

ELTEK GROUP

Profit and Loss Account

	Whole year			4 th Quarter	
	2001	2001 ex. non-rec. items	2000	2001	2000
Revenue	1 498 690	1 498 690	1 893 987	305 477	538 274
Cost of goods sold	1 031 260	962 171	1 154 376	198 079	329 119
Other operating costs	534 230	463 613	487 545	103 079	136 076
Depreciation	23 940	23 940	19 958	6 801	6 826
Amortisation and impairment of goodwill	506 736	26 736	42 992	1 555	11 976
Total operating costs	2 096 167	1 476 460	1 704 870	309 513	483 996
Operating profit	-597 476	22 230	189 118	-4 036	54 279
Share of result in associated companies	197	197	6 587	225	3 725
Financial income and costs	-15 283	-15 283	9 920	-3 517	2 231
Net financial items	-15 086	-15 086	16 507	-3 291	5 956
Profit before tax, continuing operations	-612 562	7 144	205 625	-7 327	60 235
Taxes, continuing operations	76 042	-4 879	-70 274	4 002	-18 669
Net profit, continuing operations	-536 520	2 265	135 350	-3 325	41 565
Disc.oper./equity particip. plan, net after tax	-	-	161 245	-	-33 523
Net profit	-536 520	2 265	296 595	-3 325	8 043
Minority interests, continuing operations	3 523	4 536	6 638	685	331

Balance Sheet

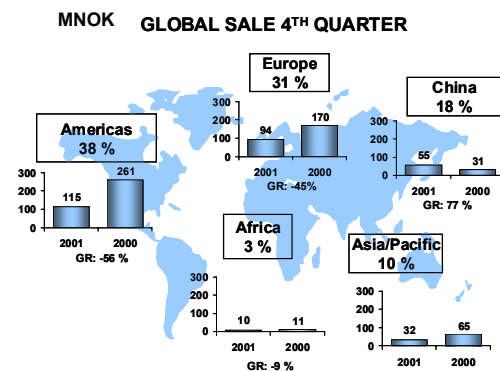
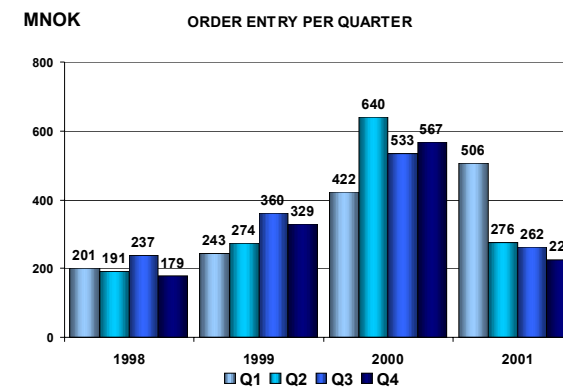
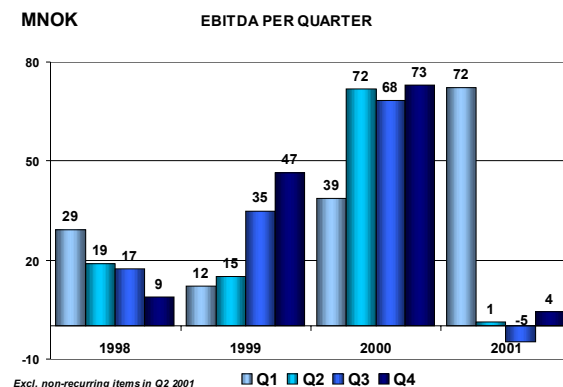
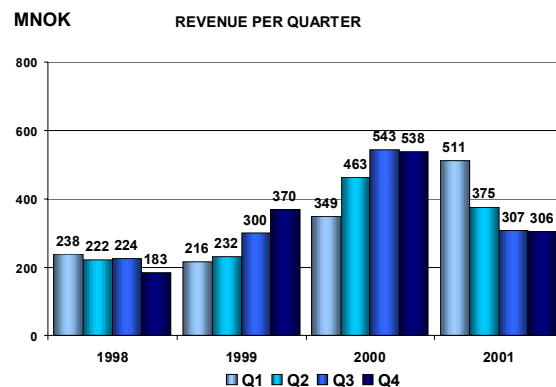
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Goodwill	61 678	541 561
Other fixed assets	218 563	97 972
Share of associated companies	15 702	27 180
Total fixed assets	295 942	666 713
Inventories	286 793	258 744
Trade receivables	309 279	476 673
Other short term receivables	37 194	27 345
Cash and cash equivalents	113 740	128 333
Total current assets	747 006	891 094
Total assets	1 042 948	1 557 807
Share capital	24 463	24 266
Other equity	422 280	944 589
Minority interests	24 059	24 266
Total equity	470 802	993 121
Provisions	36 104	35 568
Long term liabilities	208 659	105 316
Bank overdraft	51 107	13 271
Trade creditors	119 408	203 849
Other short term liabilities	156 867	206 682
Total short term liabilities	327 383	423 802
Total equity and liabilities	1 042 948	1 557 807
Equity ratio	45.1 %	63.8 %

focusing
telecom
power

Report fourth quarter 2001



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HIGHLIGHTS FOURTH QUARTER

- Revenue 305.5 MNOK
- Gross margin 35.2 %
- EBITDA 4.3 MNOK
- Cash flow 39 MNOK
- Restructuring programme ahead of plans - reduction of 57 employees
- New managers of Telecom division and American operation in place
- Development contract for military communication power

(figures for 2000 in brackets)

Results

Under continuous weak market conditions revenue in the fourth quarter declined by 43 % compared to the corresponding quarter last year to 305.5 (538.3) MNOK. Compared to the third quarter the decline was 1 %. Although price pressure continues to be severe, gross margin improved to 35.2 %, up from 32.5 % in the third quarter. Depleted inventories and improved procurement combined with an advantageous sales mix contributed to the improved margin. In addition some turnkey projects were completed with lower cost than anticipated.

EBITDA was 4.3 (73.1) MNOK, an improvement by 9.1 MNOK from the third quarter. Pretax profit for the fourth quarter was -7.3 (60.2) MNOK.

Working capital was in the fourth quarter reduced by 76 MNOK, which contributed to a cash flow of 39 MNOK for the quarter. This was achieved through reductions of 57 MNOK in inventories and 44 MNOK in accounts receivable, while

Key Figures

Continuing operations	Whole year		4 th quarter	
	2001	2000	2001	2000
Amounts in NOK mill				
Revenue	1 498.7	1 894.0	305.5	538.3
EBITDA	72.9	252.1	4.3	73.1
%	4.9 %	13.3 %	1.4 %	13.6 %
EBIT	22.2	189.1	-4.0	54.3
%	1.5 %	10.0 %	-1.3 %	10.1 %
Financial items	-15.1	16.5	-3.3	6.0
Profit before tax, before non-recurring items	7.1	205.6	-7.3	60.2
Taxes	-4.9	-70.3	4.0	-18.6
Net profit, before non-recurring items	2.3	135.4	-3.3	41.6
Goodwill write-down	-480.0			
Other non-recurring items	-139.7			
Tax on non-recurring items	80.9			
Net profit	-536.5	135.4	-3.3	41.6
Minority interests	3.5	6.6	0.7	0.3
Basic EPS (NOK) before non-recurring items	-0.09	5.36	-0.16	1.72
Basic EPS (NOK)	-22.11	5.36	-0.16	1.72
Cash EPS (NOK) before non-recurring items	1.00	7.14	-0.10	2.21
Cash EPS (NOK)	-1.36	7.14	-0.10	2.21
Order entry ¹⁾	1 270.0	2 162.0	226.0	567.0

¹⁾ Excl. cancellations/deletions in 2001

accounts payable were reduced by 24 MNOK. Following payment of corporate taxes, other short-term payables were reduced by 22 MNOK.

For the fiscal year 2001 revenue was 1,498.7 (1,894.0) MNOK, a decline of 21 % from 2000. Before non-recurring items EBITDA continuing operations was 72.9 (252.1) MNOK, pre-tax profit was 7.1 (205.6) MNOK and net profit was 2.9 (135.4) MNOK. Including non-recurring items net profit was -536.5 MNOK.

Order entry was 226 MNOK in the fourth quarter, down from 262 in the third quarter, resulting in a backlog of 141 (498) MNOK by the end of the quarter. The order entry was particularly low in December due to the holiday season. The general trend is that delivery times are becoming shorter and the book to bill ratio is increasing.

Capital

A cash flow of 39 MNOK improved Eltek's financial position in the fourth quarter. Liquid funds per 31 December was 327 MNOK including unused drawing facilities of 264 MNOK.

Equity ratio as at 31 December 2001 was 45.1 %.

Restructuring

The restructuring programme continued in the fourth quarter with the number of employees reduced by 57 to 690. The new organisational structure was implemented and the positions as heads of the Telecom division and the American operation have been filled with persons with long experience from the telecom business.

The UK operation has been relocated to one site and a contract has been signed for sale of the freehold premises. The sale will be concluded in the first quarter 2002 at a price of 11 MNOK.

Market review

Although current spending in the telecom equipment market continues to drop, the quotation activity is high. Due to the depressed market, carriers and equipment manufacturers are working to reduce equipment cost and therefore actively seeking new suppliers of power solutions. These market conditions are favourable to Eltek. The American market shows signs of improvement and a moderate growth is expected after the seasonal slow start of the year. In some European countries 3G wireless deployment has started in a moderate scale. Eltek has positioned itself with products for 3G projects. Contracts have been awarded and a number

of additional projects are under development. Deliveries are, however, still limited. The wireless market is expected to develop better than the wireline market in 2002.

Eltek's position within the military OEM-market was confirmed through a contract for development of power supplies for military communication.

Eltek's 21 % decline in revenue in 2001 was lower than the estimated total market drop. This shows that Eltek continued to increase market share in 2001.

Outlook

Based on recent market information the telecom equipment market will continue to be weak in the first half 2002. The Board expects the first quarter of 2002 to be challenging, with a slow market development and continued price pressure.

The results of the restructuring programme, a reduced operational cost base and reduced product cost, have significantly improved Eltek's ability to achieve results in a weak market. These improvements will continue in 2002 and further strengthen the Company. With a highly focused organisation the Board feels confident that Eltek will continue to improve its competitive position in 2002.

10 largest shareholders as at 31 December 2001

Salomon Smith Barney	35.6 %
Eltek Holding	16.1 %
Credit Agricole Indosuez	7.1 %
Aksjefondet Gambak	4.3 %
Nordea/Merita Bank	3.9 %
Euroclear Bank	2.9 %
Skandinaviska Enskilda Banken	2.6 %
Tine Pensjonskasse	1.8 %
Dexia Banque Internationale	1.6 %
Statoil Kapitalforvaltning	1.1 %

Shareholders registered in VPS as at 07.01.2002

Drammen, 7 February 2002
The Board of Directors, Eltek ASA