

REPORT 2nd QUARTER and 1st HALF 2010

REPORT

2nd QUARTER and 1st HALF YEAR 2010

Highlights for the quarter

- Revenue increase of 18 percent from the first quarter but decline of 11 percent from the second quarter 2009
- Order entry up 11 percent from the first quarter 2010 but three percent below the second quarter 2009
- Improved operating results from the previous quarter despite project cost charges in Nera Networks
- Continued positive development in gross margin and result in Eltek Valere
- New business areas in Eltek Valere developing positively
- Successful launch of Theia HE-T, the most energy efficient isolated solar power inverter on the market

(NOK million, unaudited)	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Order entry	1,336	1,370	2,569	2,788	5,397
Revenue	1,326	1,487	2,452	2,873	5,778
Gross Profit	295	341	561	675	1,338
EBITDA	79	103	113	210	436
Depreciation, amortization and impairment	-56	-63	-109	-122	-446
EBIT	23	41	4	88	-11
Pre-tax profit	9	68	-42	54	-92
<i>Gross margin (%)</i>	22.2 %	23.0 %	22.9 %	23.5 %	23.2 %
<i>Non-recurring operational items</i>	0	-20	0	-20	-220
<i>EBITDA before non-recurring items</i>	79	124	113	230	465
<i>EBIT before non-recurring items</i>	23	61	4	108	209

Note: EBIT incl. amortization of purchase price allocation (PPA): NOK 8 million in 2Q'10 (11), NOK 16 million in 1H'10 (21) and NOK 38 million in 2009.

Income Statement for the 2nd quarter and 1st half year 2010

The figures below describe developments in the second quarter and first half year 2010, with corresponding figures for the second quarter and first half year 2009 in brackets.

Eltek's revenue increased 18 percent sequentially in the second quarter, although low order entry during the winter led to a year-on-year revenue decline of 11 percent and a decline of seven percent on a currency adjusted basis.

The gross margin was 22.2 percent (23.0) compared to 23.7 percent in the previous quarter, with higher gross margin in Eltek Valere and NeraTel but a sharp decline in Nera Networks due to project cost charges in Brazil.

Operating costs declined compared to both the second quarter 2009 and the first quarter 2010, and the EBITDA of NOK 79 million (103) was an improvement from the NOK 34 million reported in the previous quarter. EBIT was NOK 23 million in the second quarter (41), compared to a negative NOK 18 million in the first quarter 2010. Adjusted for project cost charges in Nera Networks in Brazil, EBIT was NOK 50 million in the second quarter 2010.

Net financial items were a negative NOK 14 million (+28). Net interest expenses were NOK 16 million, whereas currency developments had a positive effect of NOK 3 million. Profit before tax was thus NOK 9 million (68).

For the first half of 2010 revenue declined by 15 percent and gross profit by 17 percent from the first half 2009. As a result, EBIT declined to NOK 4 million in the first half 2010 (88). Due to the loss in the first quarter 2010, the company reported a loss before tax of NOK 42 million for the first half of 2010 (54).

Cash Flow and Balance Sheet

Net cash flow from operating activities was NOK 1 million in the second quarter (193) and NOK 72 million for the first half year (362).

Eltek Valere had positive cash flow from operating activities in both the second quarter and the first half year, although underlying working capital improvements were neutralised by currency developments in the second quarter. Nera Networks had negative cash flow from operating activities in both the first two quarters of the year.

Net cash flow from investing activities was a negative NOK 233 million in the second quarter (-65) and a negative NOK 282 million in the first half year (-113). The high cash outflow in the second quarter mainly reflects the decision to exercise the option to buy-out the minority shareholders in Eltek Valere, through the repurchase of promissory notes for USD 30 million (NOK 179 million).

Capital expenditure in fixed assets amounted to NOK 17 million in the second quarter (16) and NOK 31 million in the first half year (28), whereas capitalized R&D was NOK 25 million in the second quarter (34) and NOK 53 million in the first half year (70).

Free cash flow after investment was thus a negative NOK 232 million in the second quarter 2010 (+128), and a negative NOK 196 million in the first half 2010 (+249).

Net cash flow from financing activities was a negative NOK 25 million in the second quarter (-186), including dividend payment of NOK 26 million to minority shareholders, receipt of payment for the new bond loan issued in March, and NOK 175 million reduction of short-term borrowings. Net cash flow from financing was a positive NOK 66 million in the first half year 2010 (-67).

Cash and cash equivalents declined by NOK 226 million in the second quarter and by NOK 122 million in the first half 2010, and stood at NOK 694 million as at 30 June, 2010.

Total assets were NOK 4,625 million at the end of the first half 2010 (5,438), and equity NOK 1,354 million (1,743). The equity ratio was 29.3 percent (32.1), up from 28.5 percent at the end of 2009. Goodwill-adjusted equity ratio was 28.1 percent (31.2), compared to 27.5 percent at 31 December 2009.

Gross borrowings were NOK 1,307 million (1,493). Net interest bearing debt stood at NOK 613 million as at 30 June, 2010 (724), an increase of NOK 77 million in the second quarter and NOK 16 million year to date.

Segment information

Eltek 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.

All the business areas primarily operate outside of Norway. Revenue, order entry/backlog, and operational costs measured in NOK are thus significantly influenced by currency developments. The tables to the right outline reported and currency adjusted revenue growth.

Eltek Valere

Revenue growth – 2Q 2010 vs. 2Q 2009

	Reported	Currency adjusted
Eltek Valere	-8%	-4%
Nera Networks	-22%	-15%
NeraTel	2%	2%
Total	-11%	-7%

Revenue growth – 1H 2010 vs. 1H 2009

	Reported	Currency adjusted
Eltek Valere	-11%	-5%
Nera Networks	-23%	-17%
NeraTel	-11%	-7%
Total	-15%	-9%

NOKm	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Order entry	858	812	1,586	1,618	3,116
Revenue	764	832	1,413	1,591	3,239
Gross profit	202	212	370	403	836
EBITDA	90	79	141	145	350
Depr & amortization and impairment	-38	-35	-71	-69	-147
EBIT	53	44	70	76	203
<i>Gross margin (%)</i>	26.4 %	25.5 %	26.2 %	25.3 %	25.8 %
<i>Non-recurring items</i>	0	-10	0	-10	-10
<i>EBITDA before non-recurring items</i>	90	89	141	155	360
<i>EBIT before non-recurring items</i>	53	53	70	86	213

Note: EBIT includes amortization of PPA with NOK 7 million in 2Q'10 (8), NOK 14 million in H1'10(16) and NOK 30 million for 2009.

Revenue

Revenue increased 18 percent from the first to the second quarter 2010. Year-on-year, revenue declined by eight percent and by four percent on a currency adjusted basis. The sequential improvement was driven by a seasonal upturn in demand for telecom power supply systems and emerging revenue from the new business initiative in hybrid/solar power solutions, solar power inverters and electrical car chargers.

Revenue in the first half year 2010 declined by 11 percent to NOK 1,413 million, and by five percent on a currency adjusted basis.

Quarterly revenue by geographical segment

	2Q'10	Chg. vs. 2Q'09	Chg. vs. 1Q'10
Americas	252	5%	29%
EMEA	321	-3%	20%
Asia Pacific	191	-27%	3%
Total	764	-8%	18%

Revenue in the Americas increased compared both to the second quarter last year and the previous quarter. Eltek Valere experienced significantly higher activity in the US, and revenue growth in this market outweighed a revenue decline in Brazil in the quarter.

Revenue in EMEA declined slightly from the second quarter last year but rebounded from the seasonally weaker first quarter, whereas the year-on-year revenue decline and modest sequential recovery in Asia Pacific is mainly explained by the revenue development in India.

Gross margin

Eltek Valere continues to show improving gross margin. The 26.4 percent reported in the second quarter compares favourably with the second quarter last year (25.5), dampening the adverse effect of the revenue decline. The gross margin improvement reflects both continuous operational improvements and a better product and customer mix.

The gross margin also improved compared to the first quarter of the year (26.0).

Operating costs

Operating costs amounted to NOK 149 million in the second quarter (168). This reflects positive effects from cost reducing measures implemented during 2009, although the cost level in the second quarter 2009 was negatively affected by non-recurring items related to reorganization and downsizing.

Depreciation and amortization accounted for NOK 38 million of the operating costs (35), including NOK 7 million in amortization of PPA (8).

Operating profit

Even though revenue dropped eight percent from the second quarter 2009, reported EBITDA increased 14 percent to NOK 90 million (79) and by one percent adjusted for non-recurring items in the second quarter last year.

EBIT increased 21 percent to NOK 53 million (44).

For the first half year 2010 EBITDA amounted to NOK 141 million (145), and EBIT to NOK 70 million (76).

Order entry

Order entry came in at NOK 858 million in the second quarter (812) and NOK 1,586 million in the first half year (1,618). The company thus showed strong sequential improvement in the quarter.

Within telecom power systems, the order entry was particularly positive in the US market. Elsewhere, the company established a stronger foothold in Japan by securing preferred supplier status with a major telecom player in the second quarter. The company made its entry into the emerging 4G mobile market, with a contract for delivery of power systems to a 4G network in Sweden.

The order backlog stood at NOK 658 million at the end of the first half year, of which NOK 330 million was for delivery within 90 days.

Positive development in new business areas

Eltek Valere is developing new markets based on its high efficiency technology portfolio, within hybrid/solar telecom power, solar power inverters and electric vehicle chargers. The development of the new business areas progresses well, and although revenue currently is modest the market potential is very promising.

Within hybrid/solar, the company secured a USD 12 million order in the first quarter of the year, and has since started working on several pilot studies for other network projects in Africa and Asia.

In the large solar power market, Eltek Valere earlier in the year started offering third party power inverters, and in June the company successfully launched its own Theia HE-T family of solar power inverters at Intersolar in Germany. At more than 97 percent efficiency, Theia HE-T is the most energy efficient isolated solar power inverter on the market and can thus improve the returns from solar power installations.

Forecasts from industry analysts indicate even stronger market growth than earlier anticipated in the solar power inverter market. IMS Research estimates the total value of the solar power inverter market to USD 4.6 billion in 2010, growing to USD 6.8 billion in 2014.

In the electric vehicle, or "e-mobility", segment, the company earlier in the year won a contract for battery chargers and drivelines with Think. The company sees a significant amount of requests and requirements for both on-board chargers and for chargers for the 'fast charging stations', and in the second quarter the company also started a pilot project for on-board chargers in collaboration with one of the major German car manufacturers.

Nera Networks

NOKm	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Order entry	347	442	683	935	1,822
Revenue	366	468	709	925	1,872
Gross profit	41	87	102	180	336
EBITDA	-24	19	-27	51	89
Depreciation and amortization	-14	-21	-29	-41	-89
EBIT	-38	-3	-56	10	-189
<i>Gross margin (%)</i>	<i>11.3 %</i>	<i>18.5 %</i>	<i>14.4 %</i>	<i>19.5 %</i>	<i>18.0 %</i>
<i>Non-recurring items</i>	<i>0</i>	<i>-10</i>	<i>0</i>	<i>-10</i>	<i>-200</i>
<i>EBITDA before non-recurring items</i>	<i>-24</i>	<i>29</i>	<i>-27</i>	<i>61</i>	<i>100</i>
<i>EBIT before non-recurring items</i>	<i>-38</i>	<i>8</i>	<i>-56</i>	<i>20</i>	<i>11</i>

Revenue

Activity in the microwave transmission market was significantly lower in the first half of 2010 than in the corresponding period last year, as the expected pick-up in the demand for microwave radio systems has been delayed compared to previous expectations.

Revenue of NOK 366 million was down 22 percent from the second quarter 2009 (468) and down 15 percent on a currency adjusted basis. However, revenue increased by seven percent from the first quarter 2010.

Revenue in the first half year declined by 23 percent to NOK 709 million (925), and by 17 percent on a currency adjusted basis.

Quarterly revenue by geographical segment

	2Q'10	Chg. vs. 2Q'09	Chg. vs. 1Q'10
Americas	195	75%	18%
EMEA	119	-62%	-11%
Asia Pacific	52	13%	18%
Total	366	-22%	7%

Revenue improved strongly in the Americas, mainly due to higher deliveries in Argentina and Brazil. In the EMEA region revenue did not show the same rebound from the first to the second quarter. The sharp year-on-year decline was due to generally lower sales in Europe and Middle East, and also finalisation of a major project in Africa in 2009. Revenue in Asia Pacific mainly reflects deliveries to NeraTel.

Gross margin

The gross margin remains a concern, although the

sharp deterioration to 11.3 percent in the second quarter (18.5) mainly can be explained by project cost adjustments of NOK 27 million related to two long-running projects in Brazil.

Further volume increases are required to achieve scale advantages and consistently stronger gross margin, although the company also works on margin improvement programs and a new lower-cost product generation.

Operating costs

Operating costs amounted to NOK 79 million in the second quarter (89). This was a slight decline from the previous quarter (80).

In the second quarter 2009, operating costs were negatively affected by non-recurring items of NOK 10 million relating to restructuring costs.

Depreciation and amortization accounted for NOK 14 million of the operating costs (21).

Operating profit

Due to the NOK 27 million in project charges in Brazil, the EBITDA was a negative NOK 24 million in the second quarter 2010 (19). Adjusted for the charges, EBITDA was a positive NOK 3 million in the second quarter, compared to a negative NOK 3 million in the first quarter 2010.

EBIT was NOK -38 million in the second quarter (-3), compared to NOK -19 million in the first quarter 2010, and NOK -11 million adjusted for the project cost charges in Brazil.

The reported EBIT-loss for the first half year 2010 amounted to NOK 56 million (10).

Order entry

The order entry increased by three percent from the first to the second quarter. At NOK 347 million it was nevertheless 21 percent below the second quarter 2009. The order backlog stood at NOK 630 million at the end of the quarter, of which NOK 337 million was for delivery within 90 days.

Order entry was weak through the first five months of the year but picked up significantly in June. At the end of the quarter, the company announced a USD 9 million order with a major South American operator and two contracts with a combined value of USD 9.4 million in Brazil

The more positive trend continued into the third quarter, and Nera Networks in July signed a EUR 15 million 5-year contract in Poland, and a 3-year frame agreement in North Africa worth EUR 3 million over the next twelve months.

Technology development

Nera Networks has in the third quarter launched the native IP version of its Evolution XPAND radio, further broadening its Evolution Series radio portfolio.

Development is ongoing on a new generation of Evolution radios, which will offer significantly lower production cost compared to the current portfolio, with an aim to launch during the first half of 2011.

NeraTel

NOKm	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Order entry	150	127	353	301	573
Revenue	223	219	391	440	798
Gross profit	52	43	89	91	166
EBITDA	24	18	37	41	67
Depreciation and amortization	-4	-6	-8	-11	-21
EBIT	20	12	28	29	47
Gross margin (%)	23.3 %	19.5 %	22.6 %	20.6 %	20.9 %

Note: EBIT includes amortization of PPA with NOK 1 million for 2Q'10 (3), NOK 2 million for H1'10 (5) and NOK 9 million for 2009.

Revenue, gross margin and operating results all improved for NeraTel in the second quarter 2010, compared both to the second quarter 2009 and the previous quarter.

Revenue of NOK 223 million was an increase of two percent from the second quarter 2009 (219), and up 32 percent from the first quarter 2010.

Gross margin improved to 23.3 percent in the second quarter 2010 (19.5), whereas EBITDA increased by 36 percent to NOK 24 million (18) and EBIT by 63 percent to NOK 20 million (12).

As a result of the relatively slow start to the year the revenue for the first half 2010 was 11 percent lower than in the first half 2009, and seven percent lower on a currency adjusted basis.

In reflection of the lower revenue EBITDA in the first half year 2010 declined by 10 percent from the corresponding period last year, to NOK 37 million (41), whereas EBIT declined by four percent to NOK 28 million (29).

Order entry amounted to NOK 150 million in the second quarter (127) and to NOK 353 million in the first half year 2010 (301). The order backlog stood at NOK 422 million as at 30 June, 2010, of which NOK 245 million was for delivery in the next 90 days.

Eltek ASA holds 50.1 percent ownership in NeraTel, which is separately listed on the Singapore Exchange. The market capitalization was NOK 534 million on a 100 percent basis per 18 August, 2010. The company presented its interim results for the second quarter 2010 on 6 August 2010. For further information, please see www.neratel.com.sg.

Corporate

Corporate costs amounted to NOK 12 million in the second quarter (12) and to NOK 38 million for the first half 2010 (28). Corporate costs in the first quarter of the year included NOK 10 million in legal and financial advisory services related to the settlement agreement entered into with former Eltek Valere minority shareholders.

Risk factors in the 2nd half of 2010

Market and operational risk

The telecom equipment market declined during the global economic slowdown in 2009 and the soft demand continued into 2010 as many telecom operators have been holding back on network roll-outs and expansions due to capital constraints. As a result, revenue in the first half 2010 declined by 13 percent from the first half 2009.

Eltek Valere believes the decline in the telecom power market has been substantially steeper than for the overall telecom market, resulting in a tougher competitive environment and intensified price erosion. The company expects that the telecom power market will stabilize during 2010, and this was supported by a sequential revenue increase and lower year-on-year revenue decline in the second quarter than in the first quarter 2010. Within transmission, Nera Networks expects to see improving demand for point-to-point microwave equipment, as increased use of Smartphones and bandwidth-hungry applications generates a demand for improved data transmission capacity.

However, the strength of any potential market upturn will depend on the general economy and credit availability.

It should be noted that fluctuations in business volumes in the industry may generate risks related to component availability for both Nera Networks and Eltek Valere.

Financial risk

Approximately 96 percent of revenue in the first half of 2010 was denominated in foreign currency. Currency developments affected revenue negatively in the first half 2010, and the revenue decline from the first half 2009 would have been seven percent on a currency-adjusted basis.

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. Financial investments are mainly in short-term interest bearing assets for which the risk for value impairment is considered to be low.

Please also see the Annual Report 2009 for a more detailed description of risk factors.

Transactions with closely related parties

Eltek ASA has not taken part in any significant transactions with closely related parties in the first half of 2010. Neither have there been any changes to any transactions with closely related parties as described in the Annual Report for 2009.

Outlook

Eltek achieved sequential revenue increase and positive operating profit in the second quarter 2010, in line with the communication in the interim report for the first quarter.

The developments through the second quarter and into the third quarter supports Eltek Valere's belief that the telecom power market is stabilizing during 2010, and the company also expects to see a gradually stronger revenue impact from growth initiatives for industrial applications, hybrid power solutions, solar power inverters and electric vehicle chargers in the second half of the year.

Nera Networks saw revenue and gross margin levels that were too low to generate positive operating profit in the first half of 2010. In addition to measures to improve the product offering and product cost level, Eltek is also evaluating strategic alternatives for the further development of Nera Networks.

Working capital will fluctuate between quarters due to the seasonality of business volumes, and in the second quarter working capital was also inflated by currency developments. Working capital management remains a key priority with an aim to generate positive free cash flow in all the business segments for the full year 2010.

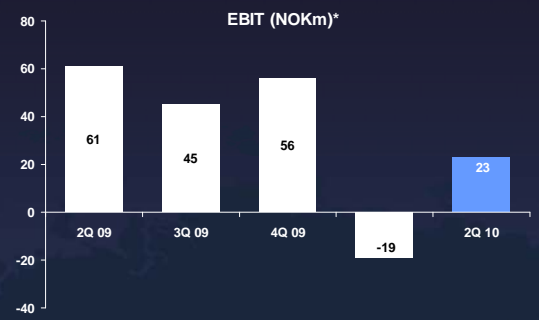
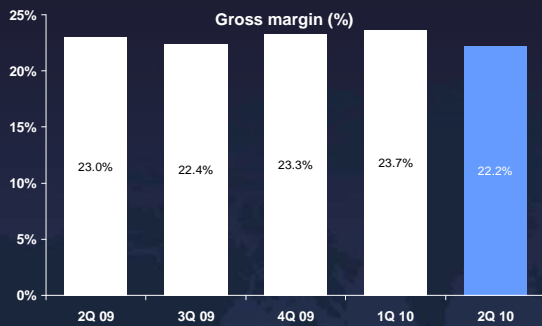
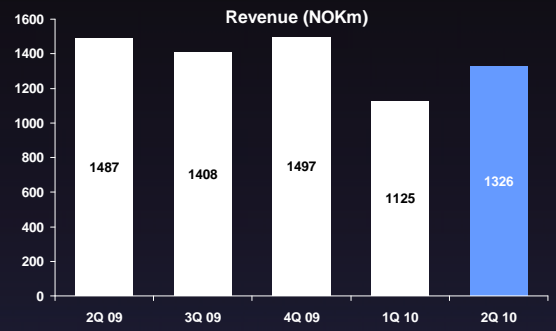
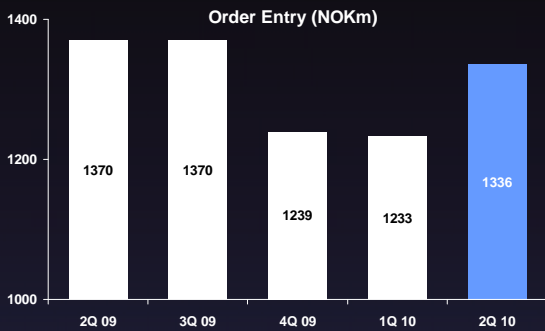
Statement of responsibility

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June, 2010 has been prepared in accordance with IAS 34 –Interim Financial Reporting, and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations.

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 as required under the Norwegian Securities Trading Act.

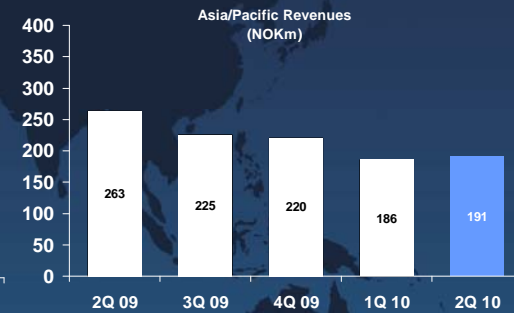
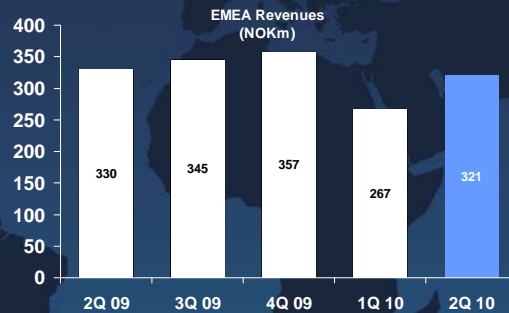
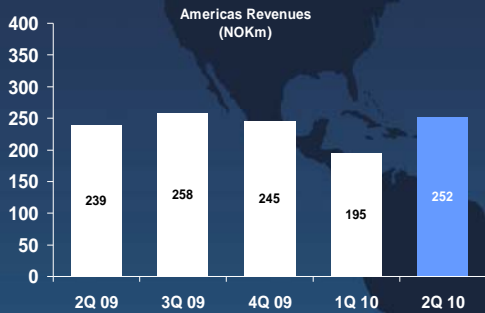
Drammen, 18 August 2010
The Board of Directors and CEO, Eltek ASA

QUARTERLY DEVELOPMENT ELTEK GROUP

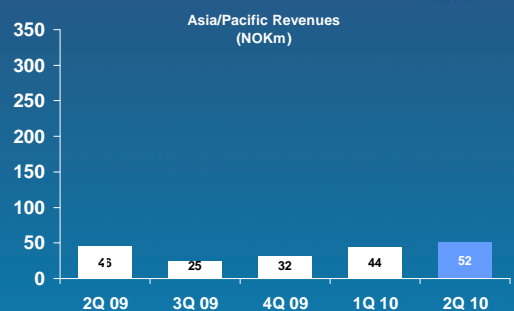
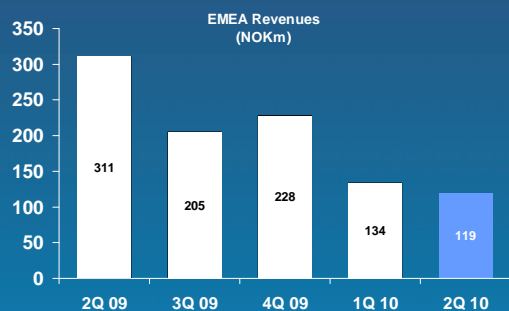
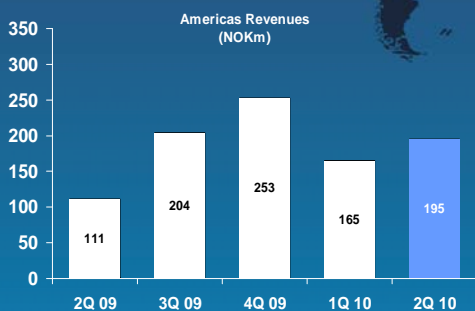


*EBIT before non-recurring items

QUARTERLY DEVELOPMENT BY REGION - ELTEK VALERE



QUARTERLY DEVELOPMENT BY REGION - NERA NETWORKS



Consolidated income statement (unaudited)

Amounts in NOK Million

	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
Revenue	1,326.3	1,486.9	2,451.6	2,872.9	5,777.9
Cost of sales	-1,031.3	-1,145.6	-1,890.2	-2,198.4	-4,439.4
Gross profit	295.1	341.3	561.5	674.5	1,338.4
Selling and marketing costs	-125.9	-130.4	-244.2	-255.6	-509.3
Administrative costs	-75.7	-81.3	-169.8	-170.8	-379.9
R&D and engineering costs	-70.0	-68.6	-141.8	-140.2	-431.1
Other operating items	-0.5	-20.4	-1.3	-20.1	-28.7
Operating profit	22.9	40.6	4.4	87.6	-10.6
Share of result in associated companies	0.0	0.0	0.0	0.0	1.4
Net financial items	-13.7	27.7	-46.8	-33.7	-82.8
Profit before income tax	9.2	68.3	-42.4	53.9	-92.0
Income tax expense	-5.3	-16.0	-12.1	-28.4	-104.4
Net profit	3.9	52.3	-54.5	25.5	-196.4
Attributable to:					
Equity holders	-3.5	40.7	-65.3	10.2	-226.2
Minority interests	7.4	11.6	10.7	15.3	29.9
Basic EPS (NOK)	-0.01	0.13	-0.20	0.03	-0.69
Diluted EPS (NOK)	-0.01	0.13	-0.20	0.03	-0.69

Consolidated statement of comprehensive income (unaudited)

Amounts in NOK Million

	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
Profit for the period	3.9	52.3	-54.5	25.5	-196.4
Actuarial gains/losses					7.7
Net investment hedge (after tax)	16.2	13.2	11.8	-7.3	-16.3
Currency translation effects	40.2	2.6	37.3	-102.5	-150.0
Other comprehensive income (loss)	56.4	15.8	49.1	-109.8	-158.6
Total comprehensive income (loss) for the period	60.3	68.1	-5.4	-84.3	-355.0
Total comprehensive income (loss) attributable to :					
Equity holders of Eltek ASA	35.1	50.2	-41.5	-85.0	-361.5
Minority interests	25.2	17.9	36.0	0.7	6.6

Consolidated balance sheet (unaudited)

Amounts in NOK Million

	30.06.2010	30.06.2009	31.12.2009
Property, plant & equipment	375.5	467.9	389.6
Intangible assets	503.5	675.5	484.7
Deferred income tax asset	410.7	423.3	394.5
Other non-current assets	9.6	14.5	11.9
Total non-current assets	1,299.3	1,581.1	1,280.6
Inventories	584.7	785.6	592.3
Trade and other receivables	2,047.5	2,302.5	1,971.5
Cash and cash equivalents	693.7	768.7	815.5
Total current assets	3,325.9	3,856.7	3,379.3
Total assets	4,625.2	5,437.8	4,659.9
Share capital	329.2	329.2	329.2
Other reserves	839.4	1,236.5	823.1
Capital and reserves attributable to equity holders of the Company	1,168.6	1,565.7	1,152.3
Minority interest	185.7	177.4	177.4
Total equity	1,354.4	1,743.1	1,329.7
Borrowings	741.2	800.3	540.4
Deferred income tax liabilities	6.5	9.0	3.1
Retirement benefit obligations	163.4	168.6	166.5
Provisions for other liabilities and charges	90.6	179.3	84.5
Total non-current liabilities	1,001.7	1,157.2	794.6
Borrowings	565.5	692.9	871.2
Trade creditors and other payables	1,455.8	1,538.7	1,408.9
Current income tax payable	24.0	33.4	20.9
Provisions for other liabilities and charges	223.7	272.5	234.6
Total current liabilities	2,269.1	2,537.5	2,535.6
Total liabilities	3,270.8	3,694.7	3,330.2
Total equity and liabilities	4,625.2	5,437.8	4,659.9
Equity ratio	29.3 %	32.1 %	28.5 %

Statement of changes in equity (unaudited)

Amounts in NOK Million	2Q 2010	2Q 2009	YTD 2010	YTD 2009	31.12.2009
Equity beginning of this period	1,326.0	1,726.5	1,329.7	1,850.8	1,850.8
Total comprehensive income for the period	60.3	68.1	-5.4	-84.3	-355.0
New equity				28.4	28.8
Net acquisition/capital contribution minority interests	-4.9	-28.1	55.7	-28.1	-171.1
Cost of stock options	0.9	1.0	2.3	1.4	2.7
Dividends	-27.9	-24.4	-27.9	-25.1	-26.5
Equity end of period	1,354.4	1,743.1	1,354.4	1,743.1	1,329.7

Statement of cash flow (unaudited)

Amounts in NOK Million	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
Net cash flow from operations	0.8	193.3	71.6	361.5	838.6
Net cash flow from investments	-233.2	-65.1	-281.7	-112.5	-253.3
Net cash flow from financing	-24.5	-186.2	66.0	-66.9	-339.1
Currency effect on cash and cash equivalents	31.1	1.0	22.3	-35.5	-52.8
Net change in cash and cash equivalents	-225.8	-57.0	-121.8	146.6	193.4
Cash and cash equivalents, beginning of period	919.5	825.7	815.5	622.1	622.1
Cash and cash equivalents, end of period	693.7	768.7	693.7	768.7	815.5

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. 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.

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 2010	2Q 2009	YTD 2010	YTD 2009	2009
INCOME STATEMENT					
Revenue	764.3	831.8	1,412.6	1,591.1	3,239.4
Gross profit	202.0	212.0	370.4	403.2	835.8
Operating profit/segment results	52.5	43.6	70.0	75.8	203.2
ASSETS AND LIABILITIES					
Total assets			2,511.6	2,572.7	2,334.5
Total liabilities			1,500.1	1,708.0	1,422.0
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	32.8	35.5	65.8	69.5	146.3
Capital expenditure	20.9	17.4	42.9	39.8	84.9
Impairment intangibles and fixed assets	4.8		4.8		
Restructuring expenses		9.9		9.9	9.9
REVENUE BY GEOGRAPHICAL REGION					
Americas	251.7	239.1	446.7	433.4	935.4
EMEA (Europe, Middle East and Africa)	321.3	329.6	588.1	655.5	1,357.4
Asia Pacific	191.3	263.1	377.7	502.2	946.6

Nera Networks

Amounts in NOK Million

	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
INCOME STATEMENT					
Revenue	366.3	468.4	709.2	924.8	1,871.8
Gross profit	41.2	86.5	102.5	180.5	336.1
Operating profit/segment results	-37.6	-2.6	-56.3	9.9	-189.2
ASSETS AND LIABILITIES					
Total assets			1,346.1	1,670.8	1,221.4
Total liabilities			1,032.0	1,492.8	1,396.7
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	14.1	21.5	29.4	41.1	89.2
Capital expenditure	17.6	29.6	36.8	53.5	109.1
Impairment intangibles and fixed assets					190.0
Restructuring expenses		10.3		10.3	10.3
REVENUE BY GEOGRAPHICAL REGION					
Americas	194.8	111.0	359.9	307.5	765.0
EMEA (Europe, Middle East and Africa)	119.4	311.2	253.1	522.5	955.1
Asia Pacific	52.1	46.2	96.2	94.7	151.7

Nera Telecommunications

Amounts in NOK Million

	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
INCOME STATEMENT					
Revenue	222.9	219.4	391.4	440.1	797.6
Gross profit	51.9	42.8	88.6	90.8	166.5
Operating profit/segment results	19.8	12.1	28.4	29.5	46.8
ASSETS AND LIABILITIES					
Total assets			642.0	600.1	584.8
Total liabilities			272.2	248.5	238.7
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation & amortization	4.4	5.7	8.4	11.4	20.7
Capital expenditure	4.5	2.9	5.4	4.0	7.8
REVENUE BY GEOGRAPHICAL REGION					
Americas					
EMEA (Europe, Middle East and Africa)	0.1	0.3	0.4	1.8	2.2
Asia Pacific	222.8	219.1	391.0	438.3	795.6

Corporate/unallocated/eliminations

Amounts in NOK Million

	2Q 2010	2Q 2009	YTD 2010	YTD 2009	2009
INCOME STATEMENT					
Revenue	-27.2	-32.8	-61.5	-83.1	-130.9
Gross profit					
Operating profit/segment results	-11.8	-12.5	-37.6	-27.6	-71.5
ASSETS AND LIABILITIES					
Total assets			125.5	594.2	519.2
Total liabilities			466.5	245.4	272.8
OTHER SEGMENT INFORMATION INCL. ABOVE					
Depreciation and amortization	0.2	0.1	0.5	0.2	0.3
Capital expenditure		0.5		0.5	0.8

3. Property, plant & equipment and Intangible assets

Three months ended 30 June 2010

	Intangible assets				Tangible assets
	Goodwill	R&D	Other	Total	
Net book amount 01.04.2010	67.5	298.1	121.8	487.4	382.4
Additions		25.6	0.3	25.9	17.0
Depreciation/amortization		-26.8	-6.8	-33.6	-17.9
Impairment				0.0	-4.8
Other		2.1	7.4	9.5	-10.7
Foreign currency translation effects	6.0	-0.3	8.6	14.3	9.5
Net book amount at 30.06.2010	73.5	298.7	131.3	503.5	375.5

Three months ended 30 June 2009

	Intangible assets				Tangible assets
	Goodwill	R&D	Other	Total	
Net book amount at 01.04.2009	69.5	456.7	164.6	690.8	468.4
Additions		33.7	0.1	33.8	16.1
Depreciation/amortization		-32.4	-9.3	-41.7	-19.6
Other		-1.3	-1.1	-2.4	-4.0
Foreign currency translation effects	0.3	1.0	-6.3	-5.0	7.0
Net book amount at 30.06.2009	69.8	457.7	148.0	675.5	467.9

Six months ended 30 June 2010

	Intangible assets				Tangible assets
	Goodwill	R&D	Other	Total	
Net book amount at 01.01.2010	65.1	292.9	126.7	484.7	389.6
Additions		53.4	0.6	54.0	31.1
Depreciation		-53.4	-12.2	-65.6	-38.4
Other		2.1	4.8	6.9	-8.2
Impairment				0.0	-4.8
Foreign currency translation effects	8.4	3.7	11.4	23.5	6.2
Net book amount at 30.06.2010	73.5	298.7	131.3	503.5	375.5

Six months ended 30 June 2009

	Intangible assets				Tangible assets
	Goodwill	R&D	Other	Total	
Net book amount at 01.01.2009	77.1	455.6	186.7	719.4	521.5
Additions		69.5	0.6	70.1	27.6
Disposals				0.0	
Depreciation		-62.9	-19.0	-81.9	-38.8
Other			-1.1	-1.1	-10.3
Impairment		-1.3		-1.3	
Foreign currency translation effects	-7.3	-3.2	-19.2	-29.7	-32.1
Net book amount at 30.06.2009	69.8	457.7	148.0	675.5	467.9

4. Borrowings

As described in the Annual Report 2009, the Company obtained in 2008 postponement of a USD 20 million reduction in an overdraft facility from the second quarter 2009 to the second quarter 2010. The overdraft facility has later been converted to NOK, and in May 2010 the facility was reduced from NOK 522 million to NOK 406 million.

In April the Company received payment for the new bond loan issued in March, and the repurchase of the promissory notes from the former Eltek Valere Minority Shareholders was effectuated in accordance with the Settlement Agreement entered into January 12, 2010, see also note 5.

5. Buy-out and settlement with the Eltek Valere Minority Shareholders

At year-end 2009 the Company reported borrowings NOK 235 million (USD 40.4 million) related to the promissory notes issued to the former Eltek Valere Minority Shareholders.

Eltek and the former Eltek Valere Minority Shareholders entered January 12, 2010 into a Settlement Agreement pursuant to which all disputes between the parties are fully and finally settled. Pursuant to the Settlement Agreement, Eltek had for 90 days the option to purchase for cancellation all promissory notes issued to the Eltek Valere Minority Shareholders (which are in the aggregate principal amount of approx USD 40.4 million), against a total payment of USD 30 million.

The company decided in March 2010 to exercise this option to purchase the promissory notes and April 12, 2010 USD 30 million was paid as full and final settlement with the minority shareholders. The settlement effect on the consolidated balance sheet was a reclassification from borrowings to equity of USD 10.4 million in the first quarter. The settlement had no effect on the consolidated income statement.

6. Nera Telecom Latin-America (Venezuela)

Eltek has operations in Venezuela through its subsidiary Nera Telecom Latin-America which is consolidated in the Nera Networks business area. Effective from January 1, 2009 the Venezuelan economy is classified as an hyperinflation economy according to the International Financial Reporting Standards (IFRS).

The Venezuelan currency VEF was fixed versus USD at an official rate of 2.15 in 2009. January 8th, 2010, the Venezuelan Government chose to devalue and the applicable rate for Eltek became USD/VEF 4.30, which has been applied in these financial statements. The devaluation had negative translation effects reported in the first quarter.

The company reports YTD revenue of NOK 24 million, EBIT of NOK 2 million, cash and cash equivalents of NOK 28 million and equity of 25 NOK million.

