605</b>	<b>5,525</b>

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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

**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				
<b>Balance at December 31, 2003</b>	4,111,829	14	5,537	(38)	(1,336)	4,177
<b>Changes during 2004</b>						
Ordinary shares issued in connection with the exercise of stock options	86,750	-	101	-	-	101
Net loss for the year	-	-	-	-	(1,240)	(1,240)
<b>Balance at December 31, 2004</b>	4,198,579	14	5,638	(38)	(2,576)	3,038
<b>Changes during Nine-month period Ended September 30, 2005</b>						
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
<b>Balance at September 30, 2005, Unaudited</b>	4,280,429	14	5,824	(38)	(1,727)	4,073

\* Net of 14,971 shares held by 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
<b>Cash flows from operating activities</b>		
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)
<b>Cash flows from investing activities</b>		
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
<b>Cash flows from financing activities</b>		
Issuance of ordinary shares in connection with the exercise of stock options	186	101
Net cash provided by financing activities	186	101
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>621</b>	<b>(1,345)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,086</b>	<b>1,811</b>
<b>Cash and cash equivalents at end of year</b>	<b>1707</b>	<b>466</b>

**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	14	11
Taxes on income	9	9

**Silicom Ltd. and its Consolidated Subsidiary**  
**Notes to the Condensed Unaudited Interim Consolidated Financial Statements**  
**(U.S.\$ in thousands)**

**Note 1 General**

**A. Description of Business**

Silicom Ltd. ( Silicom , the Company ) was incorporated under the laws of Israel and commenced operations in 1987. Silicom is engaged in designing, manufacturing, marketing and supporting server networking solutions for manufacturers of security appliances, storage systems, internet traffic management systems, and other manufacturers providing a variety of server-based systems ( Server Networking Products ). Silicom also offers a broad range of customizable PC Cards, PCI cards and USB products.

**B. Basis of Presentation**

The accompanying condensed unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States for interim financial information [and contain all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial information included therein]. It is suggested that these financial statements be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 20-F for the year ended December 31, 2004. Results for the interim period presented are not necessarily indicative of the results to be expected for the full year.

**Note 2 Significant Accounting Policies**

**A. Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Note 3 Inventories**

	September 30, 2005	December 31, 2004
	(Unaudited)	(Audited)
Raw materials and components	\$ 1,102	\$ 489
Work in progress	1,947	1,442
Finished goods	76	63
	\$ 3,125	\$ 1,194



**Note 4 Stock Compensation Plans**

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ( APB ) Opinion No. 25

Accounting for Stock Issued to Employees , and related interpretations including FASB Interpretation No.44 Accounting for certain transactions involving stock compensation an interpretation of APB Opinion No. 25" issued in March 2000, to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

The Company applies SFAS No. 123 with respect to options issued to persons other than employees. SFAS No. 123, Accounting for Stock-Based Compensation, established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic value-based method of accounting for grants to employees as described above, and has adopted the disclosure requirements of SFAS No. 123.

Pro forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of this statement. Pro forma information is as follows:

	Nine months ended September 30,	
	2005	2004
	(Unaudited)	(Unaudited)
Net income (loss) as reported	\$ 849	\$ (1,153)
Add: Compensation expense according to APB 25 included in reported net loss	-	-
Deduct: Application of compensation expenses according to SFAS No. 123	(79)	(142)
Pro forma net income (loss)	<u>\$ 770</u>	<u>\$ (1,295)</u>
Basic net income (loss) per share, As reported (US\$)	<u>\$ 0.20</u>	<u>\$ (0.27)</u>
Diluted net income (loss) per share, As reported (US\$)	<u>\$ 0.20</u>	<u>\$ (0.27)</u>
Pro forma Basic net income (loss) per share (US\$)	<u>\$ 0.18</u>	<u>\$ (0.31)</u>
Weighted average number of shares outstanding - Basic EPS (in thousands)	4,241	4,199
Pro forma Diluted net income (loss) per share (US\$)	<u>\$ 0.18</u>	<u>\$ (0.31)</u>
Weighted average number of shares outstanding - Diluted EPS (in thousands)	4,349	4,199

**Note 5 Subsequent Events**

During December 2005, Silicom obtained approval to list its shares on the Tel Aviv Stock Exchange (TASE). Trading on the TASE commenced on December 27, 2005. Silicom's shares continue to be listed on the Nasdaq and Silicom continues to be subject to all rules and regulations of Nasdaq and the U.S. Securities and Exchange Commission (SEC).

On January 3, 2006 the company filed a draft prospectus with the Israeli Securities Authority and the Tel Aviv Stock Exchange in connection with a contemplated underwritten offering to the public in Israel of Ordinary Shares or of a combination of Ordinary Shares and options convertible into Ordinary Shares. The offering would be made by Silicom only, and not by any selling shareholder. If the offering is completed, Silicom currently intends to raise up to a maximum amount of approximately \$10 million from the offering, depending on market conditions. No final decision on an offering has been made and any offering is subject to the final approval of Silicom's Board of Directors and to the publishing of a final prospectus with the approval of the Israeli Securities Authority.

The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available.

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