

Edgar Filing: ELTEK LTD - Form 6-K

ELTEK LTD  
Form 6-K  
March 22, 2005

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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F O R M 6-K

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

For the month of March 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-\_\_\_\_\_

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)

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By: /s/ Arieh Reichart

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Arieh Reichart

President and Chief Executive Officer

Date: March 22, 2005

ELTEK LTD.

Amnon Shemer, CFO  
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ELTEK RETURNS TO PROFITABILITY IN THE FOURTH QUARTER ON CONTINUED REVENUE GROWTH  
  
FOURTH QUARTER 2004 NET INCOME OF \$446,000 VS. NET LOSS OF \$850,000 IN FOURTH  
QUARTER 2003. QUARTERLY REVENUES RISE 27% YEAR OVER YEAR AND 8% SEQUENTIALLY TO  
\$8.1 MILLION

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PETACH-TIKVA, Israel, March 21, 2005-Eltek Ltd. (NASDAQ: ELTK), the leading  
Israeli manufacturer of advanced circuitry solutions, today announced financial  
results for the fourth quarter and fiscal year ended December 31, 2004.

FOURTH QUARTER 2004 FINANCIAL HIGHLIGHTS:

- \* Transition to profitability: quarterly net income of, \$446,000 or \$ 0.11 per NIS 1 par value of shares
- \* Increased revenue, both sequentially and year - over - year
- \* Second consecutive quarter of revenues growth
- \* Continued gross margin expansion
- \* Further reduction in bank debt
- \* Increased sales of flex - rigid printed circuits boards pursuant to long - term projects

Eltek reported revenues for the three months ended December 31, 2004 of NIS 35 million (\$8.1 million) compared with NIS 27.6 million (\$6.4 million) during the fourth quarter of 2003.

Net income for the fourth quarter totaled NIS 1.9 million (\$446,000), or NIS 0.47 per NIS 1 par value of shares (\$0.11) compared with a net loss of NIS 3.7 million (\$850,000), or NIS (0.84) per NIS 1 par value of shares (\$0.19) for the same quarter in 2003. Net income for the fourth quarter, includes income of NIS 542 thousand (\$126,000) attributable to the Company's portion of a recoverable tax asset, which arose from the loss incurred by Kubatronik.

Revenues for the year ended December 31, 2004, were NIS 125 million (\$29.0 million) compared with revenues of NIS 108.3 million (\$25.1 million) in 2003.

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Net loss for the year ended December 31, 2004 was NIS 5.9 million (\$1.4 million), or NIS (1.36) per NIS 1 par value of shares (\$ 0.32) compared with a net loss of NIS 13.0 million (\$3.0 million) or NIS (3.61) per NIS 1 par value of shares (\$ 0.84) in 2003.

"The results for the fourth quarter of 2004 signify an important achievement for Eltek," said Arie Reichart, President and Chief Executive Officer of Eltek. "First, we reached profitability, and second, this is a second consecutive quarter with top and bottom line improvements. We have displayed substantial operating leverage, expanded our gross and operating margins, and further diversified our customer base." Mr. Reichart continued, "We credit our profitability and continued revenue growth to a relentless focus on executing our strategy of shifting the Company's product mix towards higher margin flex-rigid boards which require high end technology along with increasing our international operations."

Mr. Reichart concluded, "We enter 2005 as a profitable company. We have built an encouraging foundation for our next phase of growth and profitability, and intend to continue to leverage on our leading position in the flex-rigid boards industry. "

Amnon Shemer, CFO of Eltek commented, "We can now see that our efforts in implementing the Company's strategy of focusing on this lucrative niche of flex-rigid boards have finally paid off. This quarter is the first quarter after a long difficult period that has generated net income. "

"Our 2004 growth benefited from the increase in contribution of flex - rigid printed circuits boards pursuant to long - term projects. International sourced revenues in 2004 accounted for 46% of our revenue, compared to 33% in 2003. Purchase orders pursuant to long term projects tend to be supplied on a weekly basis over some period of time, contributing to our production efficiency as well as to our overall corporate productivity. The Company's improved operating results allowed it to reduce its bank debt by repaying \$ 1.6 million of debt during 2004," he added.

### 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)

	YEAR ENDED DECEMBER 31,			CONVENIENCE TRANSLATION -----	
	2003	2004	2004	2003	2004
	NIS (UNAUDITED)	NIS (UNAUDITED)	U.S. \$ (UNAUDITED)	NIS (UNAUDITED)	NIS (UNAUDITED)
	**ADJUSTED AMOUNTS	*REPORTED AMOUNTS		**ADJUSTED AMOUNTS	*REPORTED AMOUNTS
	-----	-----	-----	-----	-----
Revenues	108,303	125,002	29,015	27,646	35,000
Costs of revenues	(102,643)	(109,998)	(25,533)	(26,318)	(28,000)
	-----	-----	-----	-----	-----
Gross profit	5,660	15,004	3,482	1,328	6,999
Research and development, net	18	-	-	-	-
Selling, general and administrative expenses	(14,996)	(18,265)	(4,240)	(3,575)	(5,000)
Amortization of goodwill	(584)	(593)	(138)	(177)	-
	-----	-----	-----	-----	-----
Operating income (loss)	(9,902)	(3,854)	(896)	(2,424)	1,999
Financial expenses, net	(2,989)	(2,948)	(684)	(1,115)	-
	-----	-----	-----	-----	-----
Income (loss) before other income (expenses), net	(12,891)	(6,802)	(1,580)	(3,539)	1,999
Other income (expenses), net	(20)	52	12	(183)	-
	-----	-----	-----	-----	-----
Income (loss) before taxes on income	(12,911)	(6,750)	(1,568)	(3,722)	1,999
Taxes on income	(194)	713	166	(93)	-
	-----	-----	-----	-----	-----
Net income (loss) after taxes on income	(13,105)	(6,037)	(1,402)	(3,815)	1,999
Minority share in subsidiary's net results	118	182	42	155	-
	-----	-----	-----	-----	-----
Net income (loss) for the period	(12,987)	(5,855)	(1,360)	(3,660)	1,999
	=====	=====	=====	=====	=====
Basic and diluted loss per NIS 1 par value of the share capital***	(3.61)	(1.36)	(0.32)	(0.84)	-
	=====	=====	=====	=====	=====
Total par value of shares used to					

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compute basic and diluted net loss per					
NIS 1 par value of share	3,569	4,131	4,131	4,281	4
	=====	=====	=====	=====	=====

- \* With respect to discontinuance of adjustment for the effect of inflation as from CPI of December 2003.
- \*\* Amounts adjusted to the effect of inflation in terms of NIS of December 2003.
- \*\*\* Ordinary shares of a par value of NIS 0.6 each.

ELTEK LTD.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(In thousands)

	DECEMBER 31,		CONVEN
	2003	2004	TRANSL
	UNAUDITED	UNAUDITED	DECEMB
	NIS	NIS	200
	ADJUSTED	REPORTED	UNAUD
	AMOUNTS**	AMOUNTS*	U.S.
	-----	-----	-----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,371	4,274	
Receivables: Trade	19,787	23,835	5,
Other	2,262	1,158	
Inventories	13,158	13,633	3,
Prepaid expenses	693	563	
	-----	-----	-----
Total current assets	40,271	43,463	10,
	-----	-----	-----
Deferred Taxes		753	
	-----	-----	-----
Property and equipment, net	43,381	31,569	7,
	-----	-----	-----
Goodwill	4,972	4,656	1,
	-----	-----	-----
TOTAL ASSETS	88,624	80,441	18,
	=====	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY			

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### CURRENT LIABILITIES

Short-term credit and current maturities of long-term

debts	19,461	19,589	4,
Trade payables	22,314	23,577	5,
Other liabilities and accrued expenses	8,555	11,083	2,
	-----	-----	-----

Total current liabilities	50,330	54,249	12,
	-----	-----	-----

### LONG- TERM LIABILITIES

Long term debt, excluding current maturities	13,692	6,687	1,
Employee severance benefits, net	940	1,048	
	-----	-----	-----

Total long-term liabilities	14,632	7,735	1,
	-----	-----	-----

MINORITY INTERESTS	1,970	1,900	
	-----	-----	-----

CONVERTIBLE NOTE	2,295	1,566	
	-----	-----	-----

### SHAREHOLDER'S EQUITY

Ordinary shares, NIS 0.6 par value. Authorized 50,000,000 shares, issued and outstanding 5,491,711 shares as of December 31, 2004 (4,885,651 shares as of December 31, 2003)	29,334	29,698	6,
Additional paid in capital	51,985	52,500	12,
Capital reserves related to loans from controlling shareholders	10,010	10,010	2,
Cumulative foreign currency translation adjustments	2,004	2,574	
Capital reserve	6,685	6,685	1,

Accumulated deficit	(80,621)	(86,476)	(20,
	-----	-----	-----

Total shareholder's equity	19,397	14,991	3,
	-----	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	88,624	80,441	18,
	=====	=====	=====

\* With respect to discontinuance of adjustment for the effect of inflation as from CPI of December 2003.

\*\* Amounts adjusted to the effect of inflation in terms of NIS of December 2003.