

focusing
telecom
power


Annual Report

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Letter from the Group CEO	2
Competitive products	4
Global reach	6
Technological edge	8
Shares and shareholders	10
Report of the Board of directors	12
Profit and loss account	17
Balance sheet	18
Cash flow analysis	20
Notes to the accounts	21
Accounts Parent Company	38
Auditor's report	39
Group management	40

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Highlights 2000

- Merger between Eltek and Power Conversion Products – creating a global company
- Continued strong organic growth in turnover and net profit, continued operations – 69 % and 258 % respectively
- Acquisition of 51 % of Eltek Pacific in Australia
- Largest contract ever – 500 MNOK frame agreement in Australia
- Establishment of subsidiary in China
- Establishment of subsidiary in Sweden
- Completion of the divestiture of Eltek Fire & Safety
- Included in the OBX index at the Oslo Stock Exchange (25 most traded shares)

Key figures

For the combined company Eltek and PCP

NOK million	2000	1999	1998
Results			
Revenue	1 894.0	1 117.5	867.2
EBITDA	252.1	108.6	74.0
EBITDA margin	13.3 %	9,7 %	8.5 %
EBIT	189.1	55.0	45.8
Profit before tax, continuing operations	205.6	56.2	49.6
Net profit, continuing operations	135.4	37.8	33.6
Net profit for the year	296.6	190.9	61.0
Capital			
Total capital	1 557.8	1 271.3	1 002.6
Equity	993.1	909.3	824.0
Equity ratio	63.8 %	71.5 %	82.2 %
Shares			
No. of shares	24 266	23 788	23 570
EPS (NOK) ¹⁾	5.36	1.48	1.42
Cash EPS (NOK) ²⁾	7.14	3.06	2.41
Dividend per share (NOK) ³⁾	19.15 + 1.00	10.00	1.00
Employees			
No. of employees per 31.12	794	680	602

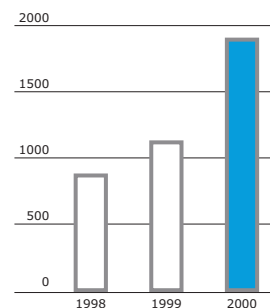
Eltek prior to the combination with PCP

NOK million	1999	1998	1997	1996
Results				
Revenue	1 042.4	822.6	613.5	526.9
EBIT	82.7	57.2	42.6	17.1
Net profit, excl. gain on divestiture	58.3	48.2	26.5	9.2
Net profit for the year	186.9	48.2	26.5	9.2
Capital				
Equity	280.5	223.4	109.8	80.3
Equity ratio	42.6 %	47.0 %	34.4 %	33.1 %
Shares				
No. of shares	14 042	13 825	10 428	9 700
EPS (NOK) ¹⁾	3.95	3.60	2.70	0,51
Dividend per share (NOK) ³⁾	10.00	1.00	1.44	0,00

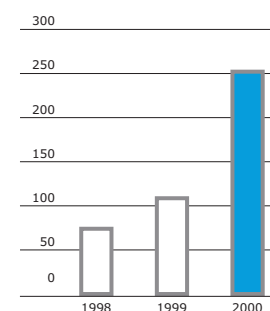
¹⁾ Net profit, continuing operations - Minority interests, per share

²⁾ EPS + amortisation of goodwill per share

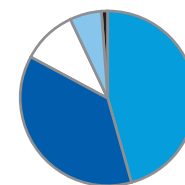
³⁾ Paid for the current number of shares at the time of payment



Revenue (NOK million)



EBITDA (NOK million)



Global sales 2000

	NOK mill.	Share of total
■ Europe	705	37 %
■ Americas	864	46 %
■ China	111	6 %
□ Asia/Pacific	192	10 %
■ Africa	22	1 %

A specialised telecom power company. Eltek is a leading international supplier of telecom power solutions, committed to meeting the power needs of the telecom industry worldwide. The Company has strong positions in the US, Europe and Asia, serving large multinational and regional builders of telecom infrastructure. Eltek's aim is to be recognised as the center of excellence in this field – capable of serving the international telecom industry on a global scale with state-of-the-art, competitive products of high quality, backed up by local expertise and service – and delivered by a knowledgeable and service-oriented organisation.

**competitive
products**

**global
reach**

**technological
edge**

Eltek is focused on the requirements of the telecom industry. Our aim is to offer products and services that have the best possible balance of performance, quality and price – in short, the best value for the money. A number of contracts won around the world during 2000 have proved Eltek's international competitiveness.

Eltek is a truly global company, with the ability to serve the global telecom industry across continents. Eltek has subsidiaries and distributors in 45 countries, and close to 800 employees. In 2000, our international capabilities were further strengthened with the business combination (merger) between Eltek and Power Conversion Products, and the acquisition of Eltek Pacific.

Eltek develops and markets DC power systems, based on leading proprietary and standard technology and state-of-the-art component products. In 2000, the R&D capabilities were significantly strengthened as a result of the merger between Eltek and PCP, bringing together two centers of expertise in Europe and the US.

creating *a global leader*

The merger between Eltek and Power Conversion Products created a truly global company with the power to serve the international telecom industry worldwide. Our ambition is to exploit the opportunities of the merger to their full potential and maximise shareholder value by becoming a leader in the international telecom power market.

At Eltek, we are concentrating our efforts within three main areas: Develop products and solutions that are second to none when it comes to performance and functionality, strengthen our global distribution network, and constantly improve cost-efficiency in all processes to ensure competitiveness in all markets. The merger enhances Eltek's strength within all of these areas.

Eltek's range of products and systems is attractive. Combining the best from the two merged companies, our offering is broad enough to meet all the power needs of our customers, and it contains leading edge products that stand out from the average. With our enlarged R&D muscle, we are now better positioned to make sure we stay in the technological forefront of DC power for the communications industry.

No other telecom power company can match Eltek's distribution network. This is a direct result of the merger. Pre-merger, Eltek held a leading



position in the European market as well as in the Asia/Pacific region. PCP had a strong presence in its home market, the US, as well as a foothold in Central and South America. The larger, merged company is one of very few that is able to serve the large global builders of telecom infrastructure across all continents – who more and more desire suppliers who can match their global presence.

Eltek/PCP is a perfect strategic match also for other reasons. Our combined customer base is strong, and there is a clear potential for additional sales to existing customers that can now be serviced in new geographical areas. With 800 employees around the world and strong financial owners in both the US and Europe, our resource base is significantly strengthened.

We have made a good start in exploiting the potential of the merger. Our R&D effort has been co-ordinated, our product range aligned and key accounts are managed and serviced on a global

basis. We have already signed the first global contracts that would have been out of reach for either of the two companies prior to the merger. We have strengthened our global branding and intensified our marketing efforts as one company. We have made extensive efforts internally to ensure smooth operations and good co-operation and communication.

In the months ahead, we will continue to explore the synergies of the merger in our quest for leadership and increased shareholder value. The merger has made our vision come closer to reality: To become an indisputable center of excellence within the telecom power industry.

Morten F. Angelil
Group CEO

competitive products

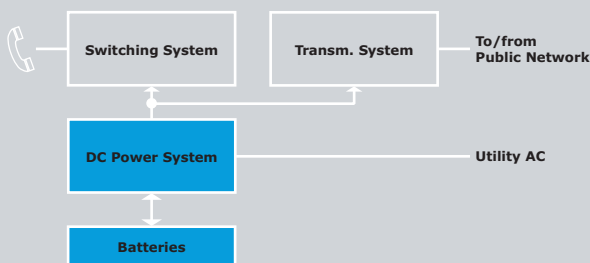
Eltek designs and manufactures direct current (DC) power systems. Following the merger between Eltek and PCP, the systems range is broader and deeper than ever.

THE DC POWER SYSTEMS MARKET

DC power systems provide the underlying power conversion technology and battery reserves needed to operate both wireline and wireless telecom networks.

- DC power systems provide power and back-up for the revenue-producing voice and data equipment of telecom companies.
- DC power systems are pervasive throughout the network and are required in every type of end equipment application – circuit and packet switching systems, optical transport, broadband access, and wireless networks.
- The long term trend in DC power systems is towards many decentralised small and micro power plants and away from the large central office power systems.

For the reasons above, demand for DC power systems is growing faster than the overall telecom equipment market.

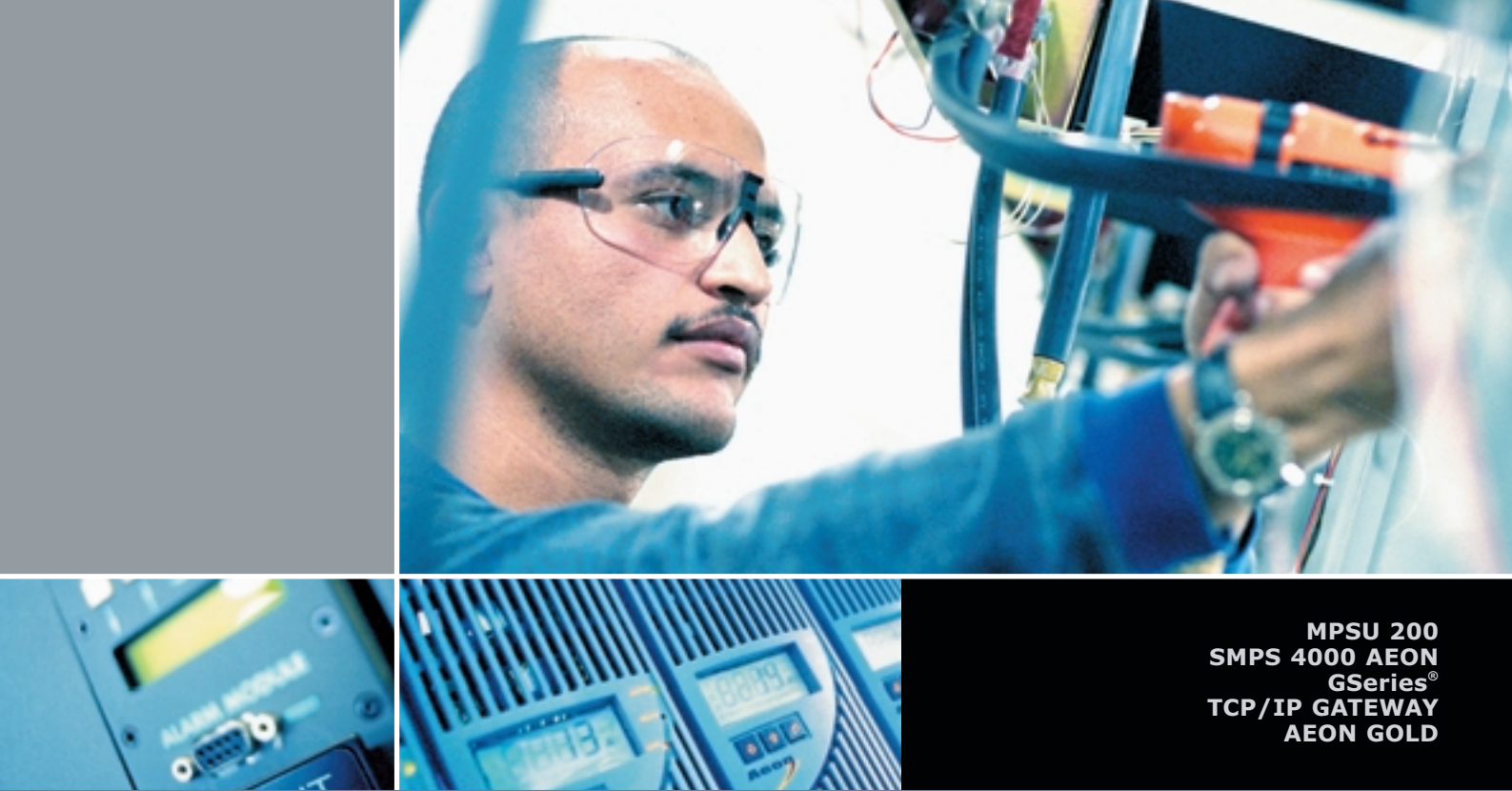


DC power systems convert mains AC to lower voltage DC and supply power and battery backup for the switching and transmission systems in telecom networks.

Eltek's business is to build, install and maintain DC power systems used to supply power to telecom infrastructure equipment – such as telephone switches, mobile network base stations and Internet hubs. Most systems are customised to the requirements of each individual customer and particular application, and are based on a set of standard components used as building blocks. Eltek designs and manufactures rectifiers and monitors inhouse. Other components, such as batteries and mounting racks, are purchased from other specialised suppliers.

Our systems cover the entire range of application areas within telecom. Small systems below 100 amperes of output power are typically used to power equipment such as POP's (point of presence), DLC (digital loop carrier) cabinets, 3G micro-size wireless base stations, fiber repeaters and small microwave networks. In the medium range, between 100 and 1000 amperes, the systems are used in applications such as 2G (GSM) network base stations, distributed power systems, large POP's and fiber repeaters and small telephone switches. The large systems above 1000 amperes output power are typically used for large central office switches, Internet hubs, web hosting sites, co-locations and optical switches.

During 2000, Eltek's range of rectifiers has been strengthened considerably, both in the low power



MPSU 200
SMPS 4000 AEON
GSeries®
TCP/IP GATEWAY
AEON GOLD

range and in the medium to high-end range. The MPSU 200 and the MPS series systems were launched late in 2000. Both systems are complete power shelves consisting of rectifier modules, control/alarm unit and DC distribution. MPSU 200 is based on compact, convection cooled 200W modules, while the MPS series is based on fan cooled 500W modules. The MPS series is also designed for universal mains voltage, which means that it can be connected to both 120V and 230V mains.

The SMPS 4000 Aeon is one of the highest power density and most cost-efficient units on the market. It has a digital interface using a high-performance industry standard bus, communicating with other rectifiers and a central control unit, which can be operated locally or remotely. Complete power systems can be assembled in a single cabinet system consisting of 12 rectifier modules, a monitoring unit and distribution – with the option of connecting additional slave cabinets with up to 24 rectifier modules per rack. In 2000, the GSeries® rectifier was launched. This is also a rectifier system based on 4000W modules, with a digital interface, auto setup, and a LonWorks® communication bus. The GSeries® will accept input voltage from a 480 Vac three phase main, which is an important requirement for large sites in the US market. A 10 000-ampere power plant was introduced in 2000 using the GSeries® rectifier.

The Aeon Gold power management unit allows for individual monitoring of each rectifier module in the Aeon system, through a Windows-based programme running on a PC. The trademarked TCP/IP gateway, launched in 1998, is to date the most technologically advanced monitor in the Eltek range. It uses Internet technology and acts like a small web server with an intuitive point-and-click graphic user interface. It gives IP connectivity through Telnet, SNMP and TCP/IP, and is a product designed to integrate seamlessly in an Internet Protocol environment.

Power is more and more regarded as a separate area of expertise that is not core business for infrastructure owners. Consequently, there is an increasing demand for turn-key solutions, that are delivered complete with custom design, installation and after sale service and maintenance. In 2000, Eltek's related services represented 10 % of total revenue.

Eltek has strengthened the position as a supplier in a global market, where customers to an increasing extent look to global partners with local implementation capabilities.

KEY GROWTH DRIVERS

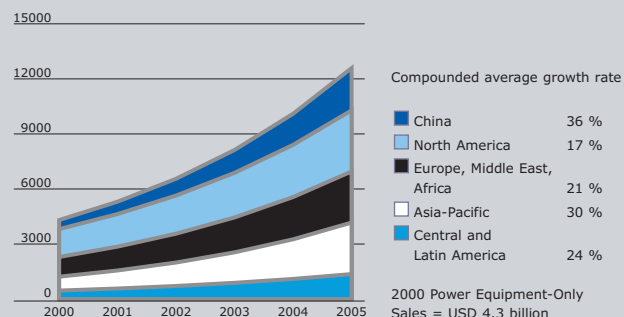
The key growth drivers for the global DC power systems market are:

- rapid and simultaneous expansion of local, long distance and wireless networks
- the proliferation of facilities-based competitive carriers and related co-locations
- long term massive shift to IP (Internet Protocol) networking and broadband access
- an increasing level of contract power system engineering, installation and maintenance services

The global DC power equipment market is estimated to grow from \$4.3 billion in 2000 to \$12.6 billion by 2005, at a 24 % compounded average growth rate. These data exclude batteries and engineering and installation (E&I) services.

FORECAST – GLOBAL DC POWER MARKET

Million USD



Source: Skyline Marketing Group

In Europe, Eltek strengthened its position as a leading player in the market during 2000. A subsidiary was established in Sweden to position the Company to exploit opportunities in one of the fore-running countries to deploy third generation wireless and broadband networks. In addition to Sweden, Eltek has subsidiaries in Norway, UK, Germany, France and Poland – and sales to more than 25 countries. In 2000, substantial deliveries continued under existing frame contracts. Sales in the region amounted to NOK 705 million, representing 37 % of total revenue. Between 2001 and 2005, the European market is expected to grow by an average of 21 % annually. At the end of the year, UMTS licences had been awarded in 80 % of Europe and broadband network build-ups continued. During 2000, Eltek positioned itself for UMTS opportunities in keeping with its ambitions of playing a key role in the powering of UMTS networks across Europe.

Eltek is well positioned in the Asia/Pacific region – a market leader in Singapore, a significant player in Australia and virtually the entire region. In September, Eltek acquired 51 % of Eltek Pacific, its distributor in Australia. Not long after, the Company signed its largest frame contract ever, with Silcar (a telecom network infrastructure builder owned by Siemens and Thiess). The contract is valued at NOK 500 million over 5 years. Sales in the region amounted to NOK 192 million, or 10 % of the total. The market outlook is positive, with



EUROPE
AMERICAS
CHINA
ASIA/PACIFIC



**A strong position in
North America**



A leader in Europe



**Well positioned in
Asia/Pacific and China**

a strong growth in mobile communications and Internet usage resulting in a projected annual growth rate of 30 % until 2005. Eltek will seek to leverage its existing distribution network and position the Company for current and future opportunities.

In China, Eltek is well established with total sales amounting to NOK 111 million in 2000. Eltek is building a new system assembly facility in Donguan, and has sales offices in the main commercial cities and provinces. At 36 % a year, China exhibits the fastest growing market with its "300 telecom networks" and a population base of over one billion. Eltek plans to expand geographically within the Republic and take further advantage of its already strong position.

The Americas constituted Eltek's largest region in 2000, with sales of NOK 864 million. Operating out of the US head office, R&D center and main system assembly facility in Crystal Lake, Illinois, and supported by 8 sales offices across the United States, Eltek/PCP is a leading specialist telecom DC power supplier in the US. In 2000, Eltek won several significant contracts and achieved record high growth. The US has for a long time been, and still is, the world's largest market, accounting for one third of the global market growth. Growth is projected to continue, but at a somewhat slower pace than during the past couple of years. High growth segments will include optical networking, broadband access, wireless networking and web hosting – with a massive long term shift towards IP networking. In the US, Eltek will strengthen distribution and increase sales capacity to exploit the growth and win market share.

In Central and Latin America, growth expectations are also significant at 24 % over the next years. Eltek is already present with a sales office in Mexico City, and is seeking to expand distribution to include Brazil.

Eltek's ambition is to provide highly competitive power solutions for the telecommunication industry. Competitiveness is determined by a number of elements – all based on a platform of innovative research and development.



A COMPETITIVE MARKET

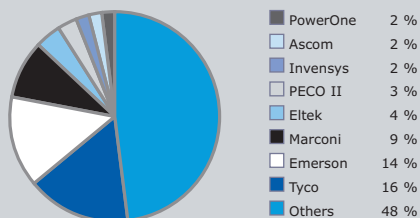
There are a large number of telecom DC power system manufacturers worldwide. However, very few have global capabilities. This limited group includes companies like Emerson Energy Systems, Invensys, Tyco Power Systems (Lucent) and Eltek. The remainder comprises a mix of large and small regional vendors.

Recent restructuring and alignments among suppliers are likely to continue for some time. Large telecom equipment manufacturers are divesting power systems that were part of a once-valued vertically-integrated operation. Established DC power systems suppliers are getting bigger by acquiring competitors. Manufacturers of OEM power supplies and UPS are looking to enter the DC power systems arena.

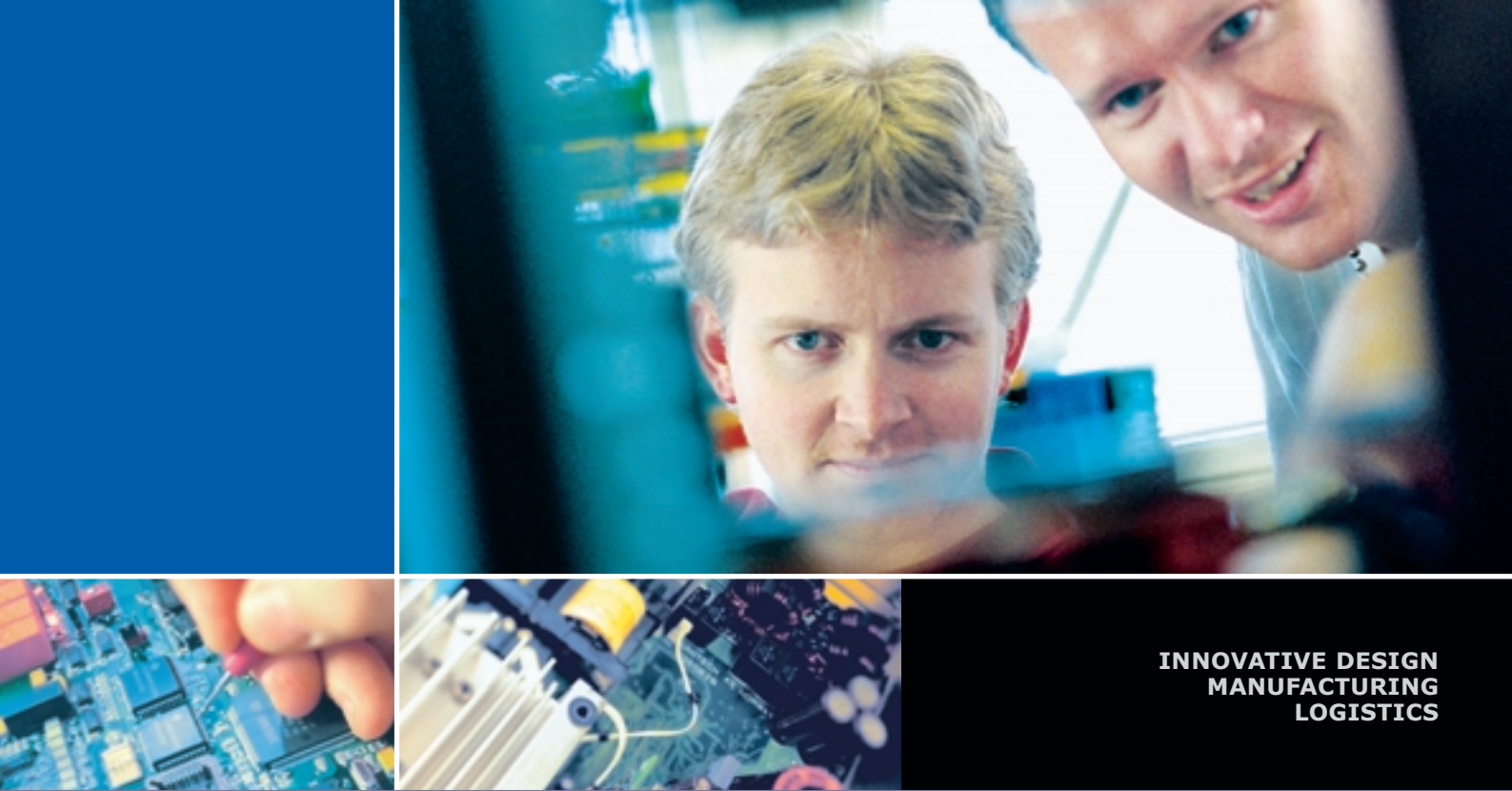
The merger between Eltek and PCP has doubled Eltek's R&D capabilities – and strengthened the capacity to develop state-of-the-art products. Divided geographically between Norway and the US, but already working closely together on a daily basis, Eltek's R&D staff now totals some 60 highly qualified telecom power experts. Locally, each subsidiary has an engineering staff available for local system adaptation and technical support. To further expand technical expertise – and not least important, the recruitment base, Eltek co-operates closely with leading universities in the US and Europe, sponsoring student projects and carrying out joint development projects.

A main objective is to build competitiveness into the design of products and systems. In addition to being crucial for a product's performance and functionality, a good design is also a key to cost-efficiency in the manufacturing process. During the year, there has been a constant focus on building cost-efficiency into the design of new products. Also, when setting up the new organisation after the merger, the product design and outsourcing management groups were made part of the same organisational group. This will secure a smooth transition from the design and development phase over to manufacturing.

TELECOM DC POWER SYSTEMS – MARKET SHARES



Source: Skyline Marketing Group



**INNOVATIVE DESIGN
MANUFACTURING
LOGISTICS**

Eltek has outsourced the manufacturing of all high-volume components such as rectifiers and monitors to external partners. The main partner is VTech in China, a highly sophisticated electronics manufacturing specialist recognised for high quality and substantial capacity. In the US, Eltek has been using domestic outsourcing partners. In 2000, preparations started to move all remaining domestic production to lower-cost, high-quality operators in Asia or Latin America.

An extensive logistics system is in place to ensure reliable supplies all around the world. While manufacturing is carried out centrally, system engineering, assembly and after-sale services are carried out locally by our subsidiaries or distributors. Nearly all systems are built to customer and market specification, and a strong local presence is paramount to serving customers efficiently. In 2000, Eltek's ability to provide extensive after-sale service and maintenance has been an important element of winning both small and large contracts. In major markets, Eltek holds sufficient stock of central components to obtain short lead times. Eltek is also building an enterprise-wide ERP system to optimize utilisation of resources.

Eltek's R&D and market focus includes both external power systems and OEM (embedded power in the equipment of telecom equipment manufacturers). While external systems constitute the core of Eltek's current business, the Company positions itself for opportunities in the growing OEM market. During the year, a separate OEM product organisation has been set up to develop Eltek's capabilities in this area, with a focus on both technology and sales.

The visual appearance and functional design is also an integral part of the overall product quality and competitiveness. The Aeon 4000 won the Excellence for Design 2000 award, a prestigious prize presented by the Norwegian Design Council.

KEY FIGURES (NOK)	2000	1999	1998
Closing price per 31.12	213.00	70.00	20.00
High	450.00	83.00	40.00
Low	65.00	22.00	19.00
EPS ¹⁾	5.36	3.95	3.60
Cash EPS ²⁾	7.14	4.09	3.66
Dividend per share	19.15+1.00 ³⁾	10.00	1.00
No. of outstanding shares as at 31.12	24 266 237	14 042 403	13 824 603
No. of outstanding options as at 31.12	1 083 333	1 102 200	660 000
No. of shareholders as at 31.12	2 070	624	761
Percentage of shares held outside Norway as at 31.12	47.0 %	4.6 %	2.9 %
Market capitalisation as at 31.12 (NOK million)	5 168.7	983.0	276.5

¹⁾ Net profit, continuing operations - Minority interests, per share

²⁾ EPS + amortisation of goodwill per share

³⁾ 19.15 paid prior to merger with PCP, 1 proposed to be paid in May 2001

shares and shareholders

Shareholder policy. It is Eltek's objective to give the shareholders a high return on their investments through a good value development of the share, as well as by paying dividends. Growth in the share value will be secured through substantial growth in both revenue and profits.

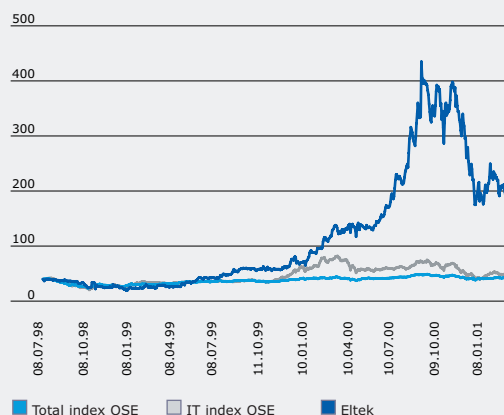
Investor relations. During 2000, Eltek has allocated substantially more resources to its investor relations program than in previous years. In addition to ordinary press conferences in connection with the quarterly reporting, a number of presentations for investors have been given in Norway, UK and the US. The most important presentation was held in London in January, where Eltek's largest customers also presented their view on the market and Eltek's position. Subsequent to this presentation, Eltek was moved by Oslo Stock Exchange from the Industrials to the IT and Communication Sector. During the year, market focus on Eltek increased significantly both in Norway and abroad. In the last months of the year the Eltek stock was among the most traded stocks on Oslo Stock Exchange, and was therefore included in the OBX-index on the Oslo Stock Exchange.

Eltek will continue its efforts to give the capital market the best information possible in order to further increase knowledge of the Company in all relevant international stock markets.

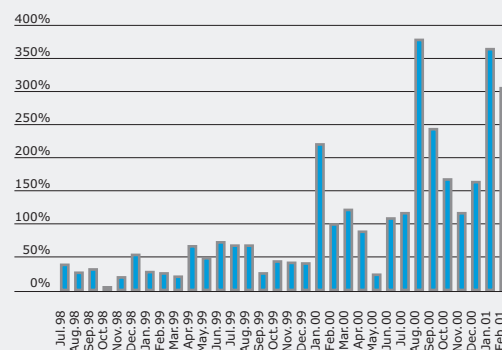
Stock value and market capitalisation. The value of the Eltek stock increased from NOK 70 by year end 1999 to NOK 213 by end of 2000. The stock price reached a top closing rate of NOK 435 on 4 September, the day of the announcement of the merger with PCP, but fell substantially as a result of the general fall in value of telecommunication companies during the second half of 2000. Total market capitalisation (also influenced by the merger with PCP) increased from NOK 983 million by 31.12.99 to NOK 5 169 million by 31.12.2000.

Option programmes. It is the Board's opinion that the current stock option programme for the Board, the Management and a number of other key personnel has been very successful and contributed significantly to create a positive and inspiring working environment for the employees involved. Early in 2001 the programme was further developed by granting 100 options to all employees in the Group. It is the Board's intention to request authority from the Shareholders Meeting to issue additional options to cover new programmes for the years ahead.

Share price development relative to Oslo SE Total index and IT-index from 8 July 1998 to 20 February 2001.



% of shares traded per month - annualised



Risk amount per share

As at 01.01.1998 0.29

As at 01.01.1999 0.36

As at 01.01.2000 2.67

As at 01.01.2001 -10.11 (estimated)

Largest shareholders as at 20 February 2001¹⁾

SHAREHOLDERS	NO. OF SHARES	% OF TOTAL
CC Industries	7 480 828	30.8
Eltek Holding/A.F. and W. Angelil	6 704 303	27.6
Edward Weil Jr	982 108	4.0
DnB Investor	784 780	3.2
Tine Pensjonskasse	444 000	1.8
Chase Manhattan Bank	405 060	1.7
Storebrand Livsforsikring	361 700	1.5
Chris Seyer III	343 099	1.4
SND Invest	330 000	1.4
Aksjefondet Gambak	320 000	1.3
Steven Griffiths	227 326	0.9
Vital Forsikring	222 900	0.9
Gjensidige Nor Kapitalforvaltning	187 330	0.8
Avanse Forvaltning	174 500	0.7
Storebrand Spar	141 000	0.6
Industrifinans	138 350	0.6
Vesta Forsikring	133 760	0.6
Christiania Markets	133 640	0.6
Statoil Kapitalforvaltning	113 200	0.5
Tony Cosentino	110 000	0.5

Individual shareholdings controlled by the same shareholder are grouped together.

¹⁾ Shareholders registered in VPS as at 20.02.01

report of the board *of directors*

In 2000, Eltek took a big step towards creating a global leader in the field of telecom power systems through the business combination (merger) with the American company Power Conversion Products, LLC (PCP) – as well as the completion of the divestiture of its fire protection business.

The 2000 revenue for the combined company was almost double that of Eltek's in 1999, including the divested business. With a focus on one business area only, Eltek's relative global position and prominence in the field of telecom power is significantly strengthened.

Like Eltek, PCP specialises in telecom power systems. PCP has a strong position in the US, and is also represented in Latin America and China. In combination with Eltek's extensive sales and distribution network in Europe and Asia, the merger gave Eltek a global market presence and customer base, and positioned the Company for further profitable growth and expansion both in the US and in the rest of the world. The telecom companies - service and network providers as well as equipment manufacturers - want global suppliers capable of serving them worldwide with locally adapted products and local services. Eltek can now meet the requirements of these companies in all major markets.

The business combination of Eltek and PCP was formally made effective as at 1 November 2000, by way of merging a wholly-owned Eltek US subsidiary into PCP. Upon completion of this merger, the



Erik Thorsen
Chairman

William H. Crown
Alain F. Angelil

member's interests in PCP were cancelled and converted into shares in Eltek ASA, whereas the stock of the Eltek subsidiary was converted into 100 % of the membership interests of PCP. As a result, PCP became a wholly-owned subsidiary of Eltek ASA.

Growth. The organic growth of the combined Company was a record high in 2000 with sales income increasing by 69 % to NOK 1 894.0 (1 117.5) million and operating profit before depreciation and amortisation (EBITDA) increasing by 132 % to NOK 252.1 (108.6) million. Operating profit (EBIT) was NOK 189.1 (55.0) million, representing a growth rate of 244 %. Social security tax related to the stock option programme for employees and Board members amounted to NOK 21.9 million. Net profit after tax for continuing operations was NOK 135.4 (37.8) million. The result of discontinued operations including gain on sale, amounted to NOK 194.8 (153.1) million. Benefits related to an equity participation plan in PCP were released as a result of the merger. The net after tax effect of the plan, offset by a corresponding net equity adjustment, was NOK 33.5 million. The effects of discontinued operations and the equity participation plan are reported on separate lines in the accounts.

Cash earnings for continuing operations, i.e. net profit before amortisation of goodwill, amounted to NOK 178.3 (75.2) million. Earnings per share for continuing operations were NOK 5.36 (1.48) while the corresponding cash earnings per share were NOK 7.14 (3.06). Orders received in 2000 increased by 79 % to NOK 2 162 (1 206) million, bringing order backlog to NOK 498 (230) million at the end of the year. The Board is very satisfied with the results achieved in 2000 and considers the order backlog to be a good basis for further growth in 2001.

Europe. Growth was strong in Europe, 37 % of the Group's sales income was generated in this region. Deliveries under existing frame agreements with builders of networks for fixed network telephony and Internet have contributed substantially to a growth rate of 62 %. During the year, the Company has also expanded its European reach by entering into new countries. Through its local distributor, Eltek has signed a two-year frame agreement in Russia and a subsidiary has been established in Sweden to seize opportunities in this substantial market, which is one of the forerunners when it comes to deployment of the new generation broadband networks.



Edward S. Weil jr.
Arve Johansen
Joe T. Ford

Americas. In this region Eltek experienced solid expansion during 2000. Sales income grew by 76 % compared to the previous year. With competitive products and a strong marketing effort, the Company's market share increased in this fast-growing market. Sales income was NOK 864 million, or 46 % of the Group's total sales income. The growth in profitability was also excellent. The US is the world's largest telecom power market. As one of the five largest players with strong and long-standing customer relations, Eltek is well positioned to continue to exploit the projected growth in the US market.

China. In the third quarter, Eltek established a subsidiary in mainland China, in a market that is expected to grow into the world's largest market for mobile communication. China represented in 2000 6 % of Group revenue after a growth of 22 % to NOK 111 million.

Asia/Pacific. Asia/Pacific is becoming an increasingly important region for the industry in general, and for Eltek in particular. Eltek has been active in the region for a long time, and has further strengthened the position during the year. Revenue grew by 143 % to NOK 192 million, representing 10 % of Group revenue. In the third quarter, Eltek acquired 51 % of its Australian distributor, Eltek Pacific. The importance of this was underlined when the Company was awarded its largest single contract ever – a frame agreement with Silcar in Australia, with an

estimated value of NOK 500 million over five years. The Board expects the investments made in Asia/Pacific to contribute to further growth in the region.

Manufacturing. Eltek relies heavily on outsourced manufacturing of high volume products. During the year, Eltek has completed the transfer of all manufacturing of rectifiers and control modules previously done in Europe to its partner in China, with reduced production costs and improved competitiveness as a result.

Capital considerations. Through the business combination with PCP, approved by the Shareholders' meeting 16 October 2000 and made effective 1 November 2000, share capital was increased by NOK 9 745 737. Based on the equity book value of PCP at the time of merger, additional NOK 640.0 million was charged to the premium fund. Execution of share options by employees and Board members in 2000 resulted in an increase in share capital by NOK 0.4 million and in the premium fund by NOK 13.1 million. Acquisition by Eltek Energy AS of additional 10 % of Eltek Energy Hong Kong was compensated for by an issue of 28 730 shares in Eltek ASA in August 2000.

Following the completion of the divestiture of Eltek Fire & Safety, the Shareholders' meeting decided to pay a dividend of NOK 19.15 per share, totalling NOK 275 million.



Thomas Hoel
Paal Lauritzen

As at 31 December 2000 total equity including minority interests amounted to NOK 993.1 million, corresponding to an equity ratio of 63.8 %. Liquid funds of the Group amounted to NOK 115.1 million, in addition to unused overdraft facilities of NOK 80.4 million. The Parent Company has a distributable equity of NOK 326.3 million.

The Board confirms that the accounts of Group and Parent Company are presented assuming continued operations.

Organisation and environment. Eltek is a global organisation in which people co-operate across boundaries of country and culture. The management and employees on all levels are working continuously to create a unified corporate culture and a good environment for co-operation. Following the merger with PCP, this work has been significantly intensified to secure good communication and co-ordinated market initiatives. In the Board's opinion, the co-operative spirit is good. Employees on all levels have a good understanding of and acceptance for the Group's overall goals and strategies.

At the Norwegian production department there was a strike with a duration from May 3 to May 8 2000, in connection with a public centralised negotiation process. There were no other employer/ employee conflicts during the year.

Eltek's business does not have a negative impact on the external environment.

As at 31 December 2000 there were in all 794 (680) employees in the Group, the Parent Company had 6 (6) employees. The Board wishes to thank all employees for their hard work and commitment during the year.

New Group CEO. After nearly 30 years as the leader of Eltek, Alain F. Angelil stepped down as Group CEO on 8 August. He was replaced by Morten F. Angelil from the same date. As a major shareholder and board member, Alain F. Angelil is still actively involved in the Company. Mr. Alain F. Angelil's colleagues on the Board wish to take this opportunity to acknowledge and thank him for his significant efforts since he founded the Company in 1971.

Strategic direction. Eltek's ambition is to be one of the leading companies within telecom power and to play an active part in the consolidation that takes place in the industry. This will continue to form our strategic basis. This means a continued focus on expanding the distribution network and the Company's global reach, either through acquisitions or other forms of partnerships or co-operation, in addition to organic growth. The Company will also continue to strengthen its efforts, and position itself to exploit opportunities in the growing OEM market.

The business combination of Eltek and PCP significantly strengthens the Company's research and development capacity and expertise. The Company will seek to exploit this in the most efficient way possible, by co-ordinating the activities in the two R&D centres in Norway and the US.

R&D will be further strengthened with the aim to shortening the development time for new products.

Prospects. All forecasts point to continued strong growth in the global telecom power market, with an estimated average annual growth rate of 24 % during the next four years. This is based on strong underlying international and technological trends, such as a steep growth in Internet usage, continued growth within second generation mobile telephony

and the new build-up of third generation wireless networks. Eltek is well positioned to take advantage of this growth, with a competitive range of products and a global distribution network. The volatile stock markets and the unrest in the telecom and IT sectors may influence capital expenditure in the sector. However, growth within the power sector is expected to be higher than that of telecom equipment in general. Against this background, the Board views Eltek's prospects to be good.

Distribution of profit. Net profit for the year for Eltek ASA amounted to NOK 215.1 (24.6) million. The Board proposes to pay a dividend of NOK 1 per share, totalling NOK 24.3 million, and that NOK 190.8 million be transferred to other equity.

Drammen, 31 December 2000/20 February 2001
Board of Directors Eltek ASA



Erik Thorsen
Chairman



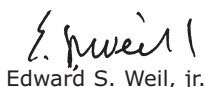
William H. Crown



Arve Johannsen



Alain F. Angelil



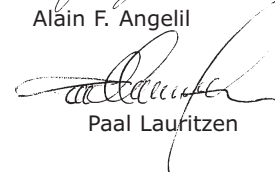
Edward S. Weil, jr.



Joe T. Ford



Thomas Hoel



Paal Lauritzen



Morten F. Angelil
Group CEO

profit and loss account group

Amounts in NOK 1 000

	Note	2000	1999	1998
Revenue	6	1 893 987	1 117 531	867 221
Cost of goods sold		1 154 376	644 993	475 630
Personnel costs	21	284 745	197 749	162 000
Depreciation and impairment of tangible fixed assets	8	19 958	16 228	6 576
Amortisation of goodwill	7	42 992	37 362	21 644
General, administrative and marketing expenses	22	202 800	166 237	155 616
Total operating costs		1 704 870	1 062 569	821 467
Operating profit		189 118	54 962	45 755
Share of result in associated companies	9	6 587	1 651	6 342
Financial income	23	26 011	6 742	3 652
Financial costs	23	16 090	7 113	6 111
Net financial income		16 507	1 280	3 882
Profit before tax, continuing operations		205 625	56 242	49 637
Taxes, continuing operations	16	70 274	18 437	16 071
Net profit, continuing operations		135 350	37 805	33 566
Discontinued operations	4	221 376	212 359	32 232
Equity participation plan	3	-54 955	-	-
Taxes, discontinued operations	4	26 610	59 267	4 832
Taxes, equity participation plan	3	-21 432	-	-
Net profit for the year		296 595	190 897	60 965
Minority interests, continuing operations	14	6 638	2 901	2 424
Minority interests, discontinued operations	14	248	661	107
EPS (NOK)	1, 24	12.05	7.94	2.67
Diluted EPS (NOK)	1, 24	11.81	7.93	2.67
EPS, continuing operations (NOK)	1, 24	5.36	1.48	1.42
Diluted EPS, continuing operations (NOK)	1, 24	5.25	1.48	1.42
Cash EPS, continuing operations (NOK)	1, 24	7.14	3.06	2.41
EBITDA		252 067	108 552	73 975

balance sheet group

Amounts in NOK 1 000

	Note	31.12.00	31.12.99	31.12.98
ASSETS				
Fixed assets				
Deferred tax asset	16	11 688	21 607	10 342
Goodwill	7	541 561	514 668	507 515
Total intangible fixed assets		553 249	536 275	517 857
Tangible fixed assets				
	8	84 963	69 842	62 435
Shares in associated companies	9	27 180	19 393	801
Shares and holdings in other companies	9	804	678	208
Other long term receivables	4	517	42 816	67 874
Total financial assets		28 501	62 886	68 883
Total fixed assets		666 713	669 003	649 176
Current assets				
Inventories	12	258 744	195 455	168 408
Trade receivables		476 673	266 344	117 879
Other receivables		27 345	16 242	17 808
Cash and cash equivalents	13	128 333	124 247	49 292
Total current assets		891 094	602 289	353 386
Total assets		1 557 807	1 271 292	1 002 562

Amounts in NOK 1 000

Note

31.12.00

31.12.99

31.12.98

EQUITY AND LIABILITIES**Equity**

Share capital	14	24 266	23 788	23 570
Other equity		944 589	871 084	792 311
Minority interests	14	24 266	14 455	8 154
Total equity	14	993 121	909 327	824 034

Liabilities

Pension liabilities	15	3 231	3 869	4 946
Other provisions	18	32 337	13 913	4 263
Total provisions		35 568	17 783	9 209

Long term liabilities to financial institutions	19	99 426	50 024	8 867
Other long term liabilities	8	5 890	12 339	19 390
Total long term liabilities		105 316	62 364	28 257

Bank overdraft	13	13 271	704	-
Trade creditors		203 849	125 161	74 321
Tax payable	16	49 283	75 456	11 474
Public duties payable		24 912	10 468	16 030
Dividend payable		24 266	-	13 825
Other short term liabilities	19	108 221	70 030	25 412
Total short term liabilities		423 802	281 818	141 061

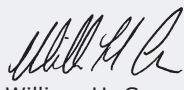
Total liabilities **564 686** **361 965** **178 527**

Total equity and liabilities **1 557 807** **1 271 292** **1 002 562**

Drammen, 31 December 2000/20 February 2001
Board of Directors Eltek ASA



Erik Thorsen
Chairman



William H. Crown



Arve Johnsen



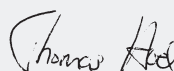
Alain F. Angelil



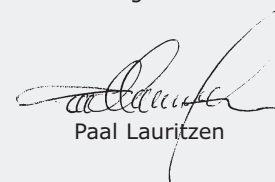
Edward S. Weil, jr.



Joe T. Ford



Thomas Hoel



Paal Lauritzen



Morten F. Angelil
Group CEO

cash flow analysis

group

Amounts in NOK 1 000

Note

2000

1999

Cash flow from operations

Net profit for the year		296 595	190 897
Depreciation, amortisation and impairment		62 949	53 590
Net profit and loss effect on discontinued operations		-194 766	-153 277
Change in deferred tax		9 918	-11 265
Result in associated companies		-6 587	-1 651
Change in inventories, trade receivables and trade creditors		-194 350	-120 701
Change in other accruals		13 507	137 160
Foreign currency translation effects		15 475	5 968

Net cash flow from operations

2 741 **100 721**

Cash flow from investments

Investments in fixed assets		-34 643	-22 490
Investments in consolidated companies	26	-9 289	-20 829
Investments in shares		-126	-17 410
Sale of fixed assets (sales price)		-	411
Net cash flow from discontinued operations	26	242 932	147 579

Net cash flow from investments

198 874 **87 261**

Cash flow from financing

New long term debt		59 801	47 018
Repayment of debt		-10 399	-5 860
Change in pension liabilities		-639	-1 077
Capital increase		17 333	6 316
Dividend paid		-275 052	-154 249
Other equity transactions		-1 140	-5 879

Net cash flow from financing

-210 096 **-113 731**

Net change in liquid funds

-8 481 **74 251**

Liquid funds as at 01.01		123 543	49 292
Liquid funds as at 31.12		115 062	123 543

NOTE 1 – ACCOUNTING POLICIES

Accounting standards

The Company and the Group financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Practice (NGAAP).

Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements of the Group include Eltek ASA and the companies that it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50 % of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheets and income statements, respectively.

The business combination between Eltek and Power Conversion Products (PCP) is accounted for as uniting of interests. The effect of this principle is that book values for Eltek and PCP are combined. The Group figures for 1999 and 1998 are presented as if Eltek and PCP had been combined as at 1 January 1998.

Acquisitions are accounted for under the purchase method. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Discontinued operations are classified separately in the profit and loss statement and included as long term receivables in the balance sheet in periods up to the disposal.

Investments in associated companies (generally investments of between 20 % to 50 % in a company's equity) where the Group exercises a significant influence are accounted for by using the equity method.

Intercompany balances and transactions, including intercompany profits and unrealised profits and losses are eliminated.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Receivables

Receivables are stated at face value, after provision for doubtful accounts.

Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable, long term receivables, loans and investments. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies disclosures in this Note.

Hedging foreign currency risk

The Company uses forward exchange contracts to mitigate exposure to foreign currency risk. Forward exchange contracts are accounted for as foreign currency transactions. Gains and losses on derivative financial instruments used for hedging of foreign currency transactions are recognised as income or expense on the same basis as the corresponding hedged position.

Inventories

Inventories, including work-in-progress are valued at the lower of cost and net realisable value, after provision for obsolete items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of weighted average cost. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs. Unrealisable inventory has been fully written off.

Property, plant and equipment

Property, plant and equipment, other than investment properties, are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	5 – 50 years
Plant and machinery	3 – 10 years
Fixtures and office equipment	3 – 10 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit and loss statement for items of property, plant and equipment and intangibles carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the profit and loss statement.

Accounting for leases

Finance lease

The Company recognises finance leases as assets and liabilities in the balance sheets at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. A finance lease gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

Operating lease

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Goodwill

The excess of the cost of an acquisition over the Company's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its useful life.

The amortisation period is determined at the time of the acquisition based upon the particular circumstances and ranges from 10 to 20 years, dependent upon the respective companies financial development and market position. The unamortised balances are reviewed at each balance sheet date to assess the probability of continuing future benefits.

Research and development costs

Research and development costs are expensed as they are incurred.

Revenue recognition

Revenues are recognised net of sales taxes and discounts when delivery has taken place. Revenue from rendering services is recognised by reference to the stage of completion when can be measured reliably. The stage of completion is determined based on surveys of work performed.

Foreign currencies

Foreign currency transactions

Foreign currency denominated monetary balance sheet items such as cash, receivables, payables and loans are translated at the exchange rate at the balance sheet date.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and the transactions in the income statement at the average exchange rates throughout the accounting period. The currency effects from these translations are recorded directly to equity.

On the disposal of a foreign entity the cumulative amount of exchange rate differences that relate to the foreign entity, are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

Employee benefits

Defined benefit plans

The Group's companies in Norway provide defined benefit pension plans for all employees. Pension costs and pension liabilities are estimated on the basis of linear earnings and assumptions of discount rate, future wage adjustments, pension and other payments from the national insurance fund, future return on pension funds and actuarial assumptions for deaths, voluntary resignation etc. Pension funds are valued at fair value and deducted from net pension liabilities in the balance sheet. Changes in the pension obligations due to changes in pension plans are recognised over the estimated average remaining service period. When the accumulated effect of changes in estimates, changes in assumptions and deviations from actuarial assumptions exceed 10 percent of the higher of pension obligations and pension plan assets, the excess amount is recognised over the estimated average remaining service period ("corridor").

Defined contribution plans

In addition to the defined benefit plans described above, the Group's companies in UK and the US sponsor defined contribution plans based on local practices and regulations. The Group's contributions relating to defined contribution plans are charged to income in the year to which they relate.

Share options

Board members, management and other employees have been granted options to subscribe for shares in the Company. Employee compensation expenses are measured on the date of the grant of the share options and represent the excess of the quoted market price of the shares over the share option price. Social security taxes are measured at the end of each reporting period based on the excess of the quoted market price of the shares over the exercise price. The expenses are recognised as personnel costs on a straight-line basis over the service period.

Income taxes

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects

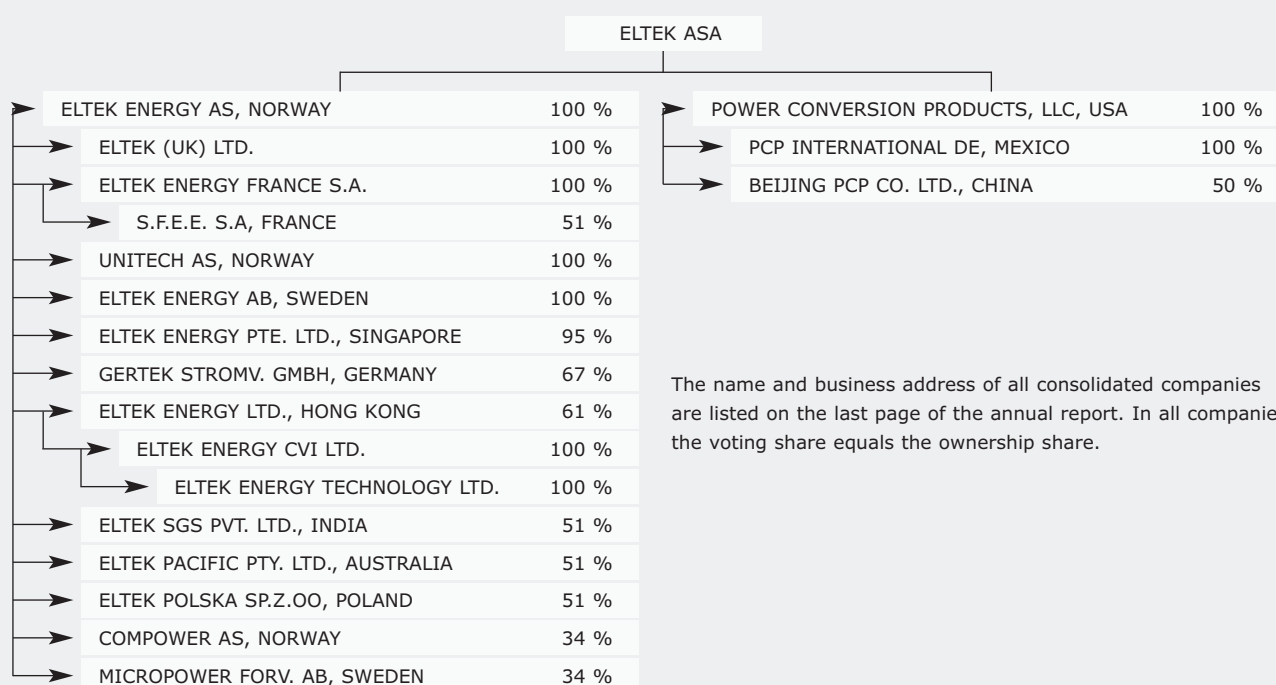
of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates on the balance sheet date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognised regardless of when the timing difference is likely to reverse.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, unrecognised deferred tax assets and the carrying amount of deferred tax assets are re-assessed. The enterprise recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including adjustments to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a fundamental error.

NOTE 2 – GROUP STRUCTURE



Classifications in the balance sheet

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.

Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares from exercise of share options. Share options are deemed to have been converted into ordinary shares on the date when the options were granted.

Cash earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders plus amortisation of goodwill by the weighted average number of ordinary shares outstanding during the period.

NOTE 3 – UNITING OF INTERESTS

The business combination (merger) between Eltek and Power Conversion Products (PCP) was approved by the Shareholders Meeting of Eltek on 16 October 2000, and the merger was effective 1 November 2000. The merger has been accounted for as uniting of interests and the historical financial statements for PCP have been adjusted to reflect the figures for PCP in accordance with Norwegian Generally Accepted Accounting Practise (NGAAP) and the accounting policies applied by Eltek.

The following adjustments have been made to the historical financial statements of PCP

- PCP was a limited liability company (LLC) for tax purposes until 1 March 2000 and taxes from this operation have therefore been allocated to the members. In the financial information tax provisions for the periods have been included using an estimated tax rate of 39 %. This estimated tax has not been payable by PCP, and therefore the tax cost is offset by an equal increase in equity.
- PCP had note payables of 281 800 (USD 32.9 million) to the members (directly or indirectly). These notes were converted from debt to equity prior to the closing date. The effect of these conversions has been adjusted for and shown as equity, and the related interest expense has been eliminated (treated as dividends instead).
- Substantially all of the assets of PCP were acquired from PCP Inc. on 30 June 1998, and the financial statements reflects the impact of the purchase accounting in connection with this transaction. The owners of PCP, Inc. had a five year earn out agreement in connection with the sale of the assets. Payment of the earn out was triggered as a result of the change in control, which occurred as a consequence of the merger between Eltek and PCP. The accounting effect of this earn out is adjusted for in the financial figures and increases goodwill by 135 200 (USD 15.8 million) as at 30 June 1998. This goodwill is amortised over 15 years, and is tax deductible in the US. The debt related to this earn out is converted to equity and increases the equity by 135 200 (USD 15.8 million) as at 30 June 1998.
- Certain management of PCP participated in an equity participation plan. There was a benefit under this plan as a result of the change in control, which occurred as a consequence of the merger between Eltek and PCP. This benefit represented additional compensation expense (profit split) and was satisfied by a reallocation of interests between the members of PCP (i.e. there were no cash effects for Eltek/PCP). This benefit has been estimated based on the fair value of the Eltek shares at the date of the merger, NOK 310 per share, and is reflected in the financial statements as a profit split offset by an increase in equity. The effect of this adjustment amounts to 54 955 (USD 6.2 million) and is tax deductible in the US. Calculated tax reduction is 21 432 (39 %).

The key figures for Eltek and PCP (adjusted to NGAAP) for the years 2000, 1999 and 1998 based on the company structure prior to the business combination are as follows

	Eltek Group			PCP Group		
	2000	1999	1998	2000	1999	1998
Revenue, continuing operations	1 041 054	660 660	443 765	852 933	456 863	423 456
Operating profit, continuing operations	90 520	50 449	22 766	98 598	4 513	22 989
Net profit, continuing operations	66 519	33 848	20 825	68 832	3 956	12 741
Net profit for the year	261 286	186 941	48 224	35 309	3 956	12 741
Fixed assets ¹⁾	130 845	150 021	127 339	535 868	518 983	521 836
Current assets	591 386	446 890	237 284	299 708	155 398	116 102
Total assets	722 231	596 911	364 623	835 576	674 381	637 938
Equity ¹⁾	241 742	279 212	222 978	751 380	630 115	601 056
Provisions	35 568	17 783	9 209	-	-	-
Long term liabilities	105 316	59 701	16 554	-	2 661	11 703
Short term liabilities	339 605	240 215	115 882	84 196	41 605	25 179
Total equity and liabilities	722 231	596 911	364 623	835 576	674 381	637 938

¹⁾ In the balance sheet for Eltek Group, shares in PCP have been eliminated. This has reduced fixed assets and equity by 679 006 in 2000.

NOTE 4 – DISCONTINUED OPERATIONS

In 1999 the Board of Directors adopted a plan to discontinue its Eltek Fire & Safety operation as part of the Group's reorganisation strategy. The two subsidiaries Norfass AS and Heien-Larssen AS were disposed in 1999, while Eltek Fire & Safety AS with remaining subsidiaries were disposed 25 May 2000.

Discontinued operations are classified separately in the profit and loss statement for the years 2000, 1999 and 1998. The net book value of the sold divisions, 42 816 in 1999 and 67 758 in 1998, has been classified as Other long term receivable in the consolidated balance sheet.

Key figures related to discontinued operations	Eltek Fire & Safety		
	2000	1999	1998
Sales income	101 118	402 078	397 994
Operating profit	302	32 210	34 419
Profit before tax	-560	31 544	32 232
Taxes		7 127	4 832
Net profit for the year	-560	24 417	27 400
Minority interests as at 31.12		661	107
Gain on sale of assets	221 936	180 815	
Tax on gain on sale of assets	26 610	52 140	
Net gain on sale after tax	195 326	128 675	-
Total result and gains	221 376	212 359	32 232
Total taxes	26 610	59 267	4 832
Net effect in P&L from discontinued operations	194 766	153 092	27 400
Fixed assets		38 182	43 935
Current assets		72 220	147 974
Total assets		110 402	191 909
Equity		42 816	67 759
Provisions		3 468	8 542
Long term liabilities		5 930	8 885
Short term liabilities		58 188	106 723
Total equity and liabilities		110 402	191 909

NOTE 5 – ACQUISITIONS

Eltek has made two acquisitions and established one new subsidiary in 2000. The key figures from these acquisitions are as follows

Company shares acquired in 2000	Share	Acquired/ established	Included in Group	
			Cost	accounts as at
Eltek Energy Ltd., Hong Kong	10 %	Acquired	3 818	01.07.00
Eltek Pacific Pty. Ltd., Australia	51 %	Acquired	21 928	01.10.00
Eltek AB, Sweden	100 %	Established	93	01.07.00

The acquisition of another 10 % of Eltek Energy Ltd, Hong Kong (resulting in a total ownership interest of 61 %) has been paid with 28 730 shares in Eltek ASA. For the shares in Eltek Pacific Pty. Ltd. 13 958 (incl. acquisition expenses) have been paid. Additionally, there is a conditional compensation related to the Company's results in the next two years. This is estimated to 7 960 and has been added to the cost price for the shares, and also provided for as provisions in the balance sheet as at 31.12.00.

All acquired companies are accounted for in accordance with the purchase method.

Goodwill of the acquisitions is shown in Note 7.

NOTE 6 – REVENUE BY GEOGRAPHICAL REGION

	Group		
	2000	1999	1998
Americas	864 248	490 018	385 514
Europe	705 119	434 217	314 902
China	110 643	90 834	87 972
Asia/Pacific	191 893	79 656	70 972
Africa	22 084	22 806	7 861
Total revenue	1 893 987	1 117 531	867 221

NOTE 7 – GOODWILL

Goodwill in subsidiaries	PCP, LLC	Eltek			Eltek Energy Pte Ltd	Eltek Pacific Pty Ltd	Eltek Energy Ltd	Total
		(UK) Ltd	Unitech AS	S.F.E.E. S.A.				
Acquiring cost as at 01.01	545 876	10 216	6 530	14 016	238		576 877	
Additions						18 154	20 488	
Disposals							-	
Accumulated amortisation	98 647	2 043	1 421	2 453	72	454	105 207	
Foreign currency translation effects	49 403						49 403	
Book value as at 31.12	496 632	8 173	5 109	11 563	167	17 700	541 561	
Amortisation for the year	39 832	511	653	1 402	24	454	42 992	
Rate of amortisation	7 %	5 %	10 %	10 %	10 %	10 %	10 %	

Goodwill in associated companies	Compower		Micropower	Total
Acquiring cost as at 01.01		192	4 537	4 729
Accumulated amortisation		69	794	863
Book value as at 31.12		123	3 743	3 866
Amortisation for the year		19	454	473
Rate of amortisation		10 %	10 %	

NOTE 8 – TANGIBLE FIXED ASSETS

	Group			Total
	Land and buildings	Plant and machinery	Fixtures and office equipment	
Acquiring cost as at 01.01	38 679	19 631	57 628	115 938
Additions	9 253	2 836	22 554	34 643
Disposals	-	315	4 773	5 088
Accumulated depreciation	10 950	10 431	37 661	59 042
Accumulated impairment	1 488			1 488
Book value as at 31.12	35 494	11 721	37 748	84 963
Depreciation for the year	1 694	3 380	13 395	18 470
Impairment for the year	1 488			1 488
Rate of depreciation	2-20 %	10-33 %	10-33 %	

	Parent Company		Total
	Land and buildings	Fixtures and office equipment	
Acquiring cost as at 01.01	1 167	13 891	15 058
Additions	179	1 391	1 570
Disposals	-	3 705	3 705
Accumulated depreciation	1 042	4 146	5 188
Book value as at 31.12	304	7 431	7 735
Depreciation for the year	36	2 248	2 284
Rate of depreciation	10 %	10-33 %	

Finance lease	Group			Parent Company		
	Capitalised as at 31.12	Cost 2000	Contract expiry	Capitalised as at 31.12	Cost 2000	Contract expiry
Plant and machinery	5 674	2 119	2001/2004	2 199	739	2004
Fixtures and office equipment	2 539	494	2001/2004	444	269	2001
Total	8 213	2 613		2 643	1 008	

The long term liability related to finance lease is booked as Other long term liabilities in the balance sheet.

Operating lease	Group		Parent Company	
	Cost 2000	Contract expiry	Cost 2000	Contract expiry
Plant and machinery	2 024	2001/2005	240	2001/2003
Fixtures and office equipment	2 958	2001/2003	123	2002
Land and buildings	11 293	2001/2013		
Total	16 276		363	

The Company has no agreements for takeover of assets upon expiry of the leasing contracts. Eltek ASA is liable for leasing contracts relating to various machinery/equipment and cars which are used by the subsidiary Eltek Energy AS. The annual rental cost is 1 481, with expiry in 2000 - 2005.

NOTE 9 – SHARES

Shares in associated companies	Business office	Share in %	Acquiring cost	Group			Share of value as at 31.12	Amortisation of goodwill this year	Book value of goodwill as at 31.12
				Share of value as at 01.01	Share of profit this year	Foreign currency translation			
Micropower AB	Sweden	34 %	13 356	13 216	963	589	14 768	454	3 743
Beijing PCP Co. Ltd.	China	50 %	6 876	5 626	5 589	612	11 826	-	-
Compower AS	Norway	34 %	312	551	35		586	19	123
Total shares in associated companies			20 544	19 393	6 587	1 201	27 180	473	3 866

Shares in other companies	Business office	Share in %	Book value as at 31.12
Vensafe AS	Norway	6.1 %	551
Eltek Energy (M) SDN.BHD	Malaysia	19.0 %	253
Total shares in other companies			804

Shares in subsidiaries	Parent Company		
	Business office	Share in %	Book value as at 31.12
Eltek Energy AS	Norway	100 %	105 000
Power Conversion Products, LLC	USA	100 %	679 096
Total shares in subsidiaries			784 096

NOTE 10 – RECEIVABLES AND LOANS TO GROUP COMPANIES

	Parent Company		
	2000	1999	1998
Long term receivables	217 875	379 768	414 768
Short term receivables	0	230	3 581
Total Group receivables	217 875	379 998	418 349
Group liabilities	944	232 252	1 871

Of the total long term receivables, 197 875 is due later than one year after balance sheet date. 117 875 is due later than 5 years after balance sheet date.

NOTE 11 – FINANCIAL INSTRUMENTS

Forward exchange contracts as at 31.12.2000

Currency	Buy/Sale	Amount in currency	Time of expiry	Currency translation rate	Unrealised gain (not booked)
GBP	Sale	7 200	2001	12.50 - 13.94	1 751
	Sale	3 800	2002	13.53 - 14.05	3 160
	Sale	2 000	2003	13.59 - 14.11	1 282
USD	Sale	7 500	2001	9.03 - 10.00	5 077
	Sale	2 000	2002	9.38 - 9.51	1 168

The forward exchange contracts listed above are entered into to edge future cash flows.

NOTE 12 – INVENTORIES

	Group		
	2000	1999	1998
Raw materials	128 950	95 530	71 559
Work in progress	37 165	33 319	39 554
Finished goods	92 629	66 606	57 295
Total inventories	258 744	195 455	168 408

NOTE 13 – CASH AND CASH EQUIVALENTS

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Cash	85 611	64 247	49 292	139 060	119 077	71 496
Certificates in Norwegian banks		20 000			20 000	
Money market funds	42 722	40 000		42 722	40 000	
Total cash and cash equivalents	128 333	124 247	49 292	181 782	179 077	71 496
Total overdraft facilities	93 649	105 980	86 380	-	-	-
Unused overdraft facilities	80 378	105 276	86 380	-	-	-

No bank deposits are locked-up, as a guarantee is given for tax payments. Other facilities amount to 106 861, and may be used for acquiring companies. The terms for using facilities are acceptance from credit giver. There is a requirement that equity reduced by 50 % of goodwill entered into the balance sheet, is >30 % of total equity.

NOTE 14 – EQUITY

Minority interests, discontinued operations	Group		
	2000	1999	1998
Minority's share of profit, discontinued operations	248	661	107
Minority interests, discontinued operations as at 31.12	-	1 232	411

The minority interests related to discontinued operations are included on the line Other long term receivables in the balance sheet. See Note 4.

Minority interests, continuing operations

Minority interests as at 01.01	14 455	8 154	8 335
Minority's share of profit, continuing operations	6 638	2 901	2 424
Sales/acquisitions of minority shares/capital changes	2 301	6 091	-2 709
Dividend		-2 524	-
Foreign currency translation	873	-167	104
Minority interests, continuing operations as at 31.12	24 266	14 455	8 154

Equity

Equity as at 01.01	894 872	815 880	645 183
Issue of shares	17 333	6 316	79 932
Net profit for the year	289 709	187 335	58 434
Dividend	-299 318	-140 424	-13 825
Foreign currency translation	65 882	35 255	43 272
Transaction costs	-33 758		
Capital changes in PCP	34 134	-9 490	1 850
Effect of merger			1 034
Equity as at 31.12	968 854	894 872	815 880
Total equity as at 31.12	993 121	909 327	824 034

	Parent Company		
	2000	1999	1998
Equity as at 01.01	473 687	583 228	504 393
Issue of shares	675 317	6 316	79 932
Net profit for the year	215 061	24 567	22 638
Dividend	-299 318	-140 424	-13 825
Cash payment merger			-9 910
Equity as at 31.12	1 064 747	473 687	583 228

The Parent Company's equity as at 31.12.2000 is NOK 24 266 237, spread across 24 266 237 shares at nominal value NOK 1. There is only one class of shares and all shares have an equal vote.

The Board has been authorised to issue new shares in accordance with share option agreements with key personnel

493 333 shares at NOK 58 with execution dates in March and November 2001.

90 000 shares at NOK 70 with execution dates in March and November 2001.

25 000 shares at NOK 135 with execution dates in March and November 2001.

45 000 shares at NOK 153 with execution dates in November 2001 and 2002.

5 500 shares at NOK 180 with execution dates in November 2001 and March 2002.

4 000 shares at NOK 250 with execution dates in November 2001 and March 2002.

360 500 shares at NOK 175 with execution dates in November 2001, March and November 2002 and March 2003.

For all option programmes listed above, execution of options can be postponed until the latest date of each programme.

Further, the Board is authorised to issue 4 971 270 shares as payment in the case of mergers or acquisitions of companies. The power of attorney has maturity until the Shareholders' meeting in 2002. As part of the payment for the 25 % share of Unitech AS in 1999, the sellers were offered options to buy 60 000 shares at an execution price of NOK 57, with execution in March and November 2001.

Members of the Board, the Group CEO and leading employees own the following shares and options in the Company as at 31.12.2000

Name	Function	No. of shares	No. of options
Erik Thorsen	Chairman of the Board	0	30 000 ¹⁾
Alain F. Angelil	Member of the Board	6 704 303*	27 500 ²⁾
William H. Crown	Member of the Board	7 480 828**	15 000 ³⁾
Joe T. Ford	Member of the Board	0	15 000 ³⁾
Arve Johansen	Member of the Board	47 710	15 000 ⁴⁾
Edward S. Weil	Member of the Board	982 108	15 000 ³⁾
Thomas Hoel	Member of the Board	0	4 000 ⁵⁾
Paal Lauritzen	Member of the Board	400	0
Morten F. Angelil	Group CEO	87 500	115 000 ⁶⁾
Chris Seyer III	CEO PCP	343 099	40 000 ⁷⁾
Jørgen Larsen	CFO	105 249***	45 000 ⁸⁾
Vidar Selvig	COO	10 020	20 000 ⁹⁾

* 4 097 700 shares owned by Eltek Holding AS, controlled by Alain F. Angelil. 1 035 000 shares owned by Wenche Angelil.

** Shares owned by CC Industries.

*** 17 000 shares owned by Eikrun AS, controlled by Jørgen Larsen.

¹⁾ Hereof 7 500 in November 2001, redemption price NOK 153 and 7 500 in November 2001, redemption price 175, plus 7 500 in November 2002, redemption price NOK 153 and 7 500 in November 2002, redemption price 175.

²⁾ Hereof 12 500 in November 2001, redemption price NOK 135, plus 7 500 in November 2001 and 7 500 in November 2002, redemption price 175.

³⁾ Hereof 7 500 in November 2001 and 7 500 in November 2002, redemption price NOK 175.

⁴⁾ Hereof 7 500 in November 2001 and 7 500 in November 2002, redemption price NOK 153.

⁵⁾ Hereof 2 000 in November 2001 and 2 000 in November 2002, redemption price NOK 250.

⁶⁾ Hereof 45 000 in March or November 2001, redemption price NOK 70 plus 35 000 in March 2002 and 35 000 in March 2003, redemption price NOK 175.

⁷⁾ Hereof 20 000 in March 2002 and 20 000 in March 2003, redemption price NOK 175.

⁸⁾ Hereof 45 000 in March or November 2001, redemption price NOK 70.

⁹⁾ Hereof 10 000 in March 2001 and 10 000 in November 2001, redemption price NOK 58.

Shareholders with a minimum of 1 % share of ownership as at 31.12.2000

Shareholders	No. of shares	% of total
CC Industries	7 480 828	30.8
Eltak Holding/A.F. and W. Angelil	6 704 303	27.6
Edward Weil Jr	982 108	4.0
Tine Pensjonskasse	444 000	1.8
Chase Manhattan Bank (sev. accounts)	409 025	1.7
Storebrand Livsforsikring	381 700	1.6
Chris Seyer III	343 099	1.4
Christiania Markets	334 701	1.4
SND Invest	330 000	1.4
Gjensidige Nor/Gjensidige Forsikring	314 330	1.3
Steven Griffiths	280 613	1.2
Orkla Enskilda Securities	282 015	1.2
State Street Bank & Trust Co. (sev. accounts)	253 035	1.0
Goldman Sachs International Finan.	235 981	1.0

NOTE 15 – PENSION LIABILITIES

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Estimated pension cost						
Earned pension for the year	3 104	2 450	2 696	223	233	207
Interest charge on pension liability incurred	1 024	686	839	135	85	115
Estimated return on pension funds	-1 133	-956	-716	-220	-194	-197
Amortisation	-940	-728	-1	-	-16	-30
Withholding of employee salary	-	-607	-887	-	-28	-62
Net pension cost	2 055	845	1 932	138	80	32

Pension liability as at 31.12

Estimated value of pension funds	16 772	14 162	11 597	3 350	3 085	2 454
Estimated value of pension liability	18 733	16 179	17 130	2 522	2 337	2 270
Net unamortised estimated variance	-1 270	-1 852	587	-348	-178	-151
Net pension liability as at 31.12	3 231	3 869	4 946	-480	-569	-33

This calculation is based on the following assumptions

Discount rate	6.0 %	Inflation/Basic amount reg.	2.5 %
Expected return	7.0 %	Pension regulation	2.5 %
Pay regulation	3.3 %	Voluntary retirement	5.0 %

Eltak ASA's collective pension scheme in an insurance company covers 6 employees, whereas the Group's scheme covers 159 employees, all in Norwegian companies.

Eltak (UK) Ltd operates three defined contribution pension schemes for the benefit of certain directors and employees. The assets of these schemes are administered by trustees in funds independent from those of the Company, and the pension funds have not been entered in the Company's balance sheet.

PCP employees are eligible to participate in a defined contribution plan. The Company's total matching contribution for this plan was 1 468, 1 001 and 395 in 2000, 1999 and 1998 respectively.

NOTE 16 – TAXES

	Group		
	2000	1999	1998
Reconciliation of taxes			
Continuing operations			
Calculated tax payable Norwegian companies from profit and loss statement	17 178	8 074	2 349
Calculated tax payable foreign companies from profit and loss statement	43 177	21 628	8 403
Change in deferred taxes Norwegian companies	5 721	-7 599	1 688
Change in deferred taxes foreign companies	4 198	-3 666	3 631
Taxes on continuing operations in profit and loss statement	70 274	18 437	16 071
Reduced tax payable Norwegian companies of costs booked to equity	-8 210		-2 260
Reduced tax payable foreign companies of costs booked to equity plus taxes on equity participation plan	-29 956	-16 922	-1 356
Tax payable Norwegian companies	8 968	8 074	89
Tax payable foreign companies	13 221	4 706	7 047
Tax payable on continuing operations	22 189	12 780	7 136
Discontinued operations			
Tax payable	21 260	68 759	3 712
Change in deferred taxes	5 350	-9 492	1 120
Taxes on discontinued operations	26 610	59 267	4 832
Total taxes payable	43 449	81 539	10 848
Reconciliation of tax rate of continuing operations			
Tax payable in percentage of profit before tax	29.4 %	52.8 %	21.7 %
Change in deferred tax in percentage of profit before tax	4.8 %	-20.0 %	10.7 %
Tax rate on profit before tax	34.2 %	32.8 %	32.4 %
The effective tax rate differs from the Norwegian tax rate of 28 % because of varying tax rates in foreign subsidiaries.			
Deferred tax on temporary differences related to			
Current assets/short term liabilities	-2 026	-4 012	-576
Fixed assets/long term liabilities	-16 611	-15 458	-21 872
Other temporary differences	-14 629	-47 200	-9 314
Net negative temporary differences	-33 266	-66 670	-31 762
Calculated deferred tax asset	11 688	21 607	10 342

	Parent Company		
	2000	1999	1998
Reconciliation between profit before tax and ordinary income			
Profit before tax	246 321	24 052	29 854
Gain on intragroup transfer	-	-	-1 600
Permanent differences	821	559	276
Change in temporary differences	12 150	1 258	-1 621
Share issues costs against equity	-29 322	-	-8 073
Risk	-163 913	-	-1 867
Taxable income	66 056	25 869	16 969
Reconciliation of taxes			
Tax payable	18 496	7 243	4 751
Reduction in tax payable of cost booked to equity	8 210	-	2 253
Excess allocation for previous years		596	-242
Change in deferred taxes	4 554	-8 354	454
Taxes	31 260	-515	7 217
Reconciliation of tax rate			
Tax rate on profit before tax	12.7 %	-2.1 %	24.2 %
Tax rate on permanent differences	18.5 %	-0.7 %	0.9 %
Tax rate on over/under payments in previous years		-2.5 %	-0.8 %
Tax rate on deferred tax	-3.2 %	33.3 %	3.7 %
Tax rate	28.0 %	28.0 %	28.0 %
Deferred tax on temporary differences related to			
Current assets/short term liabilities		-2 685	-
Fixed assets/long term liabilities	-11 919	3 074	1 653
Other temporary differences		-28 571	-
Net positive/negative temporary differences	-11 919	-28 182	1 653
Calculated deferred tax (-)/deferred tax asset (+)	3 337	7 891	-463

NOTE 17 – GUARANTEE LIABILITY

Group

Bank guarantee for fulfilment of goods deliveries amounts to 15 895.

Parent Company

Surety liability for Group companies amounts to 13 617.

Surety liability for other companies amounts to 88.

The Company/Group has given certain representations and warranties related to the divestiture of Eltek Fire & Safety.

The maturity of these warranties is 365 days as of the closing date, except for tax liabilities which are unlimited in time.

NOTE 18 – OTHER PROVISIONS

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Estimated earn-out regarding acquisition of subsidiaries	7 960					
Guarantee liabilities	6 660	4 783	3 763			
Retirement benefits		2 685	500		2 685	500
Social security tax on stock options	12 181	1 526		12 181	1 526	
Other	5 536	4 920				
Total	32 337	13 914	4 263	12 181	4 211	500

NOTE 19 – DEBT

	Group		
	2000	1999	1998
Debt secured by mortgages	114 598	128 433	45 716
Book value of assets placed as security			
Fixed assets	26 141	28 387	23 061
Inventories	112 105	102 982	84 900
Customer receivables	183 562	173 752	82 597
Other receivables	9 298	7 197	7 411
Total	331 106	312 318	197 969

	Parent Company		
	2000	1999	1998
Debt secured by mortgages	53 450	3 318	519

All receivables have been pledged as security.
The same assets have been pledged as security for debt in Eltek Energy AS.

	Group		
	2000	1999	1998
Debt in foreign currency (translated into NOK)			
USD	50 945		
EUR	19 867	19 392	
SEK	13 514	13 583	
AUD	9 448		
GBP	4 293	6 485	8 867
FRF	93		
Total	98 160	39 460	8 867

Terms of these loans are 5 years.
Average interest rate for the various currencies is in the interval 5.0 % to 7.7 %.

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Other short term debt break down as follows						
Salary provisions	24 669	21 016	5 348	3 516	1 345	
Payment for purchase of shares	-	3 839				
Fees provisions	2 113	6 423	297	420	953	50
Deferred income	9 258	5 015	15 185			
Accrued customer bonuses	28 812	5 912				
Other incurred costs	43 370	27 825	4 582	4 684	329	589
Total other short term debt	108 221	70 030	25 412	8 620	2 626	639

NOTE 20 – RELATED PARTIES

No loans/guarantees are granted to Group management, Board members or shareholders.
As at 31.12.2000, loans amounting to 1 973 have been granted to employees.

The Company has a rental agreement with Eltek Holding AS, which owns 16.9 % of the shares in Eltek ASA, for the buildings used by companies in the Group in Drammen. The annual rent is 5 088. There were no outstanding payments/receivables towards Eltek Holding AS as at 31.12.2000. The Company has a rental agreement with Erick Street, LLC, a company controlled by CC Industries, Inc., which owns 30.8 % of the shares in Eltek ASA. The annual rent is 4 224. There were no outstanding payments/receivables towards Erick Street, LLC as at 31.12.2000.

NOTE 21 – PERSONNEL COSTS, REMUNERATIONS ETC.

Personnel costs break down as follows	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Salaries	219 001	161 086	134 276	11 236	8 790	4 762
Social security fees	41 712	23 792	17 355	15 974	1 914	566
Pension costs	4 747	4 834	3 541	87	173	132
Other costs	19 285	8 037	6 828	381		
Total	284 745	197 749	162 000	27 677	10 877	5 460

Total remuneration to Board members and leading employees in 2000 (amounts in NOK)

Name	Function	Total remuneration	Execution of share option	Bonus	Salary/fee
Erik Thorsen	Member of the Board as at 26.04.00, Chairman of the Board as at 30.10.00	-	-	-	-
Arve Johansen	Member of the Board	1 869 430	1 769 430		100 000
Thomas Hoel	Member of the Board, employees' representative	361 360	-		361 360
Paal Lauritzen	Member of the Board, employees' representative	223 783	-		223 783
Alain F. Angelil	Member of the Board, Group CEO until 08.08.00	10 385 527	-	8 677 840	1 707 687
Morten F. Angelil	Member of the Board, Group Director until 08.08.00, Group CEO as at 09.08.00	8 134 573	6 815 530	93 000	1 226 043
Tore Egil Holte	Chairman of the Board until 30.10.00	1 889 430	1 769 430		120 000
Johnny Stenberg	Member of the Board until 26.04.00	66 666	-		66 666
Telenor Venture v/L. R. Rinnan	Member of the Board until 30.10.00	100 000	-		100 000

Expensed audit fee for the Group in year 2000 amounts to 1 379 000. Fees for other services provided by the auditor amounts to 892 000. In the Parent Company the corresponding figures are 254 000 and 222 000 respectively. In addition the auditors have received 3 567 000 for their work related to the merger between Eltek and PCP.

The annual salary of former Group CEO A. F. Angelil was 2 000 000. As a retirement benefit he will receive an annual payment of 500 000 for the next 4 years. He will also be part of the regular pension scheme in Eltek. A. F. Angelil received a bonus for sale of Eltek Fire & Safety of 4 000 000. In addition he received a bonus in 2000 of 677 840. A consultancy fee of 4 000 000 has also been paid to Eltek Holding AS for A. F. Angelil's work on the merger with PCP.

As at 09.08.2000 M. F. Angelil took over as Group CEO. He has a yearly salary of 1 600 000, and a yearly bonus of 500 000 if budgeted profit before tax is achieved. The Group CEO's contract of employment can be terminated by either party giving 6 months notice from the end of the year. On termination of this contract he is entitled to a salary for further 12 months, and all share options earlier granted.

No loans or guarantees have been granted to any of the people mentioned above.

The average number of employees in the Group was 733 in 2000. The Parent Company had 6 employees.

NOTE 22 – GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Rent, electricity etc.	18 063	14 942	14 620	602	764	605
Fees and rented services	34 100	30 531	17 219	2 997	2 255	2 842
Telephone, postage	10 321	6 380	5 538	284	280	66
Advertising etc.	14 584	9 393	9 551	1 215	362	274
Car and travel costs	36 344	22 656	20 864	1 390	1 432	821
Leasing	2 708	2 806	3 459	364		545
Sales commissions	14 130	1 517	95			
Other operating costs	72 549	78 012	84 271	505	-1 080	-2 419
Total general, administrative and marketing expenses	202 800	166 237	155 616	7 357	4 013	2 734

NOTE 23 – FINANCIAL ITEMS

	Group			Parent Company		
	2000	1999	1998	2000	1999	1998
Interest income	22 779	308	1 573	35 556	27 942	20 097
Other financial income	3 232	6 434	2 079	2 504		533
Total financial income	26 011	6 742	3 652	38 060	27 942	20 630
Interest costs	14 302	2 552	2 555	1 853	360	
Other financial costs	1 788	4 561	3 556	46	843	722
Total financial costs	16 090	7 113	6 111	1 899	1 203	722

NOTE 24 – EARNINGS PER SHARE

The calculation is based on the following

	Earnings per share	Diluted earnings per share	Cash earnings per share
Numerator	289 709	289 709	332 701
Numerator, continuing operations	128 712	128 712	171 704
Denominator (no. of shares)	24 035 179	24 535 195	24 035 179

NOTE 25 – THE ENVIRONMENT

There are no environmental risks connected to the Company's business, and the Company has not committed itself to or been imposed to particular environmental measures.

NOTE 26 – CASH FLOW

Cash, bank deposits and liquid financial instruments like bank certificates and shares in money market funds are classified as liquid funds. Unused overdraft facilities have not been included as liquid funds. There are no bindings on any of the liquid funds.

	Group	
	2000	1999
Net cash received from discontinued operations		
Sales amount	290 273	226 365
Net change in cash in discontinued operations	-1 631	3 028
Transaction costs	24 450	13 055
Gross cash effect	264 192	216 338
Taxes	21 260	68 759
Net cash flow from discontinued operations	242 932	147 579
Net cash paid for acquired subsidiaries, reconciled to fair value of assets acquired and liabilities assumed		
	2000	1999
Current assets	15 902	25 471
Non-current assets	2 043	3 265
Current liabilities	-11 078	-16 828
Non-current liabilities	-1 609	-3 847
Net equity	5 258	8 061
Goodwill	20 488	16 857
Total purchase price	25 746	24 918
Less consideration through issuance of shares	-3 818	0
Less deferred compensation	-7 960	0
Less cash of acquired subsidiaries	-4 679	-4 089
Net cash paid for acquired subsidiaries	9 289	20 829

accounts parent company

PROFIT AND LOSS ACCOUNT

Amounts in NOK 1 000	Note	2000	1999	1998
Revenue		18 167	16 457	9 198
Cost of goods sold		1 617	2 360	601
Personnel costs	21	27 677	10 877	5 460
Depreciation	8	2 284	1 893	376
General, administrative and marketing expenses	22	7 357	4 013	2 734
Total operating costs		38 936	19 143	9 170
Operating profit		-20 769	-2 686	28
Gain on sale of shares		230 929		9 918
Financial income	23	38 060	27 942	20 630
Financial costs	23	1 899	1 203	722
Net financial income		267 090	26 738	29 827
Profit before tax		246 321	24 052	29 855
Taxes	16	31 260	-515	7 217
Net profit for the year		215 061	24 567	22 638

CASH FLOW

Amounts in NOK 1 000	2000	1999	1998
Net cash flow from operations	-61 541	37 151	52 781
Net cash flow from investments	292 133	-4 437	-48 470
Net cash flow from financing	-227 886	74 866	49 541
Net change in liquid funds	2 705	107 581	53 852
Liquid funds as at 01.01	179 077	71 496	17 644
Liquid funds as at 31.12	181 782	179 077	71 496

BALANCE SHEET

Amounts in NOK 1 000	Note	31.12.00	31.12.99	31.12.98
ASSETS				
Fixed assets				
Deferred tax asset	16	3 337	7 891	-
Tangible fixed assets	8	7 735	11 349	9 656
Shares in subsidiaries	9	784 096	145 000	110 000
Shares in other companies	9	551	425	-
Receivables to Group comp.	10	217 875	379 768	414 768
Other long term receivables	15	481	602	77
Total financial assets		1 003 002	525 794	524 845
Total fixed assets		1 014 074	545 035	534 501
Current assets				
Receivables to Group comp.	10	-	230	3 581
Other receivables		384	1 149	430
Cash and cash equivalents	13	181 782	179 077	71 496
Total current assets		182 166	180 456	75 507
Total assets		1 196 240	725 491	610 008
EQUITY AND LIABILITIES				
Equity				
<i>Paid-in capital</i>				
Share capital	14	24 266	14 042	13 825
Premium fund		710 893	53 904	47 806
<i>Retained earnings</i>				
Other equity		329 588	405 741	521 597
Total equity	14	1 064 747	473 688	583 228
Liabilities				
Deferred tax	16	-	-	463
Other provisions	18	12 181	4 211	500
Total provisions		12 181	4 211	963
Long term liabilities				
to financial institutions	19	50 945	-	-
Other long term liabilities	8, 19	2 505	3 318	519
Total long term liabilities		53 450	3 318	519
Trade creditors		3 573	368	4 609
Tax payable	16	18 508	7 243	3 277
Public taxes payable		9 950	1 786	1 077
Dividend payable		24 266	-	13 825
Liabilities to Group comp.	10	944	232 252	1 871
Other short term liabilities	19	8 620	2 626	639
Total short term liabilities		65 861	244 275	25 298
Total liabilities		131 492	251 803	26 780
Total equity and liabilities		1 196 240	725 491	610 008



TRANSLATION FROM NORWEGIAN

AUDITOR'S REPORT FOR 2000

To the Annual Shareholders' Meeting of
Eltek ASA

Arthur Andersen & Co
Statsautoriserede revisorer

Drammensveien 165
Postboks 228 - Skøyen
0213 Oslo

Telefon 22 92 80 00
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Org. nr. NO - 910 187 707

Medlemmer av
Den Norske Revisorforening

We have audited the annual financial statements of Eltek ASA as of 31 December 2000, showing a profit of NOK 215.061.000 for the parent company and a profit of NOK 296.595.000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Jan Egil Haga (sig)
State Authorised Public Accountant (Norway)

Oslo,
20 February 2001

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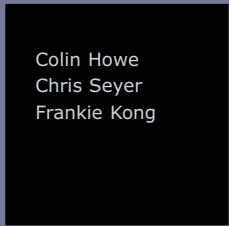
Auditorskade Revisningsfirma AS, Hønefoss
Walter & Hoffmann Larsen, Bælgangen
Torp, Spørkås A.S., Øvre
Gullhaugen & Hønefoss AS, Østmarken
Jensen & Co. AS, Trondheim

Møller & Co. AS, Lørenskog
Dybdal Revisjon AS, Oslo
Prestegårdensveien 11, P. Sandness,
Halden

group management



Morten F. Angelil
Vidar Selvig
Jørgen Larsen

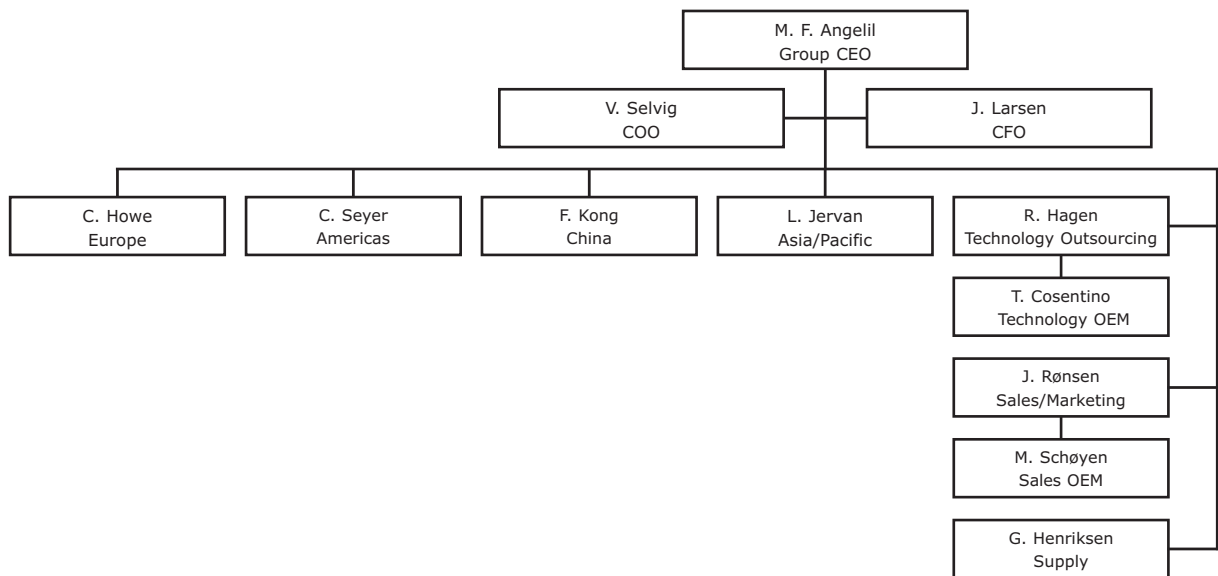


Colin Howe
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Lars Jervan
Reidar Hagen
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