

GILAT SATELLITE NETWORKS LTD  
Form 6-K  
November 14, 2012

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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 November 2012

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

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Attached hereto is Registrant's press release dated November 14, 2012, announcing Registrant's financial results for the third quarter 2012.

We consent to the incorporation by reference in the Registration Statements on Form F-3 (Registration Nos. 333-160683 and No. 333-174142) and the Registration Statements on Form S-8 (Registration Nos. 333-96630, 333-113932, 333-123410, 333-132649, 333-158476 and 333-180552).

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 November 14, 2012

By: /s/ Alon Levy  
Alon Levy  
Corporate Secretary

Gilat Announces Third Quarter 2012 Results

Petah Tikva, Israel – November 14, 2012 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the third quarter ended September 30, 2012.

Revenues for the third quarter of 2012 were \$89 million, compared to \$83.9 million for the same period in 2011. On a GAAP basis, operating income for the third quarter of 2012 was \$3.2 million compared to an operating income of \$1.9 million in the third quarter of 2011. Net income for the third quarter of 2012 was \$3.3 million, or \$0.08 per diluted share compared to net income of \$4.3 million, or \$0.10 per diluted share in the third quarter of 2011.

On a non-GAAP basis, operating income for the third quarter of 2012 was \$5.7 million compared to an operating income of \$4.3 million in the third quarter of 2011. On a non-GAAP basis, net income for the period was \$5.8 million, or \$0.13 per diluted share, compared to net income of \$2.3 million, or \$0.05 per diluted share, in the comparable period in 2011.

EBITDA for the third quarter of 2012 reached \$9.8 million compared with \$8.1 million in the comparable period in 2011.

Cash generated from operations was \$8.5 million in the quarter.

“The third quarter of 2012 was a strong quarter for Gilat as we saw an increase in revenues and operating income on both a sequential and year-over-year basis,” stated Erez Antebi, Chief Executive Officer of Gilat. “We have generated significant cash from operations and continue to invest back into our strategic business segments.”

“On the business side, we have seen a strong rate of implementation at NBN Co. in Australia and initial orders for our Ka CPE from a large European ISP as part of the SES Broadband Services consumer rollout,” Antebi noted. “In our Services division, we have closed new contracts and expanded on existing contracts, while we continue to make progress in our Defense division, even while the macro defense industry remains challenging. We remain focused on our strategic growth segments of Ka and Satellite-on-the-Move, as well as our drive to increase profitability and generate cash.”

Key Recent Announcements:

- Strategic Appointment of Michael Barthlow to Strengthen US Sales Efforts;
- Raysat E-7000 Low-Profile Antenna System Taking Center Stage in the Broadcast of Live Video Footage from Emerging World Events as They Happen;
- Gilat’s Spacenet Equipped its 10,000th Dollar General Store with Advanced SkyEdge VSAT Technology;
- First Ka-Band VSAT Order Received from One of Europe’s Largest Satellite Broadband ISPs as Part of SES Broadband Services’ Consumer Rollout;
- Enhancement of SkyEdge VSAT Platform’s Disaster Recovery Capabilities with Automated Dual IPSec.

Conference Call and Webcast Details:

Gilat management will host a conference call today at 14:30 GMT/ 09:30 EST/ 16:30 IST (Israel Standard Time) to discuss the results. International participants are invited to access the call at (972) 3-918-0609, and US-based participants are invited to access the call by dialing (888) 668-9141. A replay of the conference call will be available beginning at approximately 17:00 GMT/ 12:00 EST/ 19:00 IST today, until 17:00 GMT/ 12:00 EST/ 19:00 IST November 17, 2012. International participants are invited to access the replay at (972) 3-925-5900, and US-based participants are invited to access the replay by dialing (888) 295-2634. A replay of the call may also be accessed as a webcast via Gilat's website at [www.gilat.com](http://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 are unaudited. To supplement the consolidated financial statements presented in accordance with GAAP, the Company presents Gilat's EBITDA before the impact of non-cash share-based payment charges, depreciation and amortization, other income and other costs related to acquisition transactions. 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 ASC 718 (formerly SFAS 123(R)) and other costs related to acquisition transactions ('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.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd (NASDAQ, TASE: GILT) is a leading provider of products and services for satellite-based broadband communications. Gilat develops and markets a wide range of high-performance satellite ground segment equipment and VSATs, with an increasing focus on the consumer and Ka-band market. In addition, Gilat enables mobile SOTM (Satellite-on-the-Move) solutions providing low-profile antennas, next generation solid-state power amplifiers and modems. Gilat also provides managed network and satellite-based services for rural telephony and Internet access via its subsidiaries in the United States, Peru and Colombia.

With over 25 years of experience, and over a million products shipped to more than 85 countries, Gilat has provided enterprises, service providers and operators with efficient and reliable satellite-based connectivity solutions, including cellular backhaul, banking, retail, e-government and rural communication networks. Gilat also enables leading defense, public security and news organizations to implement advanced, on-the-move tactical communications on board their land, air and sea fleets using Gilat's high-performance SOTM solutions. For more information, please visit us at [www.gilat.com](http://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 SHEETS  
 US dollars in thousands

|  | September<br>30,<br>2012<br>Unaudited | December<br>31,<br>2011 |
|--|---------------------------------------|-------------------------|
| <b>ASSETS</b>  |                                       |                         |
| <b>CURRENT ASSETS:</b>   |                                       |                         |
| Cash and cash equivalents  | 61,026                                | 56,231                  |
| Short-term restricted cash   | 2,453                                 | 7,034                   |
| Restricted cash held by trustees   | 7,752                                 | 1,549                   |
| Trade receivables, net   | 61,719                                | 51,654                  |
| Inventories  | 27,913                                | 31,933                  |
| Other current assets   | 28,781                                | 25,767                  |
| Total current assets   | 189,644                               | 174,168                 |
| <b>LONG-TERM INVESTMENTS AND RECEIVABLES:</b>  |                                       |                         |
| Long-term restricted cash  | 1,152                                 | 2,025                   |
| Severance pay fund   | 9,233                                 | 9,722                   |
| Long-term trade receivables, receivables in respect of capital<br>leases and other receivables | 19,367                                | 20,219                  |
| Total long-term investments and receivables  | 29,752                                | 31,966                  |
| <b>PROPERTY AND EQUIPMENT, NET</b>   | <b>96,075</b>                         | <b>100,926</b>          |
| <b>INTANGIBLE ASSETS, NET</b>  | <b>46,010</b>                         | <b>49,927</b>           |
| <b>GOODWILL</b>  | <b>89,691</b>                         | <b>89,691</b>           |
| <b>TOTAL ASSETS</b>  | <b>451,172</b>                        | <b>446,678</b>          |

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

|   | September<br>30,<br>2012<br>Unaudited | December<br>31,<br>2011 |
|---|---------------------------------------|-------------------------|
| <b>LIABILITIES AND EQUITY</b>                               |                                       |                         |
| <b>CURRENT LIABILITIES:</b>                                 |                                       |                         |
| Short-term bank credit                                      | 4,161                                 | 2,971                   |
| Current maturities of long-term loans and convertible notes | 22,299                                | 19,092                  |
| Trade payables  | 26,249                                | 25,477                  |
| Accrued expenses  | 22,988                                | 25,609                  |
| Short-term advances from customer, held by trustees         | 4,487                                 | 1,551                   |
| Other current liabilities                                   | 33,756                                | 36,764                  |
| <b>Total current liabilities</b>                            | <b>113,940</b>                        | <b>111,464</b>          |
| <b>LONG-TERM LIABILITIES:</b>                               |                                       |                         |
| Accrued severance pay                                       | 9,193                                 | 9,445                   |
| Long-term loans, net  | 41,668                                | 40,353                  |
| Other long-term liabilities                                 | 22,010                                | 25,341                  |
| <b>Total long-term liabilities</b>                          | <b>72,871</b>                         | <b>75,139</b>           |
| <b>COMMITMENTS AND CONTINGENCIES</b>                        |                                       |                         |
| <b>EQUITY:</b>  |                                       |                         |
| Share capital - ordinary shares of NIS 0.2 par value        | 1,900                                 | 1,882                   |
| Additional paid in capital                                  | 868,928                               | 867,098                 |
| Accumulated other comprehensive income                      | 1,869                                 | 541                     |
| Accumulated deficit   | (608,336 )                            | (609,446 )              |
| <b>Total equity</b>   | <b>264,361</b>                        | <b>260,075</b>          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                         | <b>451,172</b>                        | <b>446,678</b>          |

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)

|   | September 30, 2012 |   |                       | September 30, 2011 |   |                       |
|---|--------------------|---|-----------------------|--------------------|---|-----------------------|
|   | GAAP<br>Unaudited  | Three<br>months<br>ended<br>Adjustments<br>(1)<br>Unaudited | Non-GAAP<br>Unaudited | GAAP<br>Unaudited  | Three<br>months<br>ended<br>Adjustments<br>(1)<br>Unaudited | Non-GAAP<br>Unaudited |
| Revenues                                  | 89,009             | -   | 89,009                | 83,862             | -   | 83,862                |
| Cost of revenues                          | 60,588             | (1,661 )  | 58,927                | 54,376             | (1,731 )  | 52,645                |
| Gross profit                              | 28,421             | 1,661   | 30,082                | 29,486             | 1,731   | 31,217                |
|   | 32 %               |   | 34 %                  | 35 %               |   | 37 %                  |
| Research and development expenses:        |                    |   |                       |                    |   |                       |
| Expenses incurred                         | 7,699              | (114 )  | 7,585                 | 8,387              | (61 )   | 8,326                 |
| Less - grants                             | 661                | -   | 661                   | 1,005              | -   | 1,005                 |
|   | 7,038              | (114 )  | 6,924                 | 7,382              | (61 )   | 7,321                 |
| Selling and marketing expenses            | 9,346              | (345 )  | 9,001                 | 11,556             | (322 )  | 11,234                |
| General and administrative expenses       | 8,840              | (384 )  | 8,456                 | 8,627              | (250 )  | 8,377                 |
| Operating income                          | 3,197              | 2,504   | 5,701                 | 1,921              | 2,364   | 4,285                 |
| Financial expenses, net                   | (412 )             | -   | (412 )                | (1,081 )           | -   | (1,081 )              |
| Other income                              | -                  | -   | -                     | 4,385              | (4,385 )  | -                     |
| Income before taxes on income             | 2,785              | 2,504   | 5,289                 | 5,225              | (2,021 )  | 3,204                 |
| Taxes on income (tax benefit)             | (536 )             | -   | (536 )                | 924                | -   | 924                   |
| Net income                                | 3,321              | 2,504   | 5,825                 | 4,301              | (2,021 )  | 2,280                 |
| Basic net earnings per share              | 0.08               |   | 0.14                  | 0.10               |   | 0.06                  |
| Diluted net earnings per share            | 0.08               |   | 0.13                  | 0.10               |   | 0.05                  |
| Weighted average number of shares used in |                    |   |                       |                    |   |                       |



|                        |        |        |        |        |
|------------------------|--------|--------|--------|--------|
| computing net earnings |        |        |        |        |
| per share:             |        |        |        |        |
| Basic                  | 41,462 | 41,462 | 40,990 | 40,990 |
| Diluted                | 42,302 | 43,807 | 41,949 | 42,832 |

(1) Adjustments reflect the effect of non-cash stock options expenses as per ASC 718, amortization of intangible assets related to acquisition transactions and other income.

|  | Three<br>months<br>ended<br>September<br>30, 2012<br>Unaudited | Three<br>months<br>ended<br>September<br>30, 2011<br>Unaudited |
|--|--|--|
| Non-cash stock-based<br>compensation expenses:                               |  |  |
| Cost of Revenues   | 88   | 72   |
| Research and development   | 114  | 61   |
| Selling and marketing  | 116  | 95   |
| General and administrative   | 384  | 250  |
|  | 702  | 478  |
| Amortization of intangible<br>assets related to acquisition<br>transactions: |  |  |
| Cost of Revenues   | 1,573  | 1,659  |
| Selling and marketing  | 229  | 227  |
|  | 1,802  | 1,886  |

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)

|   | September 30, 2012 |  |                       | September 30, 2011 |  |                       |
|---|--------------------|--|-----------------------|--------------------|--|-----------------------|
|   | GAAP<br>Unaudited  | Nine<br>months<br>ended<br>Adjustments<br>(1)<br>Unaudited | Non-GAAP<br>Unaudited | GAAP<br>Unaudited  | Nine<br>months<br>ended<br>Adjustments<br>(1)<br>Unaudited | Non-GAAP<br>Unaudited |
| Revenues                                  | 250,935            | -  | 250,935               | 245,597            | -  | 245,597               |
| Cost of revenues                          | 170,796            | (4,948 )   | 165,848               | 157,631            | (5,717 )   | 151,914               |
| Gross profit                              | 80,139             | 4,948  | 85,087                | 87,966             | 5,717  | 93,683                |
|   | 32 %               |  | 34 %                  | 36 %               |  | 38 %                  |
| Research and development expenses:        |                    |  |                       |                    |  |                       |
| Expenses incurred                         | 24,274             | (243 )   | 24,031                | 26,113             | (174 )   | 25,939                |
| Less - grants                             | 2,345              | -  | 2,345                 | 2,740              | -  | 2,740                 |
|   | 21,929             | (243 )   | 21,686                | 23,373             | (174 )   | 23,199                |
| Selling and marketing expenses            | 30,097             | (973 )   | 29,124                | 34,748             | (1,054 )   | 33,694                |
| General and administrative expenses       | 25,114             | (1,020 )   | 24,094                | 26,734             | (795 )   | 25,939                |
| Costs related to acquisition transactions | -                  | -  | -                     | 256                | (256 )   | -                     |
| Operating income                          | 2,999              | 7,184  | 10,183                | 2,855              | 7,996  | 10,851                |
| Financial expenses, net                   | (2,427 )           | -  | (2,427 )              | (1,818 )           | -  | (1,818 )              |
| Other income                              | -                  | -  | -                     | 6,211              | (6,211 )   | -                     |
| Income before taxes on income             | 572                | 7,184  | 7,756                 | 7,248              | 1,785  | 9,033                 |
| Taxes on income (tax benefit)             | (538 )             | -  | (538 )                | 1,568              | -  | 1,568                 |
| Net income                                | 1,110              | 7,184  | 8,294                 | 5,680              | 1,785  | 7,465                 |
| Basic net earnings per share              | 0.03               |  | 0.20                  | 0.14               |  | 0.18                  |
|   | 0.03               |  | 0.19                  | 0.14               |  | 0.17                  |

Diluted net earnings per share

Weighted average number of shares used in computing net earnings per share

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 41,346 | 41,346 | 40,868 | 40,868 |
| Diluted | 42,224 | 43,355 | 42,059 | 42,925 |

(1) Adjustments reflect the effect of non-cash stock options expenses as per ASC 718, costs related to acquisition transactions, amortization of intangible assets related to acquisition transactions and other income.

|  | Nine months ended September 30, 2012<br>Unaudited | Nine months ended September 30, 2011<br>Unaudited |
|--|---|---|
| Non-cash stock-based compensation expenses:                            |   |   |
| Cost of Revenues   | 230   | 226   |
| Research and development   | 243   | 174   |
| Selling and marketing  | 285   | 339   |
| General and administrative   | 1,020   | 795   |
|  | 1,778   | 1,534   |
| Amortization of intangible assets related to acquisition transactions: |   |   |
| Cost of Revenues   | 4,718   | 5,491   |
| Selling and marketing  | 688   | 715   |
|  | 5,406   | 6,206   |

GILAT SATELLITE NETWORKS LTD.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

|   | Nine months ended<br>September 30, |                   | Three months ended<br>September 30, |                   |
|---|------------------------------------|-------------------|-------------------------------------|-------------------|
|   | 2012<br>Unaudited                  | 2011<br>Unaudited | 2012<br>Unaudited                   | 2011<br>Unaudited |
| Revenues  | 250,935                            | 245,597           | 89,009                              | 83,862            |
| Cost of revenues  | 170,796                            | 157,631           | 60,588                              | 54,376            |
| Gross profit  | 80,139                             | 87,966            | 28,421                              | 29,486            |
| Research and development expenses:  |                                    |                   |                                     |                   |
| Expenses incurred   | 24,274                             | 26,113            | 7,699                               | 8,387             |
| Less - grants   | 2,345                              | 2,740             | 661                                 | 1,005             |
|   | 21,929                             | 23,373            | 7,038                               | 7,382             |
| Selling and marketing expenses  | 30,097                             | 34,748            | 9,346                               | 11,556            |
| General and administrative expenses   | 25,114                             | 26,734            | 8,840                               | 8,627             |
| Costs related to acquisition transactions                                     | -                                  | 256               | -                                   | -                 |
| Operating income  | 2,999                              | 2,855             | 3,197                               | 1,921             |
| Financial expenses, net   | (2,427 )                           | (1,818 )          | (412 )                              | (1,081 )          |
| Other income  | -                                  | 6,211             | -                                   | 4,385             |
| Income before taxes on income   | 572                                | 7,248             | 2,785                               | 5,225             |
| Taxes on income (tax benefit)   | (538 )                             | 1,568             | (536 )                              | 924               |
| Net income  | 1,110                              | 5,680             | 3,321                               | 4,301             |
| Basic net earnings per share  | 0.03                               | 0.14              | 0.08                                | 0.10              |
| Diluted net earnings per share  | 0.03                               | 0.14              | 0.08                                | 0.10              |
| Weighted average number of shares used in<br>computing net earnings per share |                                    |                   |                                     |                   |
| Basic   | 41,346                             | 40,868            | 41,462                              | 40,990            |
| Diluted   | 42,224                             | 42,059            | 42,302                              | 41,949            |

GILAT SATELLITE NETWORKS LTD.  
CONDENSED CONSOLIDATED STATEMENTS OF  
CASH FLOWS

US dollars in thousands

|   | Nine months ended<br>September 30, |           | Three months ended<br>September 30, |           |
|---|------------------------------------|-----------|-------------------------------------|-----------|
|   | 2012                               | 2011      | 2012                                | 2011      |
|   | Unaudited                          | Unaudited | Unaudited                           | Unaudited |
| <b>Cash flows from operating activities:</b>  |                                    |           |                                     |           |
| Net income  | 1,110                              | 5,680     | 3,321                               | 4,301     |
| <b>Adjustments required to reconcile net income to net cash provided by operating activities:</b> |                                    |           |                                     |           |
| Depreciation and amortization   | 16,591                             | 18,051    | 5,893                               | 5,682     |
| Gain from the sale of an investment accounted for at cost   | -                                  | (3,034 )  | -                                   | (3,034 )  |
| Stock-based compensation related to employees   | 1,778                              | 1,534     | 702                                 | 478       |
| Accrued severance pay, net  | 238                                | (264 )    | (73 )                               | (71 )     |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net        | (95 )                              | 231       | (26 )                               | 259       |
| Exchange rate differences on long-term loans  | 9                                  | 150       | 133                                 | (372 )    |
| Capital loss from disposal of property and equipment  | 47                                 | 118       | 50                                  | 49        |
| Deferred income taxes   | (1,079 )                           | 1,161     | (749 )                              | 791       |
| Increase in trade receivables, net  | (10,624 )                          | (2,907 )  | (3,510 )                            | (2,926 )  |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges)        | (2,326 )                           | (19,237 ) | 3,102                               | (303 )    |
| Decrease (increase) in inventories  | 2,447                              | (3,695 )  | 2,842                               | (2,709 )  |
| Increase (decrease) in trade payables   | 833                                | 3,154     | (4,576 )                            | 3,578     |
| Increase (decrease) in accrued expenses   | (2,631 )                           | (564 )    | 3,516                               | 458       |
| Increase (decrease) in advances from customer, held by trustees, net                              | 2,936                              | 1,609     | (2,066 )                            | 2,613     |
| Decrease in other accounts payable and other long term liabilities                                | (5,744 )                           | (10,379 ) | (25 )                               | (8,817 )  |
| Net cash generated from (used in) operating activities  | 3,490                              | (8,392 )  | 8,534                               | (23 )     |

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

|   | Nine months ended<br>September 30, |           | Three months ended<br>September 30, |           |
|---|------------------------------------|-----------|-------------------------------------|-----------|
|   | 2012                               | 2011      | 2012                                | 2011      |
|   | Unaudited                          | Unaudited | Unaudited                           | Unaudited |
| <b>Cash flows from investing activities:</b>                          |                                    |           |                                     |           |
| Purchase of property and equipment                                    | (3,428 )                           | (6,104 )  | (1,262 )                            | (2,212 )  |
| Proceeds from sale of an investment accounted for at cost             | -                                  | 3,034     | -                                   | 3,034     |
| Investment in restricted cash held by trustees                        | (28,701 )                          | (6,320 )  | (11,081 )                           | (6,320 )  |
| Proceeds from restricted cash held by trustees                        | 22,516                             | 4,447     | 13,441                              | 3,431     |
| Investment in restricted cash (including long-term)                   | (15,417 )                          | (14,731 ) | (6,303 )                            | (2,589 )  |
| Proceeds from restricted cash (including long-term)                   | 20,877                             | 16,969    | 6,253                               | 2,878     |
| Proceeds from working capital adjustment to subsidiary purchase price | -                                  | 1,465     | -                                   | -         |
| Acquisitions of subsidiaries, net of cash acquired                    | -                                  | (1,867 )  | -                                   | -         |
| Purchase of intangible asset  | (82 )                              | (26 )     | (10 )                               | (5 )      |
| Net cash generated from (used in) investing activities                | (4,235 )                           | (3,133 )  | 1,038                               | (1,783 )  |
| <b>Cash flows from financing activities:</b>                          |                                    |           |                                     |           |
| Repayment of convertible notes  | -                                  | (394 )    | -                                   | -         |
| Issuance of restricted stock units and exercise of stock options      | 18                                 | 20        | 6                                   | 6         |
| Short-term bank credit, net   | 1,190                              | 642       | (11 )                               | 917       |
| Proceeds from long-term loans   | 10,000                             | -         | -                                   | -         |
| Repayment of long-term loans  | (5,435 )                           | (1,047 )  | (1,012 )                            | (195 )    |
| Net cash generated from (used in) financing activities                | 5,773                              | (779 )    | (1,017 )                            | 728       |
| Effect of exchange rate changes on cash and cash equivalents          | (233 )                             | (439 )    | (69 )                               | (541 )    |
| Increase (decrease) in cash and cash equivalents                      | 4,795                              | (12,743 ) | 8,486                               | (1,619 )  |
| Cash and cash equivalents at the beginning of the period              | 56,231                             | 57,238    | 52,540                              | 46,114    |
| Cash and cash equivalents at the end of the period                    | 61,026                             | 44,495    | 61,026                              | 44,495    |

## GILAT SATELLITE NETWORKS LTD.

## CONDENSED EBITDA

US dollars in thousands

|  | Nine months ended |           | Three months ended |           |
|--|-------------------|-----------|--------------------|-----------|
|  | September 30,     |           | September 30,      |           |
|  | 2012              | 2011      | 2012               | 2011      |
|  | Unaudited         | Unaudited | Unaudited          | Unaudited |
| Operating income                           | 2,999             | 2,855     | 3,197              | 1,921     |
| Add:                                       |                   |           |                    |           |
| Non-cash stock-based compensation expenses | 1,778             | 1,534     | 702                | 478       |
| Costs related to acquisition transactions  | -                 | 256       | -                  | -         |
| Depreciation and amortization              | 16,591            | 18,051    | 5,893              | 5,682     |
| EBITDA                                     | 21,368            | 22,696    | 9,792              | 8,081     |