

SILICOM LTD  
Form 6-K  
January 30, 2006

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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 January, 2006*

**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 December 31, 2005 announcing Registrant's fourth 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: January 30, 2006

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**EARNINGS RELEASE**

**FOR IMMEDIATE RELEASE**

**SILICOM REPORTS RECORD Q4 AND 2005**  
**RESULTS: BEST-EVER QUARTER AND BEST -**  
**EVER YEAR**

*After Rising for 8 Consecutive Quarters, Revenues Reach \$3.1M  
for Q4 & \$10.9M for 2005  
4th Profitable Quarter in a Row Yields  
Record \$0.11 EPS for Q4, \$0.30 EPS for 2005*

**KFAR SAVA, Israel January 30, 2006 Silicom Ltd. (NASDAQ and TASE: SILC)** today reported record financial results for the fourth quarter and year ended December 31, 2005.

Revenues for the fourth quarter of 2005 were \$3,126,000, an increase of 98% compared with \$1,581,000 for the fourth quarter of 2004, and an increase of 10% compared with \$2,832,000 for the third quarter of 2005. These are the highest quarterly revenues in Silicom's history and the Company's eighth consecutive quarter of rising revenues.

Net income for the quarter was \$473,000, or \$0.11 per share (basic and diluted), a new record for the Company, compared with a net loss of (\$87,000), or (\$0.02) per share for the fourth quarter of 2004.

Revenues for the year ended December 31, 2005 rose to an all-time high of \$10,876,000, an increase of 139% compared with \$4,559,000 for 2004. The Company's net income from the year's four profitable quarters was \$1,322,000, or \$0.30 per diluted share, compared to a net loss of (\$1,240,000), or (\$0.30) per diluted share for 2004.

Commenting on the results, Shaiké Orbach, President and CEO, said, "We are proud to report the best quarter in our history, a strong end for a successful 2005 with four quarters of rising revenues and profits. For the first time ever, our yearly sales have crossed the \$10 million milestone and we have posted a 12% net margin."

These satisfying results demonstrate the quantum leap forward that Silicom achieved in 2005. Throughout the year, our momentum intensified, with early customers ramping up their order volumes significantly and a growing number of new customers giving us new significant Design Wins, such as the two Design Wins with Fortune 100 companies announced during the fourth quarter alone. Now, with more than 30 Design Wins and more than 100 potential customers in the pipe line, we have established presence in the security, storage, load balancing, traffic management and other industries and are positioned to benefit from their growth.

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**FOR IMMEDIATE RELEASE**

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Mr. Orbach continued, In light of increased Israeli interest in our share, we have recently dual-listed the Company on the Tel Aviv Stock Exchange, a move we hope will expand our liquidity and trading volumes. In addition, we have recently completed an oversubscribed public offering of shares and options, raising approximately \$6 million dollars. We are gratified by this vote of confidence and pledge to continue working to build the Company and shareholder value.

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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](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.

**Contact:**

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**FINANCIAL TABLES FOLLOW**

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**Silicom Ltd. Consolidated Summary of Results**

(Unaudited)

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

	Three-month period ended December 31,		Full Year ended December 31,	
	2005 (Unaudited)	2004 (Unaudited)	2005 (Unaudited)	2004 (Audited)
Sales	\$ 3,126	\$ 1,581	\$ 10,876	\$ 4,559
Cost of sales	1,855	954	6,507	2,999
Gross profit	1,271	627	4,369	1,560
Research and development costs, gross	398	374	1,561	1,596
Less - royalty bearing participations	(27)	(42)	(98)	(145)
Research and development costs, net	371	332	1,463	1,451
Selling and marketing expenses	241	205	903	718
General and administrative	184	156	695	614
	796	693	3,061	2,783
Operating income (Loss)	475	(66)	1,308	(1,223)
Financial income (expenses), net	(2)	(21)	14	(17)
Income (Loss) before taxes on income	473	(87)	1,322	(1,240)
Taxes on income	---	---	---	---
Net income (Loss)	\$ 473	\$ (87)	\$ 1,322	\$ (1,240)
Basic income (Loss) per share	\$ 0.11	\$ (0.02)	\$ 0.31	\$ (0.30)
Weighted average number of shares outstanding - Basic EPS (in thousands)	4,301	4,199	4,256	4,190
Diluted income (Loss) per share	\$ 0.11	\$ (0.02)	\$ 0.30	\$ (0.30)
Weighted average number of shares outstanding - Diluted EPS (in thousands)	4,463	4,199	4,364	4,190

**Silicom Ltd. Consolidated Balance Sheets**

(U.S. dollars, in thousands)

	December 31, 2005 (Unaudited)	December 31, 2004 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,276	\$ 1,086
Short term investments	-	519
Trade receivables	2,395	741
Other receivables	453	337
Inventories	2,994	1,994
	<u>8,118</u>	<u>4,677</u>
<b>Severance pay fund</b>	<b>587</b>	<b>559</b>
<b>Property and equipment, net</b>	<b>292</b>	<b>232</b>
<b>Other assets</b>	<b>48</b>	<b>57</b>
	<u></u>	<u></u>
<b>Total assets</b>	<b>\$ 9,045</b>	<b>\$ 5,525</b>
	<u></u>	<u></u>
<b>Liabilities and shareholder's equity</b>		
<b>Current liabilities</b>		
Short-term bank credit	500	-
Trade payables	2,020	1,008
Other payables and accrued liabilities	822	522
	<u>3,342</u>	<u>1,530</u>
Total current liabilities	3,342	1,530
<b>Liability for severance pay</b>	<b>1,031</b>	<b>957</b>
	<u></u>	<u></u>
Total liabilities	4,373	2,487
	<u></u>	<u></u>
<b>Shareholders' Equity</b>		
Share capital and additional paid in capital	5,964	5,652
Treasury stock	(38)	(38)
Retained earnings (deficit)	(1,254)	(2,576)
	<u>4,672</u>	<u>3,038</u>
<b>Total liabilities and shareholders equity</b>	<b>\$ 9,045</b>	<b>\$ 5,525</b>
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