

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 JUNE 30,			CONVENIENCE TRANSLATION -----
	2004 (UNAUDITED) NIS	2005 (UNAUDITED) NIS	2005 (UNAUDITED) U.S. \$	2004 (UNAUDITED) NIS
	-----	-----	-----	-----
Revenues	57,416	68,237	14,918	27,102
Costs of revenues	(52,980)*	(55,829)	(12,206)	(26,135)*
	-----	-----	-----	-----
GROSS PROFIT	4,436	12,408	2,712	967
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)
	-----	-----	-----	-----
OPERATING INCOME (LOSS)	(5,034)	2,552	557	(3,727)
Financial expenses, net	(1,816)	(1,380)	(301)	(664)
	-----	-----	-----	-----
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.

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ELTEK LTD.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(IN THOUSANDS)

REPORTED AMOUNTS	DECEMBER 31,	JUNE 30,	
	2004 (AUDITED) NIS	2004 (UNAUDITED) NIS	2005 (UNAUDITED) 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 2004	JUNE 30 2005	TRANSLATION JUNE 30 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 2004	JUNE 30 2005	TRANSLATION JUNE 30 2005
	(UNAUDITED) NIS	(UNAUDITED) NIS	(UNAUDITED) U.S. \$
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	(6,841)	1,300	284
ADJUSTMENT TO RECONCILE NET 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)

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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	-	-

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  
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SECOND QUARTER 2005 KEY FINANCIAL HIGHLIGHTS:

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- 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 \$0.01 per share
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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.

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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."

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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

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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

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(In thousands, except per share data)

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	2004 (UNAUDITED) NIS -----	2005 (UNAUDITED) NIS -----	2005 (UNAUDITED) U.S. \$ -----	2004 (UNAUDITED) NIS -----
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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Other expenses, net	(29)*	(24)	(5)	(12)*
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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)

REPORTED AMOUNTS	DECEMBER 31,	JUNE 30,	
	2004 (AUDITED) NIS	2004 (UNAUDITED) NIS	2005 (UNAUDITED) NIS
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CURRENT ASSETS			
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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 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

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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 2004	JUNE 30 2005	TRANSLATION JUNE 30 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 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 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 2004	JUNE 30 2005	TRANSLATION JUNE 30 2005
	-----	-----	-----
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
	NIS	NIS	U.S. \$
	-----	-----	-----
CASH FLOWS FROM OPERATING 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  
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Arieh Reichart  
President and Chief Executive Officer

Date: August 11, 2005