

ELTEK GROUP

Profit and Loss Account

	1st Half year			2nd Quarter		
	2002	2001 excl. non-	2001	2002	2001 excl. non-	2001
		rec. items			rec. items	
Revenue	456 261	885 993	885 993	225 772	374 585	374 585
Cost of goods sold	294 182	556 727	625 812	148 188	247 748	316 833
Other operating costs	181 770	255 847	326 465	87 990	125 733	196 350
Depreciation	12 235	10 723	10 723	5 552	5 875	5 875
Amortisation and impairment of goodwill	2 762	23 430	503 430	1 342	12 211	492 211
Total operating costs	490 949	846 727	1 466 430	243 071	391 567	1 011 270
Operating profit	-34 688	39 266	-580 437	-17 299	-16 982	-636 684
Share of result in associated companies	164	-205	-205	216	359	359
Financial income and costs	-2 557	-11 090	-11 090	1 051	-8 356	-8 356
Net financial items	-2 394	-11 295	-11 295	1 267	-7 997	-7 998
Profit before tax, continuing operations	-37 082	27 971	-591 732	-16 032	-24 979	-644 682
Taxes, continuing operations	-5 045	9 509	-71 412	-1 740	-9 024	-89 945
Net profit, continuing operations	-32 037	18 462	-520 320	-14 292	-15 955	-554 737
Minority interests, continuing operations	748	3 289	2 276	2 235	2 618	1 604

Balance Sheet

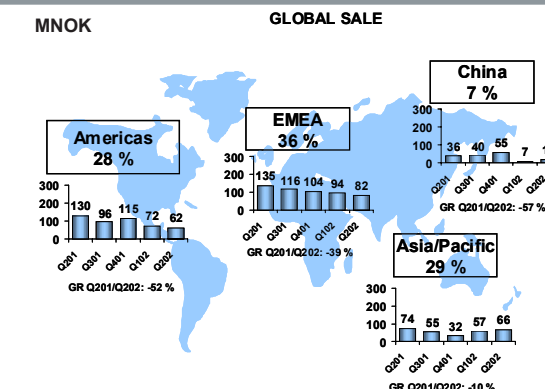
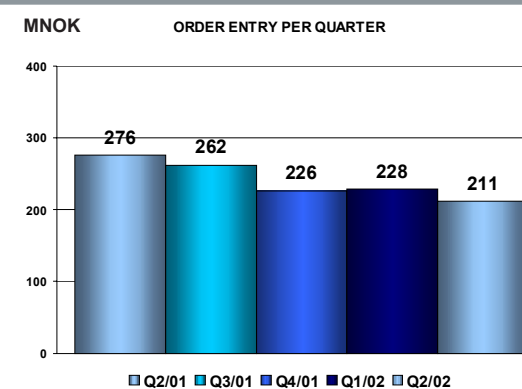
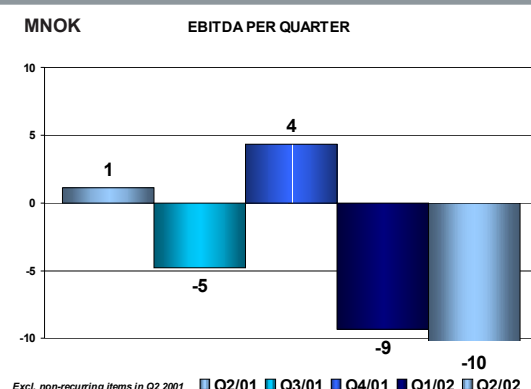
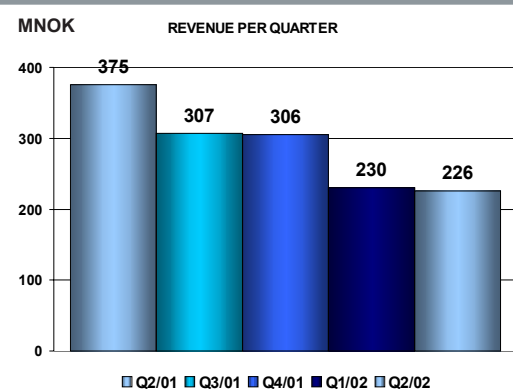
	30.06.2002	30.06.2001	31.12.2001
Goodwill	51 014	83 118	61 678
Other fixed assets	189 043	192 428	218 563
Share of associated companies	15 406	16 159	15 702
Total fixed assets	255 464	291 706	295 942
Inventories	210 130	401 887	286 793
Trade receivables	247 444	421 422	309 279
Other short term receivables	38 458	34 046	37 194
Cash and cash equivalents	127 821	83 014	113 740
Total current assets	623 852	940 369	747 006
Total assets	879 316	1 232 074	1 042 948
Share capital	24 463	24 463	24 463
Other equity	317 941	470 060	422 280
Minority interests	20 558	23 660	24 059
Total equity	362 963	518 183	470 802
Provisions	34 427	32 319	36 104
Long term liabilities	193 999	208 057	208 659
Bank overdraft	50 615	46 121	51 107
Trade creditors	107 037	223 834	119 408
Other short term liabilities	130 275	203 559	156 867
Total short term liabilities	287 928	473 515	327 383
Total equity and liabilities	879 316	1 232 074	1 042 948
Equity ratio	41.3 %	42.1 %	45.1 %

Report second quarter 2002



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Highlights

- Modest growth from Q1 in currency adjusted revenue and order entry
- Positive cash flow, 31 MNOK
- New contracts in USA, Sweden and Thailand
- First major contract for *Flatpack*

(figures for 2001 in brackets)

Financial

Eltek achieved revenue of 225.8 (374.6) MNOK in the second quarter, a decline of 40 % compared to the second quarter last year. Gross margin declined from 36.7 % in the first quarter to 34.4 %, while operating costs declined by 6 MNOK to 88 MNOK. Financial items were 1.3 (-8.0) MNOK including gain on currency exchange rate of 4.0 MNOK. EBITDA was -10.4 MNOK, EBIT was -17.3 MNOK and profit before tax was -14.3 MNOK. The comparable figures, before non-recurring items, for last year were 1.1 MNOK, -17.0 MNOK and -25.0 MNOK, respectively. Order entry was 211 (276) MNOK.

The accounts for the second quarter were significantly influenced by an appreciation of the Norwegian currency.

Adjusted for the currency effect, revenue and order entry increased from the first quarter 2002 by 4 %. Due to Eltek's structure with the majority of revenue and costs in foreign currencies, profitability is not significantly influenced by the currency effect.

Working capital reduction continued and resulted in a positive cashflow of 31 MNOK. The company has created a positive cash flow over the last 12 months, despite the operative losses made .

For the first half revenue was 456.3 (886.0) MNOK. Profit before tax was -37.1 MNOK, compared to last year, 28.0 MNOK, before non-recurring items.

Outlook

Market conditions will continue to be difficult, and there are no indications that it will improve this year. However, there are still carriers and emerging markets with high activity level, creating market opportunities for Eltek.

Major shareholders as at 30 June 2002

Salomon Smith Barney	33.4 %
Eltek Holding	17.2 %
Credit Agricole Indosuez	7.3 %
Aksjefondet Gambak	5.3 %
Euroclear Bank	4.3 %
Nordea/Merita Bank	3.9 %
Skandinaviska Enskilda Banken	2.4 %
Tine Pensjonskasse	1.8 %
SEB Merchant Banking	1.7 %
Kåre Allum	0.7 %

Shareholders registered in VPS as at 04.07.2002

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

Review of the market and Eltek's position

Market conditions continued to be difficult in the second quarter. Americas and Europe, historically the most important markets for Eltek, have been the markets with the weakest development. However, a new contract has been achieved in USA for a nationwide GSM project, and in Sweden we have won our second 3G contract, strengthening our position as a leading player in Scandinavia.

Asia/Pacific continues its strong performance, and newly won contracts will secure a continued good development in the region. China continues to be difficult, but completion of the restructuring of the telecom sector will establish a basis for new growth.

Activity with the OEM-companies is high, but due to restructuring processes in these companies this process is time-consuming. Our efforts to achieve inroads with the OEM's continues to show promise.

Eltek's new product, *Flatpack*, has been well received in the market, and it will contribute to secure new business in the second half.

Key Figures

Continuing operations

Amounts in NOK mill	1 st half year		2 nd quarter	
	2002	2001	2002	2001
Revenue	456.3	886.0	225.8	374.6
EBITDA	-19.7	73.4	-10.4	1.1
%	-4.3 %	8.3 %	-4.6 %	0.3 %
EBIT	-34.7	39.3	-17.3	-17.0
%	-7.6 %	4.4 %	-7.7 %	-4.5 %
Financial items	-2.4	-11.3	1.3	-8.0
Profit before tax, before non-recurring items	-37.1	28.0	-16.0	-25.0
Taxes	-5.0	9.5	-1.7	-9.0
Net profit, before non-recurring items	-32.0	18.5	-14.3	-16.0
Goodwill write-down		-480.0		-480.0
Other non-recurring items		-139.7		-139.7
Tax on non-recurring items		80.9		80.9
Net profit	-32.0	-520.3	-14.3	-554.7
Minority interests	0.7	2.3	2.2	1.6
Basic EPS (NOK) before non-recurring items	-1.34	0.62	-0.68	-0.76
Basic EPS (NOK)	-1.34	-21.40	-0.68	-22.78
Cash EPS (NOK) before non-recurring items	-1.23	1.58	-0.62	-0.26
Cash EPS (NOK)	-1.23	-0.78	-0.62	-2.63
Order entry ¹⁾	439.4	782.0	211.4	276.0

¹⁾ Excl. cancellations/deletions in 2001