

GILAT SATELLITE NETWORKS LTD
Form 6-K
May 12, 2010

FORM 6 – K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report on Foreign Issuer

Pursuant to Rule 13a – 16 or 15d – 16
of the Securities Exchange Act of 1934

For the Month of May 2010

Gilat Satellite Networks Ltd.
(Translation of Registrant’s Name into English)

Gilat House, Yegia Kapayim Street
Daniv Park, Kiryat Arye, Petah Tikva, Israel
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover 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

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Attached hereto is Registrant's press release dated May 11, 2010, announcing Registrant's financial results for the quarter ending March 31, 2010.

This report on Form 6-K is being incorporated by reference into the Registration Statement on Form F-3 (Registration No. 333-160683) and the Registration Statements on Form S-8 (Registration Nos. 333- 158476, 333-96630, 333-132649, 333-123410, 333-113932, 333-08826, 333-10092, 333-12466 and 333-12988).

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.

Gilat Satellite Networks Ltd.
(Registrant)

Dated May 12, 2010

By: /s/ Rachel Prishkolnik
Rachel Prishkolnik
Corporate Secretary

Gilat Announces First Quarter 2010 Results

Petah Tikva, Israel, May 11, 2010 – Gilat Satellite Networks Ltd. (NasdaqGM: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the quarter ending March 31, 2010.

Revenues for the first quarter of 2010 were \$57.1 million compared to \$60.8 million for the same period of 2009. Net income for the first quarter of 2010 was \$0.6 million or \$0.02 per diluted share compared to a net income of \$0.2 million, or \$0.01 per diluted share in the first quarter of 2009.

Gilat's Chief Executive Officer and Chairman of the Board Amiram Levinberg said, "The quarter was highlighted by signing the definitive agreement to acquire Raysat Antenna Systems. This acquisition is part of our focus on the defense and military markets and we hope to be able to close it by the beginning of the third quarter."

Recent Announcements:

- Kazakhstan's ASTEL is deploying a Gilat SkyEdge II broadband satellite network for corporate and government agency sites. The new network includes two SkyEdge II satellite hub stations and several hundred SkyEdge II Access VSATs, in addition to the recently announced Gilat NetEdge Gateways.
- Gilat is supplying a multinational broadband satellite network in Africa that will be used to provide gaming and lottery services to an initial 2,500 sites in several countries in West Africa, including, the Ivory Coast, DRC and Senegal.
- Ethiopia's ETC has chosen Gilat's satellite network to provide broadband services to hundreds of sites. The network will be used for enterprise applications and includes Gilat's SkyAbis cellular backhaul solution to extend the range of cellular services to remote regions.
- Gilat was chosen by a major homeland security agency in Latin America to provide a turnkey broadband communications solution. The new network will be used for border control applications.
- Gilat announced the appointment of Jaron Lotan to serve as Chief Operating Officer. As COO Lotan will oversee all day-to-day business operations, from sales to implementation, for all of the Company's businesses other than Spacenet Inc.
- Gilat entered into a definitive agreement to acquire Raysat Antenna Systems, a leading SatCom On The Move antenna company. The acquisition is part of Gilat's strategy to enter new military and defense markets.
- Gilat and GVF announced a new VSAT installation training program for Gilat SkyEdge II broadband satellite networks.

- Gilat announced integrated SatCom On The Move solutions with Orbit Technology Group. The integrated solutions have already been successfully deployed, meeting the demanding requirements of customers.
- Gilat is providing a SkyEdge II network to telecom services provider, Satcom Systems, which will be used for broadband Internet connectivity in Africa. The network comprising a SkyEdge II hub located in Germany and hundreds of VSATs, will enable Satcom Systems to expand its services in West Africa.
- Brazil's Amazonian Protection System (SIPAM) is deploying a Gilat SkyEdge II broadband satellite communications network at more than 1,000 remote sites. The SkyEdge II VSAT network will enable SIPAM to more effectively disseminate critical information to Amazonian states and cities and the dozens of institutions and isolated sites.
 - Spacenet and EchoStar provided satellite service and communications equipment to the American Red Cross for Haiti relief efforts following the devastating earthquake.

Gilat will host a conference call today with an accompanying slide presentation at 9:30 AM ET. In order to ensure audio access, participants from the U.S. should dial in at (888) 281-1167 and international participants should dial in at (972) 3-918-0610. The presentation may be accessed through the Company's website at www.gilat.com prior to the call. The call will also be available as a Webcast on the Company's website at www.gilat.com and will be archived for 30 days.

Notes:

(1) The attached summary financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The attached summary financial statements for the first quarter of 2010 are unaudited. To supplement the consolidated financial statements presented in accordance with GAAP, the Company presents Gilat's net income, EBITDA and earnings per diluted share, before the impact of a non-cash share-based payment charge, which is the non-cash stock option expense as per SFAS 123 (R). Non-GAAP presentations of net income, EBITDA and earnings per share are provided to enhance the understanding of the Company's historical financial performance and comparability between periods.

(2) Operating income before depreciation, amortization, non cash stock option expenses as per SFAS 123(R) and exceptional items ('EBITDA') is presented because it is a measure commonly used and is presented solely in order to improve the understanding of the Company's operating results and to provide further perspective on these results. EBITDA, however, should not be considered as an alternative to operating income or net income for the period as an indicator of the operating performance of the Company.

Similarly, EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity. EBITDA is not a measure of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. EBITDA may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results. Reconciliation between the Company's Operating income and EBIDTA is presented in the attached summary financial statements.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd. is a leading provider of products and professional services for satellite-based broadband communications networks worldwide. Gilat was founded in 1987 and has shipped over 750,000 Very Small Aperture Terminals (VSATs) to more than 85 countries across six continents. Gilat's headquarters is located in Petah Tikva, Israel. The Company has 16 sales and service offices worldwide. Gilat markets a full line of high-performance VSATs under the SkyEdge™ and SkyEdge II Product Family. Gilat's wholly-owned subsidiary, Spacenet Inc., is a leading provider of managed services in North America to the business and government segments. For more information, please visit www.gilat.com.

Certain statements made herein that are not historical are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. The words “estimate”, “project”, “intend”, “expect”, “believe” and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties. Many factors could cause the actual results, performance or achievements of Gilat to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, inability to maintain market acceptance to Gilat's products, inability to timely develop and introduce new technologies, products and applications, rapid changes in the market for Gilat's products, loss of market share and pressure on prices resulting from competition, introduction of competing products by other companies, inability to manage growth and expansion, loss of key OEM partners, inability to attract and retain qualified personnel, inability to protect the Company's proprietary technology and risks associated with Gilat's international operations and its location in Israel. For additional information regarding these and other risks and uncertainties associated with Gilat's business, reference is made to Gilat's reports filed from time to time with the Securities and Exchange Commission.

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GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED BALANCE SHEET
 US dollars in thousands

| | March 31, 2010 Unaudited | December 31, 2009 |
|---|--------------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 85,401 | 122,672 |
| Short-term bank deposits | 54,530 | 31,729 |
| Available-for-sale marketable securities | 4,852 | - |
| Short-term restricted cash | 1,855 | 1,782 |
| Restricted cash held by trustees | 857 | 2,137 |
| Trade receivables, net | 54,326 | 45,597 |
| Inventories | 15,307 | 13,711 |
| Other current assets | 18,063 | 19,068 |
| Total current assets | 235,191 | 236,696 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 5,140 | 4,896 |
| Severance pay fund | 10,061 | 9,912 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 2,683 | 2,204 |
| Total long-term investments and receivables | 17,884 | 17,012 |
| PROPERTY AND EQUIPMENT, NET | 99,018 | 100,532 |
| INTANGIBLE ASSETS AND DEFERRED CHARGES, NET | 2,860 | 2,988 |
| TOTAL ASSETS | 354,953 | 357,228 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED BALANCE SHEET
 US dollars in thousands

| | March 31, 2010 Unaudited | December 31, 2009 |
|---|--------------------------------|-------------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term loans and convertible notes | 5,200 | 5,220 |
| Trade payables | 15,816 | 16,838 |
| Accrued expenses | 21,266 | 20,067 |
| Short-term advances from customer, held by trustees | 857 | 2,137 |
| Other current liabilities | 26,822 | 28,154 |
| Total current liabilities | 69,961 | 72,416 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 10,274 | 10,011 |
| Long-term loans, net | 9,343 | 9,830 |
| Accrued interest related to restructured debt | 1,176 | 1,176 |
| Convertible subordinated notes | 15,219 | 15,220 |
| Other long-term liabilities | 15,824 | 16,280 |
| Total long-term liabilities | 51,836 | 52,517 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 1,837 | 1,832 |
| Additional paid in capital | 863,670 | 863,337 |
| Accumulated other comprehensive income | 1,222 | 1,341 |
| Accumulated deficit | (633,573) | (634,215) |
| Total equity | 233,156 | 232,295 |
| TOTAL LIABILITIES AND EQUITY | 354,953 | 357,228 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 U.S. dollars in thousands (except per share data)

| | Three months ended March 31, | |
|--|---------------------------------|-------------------|
| | 2010 Unaudited | 2009 Unaudited |
| Revenues | 57,112 | 60,826 |
| Cost of revenues | 37,475 | 42,872 |
| Gross profit | 19,637 | 17,954 |
| Research and development expenses: | | |
| Expenses incurred | 4,723 | 4,009 |
| Less - grants | 215 | 235 |
| | 4,508 | 3,774 |
| Selling, marketing, general and administrative expenses | 15,073 | 14,130 |
| Operating income | 56 | 50 |
| Financial income, net | 69 | 341 |
| Other income | - | 199 |
| Income before taxes on income | 125 | 590 |
| Taxes on income (tax benefit) | (517) | 352 |
| Net income | 642 | 238 |
| Basic net earnings per share | 0.02 | 0.01 |
| Diluted net earnings per share | 0.02 | 0.01 |
| Weighted average number of shares used in computing net earnings per share | | |
| Basic | 40,309 | 40,071 |
| Diluted | 41,969 | 41,206 |

GILAT SATELLITE NETWORKS LTD.
 RECONCILIATION BETWEEN GAAP AND NON-GAAP STATEMENTS OF OPERATIONS
 FOR COMPARATIVE PURPOSES

U.S. dollars in thousands (except per share data)

| | Three months ended | |
|---|--------------------|-----------|
| | March 31, | |
| | 2010 | 2009 |
| | Unaudited | Unaudited |
| GAAP operating income | 56 | 50 |
| Non-cash stock-based compensation expenses (1) | 332 | 228 |
| Non-GAAP operating income | 388 | 278 |
| GAAP net income | 642 | 238 |
| Non-cash stock-based compensation expenses (1) | 332 | 228 |
| Non-GAAP net income | 974 | 466 |
| GAAP Earnings per share (diluted) | 0.02 | 0.01 |
| Non-cash stock-based compensation expenses (1) | - | - |
| Non-GAAP Earnings per share (diluted) | 0.02 | 0.01 |
| (1) Non-cash stock-based compensation expenses: | | |
| Cost of Revenues | 67 | 40 |
| Research and development | 35 | 19 |
| Selling, general, marketing and administrative | 230 | 169 |
| | 332 | 228 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 US dollars in thousands

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2010 | 2009 |
| | Unaudited | Unaudited |
| Cash flows from operating activities: | | |
| Net income | 642 | 238 |
| Adjustments required to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | 3,013 | 3,455 |
| Gain from the sale of an investment accounted for at cost | - | (199) |
| Stock-based compensation related to employees | 332 | 228 |
| Accrued severance pay, net | 114 | (293) |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | (149) | 263 |
| Accrued interest and exchange rate differences on held-to-maturity marketable securities and short term bank deposits, net | (61) | 80 |
| Exchange rate differences on long-term loans | (420) | (285) |
| Exchange rate differences on loans to employees | - | 5 |
| Capital loss from disposal of property and equipment | 7 | 5 |
| Deferred income taxes | 11 | 34 |
| Decrease (increase) in trade receivables, net | (8,782) | 1,518 |
| Decrease in other assets (including short-term, long-term and deferred charges) | 213 | 8,109 |
| Decrease (increase) in inventories | (1,907) | 1,276 |
| Decrease in trade payables | (1,014) | (6,686) |
| Increase (decrease) in accrued expenses | 1,201 | (1,707) |
| Decrease in advances from customer, held by trustees, net | (1,281) | (2,898) |
| Decrease in other accounts payable and other long term liabilities | (1,577) | (8,717) |
| Net cash used in operating activities | (9,658) | (5,574) |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 US dollars in thousands

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2010 | 2009 |
| | Unaudited | Unaudited |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (993) | (792) |
| Proceeds from sale of an investment accounted for at cost | - | 199 |
| Purchase of held-to-maturity marketable securities and deposits | (30,693) | (60,812) |
| Proceeds from held-to-maturity marketable securities and deposits | 7,953 | 59,283 |
| Loans to employees, net | (1) | (3) |
| Investment in restricted cash held by trustees | (1,404) | - |
| Proceeds from restricted cash held by trustees | 2,787 | 2,637 |
| Investment in restricted cash (including long-term) | (387) | (50) |
| Proceeds from restricted cash (including long-term) | 70 | 197 |
| Purchase of available-for-sale marketable securities | (4,804) | - |
| Net cash provided by (used in) investing activities | (27,472) | 659 |
| Cash flows from financing activities: | | |
| Issuance of restricted stock units | 5 | 3 |
| Repayment of long-term loans | (87) | (81) |
| Net cash used in financing activities | (82) | (78) |
| Effect of exchange rate changes on cash and cash equivalents | (59) | 15 |
| Decrease in cash and cash equivalents | (37,271) | (4,978) |
| Cash and cash equivalents at the beginning of the period | 122,672 | 73,916 |
| Cash and cash equivalents at the end of the period | 85,401 | 68,938 |

GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
US dollars in thousands

| | Three months ended March 31, | |
|--|---------------------------------|-------------------|
| | 2010 Unaudited | 2009 Unaudited |
| Operating income | 56 | 50 |
| Add: | | |
| Non-cash stock-based compensation exepnses | 332 | 228 |
| Deprecation and amortization | 3,013 | 3,455 |
| EBITDA | 3,401 | 3,733 |
