

SILICOM LTD
Form 6-K
July 25, 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 July, 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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Attached hereto and incorporated by reference herein is Registrant's press release dated July 25, 2005 announcing Registrant's second quarter financial results.

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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/ Shaiké Orbach

Shaiké Orbach
President & CEO

Dated: July 25th, 2005

FOR IMMEDIATE RELEASE

SILICOM REPORTS RESULTS FOR Q2 2005:
MOMENTUM CONTINUES TO BUILD

Revenues Reach \$2.6M; 4th Consecutive Quarter of Revenue Growth
Net Profit of \$315K, 2nd Straight Profitable Quarter

KFAR SAVA, Israel July 25, 2005 Silicom Ltd. (NASDAQ:SILCF) today reported financial results for the second quarter and first half ended June 30, 2005.

Revenues for the second quarter of 2005 were \$2,638,000, an increase of 195% compared with \$895,000 for the second quarter of 2004. These are the Company's highest revenues since the fourth quarter of 2000 and represent sequential growth of 16% compared with the sales for the first quarter of 2005. Net income for the quarter was \$315,000, or \$0.07 per fully diluted share, compared with a net loss of (\$544,000), or (\$0.13) per diluted share, for the second quarter of 2004. This is the Company's second consecutive profitable quarter and represents 110% sequential growth over the net income for the first quarter of 2005.

Revenues for the first half of 2005 were \$4,918,000, an increase of 182% compared to \$1,743,000 in the first half of 2004. Net profit for the period was \$465,000, or \$0.11 per diluted share, compared to a net loss of (\$946,000), or (\$0.23) per share for the first half of 2004.

Commenting on the results, Shaiké Orbach, President and CEO, said, "We are pleased to report a continuation of our business momentum in the second quarter, with sequential and year-over-year growth in all key parameters, including sales, gross margins, operating and net income. These satisfying results reflect the contribution of significant initial orders from new Design Wins as well as follow-on orders derived from the 20+ Design Wins that we have accumulated over the past two years. These Design Wins confirm that our high performance multi-port and BYPASS adapters address important connectivity issues in security and gateway appliances, resolving pain points in fast-growing market segments. The Design Wins have established our clear market leadership, strengthening our ability to close sales with many of the 100+ companies currently engaged in various stages of evaluating our products."

Mr. Orbach concluded, "With the above in mind, we are very pleased by the pace of our business development, excited by opportunities ahead, and continue working aggressively to take advantage of Silicom's favorable positioning in a growing marketplace."

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Silicom Ltd. is an industry-leading provider of high-performance server/appliances networking solutions. The Company's flagship products include a variety of multi-port Gigabit Ethernet, copper and fiber-optic, server adapters and innovative BYPASS adapters designed to increase throughput and availability of server-based systems, security appliances and other mission-critical gateway applications. Silicom also offers a broad range of its traditional PC Cards, PCI cards and USB products. For more information, please visit: www.silicom.co.il.

Statements in this press release which are not historical data are forward-looking statements which involve known and unknown risks, uncertainties, or other factors not under the Company's control, which may cause actual results, performance, or achievements of the Company to be materially different from the results, performance, or other expectations implied by these forward-looking statements. These factors include, but are not limited to, those detailed in the Company's periodic filings with the Securities and Exchange Commission. The Company disclaims any duty to update such statements.

Contact:

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Silicom Ltd.

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FINANCIAL TABLES FOLLOW

Silicom Ltd. Consolidated Summary of Results

(Unaudited)

U.S. dollars, in thousands, except for per share amounts

| | Three-month period ended June 30, | | Six-month period ended June 30, | |
|--|--------------------------------------|------------|------------------------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Sales | \$ 2,638 | \$ 895 | \$ 4,918 | \$ 1,743 |
| Cost of sales | 1,589 | 730 | 2,964 | 1,275 |
| Gross profit | 1,049 | 165 | 1,954 | 468 |
| Research and development costs, gross | 364 | 401 | 768 | 808 |
| Less - royalty bearing participations | (8) | --- | (44) | (28) |
| Research and development costs, net | 356 | 401 | 724 | 780 |
| Selling and marketing expenses | 212 | 145 | 446 | 331 |
| General and administrative | 189 | 161 | 346 | 308 |
| | 757 | 707 | 1,516 | 1,419 |
| Operating income (Loss) | 292 | (542) | 438 | (951) |
| Financial income (expenses), net | 23 | (2) | 27 | 5 |
| Income (Loss) before taxes on income | 315 | (544) | 465 | (946) |
| Taxes on income | --- | --- | --- | --- |
| Net income (Loss) | \$ 315 | \$ (544) | \$ 465 | \$ (946) |
| Basic income (Loss) per share | \$ 0.07 | \$ (0.13) | \$ 0.11 | \$ (0.23) |
| Weighted average number of shares outstanding - Basic EPS (in thousands) | 4,247 | 4,199 | 4,223 | 4,199 |
| Diluted income (Loss) per share | \$ 0.07 | \$ (0.13) | \$ 0.11 | \$ (0.23) |
| Weighted average number of shares outstanding - Diluted EPS (in thousands) | 4,397 | 4,199 | 4,331 | 4,199 |

Silicom Ltd. Consolidated Balance Sheets

(U.S. dollars, in thousands)

| | June 30, 2005 (Unaudited) | December 31, 2004 (Audited) |
|--|------------------------------|--------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,149 | \$ 1,086 |
| Short term investments | - | 519 |
| Trade receivables | 1,701 | 741 |
| Other receivables | 409 | 337 |
| Inventories | 2,792 | 1,994 |
| | <u>6,051</u> | <u>4,677</u> |
| Severance pay fund | 533 | 559 |
| Property and equipment, net | 240 | 232 |
| Other assets | 52 | 57 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 6,876</u> | <u>\$ 5,525</u> |
| Liabilities and shareholder's equity | | |
| Current liabilities | | |
| Trade payables | 1,540 | 1,008 |
| Other payables and accrued liabilities | 755 | 522 |
| | <u> </u> | <u> </u> |
| Total current liabilities | 2,295 | 1,530 |
| Liability for severance pay | 933 | 957 |
| | <u> </u> | <u> </u> |
| Total liabilities | 3,228 | 2,487 |
| | <u> </u> | <u> </u> |
| Shareholders' Equity | | |
| Share capital and additional paid in capital | 5,797 | 5,652 |
| Treasury stock | (38) | (38) |
| Retained earnings (deficit) | (2,111) | (2,576) |
| | <u> </u> | <u> </u> |
| | 3,648 | 3,038 |
| | <u> </u> | <u> </u> |
| Total liabilities and shareholders equity | <u>\$ 6,876</u> | <u>\$ 5,525</u> |