

ELTEK LTD  
Form 6-K  
May 31, 2011

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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 May 2011

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-

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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.

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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/ Amnon Shemer*  
Amnon Shemer  
Chief Financial Officer

Date: May 31, 2011

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Press Release

Eltek Reports Fourth Quarter and Fiscal 2010  
Financial Results

Will issue first quarter 2011 operating results, reporting  
profitable operations later today

PETACH-TIKVA, Israel, May 31, 2011 (NASDAQ:ELTK) - Eltek Ltd., the leading Israeli manufacturer of advanced flex-rigid circuitry solutions, announced today its financial results for the fourth quarter and the year ended December 31, 2010.

Revenues for the year ended December 31, 2010 were \$37.5 million, a 2.9% increase over 2009 revenues of \$36.4 million.

Gross profit for 2010 was \$4.8 million (12.9% of revenues) compared to gross profit of \$5.6 million (15.3% of revenues) in 2009. Gross profit margins decreased despite the increase in revenues, mainly due to the appreciation of the NIS against the U.S. dollar in 2010, as a result of which the U.S. dollar value of the Company's NIS denominated costs increased.

Operating loss for 2010 was \$1.2 million compared to an operating loss of \$456,000 in 2009.

Net loss for 2010 was \$1.7 million or (\$0.26) per fully diluted share, compared to a net loss of \$880,000 or (\$0.13) per fully diluted share in the 2009.

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Fourth Quarter 2010:

Revenues for the quarter ended December 31, 2010 were \$10.0 million, an increase of 11.7% compared to the revenues of \$9.0 million recorded in the fourth quarter of 2009.

Gross profit for the fourth quarter of 2010 was \$1.1 million (11.3% of revenues), similar to gross profit of \$1.2 million (13% of revenues) in the fourth quarter of 2009.

Operating loss for the fourth quarter of 2010 was \$504,000 compared with an operating loss of \$542,000 in the fourth quarter of 2009.

Net loss for the fourth quarter of 2010 was \$655,000 or (\$0.10) per fully diluted share, compared with a net loss of \$729,000 or (\$0.11) per fully diluted share in the fourth quarter of 2009.

EBITDA:

In the quarter ended December 31, 2010, Eltek had negative EBITDA of \$264,000 compared with EBITDA of \$537,000 in the fourth quarter of 2009. Eltek's EBITDA for the year ended December 31, 2010 was \$960,000 compared with EBITDA of \$1.6 million in 2009.

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. Reconciliation between the Company's results on a GAAP and non-GAAP basis is provided in a table immediately following the Consolidated Statement of Operations

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As of December 31, 2010, the Company was not in compliance with certain of its financial covenants in respect of its credit facilities and long-term debt with its banks. However, in May 2011, one of the banks modified the covenant terms, reducing the requirements to a new compliance level effective from the December 31, 2010, while another bank granted the Company a waiver, stating that the bank would not take any measures against it arising from the breach of the covenants before the release of its financial statements for the year ending December 31, 2011, at which time the Company must return to compliance. The Company has initiated discussions with this bank in order to modify the financial covenants and to agree on terms which the Company believes it will be able to meet. As a result of the uncertainty regarding the successful completion of these discussions and of returning to compliance at December 31, 2011, the accounting standards require the Company to re-classify its debt from long term to short term debt at March 31, 2011 and until an agreement on new covenant terms is reached, and compliance with such new terms is anticipated.

There can be no assurance that the Company will return to compliance or new covenant terms will be agreed upon with the bank. Failure to reach an agreement on new covenant terms or in obtaining additional financing, if required, may have a material adverse effect on the Company's business, results of operations and financial position.

Management Comments:

Arieh Reichart, President and Chief Executive Officer of Eltek commented: "In the fourth quarter of 2010, we continued with our manufacturing efficiency improvements program according to plan, which was an important factor in our achieving increased revenues and net profit of \$788,000 in the first quarter of 2011."

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About the Company

Eltek is Israel's leading manufacturer of printed circuit boards, the core circuitry of most electronic devices. It specializes in the complex high-end of PCB manufacturing, i.e., HDI, multilayered 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 web site at [www.eltekglobal.com](http://www.eltekglobal.com).

Forward Looking Statement:

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 Annual Report on Form 20-F and other filings with the United States Securities and Exchange Commission.

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## ELTEK LTD.

Consolidated Statements of Operations  
For the period ended December 31, 2010  
(In thousands US\$, except per share data)

|  | Three months ended<br>December 31,<br>Unaudited |          | Year ended<br>December 31,<br>Audited |           |
|--|---|----------|---------------------------------------|-----------|
|  | 2010  | 2009     | 2010                                  | 2009      |
| Revenues   | 10,025  | 8,971    | 37,514                                | 36,442    |
| Costs of revenues  | (8,887 )  | (7,801 ) | (32,690 )                             | (30,882 ) |
| Gross profit   | 1,138   | 1,169    | 4,824                                 | 5,560     |
| Selling, general and administrative expenses   | (1,642 )  | (1,712 ) | (6,033 )                              | (6,016 )  |
| Operating loss   | (504 )  | (542 )   | (1,209 )                              | (456 )    |
| Financial expense, net   | (198 )  | (165 )   | (609 )                                | (424 )    |
| Other income, net  | 0   | 0        | 2                                     | 4         |
| Loss before income tax expenses  | (702 )  | (707 )   | (1,816 )                              | (876 )    |
| Income tax benefit (expenses), net   | (9 )  | (5 )     | (19 )                                 | (34 )     |
| Net loss   | (711 )  | (712 )   | (1,835 )                              | (910 )    |
| Net profit (loss) attributable to non controlling interest   | 56  | (16 )    | 113                                   | 30        |
| Net loss attributable to shareholders  | (655 )  | (729 )   | (1,722 )                              | (880 )    |
| Loss per share   |   |          |                                       |           |
| Basic net income (loss) per ordinary share   | (0.10 )   | (0.11 )  | (0.26 )                               | (0.13 )   |
| Diluted net income (loss) per ordinary share   | (0.10 )   | (0.11 )  | (0.26 )                               | (0.13 )   |
| Weighted average number of ordinary shares used to compute basic net income (loss) per ordinary share (in thousands)   | 6,610   | 6,610    | 6,610                                 | 6,610     |
| Weighted average number of ordinary shares used to compute diluted net income (loss) per ordinary share (in thousands) | 6,610   | 6,610    | 6,610                                 | 6,610     |

ELTEK LTD.  
Audited Consolidated Balance Sheets  
As of December 31, 2010  
(In thousands US\$)

|  | December<br>31,<br>2010 | December<br>31,<br>2009 |
|--|-------------------------|-------------------------|
|  | Audited                 |                         |
| <b>Assets</b>  |                         |                         |
| <b>Current assets</b>  |                         |                         |
| Cash and cash equivalents  | 1,513                   | 1,258                   |
| Receivables: Trade, net of provision for doubtful accounts   | 7,490                   | 6,932                   |
| Other  | 172                     | 222                     |
| Inventories  | 4,282                   | 3,938                   |
| Prepaid expenses   | 143                     | 241                     |
| <b>Total current assets</b>  | <b>13,600</b>           | <b>12,591</b>           |
| Assets held for employees' severance benefits  | 1,545                   | 1,432                   |
| Fixed assets, less accumulated depreciation  | 8,162                   | 9,175                   |
| Goodwill   | 530                     | 573                     |
| <b>Total assets</b>  | <b>23,837</b>           | <b>23,771</b>           |
| <b>Liabilities and shareholders' equity</b>  |                         |                         |
| <b>Current liabilities</b>   |                         |                         |
| Short-term credit and current maturities of long-term debts  | 6,862                   | 5,638                   |
| Accounts payable: Trade  | 6,087                   | 4,666                   |
| Related parties  | 742                     | 713                     |
| Other  | 3,973                   | 3,558                   |
| <b>Total current liabilities</b>   | <b>17,664</b>           | <b>14,575</b>           |
| <b>Long-term liabilities</b>   |                         |                         |
| Long term debt, excluding current maturities   | 1,253                   | 2,617                   |
| Employee severance benefits  | 1,596                   | 1,440                   |
| <b>Total long-term liabilities</b>   | <b>2,849</b>            | <b>4,057</b>            |
| <b>Equity</b>  |                         |                         |
| Ordinary shares, NIS 0.6 par value authorized 50,000,000 shares,<br>issued and outstanding 6,610,107 as of December 31, 2010,<br>6,610,107 as of December 31, 2009 | 1,384                   | 1,384                   |



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|   |           |           |
|---|-----------|-----------|
| Additional paid-in capital  | 14,328    | 14,328    |
| Cumulative translation adjustment related to change in reporting currency | 2,861     | 2,635     |
| Cumulative foreign currency translation adjustments                       | 125       | 309       |
| Capital reserve   | 695       | 695       |
| Accumulated deficit   | (16,244 ) | (14,522 ) |
| Shareholders' equity  | 3,149     | 4,829     |
| Non controlling interest  | 175       | 310       |
| Total equity  | 3,324     | 5,139     |
| Total liabilities and shareholders' equity                                | 23,837    | 23,771    |

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ELTEK LTD.  
 Non-GAAP EBITDA Reconciliations  
 For the period ended December 31, 2010  
 (In thousands US\$, except per share data)

| Non-GAAP EBITDA Reconciliations | Three months ended   |       | Year ended           |        |
|---------------------------------|----------------------|-------|----------------------|--------|
|                                 | December 31,<br>2010 | 2009  | December 31,<br>2010 | 2009   |
|                                 | Unaudited            |       |                      |        |
| GAAP net loss                   | (655 )               | (73 ) | (1,722 )             | (880 ) |
| Add back items:                 |                      |       |                      |        |
| Financial expenses, net         | 198                  | 115   | 609                  | 424    |
| Income tax (benefit) expense    | 9                    | (15 ) | 19                   | 34     |
| Depreciation                    | 184                  | 510   | 2,054                | 2,030  |
| Adjusted EBITDA                 | (264 )               | 537   | 960                  | 1,608  |