

CERAGON NETWORKS LTD  
Form 6-K/A  
June 30, 2004

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**FORM 6-K/A**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Section 13a-16 or 15d-16 of the  
Securities Exchange Act of 1934

For the month of October 2003

**CERAGON NETWORKS LTD.**

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(Translation of registrant's name into English)  
24 Raoul Wallenberg Street, Tel Aviv 69719, Israel

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(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

If  Yes is marked, indicate below the file number assigned to the registration in connection with Rule 12g3(b): 82 \_\_\_\_\_

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This Form 6-K/A amends Form 6-K filed on October 30, 2003. Attached to the original Form 6-K was a press release containing unaudited financial information for the three months and nine months ended September 30, 2003 and the year ended December 31, 2002 for Ceragon Networks Ltd. This Form 6-K/A makes the following amendments to reflect the recognition of a non-cash charge for the quarter ended September 30, 2003 totaling \$2,289,000 resulting from recording a warrant at fair value. On October 31, 2002, the Company entered into a supplementary arrangement with one of its suppliers, according to which, the Company issued a warrant to the supplier to purchase an aggregate of 700,000 Ordinary shares of the Company. The Company recorded the carrying amount of the warrant at inception as a liability of \$875,000. During November 2003, the supplier exercised the warrant by a cashless exercise into 699,624 Ordinary shares. Accordingly, the Company reclassified the fair value of the warrant at the date of exercise from a liability to equity. During 2003, as a result of the adoption and implementation of SFAS 150 Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity ( FAS 150 ) (effective at the beginning of the first interim period beginning after June 15, 2003) the Company recognized a non-cash charge in the financial statements. As a result, at and for the nine months ended September 30, 2003, the Company revised net loss to (\$6,304,000), basic and diluted net loss per share to (\$0.28), other accounts payable and accrued expenses to \$7,094,000, total current liabilities to \$13,335,000, accumulated deficit to (\$124,608,000) and total shareholders' equity to \$44,446,000 and for the three months ended September 30, 2003, the Company revised net loss to (\$2,982,000) and basic and diluted net loss per share to (\$0.13). This non-cash charge had no impact on first quarter 2004 operating 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.

CERAGON NETWORKS LTD.

Date: October 30, 2003

BY: /S/ Shraga Katz

Shraga Katz  
President

Exhibit Description

Revised Third Quarter and Nine Month Period Ended September 30, 2003 Financial Results

CONSOLIDATED STATEMENTS OF OPERATIONS  
U.S. dollars in thousands, except share and per share data

|   | Nine months ended<br>September 30, |             | Three months ended<br>September 30, |            | Year ended<br>December 31, |
|---|------------------------------------|-------------|-------------------------------------|------------|----------------------------|
|   | 2003                               | 2002        | 2003                                | 2002       | 2002                       |
|   | <b>Unaudited</b>                   |             |                                     |            |                            |
| Revenues  | \$ 24,254                          | \$ 12,323   | \$ 9,114                            | \$ 5,047   | \$ 18,394                  |
| Cost of revenues  | 14,727                             | 8,817       | 5,385                               | 3,507      | 12,791                     |
| Gross profit  | 9,527                              | 3,506       | 3,729                               | 1,540      | 5,603                      |
| Operating expenses:   |                                    |             |                                     |            |                            |
| Research and development  | 6,625                              | 6,781       | 2,228                               | 2,285      | 9,143                      |
| Less: participation by the Chief<br>Scientist of the Government of<br>Israel  | 1,413                              | 1,326       | 472                                 | 480        | 1,870                      |
| Research and development, net   | 5,212                              | 5,455       | 1,756                               | 1,805      | 7,273                      |
| Selling and marketing   | 6,977                              | 6,820       | 2,343                               | 2,236      | 9,130                      |
| General and administrative  | 1,594                              | 1,521       | 552                                 | 480        | 2,031                      |
| Amortization of deferred stock<br>compensation (a)                            | 1,110                              | 2,399       | 308                                 | 679        | 2,974                      |
| Non-recurring expenses (income),<br>net                                       | (537)                              | -           | (222)                               | -          | 83                         |
| Total operating expenses  | 14,356                             | 16,195      | 4,737                               | 5,200      | 21,491                     |
| Operating loss  | (4,829)                            | (12,689)    | (1,008)                             | (3,660)    | (15,888)                   |
| Financial income, net   | 814                                | 1,236       | 315                                 | 369        | 1,528                      |
| Other financial expenses - non<br>cash charge relating to<br>puttable warrant | (2,289)                            | 0           | (2,289)                             | 0          | 0                          |
| Net loss  | \$ (6,304)                         | \$ (11,453) | \$ (2,982)                          | \$ (3,291) | \$ (14,360)                |
| Basic and diluted net loss per share  | \$ (0.28)                          | \$ (0.51)   | \$ (0.13)                           | \$ (0.15)  | \$ (0.64)                  |

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|  | Nine months ended<br>September 30, |            | Three months ended<br>September 30, |            | Year ended<br>December 31, |
|--|------------------------------------|------------|-------------------------------------|------------|----------------------------|
| Weighted average number of shares used in computing basic and diluted net loss per share | 22,836,180                         | 22,334,970 | 23,118,719                          | 22,425,096 | 22,375,939                 |
| (a) Amortization of deferred stock compensation relates to the following:                |                                    |            |                                     |            |                            |
| Cost of revenues   | \$ 86                              | \$ 167     | \$ 24                               | \$ 49      | \$ 214                     |
| Research and development   | 328                                | 781        | 95                                  | 218        | 958                        |
| Selling and marketing  | 430                                | 862        | 115                                 | 238        | 1,072                      |
| General and administrative   | 266                                | 589        | 74                                  | 174        | 730                        |
| Total amortization of deferred stock compensation  | \$ 1,110                           | \$ 2,399   | \$ 308                              | \$ 679     | \$ 2,974                   |

(more)

CONSOLIDATED BALANCE SHEETS  
U.S. dollars in thousands, except share and per share data

|  | September 30,<br>2003 | December 31,<br>2002 |
|--|-----------------------|----------------------|
|  | <u>Unaudited</u>      |                      |
| <b>ASSETS</b>                                  |                       |                      |
| <b>CURRENT ASSETS:</b>                         |                       |                      |
| Cash and cash equivalents                      | \$ 7,628              | \$ 4,688             |
| Short-term bank deposits                       | 10,279                | 10,853               |
| Marketable securities                          | 6,255                 | 11,743               |
| Trade receivables, net                         | 5,238                 | 4,329                |
| Other accounts receivable and prepaid expenses | 2,341                 | 1,268                |
| Inventories                                    | 8,901                 | 8,054                |
| Total current assets                           | 40,642                | 40,935               |
| <b>LONG-TERM INVESTMENTS:</b>                  |                       |                      |
| Long-term marketable securities                | 969                   | 11,675               |
| Long-term bank deposits                        | 14,175                | 4,214                |
| Severance pay funds                            | 1,550                 | 1,200                |
| Total long-term investments                    | 16,694                | 17,089               |
| <b>PROPERTY AND EQUIPMENT, NET</b>             | 2,773                 | 3,616                |
| Total assets                                   | \$ 60,109             | \$ 61,640            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>    |                       |                      |
| <b>CURRENT LIABILITIES:</b>                    |                       |                      |
| Trade payables                                 | \$ 6,241              | \$ 5,744             |
| Other accounts payable and accrued expenses    | 7,094                 | 4,805                |
| Total current liabilities                      | 13,335                | 10,549               |

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|  | September 30,<br>2003 | December 31,<br>2002 |
|--|-----------------------|----------------------|
| ACCRUED SEVERANCE PAY                      | 2,328                 | 1,825                |
| SHAREHOLDERS' EQUITY:                      |                       |                      |
| Share capital                              | 169,054               | 167,570              |
| Accumulated deficit                        | (124,608)             | (118,304)            |
| Total shareholders' equity                 | 44,446                | 49,266               |
| Total liabilities and shareholders' equity | \$ 60,109             | \$ 61,640            |

(more)

This report may contain statements concerning Ceragon's future prospects that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and projections that involve a number of risks and uncertainties. There can be no assurance that future results will be achieved, and actual results could differ materially from forecasts and estimates. Important factors that could cause actual results to differ materially from forecasts and estimates include: Ceragon's limited operating history and history of losses; Ceragon's dependence on a limited number of key customers, independent manufacturers and suppliers; and the demand for Ceragon's products and technology. These risks and uncertainties, as well as others, are discussed in greater detail in Ceragon's Annual Report on Form 20-F and Ceragon's other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made and Ceragon undertakes no commitment to revise or update any forward-looking statement in order to reflect events or circumstances after the date any such statement is made.