

Profit and loss account	YTD 2003	YTD 2002	Q2 2003	Q2 2002	2002
Revenue	409 067	456 261	228 331	225 772	888 441
Cost of goods sold	268 545	294 182	150 764	148 188	577 626
Other operating costs	146 343	181 770	74 096	87 990	343 837
Depreciation	9 806	12 235	4 871	5 552	25 823
Amortization	2 100	2 762	1 042	1 342	5 176
Total operating costs	426 795	490 949	230 772	243 071	952 462
Operating profit	-17 728	-34 688	-2 442	-17 299	-64 021
Net financial items	-9 848	-2 394	-6 275	1 267	-12 096
Profit before tax	-27 576	-37 082	-8 717	-16 032	-76 117
Taxes	2 315	-5 045	1 578	-1 740	-4 862
Net profit	-29 891	-32 037	-10 295	-14 292	-71 255
Minority interests	1 601	748	2 553	2 235	1 156

Balance sheet	30.06.2003	30.06.2002	31.12.2002	
Intangible fixed assets	126 811	141 091	123 909	
Tangible fixed assets	69 924	91 593	77 076	
Financial assets	24 469	22 780	22 341	
Total fixed assets	221 204	255 464	223 326	
Inventories	169 124	210 130	160 684	
Trade receivables	249 120	247 444	221 107	
Other short term receivables	34 917	38 458	33 347	
Cash and cash equivalents	169 571	127 821	133 994	
Total current assets	622 733	623 852	549 133	
Total assets	843 937	879 316	772 459	
Share capital	26 903	24 463	24 463	
Other equity	311 356	317 941	262 148	
Minority interests	22 289	20 558	19 228	
Total equity	360 548	362 963	305 839	
Provisions	10 275	28 202	10 793	
Other long term liabilities	194 375	193 999	188 345	
Bank overdraft	38 476	50 615	43 269	
Trade creditors	145 341	107 037	102 100	
Other short term liabilities	94 922	136 500	122 114	
Total short term liabilities	278 739	294 153	267 483	
Total equity and liabilities	843 937	879 316	772 459	

Cash flow analysis	YTD 2003	YTD 2002	Q2 2003	Q2 2002	2002
Net cash flow from operations	-26 178	15 095	-11 994	23 329	33 017
Net cash flow from investments	-997	1 937	-968	11 341	-85
Net cash flow from financing	67 545	-2 460	68 089	-3 362	-4 840
Net change in liquid funds	40 370	14 572	55 127	31 308	28 092
Liquid funds, beginning of period	90 725	62 633	75 968	45 897	62 633
Liquid funds, end of period	131 095	77 205	131 095	77 205	90 725

Equity	30.06.2003	30.06.2002	31.12.2002	
Equity as at 01.01.	305 839	470 802	470 802	
Net profit	-29 891	-32 037	-71 255	
Issue of shares	68 587			
Dividend			-784	
Foreign currency translation	16 013	-75 802	-92 924	
Equity, end of period	360 548	362 963	305 839	

 report second quarter 2003



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Highlights

- **Capital increase, net proceeds** 69 MNOK
- **Revenue** 228 MNOK
- **Order Entry** 240 MNOK
- **EBITDA** 4 MNOK
- **Increased order entry OEM**

(figures for 2002 in brackets)

Financial

Eltek achieved revenue of 228.3 (225.8) MNOK in the second quarter, an increase of 1 % compared to the second quarter last year. EBITDA was 3.5 (-10.4) MNOK while EBIT was -2.4 (-17.3) MNOK and profit before tax was - 8.7 (-16.0) MNOK.

Gross margin in the second quarter was 34 %, down 0.8 % from the previous quarter. Operating

costs increased slightly from the previous quarter to 74 MNOK.

Order entry was 240 (211) MNOK and order backlog at the end of the quarter was 193 (124) MNOK.

Working capital increased in the second quarter by 13 MNOK, due to increased revenue and delayed payments from an Asian customer. Cash flow was -14 MNOK, excluding the capital increase.

Capital

In June, Eltek executed a directed offering of 2 440 000 shares towards Norwegian and international investors. The share issue was oversubscribed. The subscription price was NOK 29 and the share issue gave net proceeds of 69 MNOK. The company's share capital after the

share issue consist of 26 903 387 shares at NOK 1 par value.

The capital increase was executed in order to strengthen Eltek's financial position and thereby satisfy requirements of existing and future OEM customers and to improve the company's ability to pursue attractive acquisition opportunities.

The long term debt has been renegotiated and restructured with repayment over the years 2003 – 2008. Repayment will commence with 10 MNOK in 2003 and increase to an annual amount of 50 MNOK in 2007.

As per 30 June 2003 equity capital was 360.5 MNOK, corresponding to an equity ratio of 42.7 %. Net interest bearing debt was 63 MNOK.

Sales

In a telecom equipment market that is contracting, Eltek kept pace with revenue of last year's second quarter and significantly increased revenue over this year's first quarter. All of our regions participated in this improvement. Order entry was 14 % higher than last year and 4 % above the previous quarter.

Continued high activity towards the OEM-companies resulted in significant increase in order entry in the second quarter and Eltek has built a solid foundation to maximize on future opportunities in the OEM segment.

Eltek further strengthened its customer base through agreement with operators in Italy and Greece.

Outlook

Eltek does not expect any general short term market upturn. However signals from some of our

largest customers, indicate increased activity in the second half. R&D activities are increasing based on customer specific projects and sales activities are maintained on a high level. The Board believes that the company is well positioned to improve its ability to exploit market opportunities in the time ahead.

Largest shareholders as at 30 June 2003

Citigroup Global Markets	30.0 %
Eltek Holding	15.8 %
Aksjefondet Gambak	5.4 %
Credit Agricole Indosuez	4.0 %
Euroclear Bank	3.9 %
Nordea Bank Finland	3.6 %
Svenska Handelsbanken Copenhagen	2.4 %
Skandinaviska Enskilda Banken	2.2 %
Tine Pensjonskasse	1.9 %
Delphi Norge	1.9 %
JPMorgan Chase Bank	1.9 %
SEB Merchant Banking	1.1 %

Shareholders registered in VPS as at 04.07.2003

The quarterly report is based on the same accounting principles as the latest published annual accounts and is in accordance with the Norwegian Accounting Standard for interim financial reporting.

Drammen, 10 July 2003

The Board of Directors, Eltek ASA

This is the last quarterly report distributed by mail to all shareholders. The report will continue to be available on Eltek's web site: «www.eltek.no or www.eltekenery.com». Shareholders or other investors who want the report mailed, can order it from the company by calling +47 32203200 or by e-mail to eltek@eltekenery.com.

Key Figures

Amounts in NOK mill	1 st half year		2 nd quarter	
	2003	2002	2003	2002
Revenue	409.1	456.3	228.3	225.8
EBITDA	-5.8	-19.7	3.5	-10.4
%	-1.4 %	-4.3 %	1.5 %	-4.6 %
EBIT	-17.7	-34.7	-2.4	-17.3
%	-4.3 %	-7.6 %	-1.1 %	-7.7 %
Financial items	-9.8	-2.4	-6.3	1.3
Profit before tax	-27.6	-37.1	-8.7	-16.0
Taxes	2.3	-5.0	1.6	-1.7
Net profit	-29.9	-32.0	-10.3	-14.3
Minority interests	1.6	0.7	2.6	2.2
Basic EPS (NOK)	-1.28	-1.34	-0.52	-0.68
Basic EPS (NOK), diluted	-1.28	-1.34	-0.52	-0.68
Cash EPS (NOK)	-1.19	-1.23	-0.47	-0.62
Order entry	470.4	439.4	240.1	211.4

