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ELTEK LTD
Form 6-K
November 23, 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 NOVEMBER 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.

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: November 22, 2005

ELTEK LTD.

Amnon Shemer, CFO
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ELTEK REPORTS Q3 2005 FINANCIAL RESULTS

- o 4TH CONSECUTIVE QUARTER OF PROFITABILITY, REVENUES OF \$8M WITH EPS OF \$0.05 (\$ 0.09 Per NIS 1 Par Value of Shares)
- o OPERATING INCOME UP 100% SEQUENTIALLY TO \$480,000
- o COMMENCED DELIVERIES TO NEW MAJOR U.S. CUSTOMERS- EXPECT SHIPMENTS TO THESE CUSTOMERS TO INCREASE IN UPCOMING QUARTERS

PETACH-TIKVA, Israel, Nov 22, 2005 (BUSINESS WIRE) -- Eltek Ltd., the leading Israeli manufacturer of advanced circuitry solutions, today announced its financial results for the third quarter and nine months ended September 30, 2005.

THIRD QUARTER 2005 HIGHLIGHTS:

- Revenues increased by 12 % year-over-year and by 8% sequentially
- Fourth consecutive quarter of profitability
- Quarterly net income of \$361,000 or \$0.05 per share (\$0.09 per NIS 1 par value of share)
- Begin investment in new manufacturing equipment to expand high-end production capacity

Eltek reported revenues for the three months ended September 30, 2005 of NIS 36.6 million (\$8.0 million) compared with NIS 32.6 million (\$7.1 million) during the third quarter of 2004, a 12% increase.

Net income for the third quarter totalled NIS 1.7 million (\$ 361,000), or NIS 0.42 per NIS 1 par value of shares (\$0.05 per share or \$0.09 per NIS 1 par value of share) compared with a net loss of NIS 933,000 (\$203,000), or NIS (0.22) per NIS 1 par value of shares (or \$(0.03) per share) for the same quarter in 2004.

Revenues for the nine-month period ended September 30, 2005, were NIS 104.9

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million (\$22.8 million) compared with revenues of NIS 90.0 million (\$19.6 million) for the comparable period in 2004.

Net income for the nine-month period ended September 30, 2005 was NIS 3.0 million (\$644,000), or NIS 0.80 per NIS 1 par value of shares (\$0.10 per share or \$0.17 per NIS 1 par value of share), compared with a net loss of NIS 7.8 million (\$1.7 million) or NIS (1.85) per NIS 1 par value of shares (or \$(0.24) per share) for the same period in 2004.

"We are pleased to report our fourth consecutive quarter of profitability. Our sustained quarterly momentum continues to be driven by the growing demand for Eltek's flex - rigid PCBs used for the most demanding applications in many industries," said Arie Reichart, President and Chief Executive Officer of Eltek.

"I am particularly encouraged by our penetration into the U.S. market. During the third quarter we made initial deliveries to new U.S. customers and we expect that shipments to these customers will increase in Q4 2005 and into 2006. In addition, we have succeeded in passing qualifications by other major U.S. manufacturers. These developments in the strategic U.S. flex-rigid PCB market, coupled with a prospective sales pipeline including new potential customers, lead us to expect further improvement in our results in 2006."

Amnon Shemer, CFO of Eltek commented: "During the third quarter we saw continued improvement in the financial metrics of our business. In the third quarter of 2005 our gross margin improved to 21.0%, from 11.1% in fiscal 2004 and 18.0% in the second quarter of 2005. Our operating income increased to \$480,000 in the third quarter from \$241,000 in the second quarter, and an operating loss of \$120,000 in the third quarter of 2004.

Mr. Shemer continued, "In order to meet increasing demand, we have begun to invest in new advanced manufacturing equipment to increase our high end production capacity. These investments are financed by new bank loans, reflecting their confidence in our business model and cash generation capabilities. The successful installation and integration of the new equipment will enable us to establish a strong manufacturing base for continued growth going forward."

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.

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	NINE MONTHS ENDED SEPTEMBER 30,			CONVENIENCE TRANSLATION ----- THR
	2004 (UNAUDITED) NIS -----	2005 (UNAUDITED) NIS -----	2005 (UNAUDITED) U.S. \$ -----	2004 (UNAUDITED) NIS -----
Revenues	89,985	104,859	22,805	32,569
Costs of revenues	(81,760) *	(84,750)	(18,432)	(28,780)
GROSS PROFIT	8,225	20,109	4,373	3,789
Research and development, net	-	(485)	(105)	-
Selling, general and administrative Expenses	(13,219)	(14,417)	(3,135)	(4,043)
Amortization of goodwill	(441)	(447)	(97)	(147)
OPERATING INCOME (LOSS)	(5,435)	4,760	1,036	(401)
Financial expenses, net	(2,490)	(2,028)	(441)	(674)
INCOME (LOSS) BEFORE OTHER INCOME, NET	(7,925)	2,732	595	(1,075)
Other income, net	39*	34	7	68
INCOME (LOSS) BEFORE TAXES ON INCOME	(7,886)	2,766	602	(1,007)
Taxes on income	-	-	-	-
INCOME (LOSS) AFTER TAXES ON INCOME	(7,886)	2,766	602	(1,007)
Minority share in subsidiary's net results	112	194	42	74
NET INCOME (LOSS) FOR THE PERIOD	(7,774) =====	2,960 =====	644 =====	(933) =====
BASIC AND DILUTED EARNINGS (LOSS) PER NIS 1 PAR VALUE OF THE SHARE CAPITAL**	(1.85) =====	0.80 =====	0.17 =====	(0.22) =====
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 =====

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- * Reclassified
 ** Ordinary shares of a par value of NIS 0.6 each.

ELTEK LTD.
 CONSOLIDATED CONDENSED BALANCE SHEETS
 (IN THOUSANDS)

	CONVENIENCE TRANSLATION -----		
	DECEMBER 31,	SEPTEMBER 30,	
	-----	-----	
	2004	2005	2005
	(AUDITED)	(UNAUDITED)	(UNAUDITED)
REPORTED AMOUNTS	NIS	NIS	U.S. \$
	-----	-----	-----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,274	1,749	380
Receivables: Trade	23,835	28,100	6,112
Other	1,158	2,676	582
Inventories	13,633	15,822	3,441
Prepaid expenses	563	1,417	308
	-----	-----	-----
TOTAL CURRENT ASSETS	43,463	49,764	10,823
	-----	-----	-----
DEFERRED TAXES	753	708	154
	-----	-----	-----
PROPERTY AND EQUIPMENT, NET	31,569	30,617	6,659
	-----	-----	-----
GOODWILL	4,656	3,938	856
	-----	-----	-----
TOTAL ASSETS	80,441	85,027	18,492
	=====	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Short-term credit and current maturities of long-term debts	19,589	19,460	4,232
Trade payables	23,577	25,263	5,495
Other liabilities and accrued expenses	11,083	10,672	2,321
	-----	-----	-----
TOTAL CURRENT LIABILITIES	54,249	55,395	12,048
	-----	-----	-----

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LONG- TERM LIABILITIES

Long term debt, excluding current maturities	6,687	6,545	1,423
Employee severance benefits	1,048	179	39
	-----	-----	-----
TOTAL LIABILITIES	61,984	62,119	13,510
	-----	-----	-----
MINORITY INTERESTS	1,900	1,594	346
	-----	-----	-----
CONVERTIBLE NOTE	1,566	1,773	386
	-----	-----	-----

SHAREHOLDER'S EQUITY

Ordinary shares, NIS 0.6 par value Authorized 50,000,000 shares, issued and outstanding 5,602,511 shares at September 30, 2005 and 5,491,711 shares at December 31, 2004	29,698	29,765	6,473
Additional paid in capital	52,500	54,553	11,865
Capital reserves related to loans from controlling shareholders	10,010	10,010	2,177
Cumulative foreign currency translation adjustments	2,574	2,044	445
Capital reserve	6,685	6,685	1,454
Accumulated deficit	(86,476)	(83,516)	(18,164)
	-----	-----	-----
TOTAL SHAREHOLDER'S EQUITY	14,991	19,541	4,250
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	80,441	85,027	18,492
	=====	=====	=====

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

REPORTED AMOUNTS	THREE MONTHS ENDED		ONVENIENCE
	SEPTEMBER 30, 2004	SEPTEMBER 30, 2005	TRANSLATION SEPTEMBER 30, 2005
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
	NIS	NIS	U.S. \$
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	(933)	1,660	361
ADJUSTMENT TO RECONCILE NET			

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INCOME			
(LOSS) TO NET CASH FLOWS			
PROVIDED BY			
OPERATING ACTIVITIES:			
Depreciation	3,290	2,623	570
Capital gain from disposal of fixed assets	(74)	(58)	(13)
Accrued interest and inflationary impact on long-term debts	(29)	60	13
Minority share in subsidiary's net results	(74)	(42)	(9)
Amortization of goodwill	147	147	32
Increase (decrease) in employee severance benefits, net	68	(952)	(207)
Increase in trade receivables	(3,583)	(2,850)	(620)
Increase in other receivables and prepaid expenses	(68)	(1,719)	(374)
Increase in trade payables	2,206	5,136	1,117
Increase (decrease) in other liabilities and accrued expenses	417	(645)	(140)
Accrued interest on convertible note	38	44	10
Decrease (increase) in inventories	476	(2,034)	(442)
	-----	-----	-----
Net cash provided by operating activities	1,881	1,370	298
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(335)	(2,748)	(598)
Proceeds from sale of fixed assets	151	61	13
	-----	-----	-----
Net cash used for investing activities	(184)	(2,687)	(585)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term credit	(5)	690	150
Repayment of long-term loans	(1,854)	(1,732)	(377)
Receipt of long-term loans	-	1,800	392
	-----	-----	-----
Net cash provided by (used for) financing activities	(1,859)	758	165
	-----	-----	-----
ADJUSTMENTS FROM TRANSLATION OF FINANCIAL STATEMENTS OF AUTONOMOUS UNITS			
	22	(1)	-
	-----	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(140)	(560)	(122)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,710	2,309	502
	-----	-----	-----
Cash and cash equivalents at end of period	4,570	1,749	380

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	=====	=====	=====
NON-CASH ACTIVITIES:			
Purchase of fixed assets not yet paid	-	3,340	726
	=====	=====	=====

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

REPORTED AMOUNTS	NINE MONTHS ENDED		CONVENIENCE
	SEPTEMBER 30 2004	SEPTEMBER 30 2005	TRANSLATION SEPTEMBER 30 2005
	(UNAUDITED) NIS	(UNAUDITED) NIS	(UNAUDITED) U.S. \$
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	(7,774)	2,960	644
ADJUSTMENT TO RECONCILE NET INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	10,237	8,210	1,785
Capital gain from disposal of fixed assets	(74)	(34)	(7)
Accrued interest and inflationary impact on long-term debts	355	506	111
Minority share in subsidiary's net results	(112)	(194)	(42)
Amortization of goodwill	441	447	97
Increase (decrease) in employee severance benefits, net	117	(864)	(188)
Increase in trade receivables	(2,594)	(4,369)	(950)
Decrease (increase) in other receivables and prepaid expenses	1,084	(2,389)	(520)
Increase in trade payables	1,113	957	208
Increase (decrease) in other liabilities and accrued expenses	1,685	(261)	(57)
Accrued interest on convertible note	113	126	27
Decrease (increase) in inventories	611	(2,291)	(498)
Net cash provided by operating activities	5,202	2,804	610
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			

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Purchase of fixed assets	(1,156)	(4,175)	(908)
Proceeds from sale of fixed assets	151	61	13
	-----	-----	-----
Net cash used for investing activities	(1,005)	(4,114)	(895)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in short-term credit	36	479	104
Repayment of long-term loans	(4,025)	(5,509)	(1,198)
Receipt of long-term loans	-	1,800	392
Proceeds from exercise of stock Options	-	2,120	461
	-----	-----	-----
Net cash used for financing activities	(3,989)	(1,110)	(241)
	-----	-----	-----
ADJUSTMENTS FROM TRANSLATION OF FINANCIAL STATEMENTS OF AUTONOMOUS UNITS			
	(9)	(105)	(23)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	199	(2,525)	(549)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,371	4,274	929
	-----	-----	-----
Cash and cash equivalents at end of period	4,570	1,749	380
	=====	=====	=====
NON-CASH ACTIVITIES:			
Conversion of convertible note into additional paid in capital	879	-	-
	=====	=====	=====
Purchase of fixed assets not yet paid	-	3,340	726
	=====	=====	=====

The accompanying notes are an integral part of the financial statements.