

Edgar Filing: ELTEK LTD - Form 6-K

ELTEK LTD  
Form 6-K  
August 12, 2005

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 AUGUST 2005

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.

ELTEK LTD.

6-K ITEMS

1. Press release Eltek Reports 2Q05 Financial Results dated August 11, 2005.
2. Corrected press release Eltek Reports 2Q05 Financial Results dated August 11, 2005.

PRESS RELEASE

Source: ELTEK Ltd.

Contact: ELTEK Ltd.  
Amnon Shemer, CFO, +972-3-9395023  
amnon@eltek.co.il

ELTEK REPORTS 2Q05 FINANCIAL RESULTS

Thursday August 11, 4:05 pm ET

REVENUES RISE 25% YEAR-OVER-YEAR TO \$7.4 MILLION  
4TH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR REVENUE GROWTH  
EXPECT TO MAINTAIN MOMENTUM DURING REMAINDER OF 2005

PETACH-TIKVA, Israel, August 11, 2005 - Eltek Ltd. (NASDAQ: ELTK), the leading Israeli manufacturer of advanced circuitry solutions, today announced financial results for the second quarter and six months ended June 30, 2005.

SECOND QUARTER 2005 KEY FINANCIAL HIGHLIGHTS:

- o Fourth consecutive quarter of year - over - year revenue growth
- o Revenue increased by 25 % year - over - year
- o Third consecutive quarter of profitability
- o Quarterly net income of \$101,000 or \$0.02 per share
- o Further reduction in bank debt

Eltek reported revenues for the three months ended June 30, 2005 of NIS 33.8 million (\$7.4 million) compared with NIS 27.1 million (\$5.9 million) during the second quarter of 2004, 25% increase.

Net income for the second quarter totaled NIS 461,000 (\$101,000), or NIS 0.11 per NIS 1 par value of shares (NIS 0.07 or \$0.01 per share) compared with a net loss of NIS 4.3 million (\$935,000), or NIS 1.03 per NIS 1 par value of shares (NIS 0.62 or \$0.14 per share) for the same quarter in 2004.

Revenues for the six-month period ended June 30, 2005, were NIS 68.2 million (\$14.9 million) compared with revenues of NIS 57.4 million (\$12.6 million) for the comparable period in 2004.

Net income for the six-month period ended June 30, 2005 was NIS 1.3 million (\$284,000), or NIS 0.16 per NIS 1 par value of shares (NIS 0.10 or \$0.02 per share), compared with a net loss of NIS 6.8 million (\$1.5 million) or NIS 1.64 per NIS 1 par value of shares (NIS 0.99 or \$0.22 per share) for the same period in 2004.

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"With quarterly revenues up 25% percent, the second quarter of 2005 was our fourth consecutive quarter of year-over-year revenues growth. The continuing growth validates our business strategy of shifting the Company's product mix towards higher margin flex-rigid boards, while increasing our international operations and expanding our global customer base," said Arie Reichart, President and Chief Executive Officer of Eltek.

"Growing the Company on a consistent long - term basis, in conjunction with bringing it to a significant level of profitability, continues to be a top priority for Eltek's management," added Reichart. "I am very encouraged with our success in signing multi - quarter deals with both existing and new customers, enabling us to experience an increase in the contribution of new and follow - on orders pursuant to long - term projects. These transactions are positively impacting our overall corporate productivity and visibility."

"Based on our improved revenue visibility in Europe and in the U.S., Eltek now expects to continue to achieve year - over - year revenue growth, and to reach the Company's highest quarterly levels since the first quarter of 2001, along with increased profitability in the third quarter of 2005" continued Reichart. " We also expect to maintain a positive momentum in the fourth quarter as well," he added. "We feel that the years of hard work and focus on the high-end PCB markets are clearly starting to fundamentally pay off."

Amnon Shemer, CFO of Eltek commented: "In the second quarter of 2005 our gross margin improved to 18%, from 4% in 2004 and our operating income increased to \$ 241,000 from an operating loss of \$814,000 in the second quarter of 2004. In addition, during the quarter, the company received \$463,000 from the exercise of stock options granted under our 2000 Stock Incentive Plan, thus further strengthening our cash position, and enabling us to continue to reduce our bank debt. As of June 30, 2005, long term bank debt declined by \$1.6 million compared to June 30, 2004 and declined by \$ 720,000 compared to December 31, 2004. In addition, our working capital deficiency improved by \$ 1.1 million compared to December 31, 2004."

### 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. The Company has invested heavily in upgrading its production facilities over the past five years. For more information, visit Eltek's World Wide Web site at [www.eltekglobal.com](http://www.eltekglobal.com).

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.

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

| REPORTED AMOUNTS  | SIX MONTHS ENDED<br>JUNE 30, |                             |                                 | CONVENIENCE<br>TRANSLATION<br>----- | THR |
|---|------------------------------|-----------------------------|---------------------------------|-------------------------------------|-----|
|   | 2004                         | 2005                        | 2005                            | 2004                                |     |
|   | (UNAUDITED)<br>NIS<br>-----  | (UNAUDITED)<br>NIS<br>----- | (UNAUDITED)<br>U.S. \$<br>----- | (UNAUDITED)<br>NIS<br>-----         |     |
| Revenues  | 57,416                       | 68,237                      | 14,918                          | 27,102                              |     |
| Costs of revenues   | (52,980)*                    | (55,829)                    | (12,206)                        | (26,135)*                           |     |
| <b>GROSS PROFIT</b>   | <b>4,436</b>                 | <b>12,408</b>               | <b>2,712</b>                    | <b>967</b>                          |     |
| Research and development, net   | -                            | (351)                       | (77)                            | -                                   |     |
| Selling, general and administrative expenses  | (9,176)                      | (9,205)                     | (2,012)                         | (4,547)                             |     |
| Amortization of goodwill  | (294)                        | (300)                       | (66)                            | (147)                               |     |
| <b>OPERATING INCOME (LOSS)</b>  | <b>(5,034)</b>               | <b>2,552</b>                | <b>557</b>                      | <b>(3,727)</b>                      |     |
| Financial expenses, net   | (1,816)                      | (1,380)                     | (301)                           | (664)                               |     |
| <b>INCOME (LOSS) BEFORE OTHER EXPENSES, NET</b>   | <b>(6,850)</b>               | <b>1,172</b>                | <b>256</b>                      | <b>(4,391)</b>                      |     |
| Other expenses, net   | (29)*                        | (24)                        | (5)                             | (12)*                               |     |
| <b>INCOME (LOSS) BEFORE TAXES ON INCOME</b>   | <b>(6,879)</b>               | <b>1,148</b>                | <b>251</b>                      | <b>(4,403)</b>                      |     |
| Taxes on income   | -                            | -                           | -                               | 55                                  |     |
| <b>INCOME (LOSS) AFTER TAXES ON INCOME</b>  | <b>(6,879)</b>               | <b>1,148</b>                | <b>251</b>                      | <b>(4,348)</b>                      |     |
| Minority share in subsidiary's net results  | 38                           | 152                         | 33                              | 69                                  |     |
| <b>NET INCOME (LOSS) FOR THE PERIOD</b>   | <b>(6,841)</b>               | <b>1,300</b>                | <b>284</b>                      | <b>(4,279)</b>                      |     |
| <b>BASIC AND DILUTED EARNINGS (LOSS) PER NIS 1 PAR VALUE OF THE SHARE CAPITAL**</b>                             | <b>(1.64)</b>                | <b>0.16</b>                 | <b>0.03</b>                     | <b>(1.03)</b>                       |     |
| <b>TOTAL PAR VALUE OF SHARES USED TO COMPUTE BASIC AND DILUTED EARNINGS (LOSS) PER NIS 1 PAR VALUE OF SHARE</b> | <b>4,131</b>                 | <b>4,197</b>                | <b>4,197</b>                    | <b>4,131</b>                        |     |

\* Reclassified

\*\* Ordinary shares of a par value of NIS 0.6 each.

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ELTEK LTD.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(IN THOUSANDS)

| REPORTED AMOUNTS  | DECEMBER 31,             | JUNE 30,                   |                            |
|---|--------------------------|----------------------------|----------------------------|
|   | 2004<br>(AUDITED)<br>NIS | 2004<br>(UNAUDITED)<br>NIS | 2005<br>(UNAUDITED)<br>NIS |
| ASSETS  |                          |                            |                            |
| CURRENT ASSETS  |                          |                            |                            |
| Cash and cash equivalents                                   | 4,274                    | 4,710                      | 2,309                      |
| Receivables: Trade  | 23,835                   | 18,786                     | 25,249                     |
| Other   | 1,158                    | 953                        | 1,174                      |
| Inventories   | 13,633                   | 13,004                     | 13,788                     |
| Prepaid expenses  | 563                      | 843                        | 1,200                      |
|   | -----                    | -----                      | -----                      |
| TOTAL CURRENT ASSETS  | 43,463                   | 38,296                     | 43,720                     |
|   | -----                    | -----                      | -----                      |
| DEFERRED TAXES  | 753                      | -                          | 708                        |
|   | -----                    | -----                      | -----                      |
| PROPERTY AND EQUIPMENT, NET                                 | 31,569                   | 37,201                     | 27,155                     |
|   | -----                    | -----                      | -----                      |
| GOODWILL  | 4,656                    | 4,621                      | 4,084                      |
|   | -----                    | -----                      | -----                      |
| TOTAL ASSETS  | 80,441                   | 80,118                     | 75,667                     |
|   | =====                    | =====                      | =====                      |
| LIABILITIES AND SHAREHOLDER'S EQUITY                        |                          |                            |                            |
| CURRENT LIABILITIES   |                          |                            |                            |
| Short-term credit and current maturities of long-term debts | 19,589                   | 21,235                     | 18,830                     |
| Trade payables  | 23,577                   | 21,214                     | 19,338                     |
| Other liabilities and accrued expenses                      | 11,083                   | 9,808                      | 11,317                     |
|   | -----                    | -----                      | -----                      |
| TOTAL CURRENT LIABILITIES                                   | 54,249                   | 52,257                     | 49,485                     |
|   | -----                    | -----                      | -----                      |
| LONG- TERM LIABILITIES                                      |                          |                            |                            |
| Long term debt, excluding current maturities                | 6,687                    | 10,123                     | 3,815                      |

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|                                     |          |          |          |
|-------------------------------------|----------|----------|----------|
| Employee severance benefits         | 1,048    | 988      | 1,131    |
|                                     | -----    | -----    | -----    |
| TOTAL LIABILITIES                   | 61,984   | 63,368   | 54,431   |
|                                     | -----    | -----    | -----    |
| MINORITY INTERESTS                  | 1,900    | 1,909    | 1,636    |
|                                     | -----    | -----    | -----    |
| CONVERTIBLE NOTE                    | 1,566    | 1,532    | 1,720    |
|                                     | -----    | -----    | -----    |
| SHAREHOLDER'S EQUITY                |          |          |          |
| Ordinary shares, NIS 0.6 par value  |          |          |          |
| Authorized 50,000,000 shares,       |          |          |          |
| issued                              |          |          |          |
| and outstanding 5,602,511 shares at |          |          |          |
| June 30, 2005 and 5,491,711 shares  |          |          |          |
| at June 30, 2004 and at December    |          |          |          |
| 31, 2004                            |          |          |          |
|                                     | 29,698   | 29,698   | 29,765   |
| Additional paid in capital          | 52,500   | 52,500   | 54,553   |
| Capital reserves related to loans   |          |          |          |
| from controlling shareholders       | 10,010   | 10,010   | 10,010   |
| Cumulative foreign currency         |          |          |          |
| translation adjustments             | 2,574    | 1,878    | 2,043    |
| Capital reserve                     | 6,685    | 6,685    | 6,685    |
| Accumulated deficit                 | (86,476) | (87,462) | (85,176) |
|                                     | -----    | -----    | -----    |
| TOTAL SHAREHOLDER'S EQUITY          | 14,991   | 13,309   | 17,880   |
|                                     | -----    | -----    | -----    |
| TOTAL LIABILITIES AND SHAREHOLDERS' |          |          |          |
| EQUITY                              | 80,441   | 80,118   | 75,667   |
|                                     | =====    | =====    | =====    |

ELTEK LTD.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(In thousands)

| REPORTED AMOUNTS          | THREE MONTHS ENDED |                 | CONVENIENCE                    |
|---------------------------|--------------------|-----------------|--------------------------------|
|                           | JUNE 30<br>2004    | JUNE 30<br>2005 | TRANSLATION<br>JUNE 30<br>2005 |
|                           | (UNAUDITED)        | (UNAUDITED)     | (UNAUDITED)                    |
|                           | NIS                | NIS             | U.S. \$                        |
|                           | -----              | -----           | -----                          |
| CASH FLOWS FROM OPERATING |                    |                 |                                |

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|   |         |         |       |
|---|---------|---------|-------|
| ACTIVITIES  |         |         |       |
| Net income (loss) for the period  | (4,279) | 461     | 101   |
| ADJUSTMENT TO RECONCILE NET INCOME (LOSS) TO NET CASHFLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES: |         |         |       |
| Depreciation  | 3,453   | 2,699   | 590   |
| Loss from disposal of fixed assets  | -       | 13      | 3     |
| Inflationary impact on long-term debts  | 8       | 375     | 82    |
| Minority share in subsidiary's net results  | (69)    | (138)   | (30)  |
| Amortization of goodwill  | 147     | 148     | 32    |
| Increase (decrease) in employee severance benefits, net   | (118)   | 52      | 11    |
| Decrease (increase) in trade receivables  | 1,633   | (649)   | (142) |
| Decrease (increase) in other receivables and prepaid expenses   | 203     | (347)   | (76)  |
| Decrease in trade payables  | (111)   | (2,024) | (442) |
| Increase (decrease) in other liabilities and accrued expenses   | 679     | (769)   | (168) |
| Accrued interest on convertible note  | 40      | 43      | 9     |
| Decrease in inventories   | 137     | 85      | 19    |
|   | -----   | -----   | ----- |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES  | 1,723   | (51)    | (11)  |
|   | -----   | -----   | ----- |
| CASH FLOWS FOR INVESTING ACTIVITIES:  |         |         |       |
| Purchase of fixed assets  | (391)   | (567)   | (124) |
|   | -----   | -----   | ----- |
| NET CASH USED FOR INVESTING ACTIVITIES  | (391)   | (567)   | (124) |
|   | -----   | -----   | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |         |         |       |
| Increase (decrease) in short-term credit  | 238     | (181)   | (40)  |
| Repayment of long-term loans  | (1,236) | (1,849) | (404) |
| Proceeds from exercise of stock options   | -       | 2,120   | 463   |
|   | -----   | -----   | ----- |
| NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES   | (998)   | 90      | 19    |
|   | -----   | -----   | ----- |
| ADJUSTMENTS FROM TRANSLATION OF FINANCIAL STATEMENTS OF AUTONOMOUS UNITS                                | (34)    | (36)    | (8)   |
|   | -----   | -----   | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 300     | (564)   | (124) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD  | 4,410   | 2,873   | 629   |
|   | -----   | -----   | ----- |
| CASH AND CASH EQUIVALENTS AT  |         |         |       |

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|               |       |       |       |
|---------------|-------|-------|-------|
| END OF PERIOD | 4,710 | 2,309 | 505   |
|               | ===== | ===== | ===== |

ELTEK LTD.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(In thousands)

| REPORTED AMOUNTS  | SIX MONTHS ENDED   |                    | CONVENIENCE                    |
|---|--------------------|--------------------|--------------------------------|
|   | JUNE 30<br>2004    | JUNE 30<br>2005    | TRANSLATION<br>JUNE 30<br>2005 |
|   | (UNAUDITED)<br>NIS | (UNAUDITED)<br>NIS | (UNAUDITED)<br>U.S. \$         |
|   | -----              | -----              | -----                          |
| CASH FLOWS FROM OPERATING<br>ACTIVITIES   |                    |                    |                                |
| Net income (loss) for the period  | (6,841)            | 1,300              | 284                            |
| ADJUSTMENT TO RECONCILE NET<br>INCOME (LOSS) TO NET CASH FLOWS<br>PROVIDED BY OPERATING ACTIVITIES: |                    |                    |                                |
| Depreciation  | 6,947              | 5,587              | 1,221                          |
| Loss from disposal of fixed assets  | -                  | 24                 | 5                              |
| Inflationary impact on long-term<br>debts   | 384                | 446                | 98                             |
| Minority share in subsidiary's<br>net results   | (38)               | (152)              | (33)                           |
| Amortization of goodwill  | 294                | 300                | 66                             |
| Increase in employee severance<br>benefit, net  | 49                 | 88                 | 19                             |
| Decrease (increase) in trade<br>receivables   | 989                | (1,519)            | (332)                          |
| Decrease (increase) in other<br>receivables and prepaid expenses                                    | 1,152              | (670)              | (146)                          |
| Decrease in trade payables  | (1,093)            | (4,179)            | (914)                          |
| Increase in other liabilities<br>and accrued expenses   | 1,268              | 384                | 84                             |
| Accrued interest on convertible<br>note   | 75                 | 82                 | 18                             |
| Decrease (increase) in<br>inventories   | 135                | (257)              | (56)                           |
|   | -----              | -----              | -----                          |
| NET CASH PROVIDED BY OPERATING<br>ACTIVITIES  | 3,321              | 1,434              | 314                            |
|   | -----              | -----              | -----                          |
| CASH FLOWS FOR INVESTING<br>ACTIVITIES:   |                    |                    |                                |
| Purchase of fixed assets  | (821)              | (1,427)            | (312)                          |
|   | -----              | -----              | -----                          |
| NET CASH USED FOR INVESTING<br>ACTIVITIES   | (821)              | (1,427)            | (312)                          |



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|  | -----   | -----   | ----- |
|--|---------|---------|-------|
| CASH FLOWS FROM FINANCING<br>ACTIVITIES:                                       |         |         |       |
| Increase (decrease) in<br>short-term credit                                    | 41      | (211)   | (46)  |
| Repayment of long-term loans   | (2,171) | (3,777) | (826) |
| Proceeds from exercise of stock<br>options                                     | -       | 2,120   | 463   |
|  | -----   | -----   | ----- |
| NET CASH USED FOR FINANCING<br>ACTIVITIES                                      | (2,130) | (1,868) | (409) |
|  | -----   | -----   | ----- |
| ADJUSTMENTS FROM TRANSLATION OF<br>FINANCIAL STATEMENTS OF<br>AUTONOMOUS UNITS | (31)    | (104)   | (23)  |
|  | -----   | -----   | ----- |
| NET INCREASE (DECREASE) IN CASH<br>AND CASH EQUIVALENTS                        | 339     | (1,965) | (430) |
| CASH AND CASH EQUIVALENTS AT<br>BEGINNING OF PERIOD                            | 4,371   | 4,274   | 935   |
|  | -----   | -----   | ----- |
| CASH AND CASH EQUIVALENTS AT<br>END OF PERIOD                                  | 4,710   | 2,309   | 505   |
|  | =====   | =====   | ===== |
| NON-CASH ACTIVITIES:   |         |         |       |
| Conversion of convertible note<br>into additional paid in capital              | 879     | -       | -     |
|  | =====   | =====   | ===== |

ITEM 2

CORRECTED PRESS RELEASE

Source: ELTEK Ltd.

Contact: ELTEK Ltd.  
Amnon Shemer, CFO, +972-3-9395023  
amnons@eltek.co.il

ELTEK REPORTS 2Q05 FINANCIAL RESULTS

Thursday August 11

REVENUES RISE 25% YEAR-OVER-YEAR TO \$7.4 MILLION  
4TH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR REVENUE GROWTH  
EXPECT TO MAINTAIN MOMENTUM DURING REMAINDER OF 2005

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SECOND QUARTER 2005 KEY FINANCIAL HIGHLIGHTS:

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- o Revenue increased by 25 % year - over - year
- o Third consecutive quarter of profitability
- o Quarterly net income of \$101,000 or \$0.01 per share
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"With quarterly revenues up 25% percent, the second quarter of 2005 was our fourth consecutive quarter of year-over-year revenues growth. The continuing growth validates our business strategy of shifting the Company's product mix towards higher margin flex-rigid boards, while increasing our international operations and expanding our global customer base," said Arie Reichart, President and Chief Executive Officer of Eltek.

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to June 30, 2004 and declined by \$ 720,000 compared to December 31, 2004. In addition, our working capital deficiency improved by \$ 1.1 million compared to December 31, 2004."

### 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. The Company has invested heavily in upgrading its production facilities over the past five years. For more information, visit Eltek's World Wide Web site at [www.eltekglobal.com](http://www.eltekglobal.com).

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)

| REPORTED AMOUNTS                             | SIX MONTHS ENDED<br>JUNE 30,        |                                     |   | CONVENIENCE<br>TRANSLATION<br>----- | THR |
|--|-------------------------------------|-------------------------------------|---|-------------------------------------|-----|
|  | 2004<br>(UNAUDITED)<br>NIS<br>----- | 2005<br>(UNAUDITED)<br>NIS<br>----- | 2005<br>(UNAUDITED)<br>U.S. \$<br>----- | 2004<br>(UNAUDITED)<br>NIS<br>----- |     |
| Revenues                                     | 57,416                              | 68,237                              | 14,918                                  | 27,102                              |     |
| Costs of revenues                            | (52,980) *                          | (55,829)                            | (12,206)                                | (26,135) *                          |     |
| <b>GROSS PROFIT</b>                          | <b>4,436</b>                        | <b>12,408</b>                       | <b>2,712</b>                            | <b>967</b>                          |     |
| Research and development, net                | -                                   | (351)                               | (77)                                    | -                                   |     |
| Selling, general and administrative expenses | (9,176)                             | (9,205)                             | (2,012)                                 | (4,547)                             |     |
| Amortization of goodwill                     | (294)                               | (300)                               | (66)                                    | (147)                               |     |
| <b>OPERATING INCOME (LOSS)</b>               | <b>(5,034)</b>                      | <b>2,552</b>                        | <b>557</b>                              | <b>(3,727)</b>                      |     |
| Financial expenses, net                      | (1,816)                             | (1,380)                             | (301)                                   | (664)                               |     |

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|  |         |       |       |         |
|--|---------|-------|-------|---------|
|  | -----   | ----- | ----- | -----   |
| INCOME (LOSS) BEFORE OTHER EXPENSES, NET   | (6,850) | 1,172 | 256   | (4,391) |
| Other expenses, net  | (29)*   | (24)  | (5)   | (12)*   |
|  | -----   | ----- | ----- | -----   |
| INCOME (LOSS) BEFORE TAXES ON INCOME   | (6,879) | 1,148 | 251   | (4,403) |
| Taxes on income  | -       | -     | -     | 55      |
|  | -----   | ----- | ----- | -----   |
| INCOME (LOSS) AFTER TAXES ON INCOME  | (6,879) | 1,148 | 251   | (4,348) |
| Minority share in subsidiary's net results   | 38      | 152   | 33    | 69      |
|  | -----   | ----- | ----- | -----   |
| NET INCOME (LOSS) FOR THE PERIOD   | (6,841) | 1,300 | 284   | (4,279) |
|  | =====   | ===== | ===== | =====   |
| BASIC AND DILUTED EARNINGS (LOSS) PER NIS 1 PAR VALUE OF THE SHARE CAPITAL**                             | (1.64)  | 0.16  | 0.03  | (1.03)  |
|  | =====   | ===== | ===== | =====   |
| TOTAL PAR VALUE OF SHARES USED TO COMPUTE BASIC AND DILUTED EARNINGS (LOSS) PER NIS 1 PAR VALUE OF SHARE | 4,131   | 4,197 | 4,197 | 4,131   |
|  | =====   | ===== | ===== | =====   |

\* Reclassified

\*\* Ordinary shares of a par value of NIS 0.6 each.

ELTEK LTD.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(IN THOUSANDS)

|                           | DECEMBER 31,             | JUNE 30,                   |                            |
|---------------------------|--------------------------|----------------------------|----------------------------|
|                           | -----                    | -----                      | -----                      |
| REPORTED AMOUNTS          | 2004<br>(AUDITED)<br>NIS | 2004<br>(UNAUDITED)<br>NIS | 2005<br>(UNAUDITED)<br>NIS |
|                           | -----                    | -----                      | -----                      |
| ASSETS                    |                          |                            |                            |
| CURRENT ASSETS            |                          |                            |                            |
| Cash and cash equivalents | 4,274                    | 4,710                      | 2,309                      |
| Receivables: Trade        | 23,835                   | 18,786                     | 25,249                     |
| Other                     | 1,158                    | 953                        | 1,174                      |
| Inventories               | 13,633                   | 13,004                     | 13,788                     |
| Prepaid expenses          | 563                      | 843                        | 1,200                      |
|                           | -----                    | -----                      | -----                      |

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|  |          |          |          |
|--|----------|----------|----------|
| TOTAL CURRENT ASSETS   | 43,463   | 38,296   | 43,720   |
|  | -----    | -----    | -----    |
| DEFERRED TAXES   | 753      | -        | 708      |
|  | -----    | -----    | -----    |
| PROPERTY AND EQUIPMENT, NET  | 31,569   | 37,201   | 27,155   |
|  | -----    | -----    | -----    |
| GOODWILL   | 4,656    | 4,621    | 4,084    |
|  | -----    | -----    | -----    |
| TOTAL ASSETS   | 80,441   | 80,118   | 75,667   |
|  | =====    | =====    | =====    |
| LIABILITIES AND SHAREHOLDER'S EQUITY   |          |          |          |
| CURRENT LIABILITIES  |          |          |          |
| Short-term credit and current maturities of long-term debts  | 19,589   | 21,235   | 18,830   |
| Trade payables   | 23,577   | 21,214   | 19,338   |
| Other liabilities and accrued expenses   | 11,083   | 9,808    | 11,317   |
|  | -----    | -----    | -----    |
| TOTAL CURRENT LIABILITIES  | 54,249   | 52,257   | 49,485   |
|  | -----    | -----    | -----    |
| LONG- TERM LIABILITIES   |          |          |          |
| Long term debt, excluding current maturities   | 6,687    | 10,123   | 3,815    |
| Employee severance benefits  | 1,048    | 988      | 1,131    |
|  | -----    | -----    | -----    |
| TOTAL LIABILITIES  | 61,984   | 63,368   | 54,431   |
|  | -----    | -----    | -----    |
| MINORITY INTERESTS   | 1,900    | 1,909    | 1,636    |
|  | -----    | -----    | -----    |
| CONVERTIBLE NOTE   | 1,566    | 1,532    | 1,720    |
|  | -----    | -----    | -----    |
| SHAREHOLDER'S EQUITY   |          |          |          |
| Ordinary shares, NIS 0.6 par value<br>Authorized 50,000,000 shares,<br>issued<br>and outstanding 5,602,511 shares at<br>June 30, 2005 and 5,491,711 shares<br>at June 30, 2004 and at December<br>31, 2004 | 29,698   | 29,698   | 29,765   |
| Additional paid in capital   | 52,500   | 52,500   | 54,553   |
| Capital reserves related to loans<br>from controlling shareholders   | 10,010   | 10,010   | 10,010   |
| Cumulative foreign currency<br>translation adjustments   | 2,574    | 1,878    | 2,043    |
| Capital reserve  | 6,685    | 6,685    | 6,685    |
| Accumulated deficit  | (86,476) | (87,462) | (85,176) |
|  | -----    | -----    | -----    |
| TOTAL SHAREHOLDER'S EQUITY   | 14,991   | 13,309   | 17,880   |

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|  |        |        |        |
|--|--------|--------|--------|
|  | -----  | -----  | -----  |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 80,441 | 80,118 | 75,667 |
|  | =====  | =====  | =====  |

ELTEK LTD.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(In thousands)

| REPORTED AMOUNTS  | THREE MONTHS ENDED |                 | CONVENIENCE                    |
|---|--------------------|-----------------|--------------------------------|
|   | JUNE 30<br>2004    | JUNE 30<br>2005 | TRANSLATION<br>JUNE 30<br>2005 |
|   | -----              | -----           | -----                          |
|   | (UNAUDITED)        | (UNAUDITED)     | (UNAUDITED)                    |
|   | NIS                | NIS             | U.S. \$                        |
|   | -----              | -----           | -----                          |
| CASH FLOWS FROM OPERATING ACTIVITIES  |                    |                 |                                |
| Net income (loss) for the period  | (4,279)            | 461             | 101                            |
| ADJUSTMENT TO RECONCILE NET INCOME (LOSS) TO NET CASHFLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES: |                    |                 |                                |
| Depreciation  | 3,453              | 2,699           | 590                            |
| Loss from disposal of fixed assets  | -                  | 13              | 3                              |
| Inflationary impact on long-term debts  | 8                  | 375             | 82                             |
| Minority share in subsidiary's net results  | (69)               | (138)           | (30)                           |
| Amortization of goodwill  | 147                | 148             | 32                             |
| Increase (decrease) in employee severance benefits, net   | (118)              | 52              | 11                             |
| Decrease (increase) in trade receivables  | 1,633              | (649)           | (142)                          |
| Decrease (increase) in other receivables and prepaid expenses   | 203                | (347)           | (76)                           |
| Decrease in trade payables  | (111)              | (2,024)         | (442)                          |
| Increase (decrease) in other liabilities and accrued expenses   | 679                | (769)           | (168)                          |
| Accrued interest on convertible note  | 40                 | 43              | 9                              |
| Decrease in inventories   | 137                | 85              | 19                             |
|   | -----              | -----           | -----                          |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES  | 1,723              | (51)            | (11)                           |

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|  |         |         |       |
|--|---------|---------|-------|
|  | -----   | -----   | ----- |
| CASH FLOWS FOR INVESTING<br>ACTIVITIES:  |         |         |       |
| Purchase of fixed assets   | (391)   | (567)   | (124) |
|  | -----   | -----   | ----- |
| NET CASH USED FOR INVESTING<br>ACTIVITIES                                      | (391)   | (567)   | (124) |
|  | -----   | -----   | ----- |
| CASH FLOWS FROM FINANCING<br>ACTIVITIES:                                       |         |         |       |
| Increase (decrease) in<br>short-term credit                                    | 238     | (181)   | (40)  |
| Repayment of long-term loans   | (1,236) | (1,849) | (404) |
| Proceeds from exercise of stock<br>options                                     | -       | 2,120   | 463   |
|  | -----   | -----   | ----- |
| NET CASH GENERATED BY (USED FOR)<br>FINANCING ACTIVITIES                       | (998)   | 90      | 19    |
|  | -----   | -----   | ----- |
| ADJUSTMENTS FROM TRANSLATION OF<br>FINANCIAL STATEMENTS OF<br>AUTONOMOUS UNITS | (34)    | (36)    | (8)   |
|  | -----   | -----   | ----- |
| NET INCREASE (DECREASE) IN CASH<br>AND CASH EQUIVALENTS                        | 300     | (564)   | (124) |
| CASH AND CASH EQUIVALENTS AT<br>BEGINNING OF PERIOD                            | 4,410   | 2,873   | 629   |
|  | -----   | -----   | ----- |
| CASH AND CASH EQUIVALENTS AT<br>END OF PERIOD                                  | 4,710   | 2,309   | 505   |
|  | =====   | =====   | ===== |

ELTEK LTD.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(In thousands)

| REPORTED AMOUNTS                        | SIX MONTHS ENDED |                 | CONVENIENCE                    |
|---|------------------|-----------------|--------------------------------|
|   | JUNE 30<br>2004  | JUNE 30<br>2005 | TRANSLATION<br>JUNE 30<br>2005 |
|   | -----            | -----           | -----                          |
|   | (UNAUDITED)      | (UNAUDITED)     | (UNAUDITED)                    |
|   | NIS              | NIS             | U.S. \$                        |
|   | -----            | -----           | -----                          |
| CASH FLOWS FROM OPERATING<br>ACTIVITIES |                  |                 |                                |
| Net income (loss) for the period        | (6,841)          | 1,300           | 284                            |
| ADJUSTMENT TO RECONCILE NET             |                  |                 |                                |

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|  |         |         |       |
|--|---------|---------|-------|
| INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:        |         |         |       |
| Depreciation   | 6,947   | 5,587   | 1,221 |
| Loss from disposal of fixed assets                                       | -       | 24      | 5     |
| Inflationary impact on long-term debts                                   | 384     | 446     | 98    |
| Minority share in subsidiary's net results                               | (38)    | (152)   | (33)  |
| Amortization of goodwill   | 294     | 300     | 66    |
| Increase in employee severance benefit, net                              | 49      | 88      | 19    |
| Decrease (increase) in trade receivables                                 | 989     | (1,519) | (332) |
| Decrease (increase) in other receivables and prepaid expenses            | 1,152   | (670)   | (146) |
| Decrease in trade payables   | (1,093) | (4,179) | (914) |
| Increase in other liabilities and accrued expenses                       | 1,268   | 384     | 84    |
| Accrued interest on convertible note                                     | 75      | 82      | 18    |
| Decrease (increase) in inventories                                       | 135     | (257)   | (56)  |
|  | -----   | -----   | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                                | 3,321   | 1,434   | 314   |
|  | -----   | -----   | ----- |
| CASH FLOWS FOR INVESTING ACTIVITIES:                                     |         |         |       |
| Purchase of fixed assets   | (821)   | (1,427) | (312) |
|  | -----   | -----   | ----- |
| NET CASH USED FOR INVESTING ACTIVITIES                                   | (821)   | (1,427) | (312) |
|  | -----   | -----   | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES:                                    |         |         |       |
| Increase (decrease) in short-term credit                                 | 41      | (211)   | (46)  |
| Repayment of long-term loans   | (2,171) | (3,777) | (826) |
| Proceeds from exercise of stock options                                  | -       | 2,120   | 463   |
|  | -----   | -----   | ----- |
| NET CASH USED FOR FINANCING ACTIVITIES                                   | (2,130) | (1,868) | (409) |
|  | -----   | -----   | ----- |
| ADJUSTMENTS FROM TRANSLATION OF FINANCIAL STATEMENTS OF AUTONOMOUS UNITS |         |         |       |
|  | (31)    | (104)   | (23)  |
|  | -----   | -----   | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                     | 339     | (1,965) | (430) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD                         | 4,371   | 4,274   | 935   |
|  | -----   | -----   | ----- |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD                               | 4,710   | 2,309   | 505   |
|  | =====   | =====   | ===== |
| NON-CASH ACTIVITIES:   |         |         |       |
| Conversion of convertible note into additional paid in capital           | 879     | -       | -     |



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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.

ELTEK LTD.  
(Registrant)

By: /s/ Arieh Reichart  
-----  
Arieh Reichart  
President and Chief Executive Officer

Date: August 11, 2005