

GILAT SATELLITE NETWORKS LTD
Form 6-K
August 12, 2009

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 August 2009

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 August 11, 2009, announcing Registrant's financial results for the quarter ending June 30, 2009.

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)

By: /s/ Rachel Prishkolnik

Rachel Prishkolnik
Corporate Secretary

Dated: August 12, 2009

Gilat Announces Results for the Second Quarter, 2009

Petah Tikva, Israel, August 11, 2009 Gilat Satellite Networks Ltd. (Nasdaq: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the second quarter ending June 30th, 2009.

Revenues for the second quarter of 2009 were \$56.0 million compared to \$65.6 million for the same period of 2008. Net loss for the second quarter of 2009 was \$1.2 million (\$0.03) per diluted share compared to net income of \$1.3 million or \$0.03 per diluted share in the second quarter of 2008.

Revenues for the six month period ended June 30, 2009 were \$116.8 million compared to \$136.1 million for the comparable period of 2008. Net loss for the six month period ended June 30, 2009 was \$1 million or (\$0.02) per diluted share compared to net income of \$5.9 million or \$0.14 per diluted share in the same period of 2008.

For a detailed reconciliation of GAAP to non-GAAP financial information and for more information regarding Gilat's use of non-GAAP financial measures, please see the table titled "Reconciliation between GAAP and non-GAAP statements of operations" as well as the notes contained in this press release.

Gilat's Chief Executive Officer and Chairman of the Board Amiram Levinberg said, "Our results for the second quarter ended lower than the comparable quarter last year, which was not unexpected in the context of the current economic environment, hence we adjusted our budget accordingly. Despite the effects of the global recession, we are seeing a more healthy deal flow in certain regions of the world, which provides some optimism for the second half of the year. In addition, this quarter, we continued to release money from the restricted cash held by trustees in Colombia increasing our free cash by \$7.6 million to a level of approximately \$141 million.

Recent Announcements:

Gilat's Spacenet Rural Communications (SRC) business unit successfully deployed a SkyEdge II broadband satellite communications network at more than 1,300 sites as part of the modified agreements with the Colombian Ministry of Communications.

Spacenet Inc. introduced its new Prysm Pro application and network management appliance. Prysm Pro is a self-contained hardware and software solution that provides a broad range of networking and content-delivery functions, as well as support for enhanced security and backup connectivity for business continuity.

Gilat is providing Argentina's Servicio Satelital S.A. a SkyEdge II satellite communications network to enable broadband Internet connectivity at hundreds of sites nationwide. The sites will include schools, oil & gas firms and retail lottery locations.

Gilat was chosen by Papua New Guinea's Telikom PNG Ltd. to provide a broadband satellite communications network covering hundreds of sites. Gilat's SkyEdge and SkyEdge II platforms will enable Telikom PNG to provide toll-quality telephony and deliver broadband Internet services to remote areas as well as serving the interactive data communications requirements of the financial services sector.

Gilat was chosen by CAT Telecom Public Co. Ltd. (CAT) to provide a turnkey VSAT networking solution, based on Gilat's SkyEdge II platform, to provide telephony and broadband Internet services to rural locations throughout Thailand.

Gilat introduced NetEdge, a new high-performance satellite communications platform, specifically designed to meet the requirements of multi-star private networks for corporations and for cellular backhaul applications.

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Spacenet's high-performance Connexstar satellite communications services have been deployed to support Star Race Cars, the exclusive producer of cars used in the Star Mazda Championship presented by Goodyear.

Conference Call & Webcast

Gilat will host a conference call today at 9:30 AM Eastern Time. In order to ensure audio access, participants from the U.S. should dial in at (888) 407-2553 and international participants should dial in at (972) 3-918-0644. The live presentation may also be accessed via Webcast through the Company's website at www.gilat.com prior to the call. A replay of the call will be available beginning at approximately 12:00 PM Eastern Time, August 11, 2009 until August 13, 2009 at 12:00 PM.

To listen to the replay, U.S. participants should call (888) 782-4291 and international participants should call (972) 3-925-5921. The call will also be available for replay as a Webcast on the Company's website at www.gilat.com and will be archived for 30 days.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd. (Nasdaq: GILT) is a leading provider of products and services for satellite-based communications networks. The Company operates under three business units: (i) Gilat Network Systems, a provider of network systems and associated professional services to service providers and operators worldwide; (ii) Spacenet Inc., a provider of managed services in North America to the business and government segments; and (iii) Spacenet Rural Communications, a provider of rural telephony and Internet access solutions to remote areas primarily in Latin America.

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.

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.

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 three and six months ending June 30, 2009 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 EBITDA is presented in the attached summary financial statements.

Investor Relations Contact:

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Watts Capital Partners, LLC
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GILAT SATELLITE NETWORKS LTD.
CONDENSED CONSOLIDATED BALANCE SHEET
US dollars in thousands

| | <u>June 30,</u> | <u>December 31,</u> |
|---|-----------------------|-----------------------|
| | <u>2009</u> | <u>2008</u> |
| | <u>Unaudited</u> | <u>Audited</u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 76,880 | 73,916 |
| Short-term bank deposits and held-to-maturity marketable securities | 64,174 | 63,033 |
| Short-term restricted cash | 8,473 | 8,581 |
| Restricted cash held by trustees | 13,172 | 24,169 |
| Trade receivables, net | 50,742 | 59,038 |
| Inventories | 15,910 | 20,719 |
| Other current assets | 19,152 | 22,036 |
| | <u>248,503</u> | <u>271,492</u> |
| Total current assets | 248,503 | 271,492 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 4,891 | 5,692 |
| Severance pay fund | 10,253 | 11,085 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 3,157 | 8,937 |
| | <u>18,301</u> | <u>25,714</u> |
| Total long-term investments and receivables | 18,301 | 25,714 |
| PROPERTY AND EQUIPMENT, NET | <u>103,991</u> | <u>109,369</u> |
| INTANGIBLE ASSETS AND DEFERRED CHARGES, NET | <u>3,442</u> | <u>4,064</u> |
| TOTAL ASSETS | <u>374,237</u> | <u>410,639</u> |

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

June 30, December 31,

| | 2009 | 2008 |
|--|-----------------------|-----------------------|
| | Unaudited | Audited |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | 6,500 | 6,500 |
| Current maturities of long-term loans | 4,362 | 4,346 |
| Trade payables | 10,012 | 23,317 |
| Accrued expenses | 22,414 | 25,761 |
| Short-term advances from customer, held by trustees | 13,206 | 24,169 |
| Other current liabilities | 29,604 | 34,593 |
| Total current liabilities | 86,098 | 118,686 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 10,971 | 12,297 |
| Long-term loans, net | 13,901 | 14,003 |
| Accrued interest related to restructured debt | 1,506 | 1,838 |
| Convertible subordinated notes | 16,249 | 16,315 |
| Other long-term liabilities | 16,781 | 17,276 |
| Total long-term liabilities | 59,408 | 61,729 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 1,826 | 1,821 |
| Additional paid in capital | 862,840 | 862,390 |
| Accumulated other comprehensive income | 1,123 | 2,106 |
| Accumulated deficit | (637,058) | (636,093) |
| Total shareholders' equity | 228,731 | 230,224 |
| <u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u> | <u>374,237</u> | <u>410,639</u> |

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

| Six months ended June 30, | | Three months ended June 30, | |
|------------------------------|-----------|--------------------------------|-----------|
| 2009 | 2008 | 2009 | 2008 |
| Unaudited | Unaudited | Unaudited | Unaudited |

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| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|---------------|--------------------------------|---------------|
| | | | | |
| Revenues | 116,829 | 136,130 | 56,003 | 65,597 |
| Cost of revenues | 81,851 | 89,840 | 38,979 | 44,583 |
| Gross profit | 34,978 | 46,290 | 17,024 | 21,014 |
| Research and development expenses: | | | | |
| Expenses incurred | 8,095 | 8,934 | 4,086 | 4,635 |
| Less - grants | 1,185 | 776 | 950 | 737 |
| | 6,910 | 8,158 | 3,136 | 3,898 |
| Selling and marketing, general and administrative expenses | 28,510 | 33,437 | 14,380 | 16,374 |
| Operating income (loss) | (442) | 4,695 | (492) | 742 |
| Financial income (expenses), net | (227) | 1,684 | (568) | 872 |
| Expenses related to aborted merger transaction | - | (933) | - | (211) |
| Other income | 199 | 1,182 | - | - |
| Income (loss) before taxes on income | (470) | 6,628 | (1,060) | 1,403 |
| Taxes on income | 495 | 748 | 143 | 113 |
| Net income (loss) | (965) | 5,880 | (1,203) | 1,290 |
| Basic net earnings (loss) per share | (0.02) | 0.15 | (0.03) | 0.03 |
| Diluted net earnings (loss) per share | (0.02) | 0.14 | (0.03) | 0.03 |
| Weighted average number of shares used in computing net earnings (loss) per share | | | | |
| Basic | 40,102 | 39,783 | 40,133 | 39,864 |
| Diluted | 40,102 | 42,293 | 40,133 | 42,380 |

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)

| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|------|--------------------------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| | | | | |

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| | Six months ended June 30, | | Three months ended June 30, | |
|---|------------------------------|--------------|--------------------------------|--------------|
| | Unaudited | Unaudited | Unaudited | Unaudited |
| GAAP operating income (loss) | (442) | 4,695 | (492) | 742 |
| Non-cash stock-based compensation expenses (1) | 449 | 380 | 221 | 171 |
| Non-GAAP operating income (loss) | 7 | 5,075 | (271) | 913 |
| GAAP net income (loss) | (965) | 5,880 | (1,203) | 1,290 |
| Non-cash stock-based compensation expenses (1) | 449 | 380 | 221 | 171 |
| Non-GAAP net income (loss) | (516) | 6,260 | (982) | 1,461 |
| GAAP Earnings (loss) per share (diluted) | (0.02) | 0.14 | (0.03) | 0.03 |
| Non-cash stock-based compensation expenses (1) | 0.01 | 0.01 | 0.01 | 0.00 |
| Non-GAAP Earnings (loss) per share (diluted) | (0.01) | 0.15 | (0.02) | 0.03 |

(1)

| Non-cash stock-based compensation expenses: | | | | |
|--|------------|------------|------------|------------|
| Cost of Revenues | 77 | 14 | 37 | 5 |
| Research and development | 37 | 1 | 18 | 1 |
| Selling, general, marketing and administrative | 335 | 365 | 166 | 165 |
| | 449 | 380 | 221 | 171 |

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

| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|-----------|--------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Cash flows from operating activities: | | | | |
| Net income (loss) | (965) | 5,880 | (1,203) | 1,290 |
| Adjustments required to reconcile net income (loss) to net cash (used in) operating activities: | | | | |
| Depreciation and amortization | 7,259 | 6,292 | 3,804 | 3,161 |
| Gain from redemption of convertible loan | (22) | - | (22) | - |
| Gain from the sale of an investment accounted for at cost | (199) | - | - | - |
| Stock-based compensation related to employees | 449 | 380 | 221 | 171 |
| Accrued severance pay, net | (494) | 216 | (201) | (89) |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | 155 | (496) | (108) | (45) |
| Accrued interest and exchange rate differences on | | | | |

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| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|-----------------|--------------------------------|-----------------|
| held-to-maturity marketable securities, net | (277) | (1,635) | (357) | (847) |
| Exchange rate differences on long-term loans | 81 | 504 | 366 | (20) |
| Exchange rate differences on loans to employees | - | 20 | (5) | 4 |
| Capital loss from disposal of property and equipment | 64 | 51 | 59 | 32 |
| Deferred income taxes | 215 | (226) | 181 | (292) |
| Decrease (increase) in trade receivables, net | 8,835 | (14,035) | 7,317 | (6,938) |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | 7,082 | (4,218) | (1,027) | 2,580 |
| Decrease (increase) in inventories | 6,152 | (1,255) | 4,876 | (5,598) |
| Increase (decrease) in trade payables | (13,663) | 1,184 | (6,977) | (759) |
| Increase (decrease) in accrued expenses | (3,359) | (596) | (1,652) | 262 |
| Increase (decrease) in advances from customer, held by trustees, net | (10,963) | 496 | (8,065) | 44 |
| Increase (decrease) in other accounts payable and other long term liabilities | (6,915) | (13,542) | 1,802 | (6,812) |
| Net cash used in operating activities | (6,565) | (20,980) | (991) | (13,856) |

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

| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|-----------------|--------------------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment | (1,873) | (4,325) | (1,081) | (2,783) |
| Proceeds from sale of an investment accounted for at cost | 199 | - | - | - |
| Other investments | - | (195) | - | - |
| Purchase of held to maturity marketable securities | (74,077) | (80,559) | (13,265) | (56,653) |
| Proceeds from held to maturity marketable securities | 73,212 | 31,072 | 13,929 | 12,410 |
| Proceeds from sale of property and equipment | - | 426 | - | 25 |
| Loans to employees, net | 12 | 2,778 | 15 | 20 |
| Accumulated other comprehensive income | 10,848 | - | 8,211 | - |
| Investment in restricted cash (including long-term) | (87) | (597) | (37) | - |
| Proceeds from restricted cash (including long-term) | 998 | 171 | 801 | 77 |
| Net cash provided by (used in) investing activities | 9,232 | (51,229) | 8,573 | (46,904) |
| Cash flows from financing activities: | | | | |
| Early redemption of convertible loan | (45) | - | (45) | - |
| Exercise of stock options | 6 | 1,866 | 3 | 799 |
| Short-term bank credit, net | - | (323) | - | - |
| Repayment of long-term loans | (167) | (192) | (86) | (91) |
| Net cash provided by (used in) financing activities | (206) | 1,351 | (128) | 708 |

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| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|----------|--------------------------------|----------|
| Effect of exchange rate changes on cash and cash equivalents | 503 | 743 | 488 | 659 |
| Increas (decrease) in cash and cash equivalents | 2,964 | (70,115) | 7,942 | (59,393) |
| Cash and cash equivalents at the beginning of the period | 73,916 | 122,807 | 68,938 | 112,085 |
| Cash and cash equivalents at the end of the period | 76,880 | 52,692 | 76,880 | 52,692 |

GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
 US dollars in thousands

| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|---------------|--------------------------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Operating income (loss) | (442) | 4,695 | (492) | 742 |
| Add: | | | | |
| Non-cash stock-based compensation exepnses | 449 | 380 | 221 | 171 |
| Deprecation and amortization | 7,259 | 6,292 | 3,804 | 3,161 |
| EBITDA | 7,266 | 11,367 | 3,533 | 4,074 |