REPORT 2nd QUARTER AND FIRST HALF 2008

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Highlights

- Solid growth in revenue and order entry despite negative currency effects
- Organic growth well above market growth for Eltek Valere and Nera Networks
- Nera Networks continues to develop positively
- Gross margin affected by a warranty provision in Eltek Valere
- Negative cash flow due to increased working capital
- Recently launched products expected to support growth in the second half of the year

(NOK million, unaudited)	2Q '08	2Q '07	1H 2008	1H 2007	2007
Order entry	**1 448**	1 127	**2 924**	2 296	5 238
Revenue	**1 413**	1 124	**2 679**	2 112	4 821
Gross Profit	**335**	266	**638**	491	1 132
EBITDA	**100**	74	**182**	109	215
Depreciation & amortization	**-48**	-39	**-91**	-73	-170
EBIT	**52**	35	**91**	36	45
Pre-tax profit	**51**	24	**117**	14	49
Net profit after tax	**36**	-1	**80**	-21	-30
Gross margin (%)	***23.7 %***	*23.7 %*	***23.8 %***	*23.2 %*	*23.5 %*
Non-recurring operational items	***-15***	*-*	***-19***	*-5*	*-106*
EBITDA before non-recurring items	***115***	*74*	***201***	*114*	*321*
EBIT before non-recurring items	***67***	*35*	***110***	*41*	*151*

Note: EBIT includes amortization of PPA related with M&A of NOK 9 million in 2Q'08 (13), NOK 9 million in 1Q'08, and NOK 36 million in 2007.

Key Financials

The figures below describe developments in the second quarter 2008 and the second quarter 2007 (in brackets), and in the first half year 2008 and the first half year 2007 (in brackets). Note that the acquisition of Valere Power Inc. by Eltek Energy AS was finalized and consolidated with effect from 1 June, 2007.

The Eltek Group reported revenue of NOK 1,413 million in the second quarter 2008, which was an increase of 26 percent from the second quarter 2007 and an increase of 12 percent from the previous quarter.

Adjusted for currency developments, revenue increased 38 percent from the second quarter 2007. Part of the increase is explained by the acquisition of Valere Power. However, organic growth was 27 percent on a currency adjusted basis.

For the first half year 2008, revenue increased by 27 percent to NOK 2,679 (2,112). Adjusted for currency developments, revenue growth was 39 percent in the first half 2008, whereas currency adjusted organic growth was 20 percent in the first half of the year.

Gross profit was NOK 335 million (266) in the second quarter. This was an increase of 11 percent from NOK 303 million in the previous quarter, despite that cost of goods sold was negatively affected by a warranty provision of NOK 18 million in Eltek Valere.

The reported gross margin was thus 23.7 percent in the second quarter, unchanged from the second quarter last year and a slight decline from 23.9 percent in the previous quarter. Adjusted for the above mentioned provision, the gross margin was 25.0 percent in the second quarter.

For the first half year, gross profit was NOK 638 million (491) and gross margin 23.8 percent (23.2). Adjusted for the provision the gross margin was 24.5 percent in the first half 2008.

The Income Statement was also charged with NOK 15 million in non-recurring costs in the second quarter, comprising severance pay, legal fees and other costs related to the changes in Group management.

Including these non-recurring items, reported EBITDA was NOK 100 million (74), which compares to NOK 83 million in the first quarter 2008.

For the first half-year 2008, reported EBITDA was NOK 182 million (109), including non-recurring items of NOK -19 million (-5).

Reported EBIT was NOK 52 million in the second quarter (35), an increase from NOK 39 million the previous quarter. EBIT in the first half amounted to NOK 91 million (36).

Net financial items were NOK -1 million in the second quarter (-11), including a positive currency effect of NOK 23 million. In the previous quarter net financial items amounted to NOK 27 million, including a positive currency effect of NOK 24 million and a NOK 18 million gain related to refinancing and early redemption of a bond loan.

For the first half of 2008, net financial items thus amounted to NOK 26 million (-23).

Reported profit before tax was NOK 51 million in the second quarter (23). This was a decline from NOK 66 million in the first quarter 2008, which is explained by lower net financial items. For the first half year, the profit before tax increased sharply to NOK 117 million (14).

Net cash flow from operations was NOK -144 million in the second quarter, due to higher net working capital.

Net cash flow was better in the first quarter of the year, and for the first half 2008 net cash flow from operations was NOK -13 million. This compares with a net cash flow from operations of NOK -57 million in the first half 2007.

Segment information

The Eltek Group reports on three business areas; **Eltek Valere, Nera Networks and NeraTel**, as well as on the reporting area Corporate, which comprises the administrative functions on Group level.

Eltek Valere comprises the operational activities informer Eltek Energy and Valere Power Inc., and is consolidated on a 100 percent basis. In ownership terms, Eltek ASA owns 90.9 of Eltek Valere AS, which in turn owns 90.1 percent of Eltek Valere Holding Inc. The latter comprises the combined operations of Valere Power Inc. and Eltek Energy LLC. The remainder of Eltek Valere AS and Eltek Energy Holding Inc is owned by the former shareholders of Valere Power Inc.

Nera Networks is a pure transmission business, whereas Nera Telecommunications (NeraTel) comprises transmission activities as well as infocomm/ network activities and a satellite communications operation. Both areas are consolidated on a 100 percent basis. However, NeraTel is 50.1 percent owned by Eltek ASA and separately listed on the Singapore Exchange.

Eltek Valere

NOKm	2Q 2008	2Q 2007	1H 2008	1H 2007	2007
Order entry	**873**	739	**1 797**	1 390	3 096
Revenue	**894**	727	**1 652**	1 324	3 065
Gross profit	**209**	181	**401**	327	770
EBITDA	**79**	70	**140**	116	259
Depreciation and amortization	**-29**	-20	**-54**	-36	-99
EBIT	**50**	50	**85**	80	160
Gross margin (%)	***23.4 %***	*25.0 %*	***24.3 %***	*24.7 %*	*25.1 %*
Non-recurring items	***-***	*-*	***-4***	*-5*	*-40*
EBITDA before non-recurring items	***79***	*70*	***143***	*121*	*299*
EBIT before non-recurring items	***50***	*50*	***89***	*85*	*200*

Note: *Valere Power included with effect from 1 June, 2007. EBIT includes amortization of PPA with NOK 6 million in 2Q 2008 (3), NOK 6 million in 1Q 2008 and NOK 19 million in 2007.*

Revenue

Although the telecom equipment market showed some improvement in the second quarter from a seasonally weak start to the year, the overall market growth has been subdued for telecom equipment in general, including telecom power systems. Whereas emerging markets continue to offer growth opportunities, the more mature markets have remained relatively weak.

In Eltek Valere, the main focus in the first half of 2008 has been on optimisation of operations, following the acquisition of Valere Power by Eltek Energy and the subsequent integration of the two companies in Dallas in 2007. The combined company continued to make progress, and continued to show a significantly higher growth rate than the overall market.

In the second quarter, Eltek Valere's revenue amounted to NOK 894 million (727), which was an increase of 18 percent from NOK 758 million in the previous quarter.

Adjusted for currency developments, revenue increased 36 percent from the second quarter last year. This is partly explained by the acquisition of Valere Power, although organic growth was 22 percent on a currency adjusted basis.

EMEA accounted for 39 percent of revenue in the second quarter, whereas Asia Pacific accounted for 35 percent and the Americas for 26 percent.

Revenue in EMEA of NOK 349 million was an increase of 17 percent from the previous quarter, primarily reflecting a rebound from seasonally slower demand in Europe in the first quarter. Compared to the second quarter last year, revenue in EMEA increased by 5 percent.

Revenue in Asia Pacific was NOK 313 million, which was an increase of 19 percent from the first quarter. Revenue remained strong in India and several other countries in the region showed high growth, particularly Vietnam. Compared to the second quarter 2007, Asia Pacific showed a revenue growth of 29 percent. Revenue in India is expected to be reduced from a peak in first half 2008.

In the Americas, revenue was NOK 233 million in the second quarter, an increase of 19 percent from the previous quarter. The revenue development is positive in South America - in particular in Brazil - whereas the US market remains challenging both due to general demand trends and consolidation among telecom operators.

Revenue in the Americas increased by 53 percent compared to the second quarter 2007, which is primarily explained by the acquisition of Valere Power.

For the first half year of 2008, Eltek Valere posted revenue of NOK 1,652 million, which was an increase of 25 percent from NOK 1,324 million in the first half 2007. Adjusted for currency developments, the revenue growth was 37 percent in the first half 2008, and the management and Board of Directors believes Eltek Valere retained its position as the fastest growing of the global telecom power companies also in the first half of 2008.

Gross margin
Cost of goods sold was charged with a warranty provision of NOK 18 million in the second quarter 2008. This reflects estimated costs of repairing a product delivered to a European mobile operator, for which the failure rate has been escalating. The product is mainly made for one customer and is currently not sold as part of the general product portfolio.

The reported gross margin thus declined to 23.4% in the second quarter (25.0), from 25.3 percent in the previous quarter. The underlying gross margin was 25.4 percent in the second quarter, adjusted for the above mentioned provision, indicating a relatively stable development from the previous quarters.

For the first half year 2008, gross margin was 24.3 percent (24.7 percent) on a reported basis, and 25.4 percent adjusted for the above warranty provision.

Operating costs
Operating costs amounted to NOK 153 million in the second quarter (128), excluding non-recurring items and amortization of PPA. The increase of NOK 6 million from the previous quarter is primarily explained by higher volumes.

For the first half of 2008, operating costs increased to NOK 300 million (239), excluding non-recurring items and amortisation of PPA. The increase primarily reflects the acquisition of Valere Power and higher volumes.

Non-recurring items
In first half of 2008 Eltek Valere recognized non-recurring costs of NOK 4 million due to severance pay and recruitment costs in the US operations. In the first quarter and first half 2007, Eltek Valere recognized similar non-recurring costs of NOK 5 million.

Operating profit
Reported EBITDA was NOK 79 million in the second quarter (70), which was an increase from NOK 61 million in the first quarter.

Reported EBIT was NOK 50 million, which was in line with the second quarter last year and up from NOK 35 million in the previous quarter.

Amortization of excess value (PPA) relating to the acquisition of Valere Power has been stable at NOK 6 million (3) over the past few quarters.

For the first half year 2008, EBITDA was NOK 140 million on a reported basis (116).

Reported EBIT was NOK 85 million in the first half 2008 (80).

Order entry
Eltek Valere recorded new orders of NOK 873 million in the second quarter (739), compared to NOK 924 million in the previous quarter.

The year-over-year increase reflects both the acquisition of Valere Power and organic growth, in particular in the Asia Pacific region.

The decline from the previous quarter is primarily explained by a USD 17 million contract in India in the first quarter of the year, which has been delivered during the first half of the year. This was the single largest order in the history of the company.

For the first half 2008, order entry amounted to NOK 1,797 million, which was an increase of 29 percent from the first half 2007 (1,390). The increase came mainly in South America and Asia Pacific, while the development is weaker in the more mature markets in North America and Europe, although the large German market picked up somewhat in the second quarter.

Order backlog was NOK 671 million at the end of the second quarter (597), down three percent from the end of the first quarter but up from NOK 526 million at the end of 2007. NOK 540 million was for delivery within 90 days, down from NOK 566 million at the end of the first quarter, and up from NOK 372 million at the end of 2007.

Flatpack2 High Efficiency Rectifier
Eltek Valere's new Flatpack2 High Efficiency rectifier came into volume production in the second quarter, although slightly delayed compared with the initial ramp-up plan. Sales and deliveries of the product have been limited so far.

Test production samples have been well received in the market, in particular in Asia Pacific. Some operators in the region have already opted to switch all modules to HE and the strong industry interest in the energy savings potential of the HE rectifier was confirmed at the CommunicAsia trade fair in June.

Flatpack2 HE has a proven energy efficiency of more than 96 percent, and more than halves energy waste compared with the current industry standard of 88-92 percent. This means energy cost savings and significantly reduced operating costs.

Eltek Valere aims to introduce the energy savings technologies deployed in the HE rectifier across its portfolio. The company also sees interesting market opportunities in the central office (CO) market, in particular in the US market.

Nera Networks

NOKm	2Q 2008	2Q 2007	1H 2008	1H 2007	2007
Order entry	**473**	319	**921**	607	1 432
Revenue	**402**	310	**773**	622	1 311
Gross profit	**88**	45	**162**	88	213
EBITDA	**29**	-4	**46**	-21	-70
Depreciation and amortization	**-14**	-12	**-27**	-24	-47
EBIT	**15**	-16	**19**	-44	-117
Gross margin (%)	***22.0 %***	*14.5 %*	***20.9 %***	*14.1 %*	*16.3 %*
Non-recurring items	***-***	*-*	***0***	*0*	*-65*
EBITDA before non-recurring items	***29***	*-4*	***46***	*-21*	*-5*
EBIT before non-recurring items	***15***	*-16*	***19***	*-44*	*-52*

Revenue
Although the overall telecom market has been quite slow in the first half of the year, Nera Networks experiences a generally positive market for transmission equipment.

The main focus in the first half of 2008 has been on the ramping-up of production and sales efforts for the new Evolution Series radios, following the product launch and move of operations from Norway to Slovakia in 2007.

In the second quarter 2008, revenue in Nera Networks amounted to NOK 402 million (310), which was an increase of 8 percent from NOK 371 million in the previous quarter.

Adjusted for currency developments, revenue growth was 38 percent from the second quarter last year, driven by gradually increasing production of Evolution Series radios.

The overall number of radios sold continued to increase also in the second quarter, with Evolution radios making up an increasing part of the volumes. The number of Evolution radios increased 34 percent from the previous quarter, whereas the number of Interlink radios declined 31 percent.

Product delivery capability continued to be somewhat affected by interruptions in materials supplies for both the Evolution Series and Interlink. For Evolution these issues were resolved towards the end of the second quarter, indicating higher delivery capabilities in the second half of the year.

In geographical terms, EMEA still accounts for the bulk of revenue. At NOK 212 million, the region accounted for 53 percent of revenue, with continued strong development in Africa and on the Balkan Peninsula. Project delays hampered revenue growth in the Middle East.

In Americas revenue was NOK 139 million, or 34 percent of the total, with Brazil as the main growth driver. Asia Pacific accounted for NOK 51 million, or 13 percent of total revenue.

Compared to the previous quarter, revenue was flat in EMEA, up 6 percent in Asia Pacific, and up 24 percent in the Americas.

For the first half year 2008, Nera Networks achieved revenue of NOK 773 million. This was an increase of 24 percent from NOK 622 million in the first half 2007, and an increase of 35 percent on a currency adjusted basis.

These growth rates are well above the industry growth rates, indicating that the launch of the Evolution Series has helped Nera Networks recover market shares lost in the previous years. The Evolution Series also addresses a larger portion of the transmission market than the previous portfolio.

Gross margin
Gross profit was NOK 88 million in the second quarter (45), and the gross margin improved to 22.0 percent (14.3) from 19.7 percent in the previous quarter.

The significant year-on-year improvement is a reflection of increasing Evolution volumes and improved capacity utilization and manufacturing efficiency in Slovakia. The recently launched Evolution Long-Haul affected the margin positively already in the second quarter.

High-margin sales of license and software upgrades also have a gradually more positive impact on the gross margins, as the installed base of Evolution Series radios is building.

For the first half year 2008, the gross profit was NOK 162 million (20.9 percent), compared to NOK 88 million (14.1 percent) in the first half of 2007.

Overall, Nera Networks has been able to reduce unit cost significantly more than the decline in product prices over the past year, and further production ramp-up for a broader Evolution Series product range should continue to support the positive margin development in the longer run.

Operating costs

Nera Networks had operating costs of NOK 73 million in the second quarter (60), which was an increase of NOK 4 million from the previous quarter.

The cost increase primarily reflects significantly higher sales volumes, and higher amortization of R&D.

As a percentage of revenue, costs were 18.2 percent in the second quarter (19.4), down from 18.6 percent in the previous quarter.

For the first half year 2008, operating costs amounted to NOK 143 million (132). The cost to revenue ratio declined to 18.4 percent (21.2).

Nera Networks recognized no non-recurring items in the Income Statement in the first or second quarters of either 2008 or 2007.

Operating profit

Nera Networks achieved an EBITDA of NOK 29 million in the second quarter (-4), which was an increase from NOK 17 million in the previous quarter.

The improvement reflects both higher revenue and higher gross margin.

EBITDA was NOK 46 million for the first half year 2008, which compares with an EBITDA-loss of NOK 21 million in the first half last year.

EBIT was NOK 15 million (-16), which was an increase from NOK 4 million in the previous quarter and yet another confirmation of the return to operational profitability.

For the first half year 2008, EBIT was NOK 19 million, a sharp improvement from an EBIT-loss of NOK 44 million in the first half 2007.

Order entry

Order entry in Nera Networks increased for the fourth consecutive quarter. New orders amounted to NOK 473 million in the second quarter, which was an increase of 48 percent from the second quarter last year and 6 percent above the previous quarter.

Order entry continued to be strong in Africa, and the project pipeline remains interesting both in South Africa and the northern parts of the continent. Elsewhere in EMEA, Nera Networks experiences a relatively healthy market in Europe, whereas the activity level varies in the Middle East operations.

Order entry was strong also in South America, driven by Brazil and Argentina, whereas Asia Pacific is below expectations due to delays in Interlink/long-haul demand and limited traction in Evolution sales compared to other regions.

For the first half 2008, order entry increased by 52 percent to NOK 921 million (607).

The order backlog stood at NOK 764 million at the end of the second quarter (508), up 10 percent from the end of the previous quarter. NOK 330 million was for delivery within 90 days, up from NOK 322 million at the end of the first quarter.

Given the high order backlog, the main focus will be on continued increased delivery capability going forward.

Evolution update

The year-on-year growth rates in revenue and new orders are significantly above the industry average growth rate, meaning that the introduction of the Evolution Series has enabled Nera Networks to start re-establishing market shares lost in previous year.

The Evolution Series portfolio enables Nera Networks to address a larger portion of the PtP transmission market, in particular in the lower capacity range. Evolution was first launched in the mid-capacity range last year, and a lower capacity radio was added last fall.

This year, the company has added Evolution Long-Haul to the portfolio, which should fit well with demand trends in the market. The long-haul market has historically been a Nera stronghold.

Market analysts at Skylight Research expect growth rates for wireless transmission systems demand to continue to outperform the average telecom equipment market also in the coming years. Skylight Research points to software defined radios (like Evolution) as one of the growth drivers for all capacity segments.

NeraTel

NOKm	2Q 2008	2Q 2007	1H 2008	1H 2007	2007
Order entry	**119**	114	**245**	406	897
Revenue	**137**	163	**298**	320	679
Gross profit	**37**	40	**75**	76	149
EBITDA	**17**	17	**32**	31	62
Depreciation and amortization	**-5**	-6	**-9**	-12	-24
EBIT	**12**	11	**23**	18	38
Gross margin (%)	***27.3 %***	*24.5 %*	***25.2 %***	*23.8 %*	*22.0 %*

Note: *EBIT includes quarterly amortization of PPA with NOK 3 million for 2Q 2008 (5), NOK 2 million for 1Q 2008, and NOK 18 million for 2007.*

NeraTel reported revenue of NOK 137 million in the second quarter 2008 (163), which was a decline of 15 percent from the first quarter.

For the first half year 2008, NeraTel reported revenue of NOK 298 million, which was a decline of 7 percent from the first half of 2007 (320).

The lower revenue primarily reflects delayed orders and deliveries on some Transmission contracts, whereas Infocomm revenue increased in the quarter.

Gross margin increased to 27.3 percent (24.5), which was and increase from 23.5 percent in the previous quarter. The increase is explained by changes in product mix, with higher Infocomm revenue.

For the first half of 2008, gross profit was more or less flat from the first half 2007, as an improved gross margin of 25.2 percent (23.8) balanced the effect of lower revenue.

EBITDA was NOK 17 million (17), compared to NOK 15 million in the first quarter, whereas the EBIT of NOK 12 million (11) was NOK 1 million above the previous quarter.

For the first half of 2008, EBITDA increased marginally to NOK 32 million (31), whereas EBIT increased by NOK 5 million to NOK 23 million (18). The increase is explained by lower amortisation of PPA, which declined to NOK 5 million in the first half of 2008 from NOK 10 million in the first half 2007.

Order entry remained at a relatively low level in the second quarter. At NOK 119 million (114), new orders were 5 percent below the previous quarter.

Orders for Transmission equipment were relatively weak throughout the first half of the year, reflecting delayed projects. For the first half year, new orders amounted to NOK 245 million (406).

Due to the low order entry, the order backlog continued to decline in the second quarter. The overall level of NOK 396 million (345) compares to NOK 414 million at the end of the first quarter. NOK 137 million was for delivery within 90 days (221), compared to NOK 216 million at the end of the previous quarter.

NeraTel is a separately listed company on the Singapore Exchange. The company presented its interim results for the second quarter 2008 on 14 August 2008. For further information, please see www.neratel.com.sg.

Corporate

Corporate costs amounted to NOK 26 million in the second quarter 2008 (10), including NOK 15 million in severance pay, recruitment cost, legal fees and other costs related to the changes in Group management. In the previous quarter, corporate costs amounted to NOK 10 million.

For the first half of 2008, corporate costs thus amounted to NOK 36 (18).

Balance Sheet and Cash Flow

Please note that the acquisition of Valere Power was fully reflected in the Balance Sheet per 30 June 2007. The merger of former Nera into Eltek was consolidated in the Balance Sheet per 30 September 2006. The figures in brackets refer to figures in the first half of 2007.

Total assets were NOK 6,002 million at 30 June 2008, compared to NOK 5,629 million at the end of 2007.

Equity was NOK 2,339 million, corresponding to an equity ratio of 39.0 percent. At the end of 2007, equity amounted to NOK 2,394 million (42.5%).

Cash flow from operation was NOK -144 million in second quarter 2008 (21), mainly due to build-up of inventories and accounts receivable. Net cash flow from investment was NOK -74 million (-599), including capitalized R&D of NOK 40 million (38). Net cash flow from financing was NOK 222 million in second quarter (371), and total net change in liquid funds was thus NOK 4 million in second quarter (-207).

In the first half cash flow from operation was NOK -13 million (-57), whereas net cash flow from investment was NOK 203 million (-676). This includes capitalized R&D of NOK 81 million (73). Net cash flow from financing was NOK 214 million (380), and total net change in liquid funds was thus NOK -2 million (-353).

During the first half year, Eltek ASA redeemed a bond loan before maturity and replaced it with a NOK 350 million term loan. This generated a financial gain of NOK 18 million, which was recognised in the Income Statement for the first quarter of the year.

Net debt increased by NOK 245 million to NOK 879 million during the first half year.

Risk factors in the 2nd half 2008

Market and product risk

The annual growth in the telecom equipment market is currently in the low single-digit range, with growth in emerging markets counterbalancing a relatively weak development in mature markets in general and in the US market in particular.

Eltek ASA believes the telecom power market will follow the overall growth trends in the telecom equipment market, whereas the outlook for the wireless transmission market is somewhat more positive.

Eltek Valere and Nera Networks have both recently launched new products, which are expected to support continued growth rates above the market average. Although these products initially have been positively received in the market, no guarantees can be given for the future demand for these or other new product launches from the company.

Financial risk

Approximately 96 percent of revenue in the first half of 2008 was denominated in foreign currency. Whereas reported revenue growth was 27 percent in the first half 2008, the revenue growth would have been 38 percent adjusted for currency developments.

The exchange risk is to a large degree offset by an operational balance between revenue and costs. The main invoice currencies are USD and Euro, whereas the bulk of costs and assets are denominated in NOK, Euro and USD.

The company also uses interest bearing currency borrowings and forward foreign exchange contracts to hedge currency risk from commercial transactions and the net value of assets denominated in foreign currencies.

The company's interest risk is mainly related to the debt portfolio and bank deposits, both of which are subject to short-term interest rate adjustments.

Eltek ASA had gross borrowings equivalent to NOK 1,469 million at June 30, 2008, compared to NOK 1,226 million at December 31, 2007. NOK 90 million of gross borrowings are due for repayment during the second half of the year.

Gross holdings of cash and cash equivalents amounted to NOK 590 million, down from NOK 592 million at the end of 2007. Financial investments are mainly in short-term interest bearing assets for which the risk for value impairment is considered to be low.

The Eltek Group sees few changes in terms of credit risk. Provisions for bad debt amounted to 4.3 percent of accounts receivable at 30 June, 2008, compared to 5.4 percent at the end of 2007.

Please also see the Annual Report 2007 for a more detailed description of risk factors.

Transactions with related parties

Eltek ASA has not taken part in any significant transactions with related parties in the first half of 2008. Neither have there been any changes to any transactions with related parties as described in the Annual Report for 2007.

Organizational changes

There have been several changes in the company management during the first half year.

In June 2008, the Board announced the hiring of Mr. Jan T. Jørgensen as CEO on a permanent basis, with effect from 4 August.

Jørgensen replaces Mr. Jørgen Larsen, who has been acting CEO since February when he replaced Mr. Morten F. Angelil.

Mr. Larsen will return to his previous position as EVP Business Development, and the Board of Directors will like to thank Mr. Larsen for his contributions as CEO during a challenging period for the organization.

New acting CEOs have been appointed for Eltek Valere and for Nera Networks in February 2008, Mr. Knut Aven in Eltek Valere and Mr. Per Arne Henæs in Nera Networks.

At the Annual General Meeting in May, Dia S. Weil and Birgitte F. Angelil were elected as new Board Members. Erik Thorsen (Chairman), Arve Johansen, William H. Crown and Astrid Kårstad were re-elected to the Board of Directors, where Mads Dahl and Per Eilif Thorvaldsen represent the employees.

Outlook

As expected, revenue rebounded in the second quarter after the seasonal slowdown in the first quarter of the year. As indicated by the order entry in the previous quarter, revenue increased for Eltek Valere and Nera Networks but declined for NeraTel.

Nera Networks continued to build order backlog also in the second quarter of the year, and the broadening of the product range is expected to support continued revenue and margin improvements also in the second half of the year.

Eltek Valere saw the order entry decline somewhat from the first to the second quarter but revenue is expected to continue to grow in line with the market. The company is well positioned both in terms of product offering and geographical presence, although the global presence also exposes the company to the slower development in more mature markets.

Net cash flow deteriorated from the first to the second quarter. The company will monitor net working capital developments closely in order to improve the cash flow going forward.

Statement of responsibility

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period January 1 to June 30 2008 has been prepared in accordance with IAS 34 Interim Financial Reporting, and gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Drammen, 19 August 2008
The Board of Directors, Eltek ASA

Arve Johansen

Erik Thorsen
Chairman

William H. Crown

Dia S. Weil

Astrid Kårstad

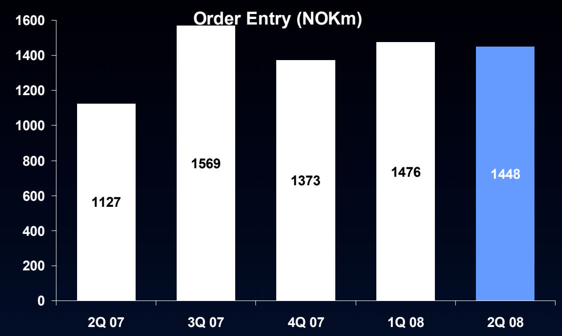
Birgitte F. Angelil

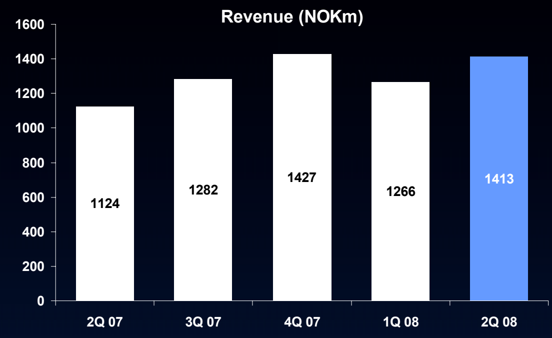
Mads Dahl

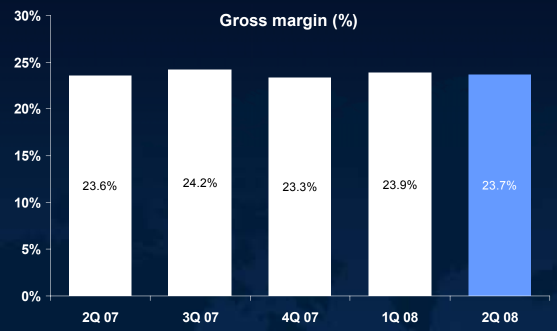
Jan T. Jørgensen
CEO

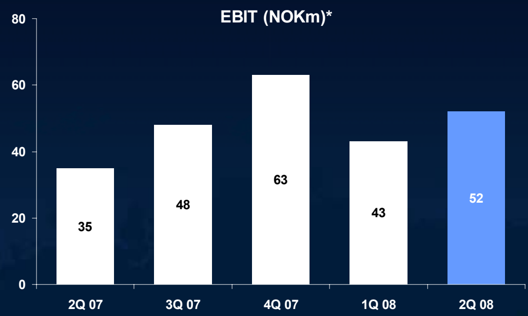
Per Thorvaldsen

QUARTERLY DEVELOPMENT ELTEK GROUP



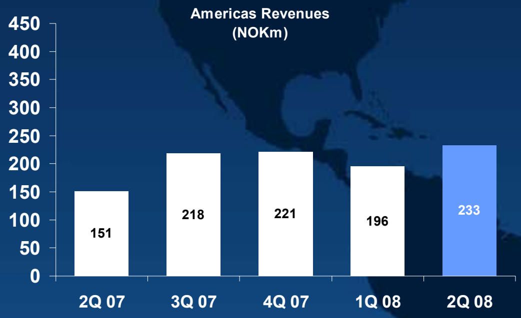


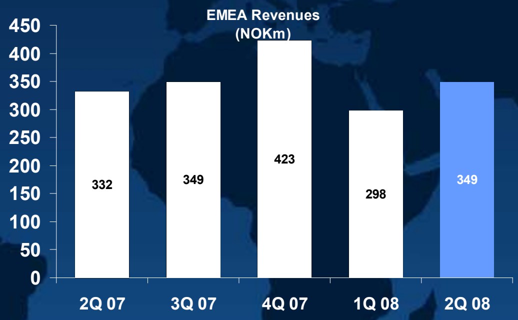


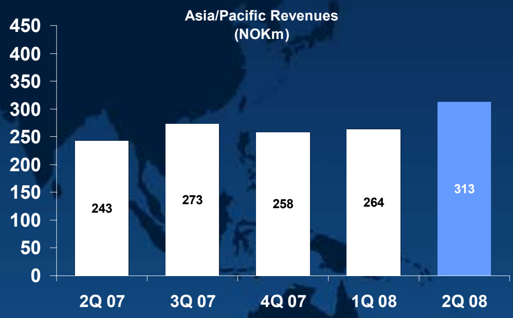


*EBIT before non-recurring items

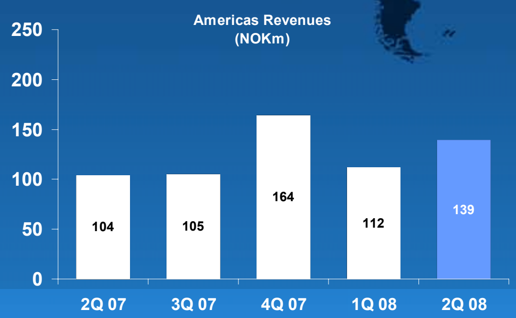
QUARTERLY DEVELOPMENT BY REGION - ELTEK VALERE

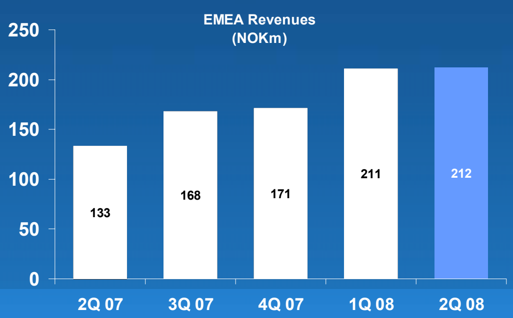


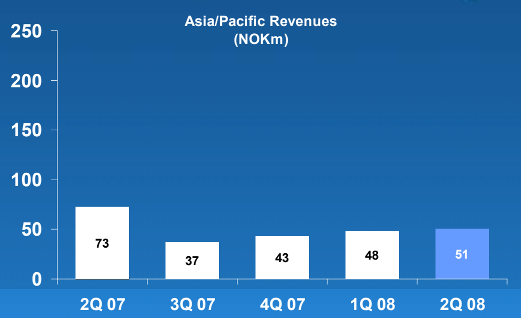




QUARTERLY DEVELOPMENT BY REGION - NERA NETWORKS







Consolidated income statement (unaudited)

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
Revenue	1 413.4	1 123.7	2 679.1	2 111.6	4 820.8
Cost of sales	-1 078.0	-858.0	-2 041.3	-1 621.2	-3 688.6
Gross profit	**335.4**	**265.7**	**637.8**	**490.4**	**1 132.2**
Selling and marketing costs	-126.2	-109.6	-245.7	-215.7	-467.1
Administrative expenses	-75.9	-70.4	-160.9	-138.0	-301.0
R&D and engineering costs	-62.4	-51.1	-121.2	-96.8	-231.4
Other operating items	-19.1	0.1	-18.8	-4.2	-87.4
Operating profit	**51.9**	**34.7**	**91.3**	**35.7**	**45.2**
Share of result in associated companies					0.9
Net financial items	-0.7	-11.4	26.2	-22.6	2.6
Profit before income tax	**51.2**	**23.3**	**117.5**	**13.1**	**48.7**
Income tax expense	-15.4	-24.2	-37.7	-33.9	-152.1
Net profit from continuing operations	**35.8**	**-0.9**	**79.8**	**-20.8**	**-103.5**
Profit from discontinued operations					33.0
Net profit	**35.8**	**-0.9**	**79.8**	**-20.8**	**-70.5**
Attributable to:					
Equity holders	24.6	-26.3	54.1	-46.2	-105.1
Minority interests	11.2	25.3	25.7	25.3	34.6
Basic EPS (NOK)	0.50	-0.31	1.10	-0.94	-2.14
Diluted EPS (NOK)	0.50	-0.31	1.10	-0.95	-2.14

Consolidated balance sheet (unaudited)

Amounts in NOK Million	30.06.2008	30.06.2007	31.12.2007
Property, plant & equipment	435.2	285.6	358.7
Intangible assets	1 281.1	1 540.3	1 270.4
Deferred income tax asset	407.0	472.7	394.7
Other non-current assets	14.1	14.8	16.8
Total non-current assets	**2 137.4**	**2 313.4**	**2 040.6**
Inventories	941.2	888.2	830.3
Trade and other receivables	2 333.1	2 009.9	2 165.7
Cash and cash equivalents	590.5	397.0	592.2
Total current assets	**3 864.8**	**3 295.1**	**3 588.2**
Total assets	**6 002.2**	**5 608.5**	**5 628.8**
Share capital	49.2	49.2	49.2
Other reserves	1 904.0	2 086.8	1 908.4
Capital and reserves attributable to equity holders of the Company	1 953.2	2 136.0	1 957.6
Minority interest	385.8	425.6	436.7
Total equity	**2 339.1**	**2 561.5**	**2 394.3**
Borrowings	795.0	944.8	787.9
Deferred income tax liabilities	2.3		
Retirement benefit obligations	153.3	310.3	153.0
Provisions for other liabilities and charges	30.1	43.0	35.5
Total non-current liabilities	**980.8**	**1 298.1**	**976.5**
Borrowings	674.1	65.0	438.0
Trade creditors and other payables	1 799.1	1 503.9	1 611.4
Current income tax payable	29.6	37.3	48.8
Provisions for other liabilities and charges	179.5	142.7	159.9
Total current liabilities	**2 682.4**	**1 748.9**	**2 258.1**
Total liabilities	**3 663.1**	**3 047.0**	**3 234.5**
Total equity and liabilities	**6 002.2**	**5 608.5**	**5 628.8**
Equity ratio	39.0 %	45.7 %	42.5 %

Cash flow analysis (unaudited)

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
Net cash flow from operations	-143.7	21.0	-13.3	-56.6	96.5
Net cash flow from investments	-74.1	-598.5	-202.8	-676.0	-901.7
Net cash flow from financing	221.7	371.1	214.4	379.6	647.3
Net change in cash and cash equivalents	**3.9**	**-207.3**	**-1.6**	**-354.0**	**-157.9**
Cash and cash equivalents, beginning of period	586.6	603.4	592.2	750.1	750.1
Cash and cash equivalents, end of period	590.5	397.0	590.5	396.0	592.2

Consolidated statement of recognized income and expense (unaudited)

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
Actuarial gains/losses					1.5
Currency translation effects	-4.7	-35.6	-89.2	-53.4	-170.2
Net income recognized directly in equity	**-4.7**	**-35.6**	**-89.2**	**-53.4**	**-168.6**
Profit for the period	35.8	-0.9	79.8	-20.8	-70.5
Total recognized income for the year	**31.2**	**-36.6**	**-9.3**	**-74.3**	**-239.1**

Notes to the interim consolidated financial statements (unaudited)

1. Accounting principles

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Eltek Annual report 2007. These interim consolidated financial statements are unaudited.

The accounting policies and methods of computation applied in these consolidated interim financial statements are the same as those applied in the Annual Report 2007.

As a result of rounding differences, numbers or percentages may not add up to the total.

2. Segment information

Business segment is the primary reporting format for Eltek, as product and services represents the predominant source and nature of risk and returns. The Eltek Group operates in three business areas : Eltek Valere (energy systems), Nera Networks (transmission) and Nera Telecommunications (telecom and infocom).

Eltek Valere

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
INCOME STATEMENT					
Revenue	894.4	726.7	1 652.3	1 323.3	3 064.5
Gross profit	209.5	181.4	400.9	327.0	770.2
Operating profit/segment results	50.4	49.7	85.4	79.5	159.9
ASSETS AND LIABILITIES					
Total assets			3 247.8	3 241.8	3 234.2
Total liabilities			1 742.4	1 602.4	1 676.8
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	28.8	20.5	54.5	36.4	106.7
Capital expenditure	64.0	818.7	104.4	866.2	940.7
Gain change pension scheme					18.4
Restructuring expenses				5.0	35.9
REVENUE BY GEOGRAPHICAL REGION					
Americas	233.1	151.5	429.1	269.3	708.3
EMEA (Europe, Middle East and Africa)	348.8	332.4	646.8	644.2	1 416.1
Asia Pacific	312.6	242.9	576.4	409.8	940.0

Nera Networks

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
INCOME STATEMENT					
Revenue	402.1	310.5	773.5	622.3	1 311.0
Gross profit	88.5	44.5	161.6	87.6	212.8
Operating profit/segment results	15.2	-15.6	19.1	-43.9	-117.5
ASSETS AND LIABILITIES					
Total assets			1 932.6	1 751.0	1 700.6
Total liabilities			1 564.2	1 326.7	1 382.4
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	14.2	12.1	26.8	23.8	46.8
Capital expenditure	31.2	53.6	106.5	75.7	196.6
Impairment goodwill					209.6
Gain change pension scheme					144.2
REVENUE BY GEOGRAPHICAL REGION					
Americas	138.9	93.8	251.3	198.8	467.5
EMEA (Europe, Middle East and Africa)	211.6	132.9	422.6	265.4	606.4
Asia Pacific	51.5	83.8	99.6	158.1	237.2

Nera Telecommunications

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
INCOME STATEMENT					
Revenue	137.2	162.8	298.2	319.6	679.1
Gross profit	37.5	39.8	75.3	75.7	149.1
Operating profit/segment results	12.4	10.6	23.2	18.1	38.1
ASSETS AND LIABILITIES					
Total assets			502.3	572.4	562.7
Total liabilities			196.0	238.7	214.2
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	4.6	6.2	9.3	12.7	23.9
Capital expenditure	3.4	-4.7	5.2	6.4	14.9
REVENUE BY GEOGRAPHICAL REGION					
Americas					7.5
EMEA (Europe, Middle East and Africa)	0.5		1.7	5.5	9.6
Asia Pacific	136.7	162.8	296.5	314.1	661.9

Corporate/unallocated/eliminations

Amounts in NOK Million	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
INCOME STATEMENT					
Revenue	-20.3		-44.8		
Gross profit					
Operating profit/segment results	-26.1	-10.0	-36.4	-18.1	-35.5
ASSETS AND LIABILITIES					
Total assets			327.5	35.8	131.3
Total liabilities			160.5	-120.8	-38.9
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation and amortization	0.2	0.2	0.4	0.4	0.8
Capital expenditure		0.4		0.7	1.3
REVENUE BY GEOGRAPHICAL REGION					
Americas					
EMEA (Europe, Middle East and Africa)					
Asia Pacific	-20.3		-44.8		

3. Property, plant & equipment and Intangible assets

Three months ended 30 June 2008

	Intangible assets				Tangible
	Goodwill	R&D	Other	Total	assets
Net book amount at 01.04.2008	673.3	404.7	165.0	1 243.0	416.5
Additions	32.7	40.0		72.7	26.0
Disposals				0.0	-1.1
Depreciation/write down		-24.2	-6.7	-30.9	-17.0
Foreign currency translation effects	-2.7	-0.3	-0.7	-3.7	10.7
Net book amount at 30.06.2008	**703.3**	**420.1**	**157.7**	**1 281.1**	**435.2**

Three months ended 30 June 2007

	Intangible assets				Tangible
	Goodwill	R&D	Other	Total	assets
Net book amount at 01.04.2007	419.3	268.1	93.7	781.1	240.2
Restated addition Valere Inc *	563.9	70.8	126.0	760.7	
Additions	2.8	37.5	5.9	46.1	61.2
Disposals			-0.5	-0.5	0.2
Depreciation restated *		-17.1	-9.3	-26.4	-12.5
Foreign currency translation effects	-4.0	-0.6	-16.1	-20.8	-3.4
Net book amount at 30.06.2007 restated *	**981.9**	**358.7**	**199.7**	**1 540.3**	**285.6**

Six months ended 30 June 2008

	Intangible assets				Tangible
	Goodwill	R&D	Other	Total	assets
Net book amount at 01.01.2008	704.2	388.1	178.1	1 270.4	358.7
Additions	32.7	80.9	0.8	114.4	101.7
Disposals				0.0	-2.3
Depreciation/write down		-45.1	-14.5	-59.7	-31.3
Foreign currency translation effects	-33.5	-3.7	-6.7	-44.0	8.4
Net book amount at 30.06.2008	**703.3**	**420.1**	**157.7**	**1 281.1**	**435.2**

Six months ended 30 June 2007

	Intangible assets				Tangible
	Goodwill	R&D	Other	Total	assets
Net book amount at 01.01.2007	406.8	249.1	101.3	757.3	223.1
Restated addition Valere Inc *	563.9	70.8	126.0	760.7	
Additions	16.4	72.8	6.9	96.1	92.1
Disposals			-0.5	-0.5	-0.8
Depreciation restated *		-32.9	-16.7	-49.6	-23.7
Foreign currency translation effects	-5.2	-1.2	-17.4	-23.7	-5.1
Net book amount at 30.06.2007 restated *	**981.9**	**358.7**	**199.7**	**1 540.3**	**285.6**

* Fixed assets note disclosure 2007 restated to reflect effect of final purchase price allocation of Valere Power Inc. See also Eltek report 4th quarter 2007.

4. Reconciliation of movements in capital and reserves

	2Q 2008	2Q 2007	YTD 2008	YTD 2007	2007
Equity end of previous period	2 347.9	2 376.0	2 394.3	2 404.6	2 404.6
Change in opening balance				1.2	1.2
Equity beginning of this period	2 347.9	2 376.0	2 394.3	2 405.8	2 405.8
Total recognized income for the period	31.2	-36.6	-9.3	-74.3	-239.1
New minority interest					245.8
Own shares		-4.2		-0.9	-2.8
Sales & acquisitions	-14.7	245.4	-14.7	248.3	
Cost of stock options	2.3	1.5	4.0	4.2	8.5
Dividends	-27.5	-20.6	-35.2	-21.4	-23.9
Equity end of period	**2 339.1**	**2 561.6**	**2 339.1**	**2 562.6**	**2 394.3**

5. Redemption of NOK 300 million bond loan

In a bondholders meeting 31. March 2008 Eltek ASA obtained approval from bondholders for early redemption of a NOK 300 million bond loan at 101 percent of par value. The bond loan was included in the Balance Sheet per Q1 2008 as short-term liability of NOK 303 million, whereas it was a long-term liability of NOK 324 million in the Balance Sheet at the end of 2007. The bond loan was recognized at fair value when Eltek ASA merged with Nera in 2006, and the early redemption created a gain of NOK 18 million, which was included in the Income Statement for the first quarter 2008.

In April 2008 the bond loan has been replaced by a NOK 350 million term loan with an eighteen months grace period and repayments in equal annual instalments over the following six years. The interest rate margin on the new loan is 0.9 percent for the first six months and then 0.75 - 1.25 percent depending on the ratio of net interest bearing debt to EBITDA. Covenants to the new term loan are the same as for the existing bank borrowings. The term loan is included in the Balance Sheet per Q2 2008 as non-current borrowings.

6. Other operating items

Other operating items NOK 19,1 million include severance pay, legal fees and other costs related to changes in group management. According to the termination agreement the former CEO of Eltek ASA will receive salery for 12 months after the notice period of six months. Other operating items also include reclassification of NOK 3,6 million related to severance pay former CEO Eltek Valere which in the 1st Quarter Report 2008 was reported as administrative expenses.

7. Other acquisitions

In the second quarter 2008, the Group aquired 50% of the remaining 21,78% of the sharecapital of privately held Eltek Pacific Pty. Ltd, Australia from the minority shareholder at a cost of NOK 9 million. In the second quarter 2008, the Group also acquired 34% of the remaining 26,95% of the sharecapital of the privately held Eltek SGS Pvt. Ltd, India from the minority shareholder at a cost of NOK 37 million. The acquisition of Eltek SGS Pvt Ltd shares is financed through short term sellers credit, which is included as Borrowings in the balance sheet by end of June 2008.

8. Income tax expense

Interim period income tax is accrued based on the estimated average annual effective income tax rate for the Group.

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Eltek ASA, PO Box 2340 Strømsø, 3003 Drammen, Norway, Tel. +47 32 20 32 00, Fax: +47 32 20 32 10