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ELTEK LTD
Form 6-K
June 06, 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 JUNE 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: June 6, 2006

ELTEK LTD.
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ELTEK REPORTS A 241% GROWTH IN NET INCOME AND A 26% INCREASE IN REVENUES FOR THE 1ST QUARTER OF 2006

- o SEVENTH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR ORGANIC REVENUE GROWTH - REVENUES INCREASED TO \$ 9.3 MILLION, UP 26%
- o SIXTH CONSECUTIVE QUARTER OF PROFITABILITY - QUARTERLY NET INCOME INCREASED BY 241% TO \$ 613 THOUSAND IN Q1 2006 FROM \$ 179 THOUSAND IN Q1 2005
- o EPS OF \$ 0.09 PER FULLY DILUTED SHARE COMPARE TO \$ 0.03 PER FULLY DILUTED SHARE IN Q1 2005
- o NEW BUSINESS , MAINLY IN THE U.S., LEADS COMPANY TO FURTHER EXPAND ITS PRODUCTION CAPACITY

PETACH-TIKVA, Israel, June 6, 2006 (BUSINESS WIRE) - Eltek Ltd., the leading Israeli manufacturer of advanced flex-rigid circuitry solutions, today announced its financial results for the first quarter of 2006.

FIRST QUARTER 2006 KEY FINANCIAL HIGHLIGHTS:

- Revenues increased to \$ 9.3 million, up 26%.
- Quarterly operating income of \$ 783 thousand, up 152%
- Quarterly net income grew 241% to \$ 613 thousand, or \$ 0.09 per fully diluted share
- EBITDA of \$ 1.3 million in Q1 2006 compared to EBITDA of \$ 1 million in Q1 2005

Eltek reported revenues for the three months ended March 31, 2006 of NIS 43.4 million (\$ 9.3 million) compared with NIS 34.4 million (\$ 7.3 million) for the first quarter of 2005. The increase in revenues is attributed to the gaining of new customers and new projects with existing customers.

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Net income for the first quarter totalled NIS 2.9 million (\$ 613 thousand), or \$ 0.09 per fully diluted share compared with net income of NIS 839 thousand (\$ 180 thousand), or \$ 0.03 per fully diluted share for the same quarter in 2005. The first quarter of 2006 was the Company's sixth consecutive quarter of profitability.

ARIEH REICHART, President and Chief Executive Officer of Eltek, commented: "Q1 was another strong quarter for Eltek, in which we managed to accelerate our continued organic revenue growth and reached new levels of profitability."

"During the quarter we won some highly contested tenders in Israel and continued to expand our global flex - rigid PCBs customer base, mainly in the U.S. As we are still at the very beginning of the incorporation process of our flex-rigid PCBs in the product lines of our new customers, we feel that we have only begun to scratch the surface of our sizable, high margin growth opportunities in the U.S. flex-rigid PCB space. "

AMNON SHEMER, CFO of Eltek commented: "We have had a very good start for 2006, as quarterly sales reached another new high in the first quarter and we grew our quarterly operating and net income by 152% and 241%, respectively, from the corresponding quarter in 2005."

"Our previously announced expansion of our high - end production capacity is proceeding on schedule, as we made additional investments in new advanced manufacturing equipment, hired new production employees and commenced the gradual expansion of our production facility. These carefully planned investments are expected to enhance our ability to meet our customers' growing demand for high-end serial production capacity," he added.

In the first quarter of 2006, Eltek had EBITDA of \$1.3 million compared to EBITDA of \$ 963 thousand in the first quarter of 2005. 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.

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.

CONVENIENCE
TRANSLATION

THREE MONTHS ENDED
MARCH 31,

2005 2006 2006

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| | NIS (UNAUDITED) | NIS (UNAUDITED) | U.S. \$ (UNAUDITED) |
|---|--------------------|--------------------|------------------------|
| | ----- | ----- | ----- |
| | (IN THOUSANDS) | | |
| Revenues | 34,395 | 43,365 | 9,296 |
| Costs of revenues | (28,083) | (33,957) | (7,279) |
| | ----- | ----- | ----- |
| Gross profit | 6,312 | 9,408 | 2,017 |
| Research and development, net | (191) | (157) | (34) |
| Selling, general and administrative expenses | (4,519) | (5,599) | (1,200) |
| Amortization of goodwill | (152) | - | - |
| | ----- | ----- | ----- |
| Operating income | 1,450 | 3,652 | 783 |
| Financial expenses, net | (614) | (759) | (163) |
| | ----- | ----- | ----- |
| Income before other expenses, net | 836 | 2,893 | 620 |
| Other expenses, net | (11) | (10) | (2) |
| | ----- | ----- | ----- |
| Income before taxes on income | 825 | 2,883 | 618 |
| Taxes on income | - | - | - |
| | ----- | ----- | ----- |
| Net income after taxes on income | 825 | 2,883 | 618 |
| Minority share in subsidiary's net results | 14 | (22) | (5) |
| | ----- | ----- | ----- |
| Net income for the period | 839 | 2,861 | 613 |
| | ===== | ===== | ===== |
| Basic earnings per 1 ordinary share | *0.15 | 0.51 | 0.11 |
| | ===== | ===== | ===== |
| Diluted earnings per 1 ordinary share | *0.13 | 0.41 | 0.09 |
| | ===== | ===== | ===== |
| Weighted average share capital used to compute basic net earnings per share | *5,492 | 5,608 | 5,608 |
| | ===== | ===== | ===== |
| Weighted average share capital used to compute diluted net earnings per share | *6,893 | 7,024 | 7,024 |
| | ===== | ===== | ===== |

* Restated

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ELTEK LTD. CONSOLIDATED CONDENSED BALANCE SHEETS

| | DECEMBER 31, | MARCH 31, | CONVENIENCE TRANSLATION |
|---|----------------|------------------|----------------------------|
| | ----- | ----- | ----- |
| | 2005 | 2006 | 2006 |
| | NIS | UNAUDITED NIS | UNAUDITED U.S. \$ |
| | ----- | ----- | ----- |
| | (IN THOUSANDS) | | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7,258 | 5,080 | 1,089 |
| Receivables: Trade | 22,743 | 31,080 | 6,662 |
| Other | 2,173 | 1,199 | 257 |
| Inventories | 16,051 | 16,416 | 3,519 |
| Prepaid expenses | 986 | 1,020 | 219 |
| | ----- | ----- | ----- |
| TOTAL CURRENT ASSETS | 49,211 | 54,795 | 11,746 |
| | ----- | ----- | ----- |
| DEFERRED TAXES | 697 | 725 | 155 |
| | ----- | ----- | ----- |
| PROPERTY AND EQUIPMENT, NET | 32,969 | 31,766 | 6,810 |
| | ----- | ----- | ----- |
| GOODWILL | 3,735 | 3,883 | 832 |
| | ----- | ----- | ----- |
| TOTAL ASSETS | 86,612 | 91,169 | 19,543 |
| | ===== | ===== | ===== |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short-term credit and current maturities of long-term debts | 17,561 | 15,630 | 3,351 |
| Trade payables | 25,176 | 26,285 | 5,335 |
| Other liabilities and accrued expenses | 10,914 | 12,179 | 2,610 |
| | ----- | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 53,651 | 54,094 | 11,596 |
| | ----- | ----- | ----- |
| LONG- TERM LIABILITIES | 7,607 | 8,006 | 1,716 |
| Long term debt, excluding current maturities | - | - | - |
| Employee severance benefits | 274 | 433 | 93 |
| Convertible debenture note | - | 1,890 | 405 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES | 61,532 | 64,423 | 13,510 |
| | ----- | ----- | ----- |

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| | | | |
|---|----------|----------|----------|
| MINORITY INTERESTS | 1,547 | 1,650 | 353 |
| | ----- | ----- | ----- |
| Convertible debenture note | 1,820 | - | - |
| | ----- | ----- | ----- |
| SHAREHOLDERS' EQUITY | | | |
| Ordinary shares, NIS 0.6 par value. Authorized | | | |
| 50,000,000 shares, issued | | | |
| and outstanding 5,611,111 shares at March 31, | | | |
| 2006 and 5,602,511 shares at December 31, 2005 | | | |
| | 29,765 | 29,770 | 6,382 |
| Additional paid in capital | 54,553 | 54,727 | 11,731 |
| Capital reserves related to loans from controlling | | | |
| shareholders | 10,010 | 10,010 | 2,146 |
| Cumulative foreign currency translation adjustments | 1,916 | 2,259 | 484 |
| Capital reserve | 6,685 | 6,685 | 1,433 |
| Accumulated deficit | (81,216) | (78,355) | (16,796) |
| | ----- | ----- | ----- |
| TOTAL SHAREHOLDERS' EQUITY | 21,713 | 25,096 | 5,380 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 86,612 | 91,169 | 19,543 |
| | ===== | ===== | ===== |

| NON-GAAP EARNINGS RECONCILIATIONS | THREE MONTHS ENDED MARCH 31, | | |
|--------------------------------------|-------------------------------------|-------------------------------------|---|
| | 2005 (UNAUDITED) NIS ----- | 2006 (UNAUDITED) NIS ----- | 2006 (UNAUDITED) CONVENIENCE TRANSLATIO U.S.\$ ----- |
| GAAP NET INCOME | 839 | 2,861 | 613 |
| ADD BACK ITEMS: | | | |
| Financial expenses, net | 614 | 759 | 163 |
| Tax benefit | - | - | - |
| Amortization of goodwill | 152 | - | - |
| Depreciation | 2,889 | 2,603 | 558 |
| | ----- | ----- | ----- |
| ADJUSTED EBITDA | 4,493 | 6,223 | 1,334 |
| | ===== | ===== | ===== |