

**Un-audited accounts 2005**

Income statement	4Q 2005	4Q 2004	YTD 2005	YTD 2004
<b>Revenue</b>	<b>596,781</b>	<b>500,511</b>	<b>2,085,730</b>	<b>1,633,858</b>
Cost of sales	-425,572	-351,208	-1,491,120	-1,172,849
Selling and marketing cost	-44,881	-34,079	-155,472	-127,422
Administrative cost	-45,971	-31,438	-143,860	-118,786
R&D and engineering cost	-17,123	-12,457	-67,187	-51,608
Other operating items	-418	93	-709	634
<b>Total operating costs</b>	<b>-533,965</b>	<b>-429,090</b>	<b>-1,858,349</b>	<b>-1,470,031</b>
<b>Operating profit</b>	<b>62,816</b>	<b>71,420</b>	<b>227,382</b>	<b>163,827</b>
Net financial items	802	222	-2,226	-8,643
<b>Profit before tax</b>	<b>63,618</b>	<b>71,642</b>	<b>225,155</b>	<b>155,184</b>
Income tax expense	-10,150	-11,919	-53,277	-34,237
<b>Net profit</b>	<b>53,468</b>	<b>59,723</b>	<b>171,878</b>	<b>120,946</b>

**Attributable to:**

Equity holders	47,423	55,026	151,191	108,601
Minority interests	6,045	4,697	20,688	12,345

Basic EPS (NOK)	1.47	1.76	4.74	3.74
Diluted EPS (NOK)	1.45	1.73	4.68	3.64

**Balance sheet**

	12/31/2005	12/31/2004
Intangible assets	243,271	194,807
Tangible assets	82,100	61,051
Financial assets	3,706	1,883
<b>Total non-current assets</b>	<b>329,077</b>	<b>257,742</b>
Inventories	368,646	238,290
Trade receivables	538,230	495,531
Other receivables	66,148	34,006
Cash and cash equivalents	466,573	381,031
<b>Total current assets</b>	<b>1,439,597</b>	<b>1,148,858</b>
<b>Total assets</b>	<b>1,768,674</b>	<b>1,406,599</b>
Share capital	32,261	31,295
Other equity	839,673	612,974
Minority interests	44,023	28,312
<b>Total equity</b>	<b>915,957</b>	<b>672,581</b>
<b>Provisions</b>	<b>33,502</b>	<b>31,139</b>
<b>Other non-current liabilities</b>	<b>227,663</b>	<b>242,550</b>
Current bank debt	52,784	29,823
Trade creditors	346,692	267,387
Other current liabilities	192,077	163,119
<b>Total current liabilities</b>	<b>591,553</b>	<b>460,329</b>
<b>Total equity and liabilities</b>	<b>1,768,674</b>	<b>1,406,599</b>

**Cash flow analysis**

	4Q 2005	4Q 2004	YTD 2005	YTD 2004
Net cash flow from operations	135,981	64,809	163,417	8,515
Net cash flow from investments	-34,705	-6,199	-96,279	-41,023
Net cash flow from financing	1,235	55,311	18,403	256,795
<b>Net change in liquid funds</b>	<b>102,511</b>	<b>113,921</b>	<b>85,541</b>	<b>224,287</b>
Cash and cash equivalents, beginning of period	364,061	267,110	381,031	156,744
Cash and cash equivalents, end of period	466,572	381,031	466,572	381,031

**Equity**

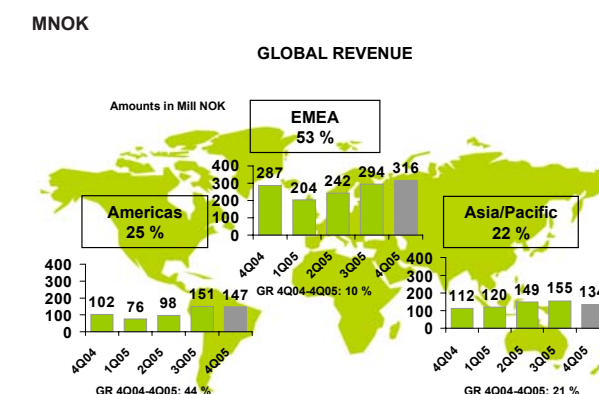
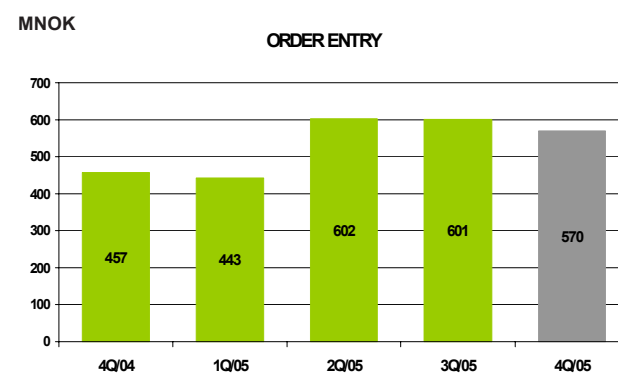
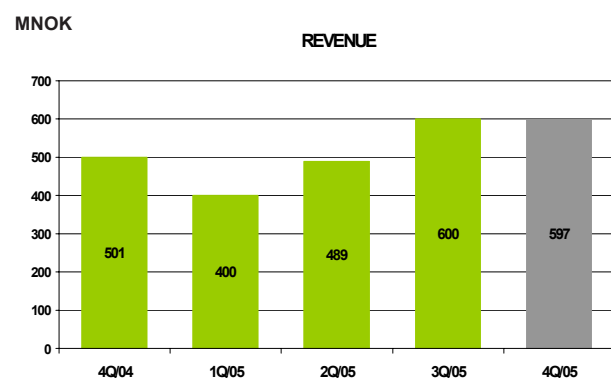
	4Q 2005	4Q 2004	12/31/2005	12/31/2004
Equity as at 31.12.	841,370	644,714	672,581	370,789
Adoption of IAS 32 and IAS 39			1,362	
Equity as at 01.01.	841,370	644,714	673,943	370,789
Net profit	53,468	59,726	171,878	120,949
Issue of shares	6,943	1,286	29,770	203,954
Dividend	-3,848	-181	-8,777	-3,296
Cost of stock options	3,487	2,292	10,552	9,141
Other incl. foreign currency translation	14,537	-35,256	38,591	-28,956
<b>Equity, end of period</b>	<b>915,957</b>	<b>672,581</b>	<b>915,957</b>	<b>672,581</b>

2005 | report fourth quarter

# STANDING OUT



POWERFUL TECHNOLOGY



## Highlights

- Order entry MNOK 570, 25 % growth
- Revenue MNOK 597, 19 % growth
- Full year revenue MNOK 2,086, 28 % growth
- New contract in Australia MNOK 125
- New JV in Spain

(figures for 2004 in brackets)

## Financials (un-audited results 2005)

In the fourth quarter Eltek achieved revenue of MNOK 596.8 (500.5), an increase of 19 % compared to the fourth quarter last year. EBIT was MNOK 62.8 (71.4) and profit before tax was MNOK 225.2 (155.2) and net profit was MNOK 171.9 (120.9). Earnings per share were NOK 4.74 (3.74).

Full year revenue increased by 28 % to MNOK 2,085.7 (1,633.9). EBIT was MNOK 227.4 (163.8), profit before tax was MNOK 225.2 (155.2) and net profit was MNOK 171.9 (120.9). Earnings per share were NOK 4.74 (3.74).

Working capital was reduced by MNOK 41.9 in the fourth quarter and cash flow from operations was MNOK 136. Capital expenditure was MNOK 34.7 (24.8), whereof capitalized R&D amounted to MNOK 16.8 (13.0). Depreciation and amortization was MNOK 9.9 (6.3).

Equity on 31 December 2005 was MNOK 916.0 (672.6), representing an equity ratio of 51.8 %. After deduction of interest bearing debt, net cash was MNOK 186.1 (108.7).

## Sales

The strong development experienced earlier in the year, continued in the fourth quarter with 19 % revenue growth from last year and 25 % growth in order entry to MNOK 570 (457). Full year order entry increased by 30 % to MNOK 2,216 (1,707). Order backlog at the end of the year was MNOK 388 (258), whereof MNOK 279 was for delivery in the first quarter 2006.

Eltek continued to win new contracts and expand its geographic coverage in the fourth quarter. The most important contract was awarded by a major Europe-based telecom equipment provider for supply of power systems to a national 3G network in Australia. With an estimated value of MNOK 125 it gives a head start into 2006. Business in the Asia/Pacific region was further strengthened when Eltek early in 2006 was selected as a supplier to China Mobile, positioning the company for taking part in the expected deployment of 3G networks in China. Revenue growth in the region was 21 %, compared to the fourth quarter last year.

In the EMEA region, the seasonal slowdown in December was more evident than last year and revenue growth was 10 %. Through a joint venture agreement with Insyte Instalaciones, Eltek entered into the Spanish market. The company's position in the region was further strengthened in 2005 both through an expanded customer base and geographic expansion.

Business in Americas continued to improve with a growth rate of 44 %. Eltek further strengthened its position with existing customers, some of whom have participated in major consolidation that have taken place in the US market. The company also began to reap the benefits of its presence in South America. Early in 2006 Eltek was awarded a strategic contract for development of wireless networks in Central America.

Sales to the global telecom equipment providers has developed positively throughout the year and increased its relative share of Eltek's total business from 15 % in 2004 to 20 % in 2005.

## Litigation

One of Eltek's major competitors, Emerson Electric Company, brought a lawsuit in the US to prevent Eltek from employing four former Emerson employees. They claimed that the four employees had and would inevitably disclose Emerson's trade secrets as a result of their employment by Eltek. In a court order issued in December, the court found that there was no likelihood of disclosure by the employees and denied the request for the entry of a preliminary injunction. Legal fees of MNOK 5 have been incurred in connection with the lawsuit. The case is still pending and Eltek believes that it will continue to prevail.

## Outlook

Eltek performed well in 2005 and increased its share of the global market for telecom energy systems, but still has a modest share of the total market, which is fragmented with a large number of smaller regional and/or local companies. There is, however, a trend toward global market leaders becoming preferred suppliers for operators and equipment providers, based on their capacity and the quality of their deliveries. Eltek is one of a few companies with global capabilities, a strong product portfolio, world-wide network and a broad customer base consisting of both operators and equipment manufacturers. It seems fair to assume that a positive market will prevail in 2006. On this basis, and considering the achievements in 2005 and the commitment of all employees to Eltek's focused strategy, the Board believes that Eltek is well positioned to execute on existing and new opportunities.

## Changed composition of the Board

In January 2006 Alain F. Angelil submitted his resignation as a member of the Board of Eltek ASA.

## Largest shareholders as at 31 December 2005

Citigroup Global Markets	22.9 %
Cleo Capital AS	8.5 %
UBS (Luxembourg) S.A.	6.9 %
Folketrygdforbundet	5.3 %
Orkla ASA	3.1 %
JPMorgan Chase Bank	2.5 %
National Financial Services	2.1 %
Storebrand Livsforsikring	2.1 %
Vital Forsikring ASA	2.0 %
MP Pensjon	1.7 %
Commerzbank AG	1.4 %
Enskilda Securities	1.4 %
DnB NOR VPF	1.3 %
Gambak VPF	1.1 %
PNC Bkrock Fds Intl	1.0 %
MLPF&S Norwegian Custody Account	1.0 %

Shareholders registered in VPS as at 05.01.2006

Drammen, 7 February 2006  
The Board of Directors, Eltek ASA