

SILICOM LTD  
Form 6-K  
April 25, 2007

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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 April, 2007*

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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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Attached hereto and incorporated by reference herein is Registrant's press release dated April 25, 2007 announcing Registrant's first 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/ Eran Gilad

Eran Gilad  
CFO

Dated: April 25<sup>th</sup>, 2007

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FOR IMMEDIATE RELEASE

EARNINGS RELEASE

**SILICOM'S MOMENTUM CONTINUES:**  
**Q1 SALES UP 84% TO \$6.0M WITH**  
**NET INCOME OF \$1.2M**

*Compared to Q4 2006, Q1 Sales Up 21%, Operating Income Up 27%*

**KFAR SAVA, Israel April 25, 2007 Silicom Ltd. (NASDAQ and TASE: SILC)** today reported record revenues, operating income and net income for the first quarter ended March 31, 2007.

Revenues for the first quarter of 2006 were \$6.0 million, an increase of 84% compared with \$3.3 million in the first quarter of 2005 and 21% compared to the fourth quarter of 2006. These are the Company's highest revenues on record and its 13th consecutive quarter of rising sales.

Operating income for the quarter reached a record of \$1.2 million. This represented an increase of 145% compared to the first quarter of 2006 and 27% compared to the fourth quarter of 2006. Net income for the first quarter was \$1.2, or \$0.22 per diluted share (\$0.23 per basic share), an increase of 127% compared to \$548,000, or \$0.11 per share (basic and diluted) for the first quarter of 2006.

Commenting on the results, Shaiké Orbach, President and CEO, said, "The momentum of our business accelerated again during the first quarter, enabling us to achieve another record quarter in terms of revenues, operating profit, net profit and cash. This strong performance demonstrates the cumulative benefit of our growing Design Win platform, together with the ramp-up of demand for our BYPASS adapters. Our business is being driven by the exciting growth of several target markets, especially the WAN Optimization market, which is still in the early growth phase. We are working to take advantage of our favorable positioning to address this and other high-potential markets, and are optimistic regarding our ability to deliver strong growth over the long term."

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FOR IMMEDIATE RELEASE

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### Quarterly Conference Call

The Company will also be hosting a conference call today, April 25<sup>th</sup>, at 9:00am EDT. On the call, management will review and discuss the results, and will also be available to answer questions by investors.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, try the international dial-in number.

US: 1 888 281 1167

UK: 0 800 917 9141

ISRAEL: 03 918 0609

INTERNATIONAL: +972 3 918 0609

At: 9:00am Eastern Time, 6:00am Pacific Time, 4:00pm Israel Time

For those unable to listen to the live call, a replay of the call will be available for three months from the day after the call under the investor relations section of Silicom's website, at: [www.silicom.co.il](http://www.silicom.co.il)

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](http://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.

**Company Contact:**

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**Silicom Ltd.**

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**Investor Relations Contact:**

**Kenny Green / Ehud Helft**

**GK Investor Relations**

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**E-mail : [kenny@gkir.com](mailto:kenny@gkir.com) / [ehud@gkir.com](mailto:ehud@gkir.com)**

**FINANCIAL TABLES FOLLOW**

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**Silicom Ltd. Consolidated  
Summary of Results**

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

|   | Three-month period<br>ended March 31, |                     |
|---|---------------------------------------|---------------------|
|   | 2007<br>(Unaudited)                   | 2006<br>(Unaudited) |
| Sales   | \$ 6,049                              | \$ 3,287            |
| Cost of sales   | 3,651                                 | 1,968               |
| <b>Gross profit</b>   | <b>2,398</b>                          | <b>1,319</b>        |
| Research and development costs, gross   | 539                                   | 400                 |
| Less - royalty bearing participations   | --                                    | --                  |
| Research and development costs, net   | 539                                   | 400                 |
| Selling and marketing expenses  | 400                                   | 220                 |
| General and administrative  | 253                                   | 206                 |
|   | <b>1,192</b>                          | <b>826</b>          |
| Operating income  | 1,206                                 | 493                 |
| Financial income, net   | 69                                    | 55                  |
| Income before taxes on income   | 1,275                                 | 548                 |
| Taxes on income   | 30                                    | --                  |
| Net income  | \$ 1,245                              | \$ 548              |
| Basic income per share  | \$ 0.23                               | \$ 0.11             |
| Weighted average number of shares outstanding - Basic<br>EPS (in thousands)   | 5,363                                 | 4,955               |
| Diluted income per share  | \$ 0.22                               | \$ 0.11             |
| Weighted average number of shares outstanding -<br>Diluted EPS (in thousands) | 5,653                                 | 5,218               |

**Silicom Ltd. Consolidated Balance Sheets**

(U.S. dollars, in thousands)

|  | March 31, 2007<br>(Unaudited) | December 31,<br>2006<br>(Unaudited) |
|--|-------------------------------|-------------------------------------|
| <b>Assets</b>                                    |                               |                                     |
| <b>Current assets</b>                            |                               |                                     |
| Cash and cash equivalents                        | \$ 7,363                      | \$ 4,513                            |
| Short term investments                           | 1,911                         | 1,009                               |
| Trade receivables                                | 3,981                         | 3,277                               |
| Other receivables                                | 506                           | 301                                 |
| Inventories                                      | 5,075                         | 3,739                               |
| Deferred taxes                                   | 54                            | 46                                  |
|  | <u>18,890</u>                 | <u>12,885</u>                       |
| Long term investments                            | 2,906                         | 3,811                               |
| Severance pay fund                               | 769                           | 730                                 |
| Property and equipment, net                      | 410                           | 379                                 |
| Other assets                                     | 46                            | 48                                  |
|  | <u>        </u>               | <u>        </u>                     |
| <b>Total assets</b>                              | <b>\$ 23,021</b>              | <b>\$ 17,853</b>                    |
| <b>Liabilities and shareholder's equity</b>      |                               |                                     |
| <b>Current liabilities</b>                       |                               |                                     |
| Trade payables                                   | 4,237                         | 2,481                               |
| Other payables and accrued liabilities           | 1,111                         | 971                                 |
|  | <u>        </u>               | <u>        </u>                     |
| <b>Total current liabilities</b>                 | <b>5,348</b>                  | <b>3,452</b>                        |
| <b>Liability for severance pay</b>               | <b>1,369</b>                  | <b>1,220</b>                        |
|  | <u>        </u>               | <u>        </u>                     |
| <b>Total liabilities</b>                         | <b>6,717</b>                  | <b>4,672</b>                        |
| <b>Shareholders' Equity</b>                      |                               |                                     |
| Share capital and additional paid in capital     | 13,752                        | 11,874                              |
| Treasury stock                                   | (38)                          | (38)                                |
| Retained earnings                                | 2,590                         | 1,345                               |
|  | <u>        </u>               | <u>        </u>                     |
|  | <b>16,304</b>                 | <b>13,181</b>                       |
|  | <u>        </u>               | <u>        </u>                     |
| <b>Total liabilities and shareholders equity</b> | <b>\$ 23,021</b>              | <b>\$ 17,853</b>                    |
|  | <u>        </u>               | <u>        </u>                     |