

SILICOM LTD  
Form 6-K  
December 29, 2005

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**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 29<sup>th</sup>, 2005

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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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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
<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>
<b>Assets held for severance benefits</b>	<b>561</b>	<b>559</b>
<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>7,605</u>	<u>5,525</u>
<b>Total assets</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 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

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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				
<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.



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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
<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	<u>14</u>	<u>11</u>
Taxes on income	<u>9</u>	<u>9</u>

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