

ALVARION LTD
Form 6-K
August 02, 2007

**UNITED STATES
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 August 2007

Commission File Number: 0-30628

ALVARION LTD.

(Translation of registrant's name into English)

21A Habarzel Street, Tel Aviv 69710, Israel

(Address of principal executive office)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant 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):
82-_____

The following are included in this report on Form 6-K:

| <u>Exhibit</u> | <u>Description</u> | Sequential <u>Page</u> <u>Number</u> |
|----------------|--|--|
| 1. | Press release on Alvarion Reports Record Revenues for Second Quarter 2007 dated <u>August 1st, 2007</u> | 4 |

SIGNATURES

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.

ALVARION LTD.

Date: August 1st, 2007

Name: Efrat Makov
Title: CFO

By: /s/ Efrat Makov

EXHIBIT 1

Contacts

Efrat Makov, CFO
+972-3-645-6252
+760-517-3187
Efrat.makov@alvarion.com

Claudia Gatlin, Investor Relations
+212-830-9080
claudia.gatlin@alvarion.com

FOR IMMEDIATE RELEASE

Alvarion Reports Record Revenues for Second Quarter 2007

Target Revenue Growth Rate for 2007 Increased to 25-30%

TEL AVIV, Israel - August 1, 2007 - Alvarion Ltd. (NASDAQ: ALVR), the leading provider of WiMAX and wireless broadband solutions, today announced financial results for the second quarter ended June 30, 2007.

Highlights:

- Record revenues of \$57.5 million, up 31% from Q2 2006;
- Record BreezeMAX™ revenues of \$27.9 million;
 - Gross margin of 51%;
- Non-GAAP EPS of \$0.03; GAAP EPS of \$0.00;
- Positive operating cash flow of \$2.6 million.

In the second quarter of 2007, revenues reached a new record of \$57.5 million, an increase of 11% from \$52.1 million in the first quarter of 2007, and 31% from \$44 million in the second quarter of 2006.

GAAP net income in the second quarter of 2007 was \$136,000, or \$0.00 per share, which included income from discontinued operations of \$618,000. Net loss from continuing operations was (\$482,000) or (\$0.01) per share, compared to a loss from continuing operations of (\$1.1) million, or (\$0.02) per share in Q1. Loss from continuing operations in the second quarter of 2006 was (\$1.3) million, or (\$0.02) per share.

Excluding the results of the discontinued operations, amortization of acquired intangibles and deferred stock compensation, on a non-GAAP basis, the company reported a net profit of approximately \$2.0 million, or \$0.03 per diluted share, compared with a non-GAAP net profit of approximately \$1.3 million, or \$0.02 per diluted share in the first quarter of 2007, and a non-GAAP net profit of approximately \$1.0 million, or \$0.02 per diluted share in Q2 2006.

The company generated positive cash flow from continuing operating activities of approximately \$2.6 million during Q2 2007. Cash reserves as of June 30, 2007 totaled approximately \$122 million, up from about \$120 million in the previous quarter.

For supplemental information to facilitate evaluation of the impact of non-cash charges and comparisons with historical results of continuing and discontinued operations, see the attached table showing the detailed reconciliation of GAAP to non-GAAP results for Q2 2007 and the comparative quarters.

Comments from Management

“Q2 was a quarter of excellent execution that was reflected in strong bookings, acceleration of revenue growth and continued profitability,” said Tzvika Friedman, President and CEO of Alvarion. “Based on our performance during the first half, and the positive outlook for the balance of the year, we are raising our target for revenue growth in 2007 to 25-30% over 2006, versus our previous target of 15-20%.

BreezeMAX shipments amounted \$34 million, and we ended the quarter with over 170 commercial WiMAX deployments, up from 150 at the end of Q1. The significance of these initial deployments is the broad base of satisfied customers they represent – from large incumbent carriers to new operators building their business model around WiMAX services.

We are also pleased to report that revenues in our non-WiMAX business exceeded expectations, growing 10% both sequentially and year-over-year. This performance reflects the quality of our products, strength of our channel partners and the breadth of our customer base.

Perhaps less apparent, but just as important, is the extensive internal development work, interoperability testing and other activities we are pursuing with our technical partners. In addition, we are cultivating relationships with strong local partners in key geographic regions and pursuing numerous business opportunities with our growing roster of ecosystem partners as part of our OPEN™ WiMAX initiative. Our excellent reputation and track record is also enabling a successful recruiting effort, as we position ourselves to play a leadership role in mobile WiMAX during the next phase of the market’s development.”

Q3 2007 Guidance

The company’s revenue guidance for Q3 2007 is \$58 to \$62 million. Based on this revenue range, non-GAAP per share results from continuing operations are expected to range between \$0.03 and \$0.05. GAAP per share results are expected to range between \$0.00 and \$0.02.

Alvarion’s management will host a conference call today, August 1, at 9:00 a.m. Eastern time to discuss the quarter. To participate in the call, please dial one of the following numbers approximately five minutes prior to the scheduled start time: USA: (612)-234-9959, International: +1-(612)-332-0932.

The public is invited to listen to the live webcast of the conference call. For details please visit Alvarion's website at www.alvarion.com.

An archive of the on-line broadcast will be available on the website.

A replay of the call will be available from 11:30 a.m. EDT on August 1st, 2007 through 11:59 p.m. EDT on August 8th, 2007.

To access the replay, please call USA: (USA) (800) 475-6701; International: +1(320)-365-3844. To access the replay, users will need to enter the following code: 879485.

About Alvarion

With more than 3 million units deployed in 150 countries, Alvarion (www.alvarion.com) is the world's leading provider of innovative wireless broadband network solutions enabling Personal Broadband to improve lifestyles and productivity with portable and mobile data, VoIP, video and other services.

Alvarion is leading the market to Open WiMAX solutions with the most extensive deployments and proven product portfolio in the industry covering the full range of frequency bands with both fixed and mobile solutions. Alvarion's products enable the delivery of personal mobile broadband, business and residential broadband access, corporate VPNs, toll quality telephony, mobile base station feeding, hotspot coverage extension, community interconnection, public safety communications, and mobile voice and data.

As a wireless broadband pioneer, Alvarion has been driving and delivering innovations for over 10 years from core technology developments to creating and promoting industry standards. Leveraging its key roles in the IEEE and HiperMAN standards committees and experience in deploying OFDM-based systems, the Company's prominent work in the WiMAX Forum is focused on increasing the widespread adoption of standards-based products in the wireless broadband market and leading the entire industry to Open WiMAX solutions.

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on the current expectations or beliefs of Alvarion's management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the failure of the market for WIMAX products to develop as anticipated; Alvarion's inability to capture market share in the expected growth of the WIMAX market as anticipated, due to, among other things, competitive reasons or failure to execute in our sales, marketing or manufacturing objectives; inability to further identify, develop and achieve success for new products, services and technologies; increased competition and its effect on pricing, spending, third-party relationships and revenues; as well as the inability to establish and maintain relationships with commerce, advertising, marketing, and technology providers; and other risks detailed from time to time in the Company's 20-F Annual Report Risk Factors section as well as in other filings with the Securities and Exchange Commission.

Information set forth in this press release pertaining to third parties has not been independently verified by Alvarion and is based solely on publicly available information or on information provided to Alvarion by such third parties for inclusion in this press release. The web sites appearing in this press release are not and will not be included or incorporated by reference in any filing made by Alvarion with the Securities and Exchange Commission, which this press release will be a part of.

You may request Alvarion's future press releases or a complete Investor Kit by contacting Kika Stayerman, kika.stayerman@alvarion.com or +972.3.767.4159.

ALVARION LTD. & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (*)
U.S. dollars in thousands (except per share data)

| | Six Months Ended June 30, 2007 | Six Months Ended June 30, 2006 | Three Months Ended June 30, 2007 | Three Months Ended June 30, 2006 | Three Months Ended March 31, 2007 |
|--|---|---|---|---|--|
| Sales | \$ 109,623 | \$ 87,636 | \$ 57,546 | \$ 44,013 | \$ 52,077 |
| Cost of sales | 54,221 | 44,028 | 28,420 | 21,942 | 25,801 |
| Gross profit | 55,402 | 43,608 | 29,126 | 22,071 | 26,276 |
| Operating expenses: | | | | | |
| Research and development, net | 24,849 | 18,045 | 13,075 | 9,284 | 11,774 |
| Selling and marketing | 26,265 | 20,851 | 13,621 | 10,578 | 12,644 |
| General and administrative | 7,700 | 6,730 | 3,787 | 3,654 | 3,913 |
| Amortization of intangible assets | 1,272 | 1,338 | 636 | 669 | 636 |
| Total Operating expenses | 60,086 | 46,964 | 31,119 | 24,185 | 28,967 |
| Operating loss | (4,684) | (3,356) | (1,993) | (2,114) | (2,691) |
| Financial income, net | 3,143 | 1,492 | 1,511 | 824 | 1,632 |
| Loss from continuing operations | (1,541) | (1,864) | (482) | (1,290) | (1,059) |
| Income (loss) from discontinued operations, net | 1,054 | (30,668) | 618 | (26,276) | 436 |
| Net income (loss) | \$ (487) | \$ (32,532) | \$ 136 | \$ (27,566) | \$ (623) |
| Basic net earnings (loss) per share: | | | | | |
| Continuing operations | \$ (0.03) | \$ (0.03) | \$ (0.01) | \$ (0.02) | \$ (0.02) |
| Discontinued operations | \$ 0.02 | \$ (0.51) | \$ 0.01 | \$ (0.43) | \$ 0.01 |
| Total | \$ (0.01) | \$ (0.54) | \$ 0.00 | \$ (0.45) | \$ (0.01) |

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| | | | | | |
|---|--------|--------|--------|--------|--------|
| Weighted average number of shares used in computing basic net earnings (loss) per share | 61,933 | 60,501 | 62,097 | 60,806 | 61,767 |
|---|--------|--------|--------|--------|--------|

Diluted net earnings (loss) per share:

| | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Continuing operations | \$ (0.03) | \$ (0.03) | \$ (0.01) | \$ (0.02) | \$ (0.02) |
| Discontinued operations | \$ 0.02 | \$ (0.51) | \$ 0.01 | \$ (0.43) | \$ 0.01 |
| Total | \$ (0.01) | \$ (0.54) | \$ 0.00 | \$ (0.45) | \$ (0.01) |

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Weighted average number of shares used in computing diluted net earnings (loss) per share | 61,933 | 60,501 | 64,316 | 60,806 | 61,767 |
|---|--------|--------|--------|--------|--------|

(*) Results of Cellular Mobile Unit that was sold in November 2006, are classified as discontinued operations and are not included in the results from continuing operations.

ALVARION LTD. & ITS SUBSIDIARIES
RECONCILIATION BETWEEN GAAP TO NON-GAAP STATEMENT OF INCOME (*)
U.S. dollars in thousands (except per share data)

| | GAAP | Three Months Ended June 30, 2007 Adjustments | | Non-GAAP | Three Months Ended March 31, 2007 Non-GAAP |
|---|-------------|---|--|-----------------|---|
| Sales | \$ 57,546 | \$ - | | \$ 57,546 | \$ 52,077 |
| Cost of sales | 28,420 | (140) (a) | | 28,280 | 25,667 |
| Gross profit | 29,126 | 140 | | 29,266 | 26,410 |
| Operating expenses: | | | | | |
| Research and development, net | 13,075 | (446) (a) | | 12,629 | 11,381 |
| Selling and marketing | 13,621 | (404) (a) | | 13,217 | 12,245 |
| General and administrative | 3,787 | (812) (a) | | 2,975 | 3,086 |
| Amortization of intangible assets | 636 | (636) (b) | | - | - |
| Total Operating expenses | 31,119 | (2,298) | | 28,821 | 26,712 |
| Operating profit (loss) | (1,993) | 2,438 | | 445 | (302) |
| Financial income, net | 1,511 | - | | 1,511 | 1,632 |
| Income (loss) from continuing operations (a) | (482) | 2,438 | | 1,956 | 1,330 |
| Income from discontinued operations, net | 618 | (618) | | - | - |
| Net income | \$ 136 | \$ 1,820 | | \$ 1,956 | \$ 1,330 |
| Basic net earnings (loss) per share: | | | | | |
| Continuing operations | \$ (0.01) | | | \$ 0.03 | \$ 0.02 |
| Discontinued operations | \$ 0.01 | | | | |
| Total | \$ 0.00 | | | | |
| Weighted average number of shares used in computing basic | 62,097 | | | 62,097 | 61,767 |

net earnings (loss) per share

Diluted net earnings (loss)

per share:

| | | | | | | |
|--------------------------------|----|--------|----|------|----|------|
| Continuing operations | \$ | (0.01) | \$ | 0.03 | \$ | 0.02 |
| Discontinued operations | \$ | 0.01 | | | | |
| Total | \$ | 0.00 | | | | |

Weighted average number of
shares used in computing
diluted

| | | | |
|-------------------------------|--------|--------|--------|
| net earnings (loss) per share | 64,316 | 64,316 | 63,942 |
|-------------------------------|--------|--------|--------|

(*) Results of Cellular Mobile Unit that was sold in November 2006, are classified as discontinued operations and are not included in the results from continuing operations.

(a) The effect of stock-based compensation. The Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" on January 1, 2006 using the modified-prospective transition method.

(b) The effect of amortization of intangible assets.

ALVARION LTD. & ITS SUBSIDIARIES

DISCLOSURE OF NON-US GAAP NET INCOME

FOR COMPARATIVE PURPOSES NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS EXCLUDING AMORTIZATION OF ACQUIRED INTANGIBLES, DEFERRED STOCK COMPENSATION AND INCOME (LOSS) FROM DISCONTINUED OPERATIONS

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

| | Six Months Ended June 30, 2007 | Six Months Ended June 30, 2006 | Three Months Ended June 30, 2007 | Three Months Ended June 30, 2006 | Three Months Ended March 31, 2007 |
|---|---|---|---|---|--|
| Net income (loss) according to US GAAP | \$ (487) | \$ (32,532) | \$ 136 | \$ (27,566) | \$ (623) |
| Amortization of acquired current technology and customer relationships | 1,272 | 1,338 | 636 | 669 | 636 |
| Amortization of deferred stock compensation | 3,555 | 3,022 | 1,802 | 1,597 | 1,753 |
| Loss (income) from discontinued operations | (1,054) | 30,668 | (618) | 26,276 | (436) |
| Net Income from continuing operations excluding amortization of acquired intangibles, deferred stock compensation and income (loss) from discontinued operations | \$ 3,288 | \$ 2,496 | \$ 1,956 | \$ 976 | \$ 1,330 |
| Basic net earnings per share from continuing operations excluding amortization of acquired intangibles, deferred stock compensation and income (loss) from discontinued operations | \$ 0.05 | \$ 0.04 | \$ 0.03 | \$ 0.02 | \$ 0.02 |
| Weighted average number of shares used in computing basic net earnings per share | 61,933 | 60,501 | 62,097 | 60,806 | 61,767 |
| Diluted net earnings per share from continuing operations excluding amortization of acquired intangibles, deferred stock compensation and income (loss) from discontinued operations | \$ 0.05 | \$ 0.04 | \$ 0.03 | \$ 0.02 | \$ 0.02 |
| Weighted average number of shares used in computing diluted net earnings per share | 64,152 | 64,142 | 64,316 | 63,700 | 63,942 |

ALVARION LTD. & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

| | June 30, 2007 | December 31, 2006 |
|--|--------------------------|----------------------------------|
| ASSETS | | |
| Cash, cash equivalents, short-term and long-term investments | \$ 122,093 | \$ 118,426 |
| Trade receivables | 38,667 | 34,332 |
| Other accounts receivable | 13,414 | 12,474 |
| Inventories | 45,481 | 30,539 |
| Severance pay fund | 9,758 | 8,749 |
| PROPERTY AND EQUIPMENT, NET | 10,923 | 10,379 |
| GOODWILL AND OTHER INTANGIBLE ASSETS | 59,971 | 61,243 |
| DISCONTINUED ASSETS | 2,665 | 3,921 |
| TOTAL ASSETS | \$ 302,972 | \$ 280,063 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade payables | \$ 28,782 | \$ 22,418 |
| Other accounts payable and accrued expenses | 54,724 | 42,295 |
| Total current liabilities | 83,506 | 64,713 |
| ACCRUED SEVERANCE PAY | 14,461 | 12,694 |
| DISCONTINUED LIABILITIES | 5,980 | 7,355 |
| TOTAL LIABILITIES | 103,947 | 84,762 |
| SHAREHOLDERS' EQUITY | 199,025 | 195,301 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 302,972 | \$ 280,063 |

ALVARION LTD. & ITS SUBSIDIARIES
Consolidated Statements of Cash Flows
U.S. dollars in thousands

| | Three Months ended June 30, 2007 |
|--|---|
| Cash flows from operating activities: | |
| Net profit | \$ 136 |
| Adjustments to reconcile net loss to net cash used by operating activities: | |
| Depreciation | 1,125 |
| Amortization of deferred stock compensation | 1,802 |
| Amortization of intangibles assets | 636 |
| Increase in trade receivables | (2,152) |
| Increase in other accounts receivable | (1,950) |
| Increase in inventories | (8,043) |
| Increase in trade payables | 1,624 |
| Increase in other accounts payables and accrued expenses | 9,720 |
| Accrued severance pay, net | 367 |
| Net income from discontinued operations | (618) |
| Net cash provided by operating activities from continuing operations | 2,647 |
| Net cash provided by operating activities from discontinued operations | 540 |
| Net cash provided by operating activities | 3,187 |
| Cash flows from investing activities: | |
| Purchase of fixed assets | (1,673) |
| Net cash used in investing activities from continuing operations | (1,673) |
| Cash flows from financing activities: | |
| Proceeds from exercise of stock options | 657 |
| Net cash provided by financing activities from continuing operations | 657 |
| Increase in cash, cash equivalents, short-term and long-term investments from continuing operations | 1,631 |
| Increase in cash, cash equivalents, short-term and long-term investments from discontinued operations | 540 |
| Increase in cash, cash equivalents, short-term and long-term investments | 2,171 |
| Cash, cash equivalents, short-term and long-term investments at the beginning of the period | 119,922 |
| Cash, cash equivalents, short-term and long-term investments at the end of the period | \$ 122,093 |

