

ELTEK GROUP

Profit and Loss Account

	1st quarter		Whole year
	2001	2000	2000
Revenue	511 408	349 436	1 893 987
Cost of goods sold	308 979	207 989	1 154 376
Other operating costs	130 114	102 825	487 545
Depreciation	4 847	4 460	19 958
Amortisation	11 219	9 951	42 992
Total operating costs	455 160	325 225	1 704 870
Operating profit	56 248	24 211	189 118
Share of result in associated companies	-563	678	6 587
Financial income and costs	-2 734	949	9 920
Net financial items	-3 297	1 627	16 507
Profit before tax, continuing operations	52 950	25 837	205 625
Taxes, continuing operations	18 533	8 441	70 274
Net profit, continuing operations	34 417	17 397	135 350
Discontinued operations	-	5 952	221 376
Equity participation plan	-	-	-54 955
Taxes, discontinued operations	-	1 827	26 610
Taxes, equity participation plan	-	-	-21 432
Net profit	34 417	21 521	296 595
Minority interests	671	1 704	6 638

Balance Sheet

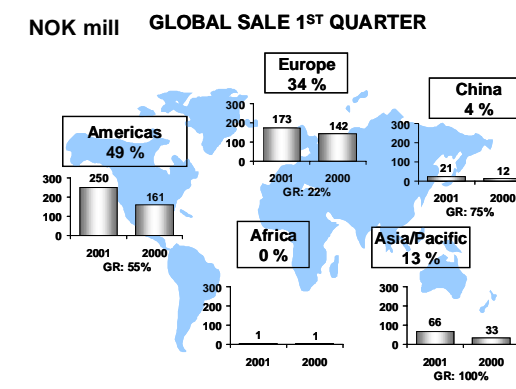
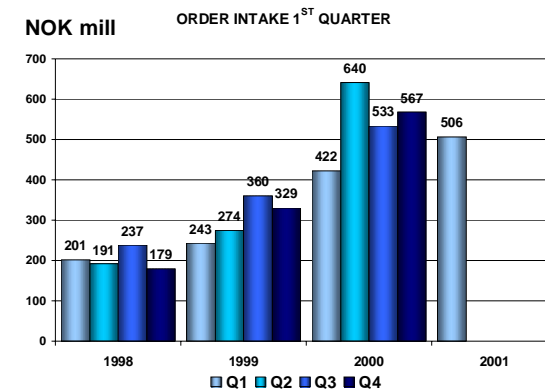
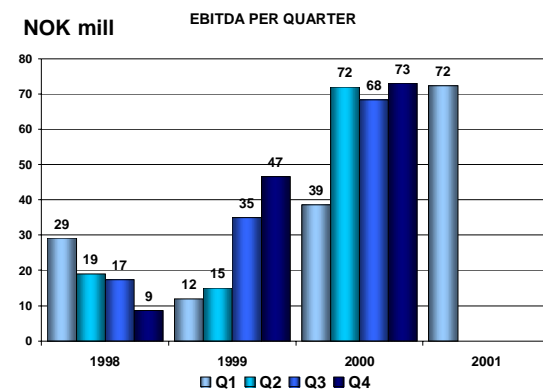
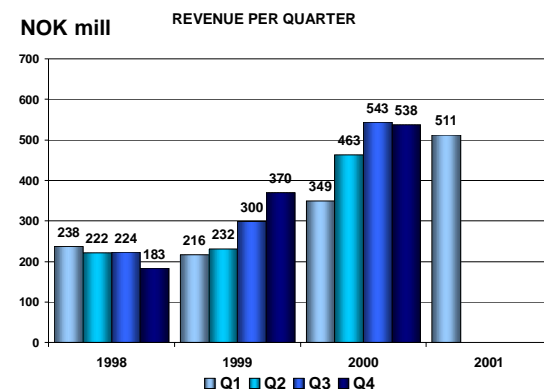
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Goodwill	546 303	530 486	541 561
Other fixed assets	112 087	143 647	97 972
Share of associated companies	26 975	20 388	27 180
Total fixed assets	685 365	694 520	666 713
Inventories	362 012	235 187	258 744
Trade receivables	527 440	295 003	476 673
Other short term receivables	44 087	38 234	27 345
Cash and cash equivalents	63 592	94 801	128 333
Total current assets	997 131	663 225	891 094
Total assets	1 682 496	1 357 745	1 557 807
Share capital	24 463	24 023	24 266
Other equity	1 013 369	928 695	944 589
Minority interests	23 555	16 412	24 266
Total equity	1 061 387	969 130	993 121
Provisions	35 045	17 783	35 568
Long term liabilities	103 675	63 292	105 316
Bank overdraft	33 757	0	13 271
Trade creditors	226 041	143 662	203 849
Other short term liabilities	222 592	163 879	206 682
Total short term liabilities	482 390	307 541	423 802
Total equity and liabilities	1 682 496	1 357 745	1 557 807

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Report first quarter 2001



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Financial results

Eltek achieved revenue in the first quarter of 511.4 (349.4) MNOK, which represents an increase from first quarter last year of 46 %. Operating profit before amortisations and depreciations (EBITDA) increased by 87 % from last year to 72.3 (38.6) MNOK, while profit before tax increased by 105 % to 53.0 (25.8) MNOK. Gross margin developed positively to 39.6 %, up from 38.9 % in the fourth quarter 2000. Order intake for the first quarter grew by 20% from first quarter last year to 506 (422) MNOK, bringing order backlog by the end of the quarter to 492 (302) MNOK.

Equity ratio as per the end of first quarter was 63.1 %. Liquid funds were reduced by 85 MNOK in the first quarter. Inventories increased by 103 MNOK, partly as a result of an effort to improve delivery times, and partly due to orders placed with outsourcing partners which were based on sales higher than have been realised. The inventories comprise standard products and will be reduced to the planned level over the next two quarters.

Key Figures

	1 st quarter		Whole year
	2001	2000	2000
Amounts in Mill NOK			
Sales income	511.4	349.4	1 894.0
EBITDA	72.3	38.6	252.1
%	14.1 %	11.0 %	13.3 %
EBIT	56.2	24.2	189.1
%	11.0 %	6.9 %	10.0 %
Financial items	-3.3	1.6	16.5
Profit before tax, continuing operations	53.0	25.8	205.6
Taxes	18.5	8.4	70.3
Net profit, continuing operations	34.4	17.4	135.4
Discontinued operations/Equity partic. (net after tax)	-	4.1	161.2
Net profit	34.4	21.5	296.6
Minority interests	0.7	1.7	6.6
Basic EPS (NOK)	1.38	0.65	5.36
Cash EPS (NOK)	1.84	1.04	7.14
Order intake	506.0	422.0	2 162.0

EPS figures are calculated excluding discontinued operations and equity participation compensation.

Sales and markets

The strong development in the American market continued in the first quarter with a revenue growth of 55 %. In China and Asia/Pacific revenue growth was 75 % and 100 % respectively, while Europe showed a growth rate of 22 %. These results have been achieved in a very difficult market. Eltek's market activities in responding to requests for bids from telecom companies have been at record high levels in the first quarter. However, our customers have slowed down the pace of placing orders, and there is also a growing tendency by customers to ask for delayed delivery under existing orders. Some of our major customers have reduced their capital expenditure programmes significantly, but these reductions have to a large extent been offset by orders from a number of new customers. Among our 15 largest customers 6 new accounts represent 16 % of revenue in the first quarter.

Prospects

It is well known that there has been a pronounced slowdown in activity in the US telecom market. In spite of this, Eltek enjoyed an excellent quarter, and met all management expectations. China and Asia/Pacific have not yet been significantly influenced by the general slow down in the telecom market, and in Europe the building activities of web hosting and co-location centres is still on a high level. The expected deployment of third generation mobile networks (UMTS), however, has been held up by shortage of network equipment and terminals.

The most important factor for the slow down in market growth for telecom equipment is the weakening of telecom operators' financial position caused by the high licence fees paid for UMTS licenses and subsequent fall in international stock markets. There is, however, no change in the underlying global market trends that point to a strong long-term growth in demand for telecom equipment, driven by the development in Internet and mobile telephone usage. Power conversion equipment is pervasive throughout the telecom networks and growth is expected to be higher for power than for network equipment in general.

List of largest shareholders as at 31.03.2001

CC Industries	30.6%
Eltek Holding/A.F. and W. Angelil	26.5%
Edward Weil Jr	4.0%
DnB Investor (sev. accounts)	3.5%
Gjensidige Nor Kapitalforvaltning	1.9%
Tine Pensjonskasse	1.8%
Storebrand Livsforsikring	1.7%
SND Invest	1.2%
Chris Seyer III	1.2%
Stephen Griffiths	1.1%
Statoil Kapitalforvaltning	0.9%
Vital Forsikring	0.9%
Aksjefondet Gambak	0.8%
Vesta Forsikring (sev. accounts)	0.6%
Terra Forvaltning(sev. accounts)	0.5%

Shareholders registered in VPS as at 05.04.2001

With its global distribution network, competitive products and strong customer base, Eltek is well positioned to further increase market share. In order to maintain the high growth in revenue realised over the last years, the company depends on a more positive market development than is currently seen. The board believes in a strong growth in development of telecom networks long term, but recognises uncertainty with respect to the timing of the recovery. For the coming quarters we expect the downturn in the world telecom market to affect Eltek's results, with a decided impact on the second quarter. Eltek has launched an aggressive cost reduction programme to prepare for these challenging market conditions. This programme is being implemented without a reduction in activities within the sales and product development organisations.

Drammen, 26 April 2001

The Board of Directors, Eltek ASA

