

**Profit and Loss Account**

	Q1 2003	Q1 2002	2002
<b>Revenue</b>	<b>180 736</b>	<b>230 489</b>	<b>888 441</b>
Cost of goods sold	117 781	145 995	577 626
Other operating costs	72 247	93 780	343 837
Depreciation	4 935	6 683	25 823
Amortization	1 058	1 420	5 176
<b>Total operating costs</b>	<b>196 022</b>	<b>247 878</b>	<b>952 462</b>
<b>Operating profit</b>	<b>-15 286</b>	<b>-17 389</b>	<b>-64 021</b>
Net financial items	-3 573	-3 661	-12 096
<b>Profit before tax</b>	<b>-18 859</b>	<b>-21 050</b>	<b>-76 117</b>
Taxes	737	-3 305	-4 862
<b>Net profit</b>	<b>-19 596</b>	<b>-17 745</b>	<b>-71 255</b>

Minority interests	-953	-1 487	1 156
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**Balance sheet**

	31.03.2003	31.03.2002	31.12.2002
Intangible fixed assets	126 926	156 552	123 909
Tangible fixed assets	74 243	117 317	77 076
Financial assets	23 827	23 151	22 341
<b>Total fixed assets</b>	<b>224 996</b>	<b>297 020</b>	<b>223 326</b>
Inventories	169 807	261 478	160 684
Trade receivables	221 007	310 675	221 107
Other short term receivables	26 156	39 278	33 347
Cash and cash equivalents	120 030	115 780	133 994
<b>Total current assets</b>	<b>537 000</b>	<b>727 211</b>	<b>549 133</b>
<b>Total assets</b>	<b>761 997</b>	<b>1 024 231</b>	<b>772 459</b>

Share capital	24 463	24 463	24 463
Other equity	255 362	393 652	262 148
Minority interests	18 771	22 023	19 228
<b>Total equity</b>	<b>298 596</b>	<b>440 138</b>	<b>305 839</b>

<b>Provisions</b>	<b>11 202</b>	<b>28 992</b>	<b>10 793</b>
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<b>Other long term liabilities</b>	<b>191 246</b>	<b>207 653</b>	<b>188 345</b>
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Bank overdraft	44 062	69 883	43 269
Trade creditors	115 811	113 866	102 100
Other short term liabilities	101 078	163 700	122 114
<b>Total short term liabilities</b>	<b>260 952</b>	<b>347 448</b>	<b>267 483</b>

<b>Total equity and liabilities</b>	<b>761 997</b>	<b>1 024 231</b>	<b>772 459</b>
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**Cash flow analysis**

	Q1 2003	Q1 2002	2002
Net cash flow from operations	-14 184	-8 234	33 017
Net cash flow from investments	-29	-9 404	-85
Net cash flow from financing	-545	902	-4 840
<b>Net change in liquid funds</b>	<b>-14 758</b>	<b>-16 736</b>	<b>28 092</b>
Liquid funds as at 01.01	90 725	62 633	62 633
Liquid funds, end of period	75 968	45 897	90 725

**Equity**

	31.03.2003	31.03.2002	31.12.2002
Equity as at 01.01.	305 839	470 802	470 802
Net profit	-19 596	-17 745	-71 255
Dividend			-784
Foreign currency translation	12 354	-12 919	-92 924
<b>Equity, end of period</b>	<b>298 596</b>	<b>440 138</b>	<b>305 839</b>


**report first quarter 2003**


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## Highlights

- Revenue **181 MNOK**
- Order Entry **230 MNOK**
- EBITDA **- 9.3 MNOK**
- New OEM agreement
- New contracts in Mexico and Egypt
- New contract within the defence industry

(figures for 2002 in brackets)

## Financial

Eltek achieved revenue of 180.7 (230.5) MNOK in the first quarter, a decline of 22 % compared to the first quarter last year. EBITDA was -9.3 (-9.3) MNOK, while EBIT was -15.3 (-17.4) MNOK and profit before tax was -18.9 (-21.1) MNOK.

Gross margin in the first quarter was 34.8 %, up 1.2 % from the previous quarter. Operating costs were further reduced to 72 MNOK, down 7 MNOK from the previous quarter.

Order entry was 230 (228) MNOK and order backlog at the end of the quarter was 181 (140) MNOK.

## Key Figures

Amounts in NOK mill	1 <sup>st</sup> quarter		Whole year
	2003	2002	2002
Revenue	180.7	230.5	888.4
EBITDA	-9.3	-9.3	-33.0
%	-5.1%	-4.0%	-3.7%
EBIT	-15.3	-17.4	-64.0
%	-8.5%	-7.5%	-7.2%
Financial items	-3.6	-3.7	-12.1
Profit before tax	-18.9	-21.1	-76.1
Taxes	0.7	-3.3	4.8
Net profit	-19.6	-17.7	-71.3
Minority interests	-1.0	-1.5	1.2
Basic EPS (NOK)	-0.76	-0.66	-2.96
Basic EPS, diluted (NOK)	-0.76	-0.66	-2.96
Cash EPS (NOK)	-0.72	-0.61	-2.75
Order entry	230.3	228.0	879.4

Cash flow in the first quarter was -15 MNOK. Due to high revenue in Asia in the fourth quarter last year, with credit terms exceeding 90 days, working capital increased by 9 MNOK. Net interest bearing debt at the end of the quarter was 115 MNOK.

## Review of the market and Eltek's position

The telecom power market continues to be challenging. Low order backlog at the beginning of the quarter, along with reduced market activity combined to produce a disappointing revenue level. However, sales activity was encouraging and order entry improved by 25 MNOK compared to that of the previous quarter.

The Flatpack power system provides an advantage on most of our competition and Eltek continued to win contracts with new customers in this weak market. A long-sought breakthrough was made in Mexico as well as in Egypt with new contracts secured from the main carriers in both of these countries.

Efforts in the OEM business continue to pay off and a third frame agreement with a major telecom equipment supplier was secured. Another important accomplishment in this quarter was a new development and supply agreement in the military communications market.

## Outlook

The telecom power market decline is expected to continue in 2003. Eltek continues to streamline its organization to better cope with this challenging situation. We believe in long term market opportunities and therefore maintain our focus on product development in order to be prepared for future growth.

New contracts and the number of prospects are expected to further strengthen Eltek's customer base

in the coming quarters. Order entry in the first quarter represents new opportunities, but meaningful growth will require a significant market improvement.

## Largest shareholders as at 31 March 2003

Salomon Smith Barney	33.3 %
Eltek Holding	17.2 %
Aksjefondet Gambak	6.0 %
Credit Agricole Indosuez	5.6 %
Euroclear Bank	4.4 %
Nordea Bank Finland	3.9 %
Skandinaviska Enskilda Banken	2.4 %
Tine Pensjonskasse	1.9 %
Delphi Norge	1.5 %
Svenska Handelsbanken Copenhagen	1.2 %

Shareholders registered in VPS as at 04.04.2003

Drammen, 23 February 2003  
The Board of Directors, Eltek ASA

