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ELTEK LTD
Form 6-K
March 16, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR
15D-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF MARCH 2006

ELTEK LTD.
(Name of Registrant)

Sgoola Industrial Zone, Petach Tikva, 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-

THIS FORM 6-K IS BEING INCORPORATED BY REFERENCE INTO THE REGISTRANT'S FORM S-8
REGISTRATION STATEMENTS FILE NOS. 333-12012 AND 333-123559.

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.

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ELTEK LTD.
(Registrant)

By: /s/ Amnon Shemer

Amnon Shemer
Chief Financial Officer

Date: March 16, 2006

ELTEK LTD.
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ELTEK ANNOUNCES 2005 FOURTH QUARTER AND YEAR END RESULTS

- o RETURNS TO PROFITABILITY IN 2005: 2005 ANNUAL NET INCOME INCREASED TO \$1.1 MILLION FROM A NET LOSS OF \$1.3 MILLION IN 2004
- o SIXTH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR REVENUE GROWTH - REVENUES INCREASE TO \$8.6 MILLION IN THE FOURTH QUARTER, UP 13%, WITH EPS \$0.07 AND EBITDA OF \$1.3 MILLION
- o Q4 2005 OPERATING INCOME \$616,000, UP 79% FROM \$344,000 IN Q4 2004.
- o 2005 OPERATING INCOME INCREASED TO \$1.7MILLION FROM AN OPERATING LOSS OF \$838,000 IN 2004
- o 2005 EBITDA INCREASED TO \$4.2 MILLION, UP 87% FROM \$2.3 MILLION IN 2004

PETACH-TIKVA, Israel, March 16, 2006 (BUSINESS WIRE) - Eltek Ltd., the leading Israeli manufacturer of advanced Flex-Rigid circuitry solutions, today announced its financial results for the fourth quarter and fiscal year ended December 31, 2005.

FOURTH QUARTER 2005 HIGHLIGHTS:

- o Sixth consecutive quarter of year-over-year revenue growth - revenues reached the Company's highest quarterly levels since the first quarter of 2001
- o Fifth consecutive quarter of profitability
- o Quarterly net income of \$500,000 or \$0.07 per share
- o EBITDA of \$1.3 million in Q4 2005 compared to EBITDA of \$1.1 million in Q4 2004

Eltek reported revenues for the three months ended December 31, 2005 of NIS 39.6 million (\$8.6 million) compared with NIS 35.0 million (\$7.6 million) for the fourth quarter of 2004.

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The increase in revenues primarily reflects the growth of Eltek's internationally sourced flex - rigid PCBs sales in general, and in the U.S. in particular.

Net income for the fourth quarter totalled NIS 2.3 million (\$500,000), or NIS 0.33 per share (\$0.07) compared with a net income of NIS 1.9 million (\$417,000), or NIS 0.28 per share (\$0.06) for the same quarter in 2004. The fourth quarter of 2005 was the Company's fifth consecutive quarter of profitability.

FISCAL YEAR HIGHLIGHTS

- o Return to profitability in 2005
- o 2005 annual net income increased to \$1.1 million from a net loss of \$1.3 million in 2004
- o 2005 operating income increased to \$1.7 million from an operating loss of \$838,000 in 2004
- o EBITDA of \$4.2 million in 2005 compared to EBITDA of \$2.3 million in 2004

Revenues for the year ended December 31, 2005, were NIS 144.4 million (\$31.4 million) compared with revenues of NIS125.0 million (\$27.2 million) in 2004. The increase in revenues primarily reflects the growth of Eltek's internationally sourced flex - rigid PCBs sales.

Net income for the year ended December 31, 2005 was NIS 5.3 million (\$1.1 million), or NIS 0.77 per share (\$ 0.17) compared with a net loss of NIS 5.9 million (\$1.3 million) or NIS (0.82) per share (\$ (0.18)) in 2004.

ARIEH REICHART, President and Chief Executive Officer of Eltek, commented: "Our excellent fourth quarter was a robust finish to a successful turnaround year, in which we returned to profitability. During 2005, we delivered consistent year-over-year revenues growth and four consecutive quarters of profitability".

"Our continuously improving results were driven by the growing recognition and market acceptance we have been gaining in the flex - rigid PCB market, the increased contribution of new multi - quarter engagements across many industries and, in the latter part of the year, our penetration into the strategic U.S. flex-rigid PCB market."

Mr. Reichart concluded, "Moving forward, Eltek expects to achieve continued year - over - year revenues growth in 2006. We believe that the combination of the higher margin nature of our incremental revenues with the Company's favourable operating leverage will enable us to deliver strong net income growth in 2006."

AMNON SHEMER, CFO of Eltek commented: "We closed out 2005 on an encouraging note, as quarterly sales reached a new level in the fourth quarter and we managed to grow our quarterly operating and pre tax income by 79% and 100%, respectively, from the corresponding quarter in 2004.

In 2005, Eltek's gross margin improved to 20%, from 12 % in 2004, operating income increased to \$1.7 million from an operating loss of \$838,000, and net income increased to \$1.1 million from a net loss of \$1.3 million in 2004. Contributing to these improvements in the results are purchase orders Eltek

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received pursuant to long term projects, which tend to be supplied on a weekly basis over scheduled periods of time, thus increasing production efficiency as well as our overall corporate productivity"

"International sourced revenues in 2005 accounted for 58% of our revenues, compared to 46% in 2004 and 33% in 2003", he added. "In order to meet accelerating demand, in 2005 we invested \$2.6 million in new advanced manufacturing equipment to increase our high end production capacity. These investments were financed mainly by new bank loans, reflecting our bank's confidence in our business model and our improving cash generation capabilities. The successful installation and integration of the new equipment enables us to establish a strong manufacturing base for continued growth in 2006 and beyond."

ELTEK uses EBITDA as a non-GAAP financial performance measurement. EBITDA is calculated by adding back to net income interest, taxes, depreciation and amortization. EBITDA is provided to investors to complement results provided in accordance with GAAP, as management believes the measure helps illustrate underlying operating trends in the Company's business and uses the measure to establish internal budgets and goals, manage the business, and evaluate performance. EBITDA should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. Eltek has provided a quantitative reconciliation of EBITDA with net income.

ABOUT THE COMPANY

Eltek is Israel's leading manufacturers of printed circuit boards, the core circuitry of most electronic devices. It specializes in the complex high-end of PCB manufacturing, i.e., HDI, multi-layered and flex-rigid boards. Eltek's technologically advanced circuitry solutions are used in today's increasingly sophisticated and compact electronic products.. For more information, visit Eltek's World Wide Web site at www.eltekglobal.com.

NOTE A: CONVENIENCE TRANSLATION TO DOLLARS

For the convenience of the reader, the reported NIS figures of December 31, 2005 have been presented in U.S. Dollars, translated at the representative rate of exchange as of December 31, 2005 (NIS 4.603 = U.S. Dollar 1.00). The U.S. Dollar (\$) amounts presented should not be construed as representing amounts receivable or payable in U.S. Dollars or convertible into U.S. Dollars, unless otherwise indicated.

CERTAIN MATTERS DISCUSSED IN THIS NEWS RELEASE ARE FORWARD-LOOKING STATEMENTS THAT INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES INCLUDING, BUT NOT LIMITED TO STATEMENTS REGARDING EXPECTED RESULTS IN FUTURE QUARTERS, RISKS IN PRODUCT AND TECHNOLOGY DEVELOPMENT AND RAPID TECHNOLOGICAL CHANGE, PRODUCT DEMAND, THE IMPACT OF COMPETITIVE PRODUCTS AND PRICING, MARKET ACCEPTANCE, THE SALES CYCLE, CHANGING ECONOMIC CONDITIONS AND OTHER RISK FACTORS DETAILED IN THE COMPANY'S FILINGS WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

ELTEK LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

CONVENIENCE

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REPORTED AMOUNTS	TRANSLATION			T
	YEAR ENDED			
	DECEMBER 31,			
	2004	2005	2005	
	NIS	NIS	U.S. \$	2004
				NIS
	AUDITED	UNAUDITED		
Revenues	125,002	144,429	31,378	35,017
Costs of revenues	(109,998)	(115,733)	(25,143)	(28,238)
GROSS PROFIT	15,004	28,696	6,235	6,779
Research and development expenses, net	-	(646)	(140)	-
Selling, general and administrative expense	(18,265)	(19,862)	(4,315)	(5,046)
Amortization of goodwill	(593)	(593)	(129)	(152)
OPERATING INCOME (LOSS)	(3,854)	7,595	1,651	1,581
Financial expenses, net	(2,948)	(2,656)	(577)	(458)
INCOME (LOSS) BEFORE OTHER INCOME, NET	(6,802)	4,939	1,074	1,123
Other income, net	52	103	22	13
INCOME (LOSS) BEFORE TAX BENEFIT ON INCOME	(6,750)	5,042	1,096	1,136
Taxes on income	713	-	-	713
INCOME (LOSS) AFTER TAX BENEFIT ON INCOME	(6,037)	5,042	1,096	1,849
Minority share in subsidiary's net results	182	218	47	70
NET INCOME (LOSS) FOR THE PERIOD	(5,855)	5,260	1,143	1,919
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	(0.82)	0.77	0.17	0.28
WEIGHTED AVERAGE NUMBER OF SHARES USED TO COMPUTE BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	6,885	7,015		6,885

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CONSOLIDATED CONDENSED BALANCE SHEETS (IN THOUSANDS)

	CONVENIENCE TRANSLATION -----		
	DECEMBER 31,	DECEMBER 31,	
	-----	-----	
REPORTED	2004	2005	2005
AMOUNTS	(AUDITED)	(UNAUDITED)	(UNAUDITED)
	NIS	NIS	U.S. \$
	-----	-----	-----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,274	7,258	1,577
Receivables: Trade	23,835	22,743	4,941
Other	1,158	2,173	472
Inventories	13,633	16,051	3,487
Prepaid expenses	563	986	214
	-----	-----	-----
TOTAL CURRENT ASSETS	43,463	49,211	10,691
	-----	-----	-----
DEFERRED TAXES	753	697	151
	-----	-----	-----
PROPERTY AND EQUIPMENT, NET	31,569	32,969	7,163
	-----	-----	-----
GOODWILL	4,656	3,735	811
	-----	-----	-----
TOTAL ASSETS	80,441	86,612	18,816
	=====	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Short-term credit and current maturities of long-term debts	19,589	17,561	3,815
Trade payables	23,577	25,176	5,470
Other liabilities and accrued expenses	11,083	10,914	2,371
	-----	-----	-----
TOTAL CURRENT LIABILITIES	54,249	53,651	11,656
	-----	-----	-----
LONG- TERM LIABILITIES			
Long term debt, excluding current maturities	6,687	7,607	1,653
Employee severance benefits	1,048	274	60
	-----	-----	-----
TOTAL LIABILITIES	61,984	61,532	13,369
	-----	-----	-----

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MINORITY INTERESTS	1,900	1,547	335
	-----	-----	-----
CONVERTIBLE NOTE	1,566	1,820	395
	-----	-----	-----
SHAREHOLDER'S EQUITY			
Ordinary shares, NIS 0.6 par value			
Authorized 50,000,000 shares,			
issued and outstanding 5,602,511			
shares at December 31, 2005 and			
5,491,711 shares at December 31, 2004			
	29,698	29,765	6,466
Additional paid in capital	52,500	54,553	11,852
Capital reserves related to loans			
from controlling shareholders	10,010	10,010	2,175
Cumulative foreign currency			
translation adjustments	2,574	1,916	416
Capital reserve	6,685	6,685	1,452
Accumulated deficit	(86,476)	(81,216)	(17,644)
	-----	-----	-----
TOTAL SHAREHOLDER'S EQUITY	14,991	21,713	4,717
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY	80,441	86,612	18,816
	=====	=====	=====

NON-GAAP EARNINGS RECONCILIATIONS	YEAR ENDED DECEMBER 31,			THREE MONTHS E DECEMBER 3	
	2004	2005	2005	2004	2005
	(UNAUDITED) NIS	(UNAUDITED) NIS	(UNAUDITED) U.S. \$	(UNAUDITED) NIS	(UNAUDITED) NIS
	-----	-----	-----	-----	-----
GAAP NET INCOME (LOSS)	(5,855)	5,260	1,143	1,919	2,300
ADD BACK ITEMS:					
Financial expenses, net	2,948	2,656	577	458	628
Tax benefit	(713)	-	-	(713)	-
Amortization of goodwill	593	593	129	152	146
Depreciation	13,428	10,904	2,368	3,191	2,694
	-----	-----	-----	-----	-----
ADJUSTED EBITDA	10,401	19,413	4,217	5,007	5,768
	=====	=====	=====	=====	=====