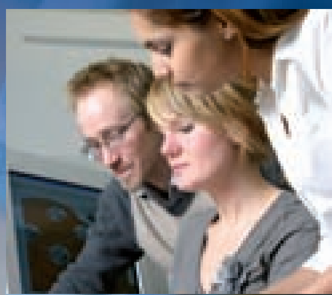
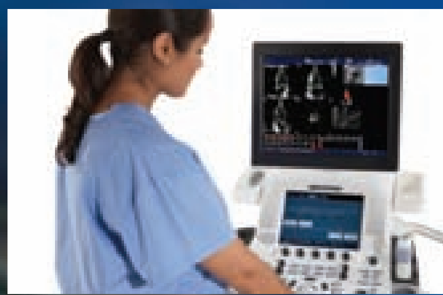
ANNUAL REPORT 2009





CONTENTS

*"Quality is an important **competitive advantage** towards customers and suppliers."*

KITRON IN BRIEF

Kitron is a leading Scandinavian company in the Electronic Manufacturing Services (EMS) sector, operating manufacturing plants in Norway, Sweden and Lithuania. Kitron's business model is to provide development, manufacturing and other value added services to industrial customers.

Kitron's services are competitive within complex manufacturing processes that require niche expertise. Kitron has chosen to focus its sales and marketing activities within four key segments; Data/Telecoms, Defence/Offshore, Medical equipment and Industry.

Kitron has a balanced sales mix among these segments, which makes Kitron diversified and in a good position to handle shifting demands.

Kitron has strong relationships with large international companies who have their point of purchase in the Scandinavian market place. Due to the importance of proximity to the customers within Kitron's segments, more than 90% of Kitron's sales are from customers with point of purchase in either Norway or Sweden.

FLEXIBLE TURNKEY SUPPLIER

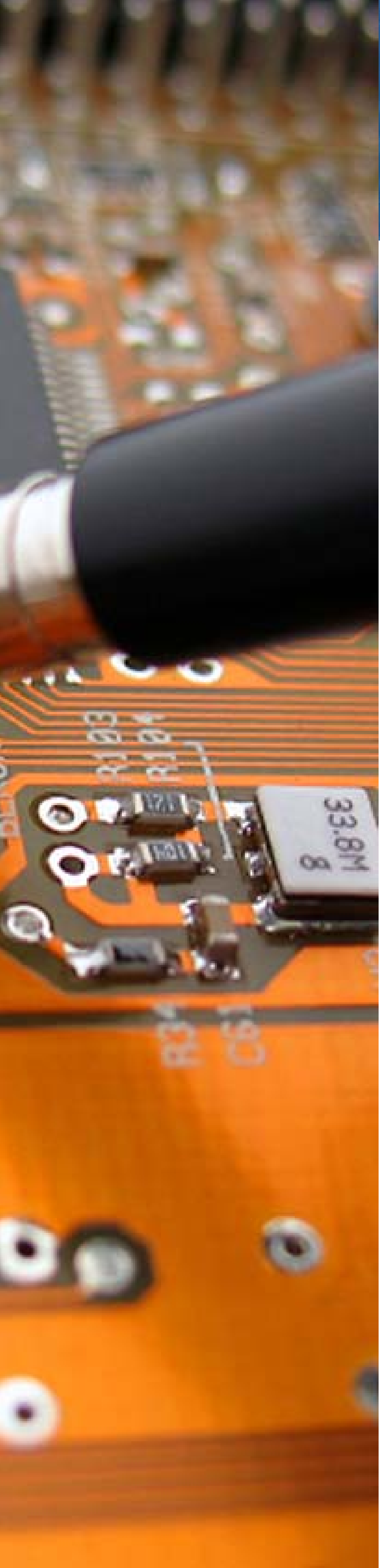
Kitron's services range from development and design, through industrialisation, sourcing and logistics, to manufacturing, redesign and upgrading of products in order to extend their lifespan. Kitron endeavors to achieve a seamless integration with customers and suppliers.
Kitron is working to further enhance its competitiveness by expanding its range of services in those parts of the value chain that demand high levels of expertise. The group is constantly striving to optimise the sourcing function, product mix and logistics in order to reduce its cost base.

QUALITY ASSURANCE

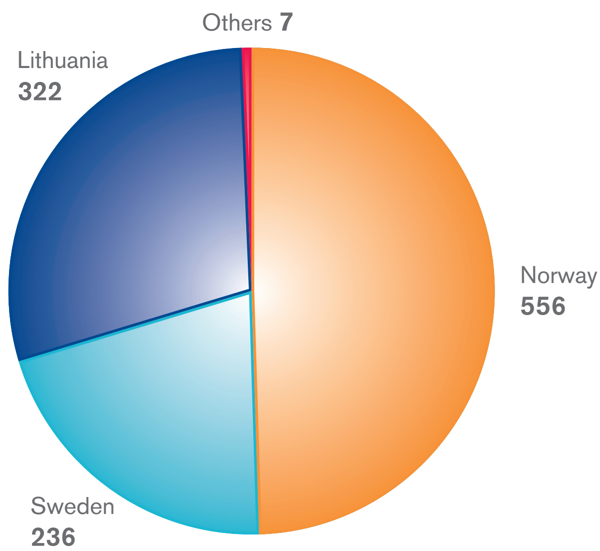
Kitron measures quality in all processes. Customer satisfaction is increased by achieving a workmanship of "right first time" in all processes and subsequently reduces cost. This is the most important driver for quality improvement. Quality is an important competitive advantage towards customers and suppliers.

GLOBAL SOURCING

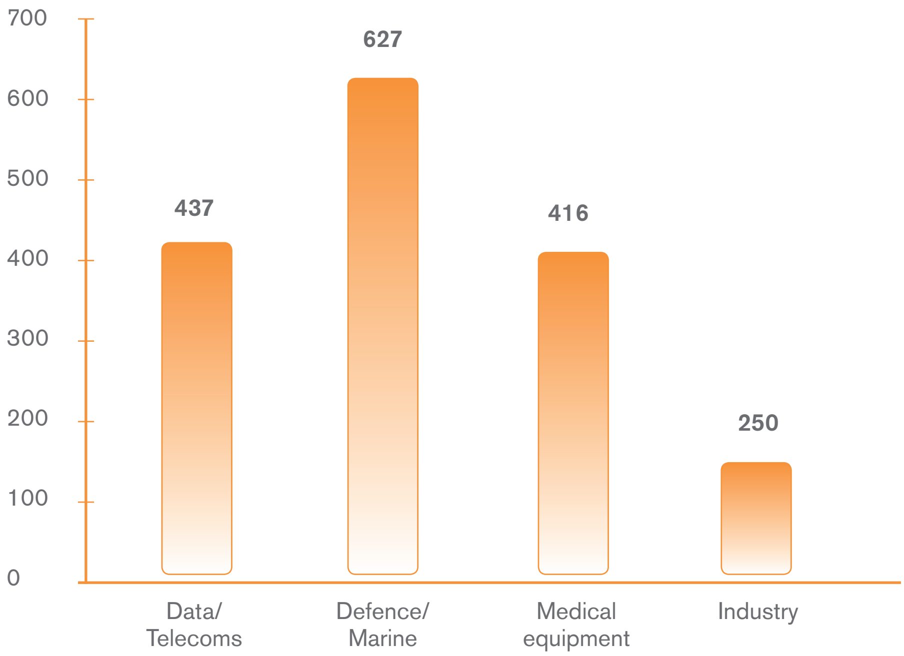
Kitron's subsidiary Kitron Sourcing AS is responsible for performing sourcing activities for the whole group, and consists of dedicated specialists within each commodity group working directly with carefully selected manufacturers and distributors. As a result of continuously monitoring the market globally, Kitron is able to take advantage of opportunities, and negotiate the best possible prices in addition to ensuring safe supply of components.



EMPLOYEES AT 31 DECEMBER 2009. Geographic distribution



REVENUE PER SEGMENT IN 2009. Revenue in NOK million



"Kitron has adopted a strategy
***profitable growth** within*

VISION AND VALUES

Vision

Our solutions deliver success.

Values

Reliability, creativity, positivity and involvement.

Kitron's vision is to provide solutions that lead to success for its customers. Kitron shall contribute to make the customers keep their market positions and to develop their business further. The values are important instruments for achieving the vision.

STRATEGY

Kitron has adopted a strategy where the focus is profitable growth within the Northern European EMS market targeting professional customers. Furthermore Kitron intends to expand globally to gain competitive advantages operationally and to follow existing customers. To fulfil this strategy Kitron focuses its growth along three key dimensions.

Profitable organic growth in existing markets

Kitron will continue to take market shares in its current home market by leveraging on its key competences and competitive edge. In addition, Kitron has a high focus on improving profitability through global sourcing, increased manufacturing efficiency and transfer of manufacturing to lower cost countries. Within all these areas there are ongoing programs and clear targets. An important part of this strategy is to establish a second low cost manufacturing unit in China.

Market expansion outside Nordic

Germany, China & Asia and the US are large markets where Kitron sees attractive opportunities to offer its services through establishment of operations within the proximity of the customers and their "end markets". At this stage Kitron has decided to enter into the German and Chinese & Asian markets. The German market will be developed with local sales and NPI (New Product Introduction) together with manufacturing from Kitron's facility in Lithuania and later on from China.

Drive operational improvements and organisational development

Kitron's employees and their competences are key factors in fulfilling the company's strategy. The organisation's competitive power is improved by leverage on the company's core values, by enhancing productivity, quality, adaptivity and attention to profit. Kitron invests in upgrades and replacement of the manufacturing facilities and optimal information systems to provide its staff the best tools to succeed.

KITRON'S HISTORY

Kitron has its origin from the companies Stratonic and Electric Bureau, both of which were established in the 1960's in Arendal. The Kitron name was established in the 1980's, and Kitron's business idea changed to contract manufacturing of electronics. The business idea has since been extended to include the entire value chain around the manufacturing and assembly of electronics and industrial products containing electronics, including development, industrialization, purchasing, logistics, maintenance/repair and redesign. Kitron was listed on the Oslo Stock Exchange in 1997.

In order to strengthen its market position and competence, Kitron has carried out several mergers and acquisitions, most notably Sonec ASA and Kitron ASA merged in 2000. Today, Kitron consists of businesses that have their origin in Ericsson, Kongsberg Gruppen, Nera and Tandberg Data in Norway, in addition to Bofors and Saab in Sweden. Kitron acquired UAB Kitron in Lithuania in 2001, which at that time had only 7 employees, and UAB Kitron Elsis also in Lithuania in 2007. In 2007, Kitron also started a sourcing organisation in Ningbo, China. In June 2009 Kitron divested its Microelectronics facility at Røros in Norway. At the end of 2009 the establishment of Kitron China and the acquisition of a smaller German EMS company was announced.

where the focus is
the Northern European EMS market"

Board of directors' report 2009:

ADAPTED TO THE MARKET AND POSITIONED FOR GROWTH

2009 has been a challenging year due to the economic recession. Falling demand and reduction of customer inventory levels has driven down the top line and the profitability. Kitron's revenue for the year was NOK 1 730.7 million, which represents an 18.1 per cent reduction compared with 2008. Despite the lower revenue Kitron has been able to stay profitable due to decisive actions at the beginning of 2009 to reduce the cost base of the company. The workforce in Kitron has been reduced by 23.8 per cent during the year. The EBIT was NOK 64.0 million for the year, which is 60.2 per cent lower than the record year 2008. Kitron has managed to improve its competitiveness through the recession and is now postioned for profitable growth as the market recovers.

THE BUSINESS

Kitron's business model is to provide manufacturing and assembly of electronics and industrial products containing electronics, including development, industrialization, purchasing, logistics, maintenance/repair and redesign. For the customer this means increased flexibility, reduced costs and improved assurance of efficiency, price competitiveness and accuracy of delivery.

The growing competition among OEMs requires a high focus on manufacturing efficiency and cost improvements. Hence, an increasing share of OEMs focus on their own core competences and transfer a larger part of the value chain to specialized EMS providers like Kitron. Given the crucial role geographical proximity plays in the customer's choice of supplier, Kitron's presence close to its customers, but with access to lower cost manufacturing, gives the company an advantageous position in the market.

The company has operations in Norway, Sweden, Lithuania, Germany and China. All Kitron's units employ highly qualified staff and all sites have been certified in accordance with international quality standards for the applicable manufacturing.

MARKET SEGMENTS

Kitron's services are most competitive within complex manufacturing processes that require niche expertise. Consequently, Kitron has chosen to focus its sales and marketing activities within the Data/Telecoms, Defence/Offshore, Medical equipment and Industry market segments.

Data/Telecoms

Revenue in the Data/Telecoms segment was reduced by 19.2 per cent to NOK 437.4 million in 2009 (NOK 541.3 million). This represented 25.3 per cent of the group's revenue (25.6 per cent). The trend for this segment is stable and slowly improving.

Defence/Offshore

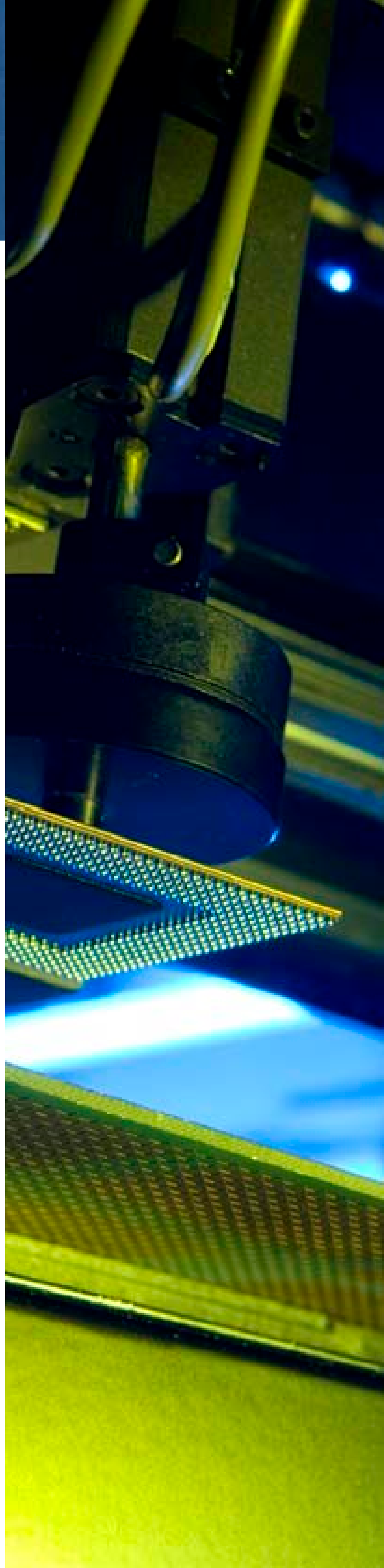
The Defence/Offshore segment decreased by 10.3 per cent in terms of revenue from NOK 698.8 million in 2008 to NOK 626.7 million in 2009. The segment accounted for 36.2 per cent (33.1 per cent) of the group's total revenues. The strong development in the Defence segment is expected to continue in 2010. The Offshore segment has been negatively affected by the oil price development and a recovery is expected during the second half of 2010.

Medical equipment

Revenue in the Medical equipment segment was reduced by 3.6 per cent to NOK 416.2 million in 2009 (NOK 431.9 million), corresponding to 24.0 per cent of the group's revenue (20.4 per cent). This has been the most stable segment through the recession and we are optimistic about the outlook for 2010.

Industry

The Industry segment, in particular in the Swedish market, was severly hit by the recession and revenue dropped by 43.2 per cent to NOK 250.4 million (NOK 440.5 million), accounting for 14.5 per cent of the group's total revenue (20.9 per cent). The segment has now stabilized and the market is slowly recovering. We are therefore cautiously optimistic about 2010.



IMPORTANT EVENTS IN 2009

Adapting capacity to lower demand

In the first quarter 2009 Kitron announced a plan to adjust its headcount by 25 per cent to about 1100 FTE's (full time equivalent) by the end of 2009. This was done in order to streamline the operation and adapt capacity to lower customer demand. The implementation of the plan has been successful and has ensured that Kitron stayed profitable despite difficult market circumstances. Kitron did not incur any significant restructuring costs as a result of the measures taken, but experienced a drop in productivity and lower margins, particularly in the second and third quarter.

Divestment of Kitron Microelectronics AS

In June 2009 Kitron announced the sale of the Microelectronics business in Røros to some of the local employees and Norbit AS. Kitron Microelectronics AS had about 50 employees and an annual turnover of NOK 128 million in 2008. The transaction was closed at the end of June 2009 and was accounted for as discontinued operations in the financial statements. Financial statements and comparative figures have been restated in accordance with the IFRS.

Market expansion

Kitron has also taken strategic steps to expand the market coverage and further improve its competitiveness. In Germany Kitron has acquired a smaller EMS company (about 15 employees) as a stepping-stone to approach the German market. The share purchase agreement is expected to be closed in March 2010. The German entity will focus on prototype- and small volume manufacturing in addition to sales and marketing activities. In China Kitron has decided to set up an operation to expand market coverage and to establish another lower cost manufacturing unit. The new unit will start up manufacturing in the second half of 2010.

Divesting the development department

To further consolidate its operation Kitron has decided to divest its development department and to enter into a strategic alliance with a dedicated development company. At the same time Kitron is increasing its focus on industrialisation, test and new product introduction. The objective is to improve the complete offering to the customers by combining the strengths of Kitron with a larger development environment. In the financial accounts the development department will be recognised as discontinued operations until a sales transaction has been completed.

FINANCIAL STATEMENTS

The board of directors believes that the annual financial statements provide a true and fair view of the net assets, financial position and result for the year of Kitron ASA and the Kitron group. The group's consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by EU.

*"Kitron has also taken strategic steps to expand the market coverage and **further improve its competitiveness.**"*

Profit and loss

Operating revenue for 2009 amounted to NOK 1 730.7 million, compared to NOK 2 112.5 million for 2008, which represents a reduction of 18.1 per cent. The reduction in revenue is explained by the general market conditions and the recession. Kitron has not lost any significant accounts to the competition.

The order backlog at the end of 2009 amounted to NOK 795.8 million, compared to NOK 971.2 million in 2008. Kitron recognizes firm orders and four-month customer forecasts in the order backlog, while frame agreements and similar are not included. Although the backlog is lower compared to the same time last year there has been a positive development quarter by quarter. This trend is expected to continue into 2010.

The gross margin for 2009 was 37.7 per cent, slightly down compared with 2008 (37.9 per cent). Gross margins were generally stable for each product category. Kitron aims to maintain or improve the gross margin through global sourcing and other operational improvements. At the same time transfer of manufacturing to lower cost countries often has a negative effect on the gross margin as the material content increases relative the labour content. However the net margin normally increases.

The number of full-time equivalents decreased by 24 per cent from 1 472 at the end of 2008 to 1 121 at the end of 2009. The group's payroll expenses was reduced by 6.4 per cent, from NOK 476.0 million in 2008 to 445.8 million in 2009. The personnel reductions have been done across all manufacturing locations. Payroll expenses as a percentage of revenue has increased from 22.5 per cent in 2008 to 25.8 per cent in 2009. The increase is partly explained by productivity losses during the downsizing of the operations, and partly by the decreasing topline.

Kitron performs development, industrialization and manufacturing services for its customers. In certain cases Kitron may carry some of the expenses of the actual development work where projects are expected to provide a return once the customer starts profitable manufacturing. Such expenses are capitalized and amortised over the manufacturing period. Kitron does not conduct any research activities. Kitron's development activities on the company's own account are limited and are primarily aimed at planning and implementing productivity increases, building competency and enhancing quality. Such costs are expensed when incurred.

The group's net financial costs were slightly increased from NOK 17.1 million in 2008 to NOK 20.5 million in 2009. This is explained by a gain (NOK 5.0 million in 2008) and loss (NOK 4.6 million in 2009) on intra group financial loans. The net financial cost on third party loans and factoring was reduced from NOK 24.2 million in 2008 to NOK 15.3 million in 2009. The overall liquidity situation was strong during the year and on average credit line drawings remained low.

Kitron's pre-tax profit for 2009 amounted to NOK 43.4 million, compared to 143.7 million for 2008. The businesses in Norway and Sweden have significant tax loss carried forward. Kitron has now recognised all deferred tax assets related to tax loss carryforwards in the balance sheet.

The group's net profit for the year amounted to NOK 8.2 million (NOK 214.3 million). This corresponds to earnings per share of NOK 0.05 (NOK 1.24). Diluted earnings per share were the same as basic earnings per share.

*“The company’s procedures for risk management are designed to **minimise possibly negative effects** caused by the company’s financial arrangements.”*

Cash flow

Cash flow from operating activities was NOK 93.8 million in 2009 (NOK 85.0 million). The difference between operating profit and cash flow from operations is due to a significant reduction in operating working capital and depreciation of fixed assets. The weak top line development and active balance sheet management led to a reduction in operating working capital.

The net cash flow from investing activities in 2009 was minus NOK 24.0 million (minus NOK 76.3 million). Investments have been reduced to a minimum due to the market uncertainty during 2009.

The net cash flow from financing activities was negative at minus NOK 14.8 million (minus NOK 5.1 million). Kitron enters into financial leasing agreements when applicable. The leasing obligation is recognised as debt. Due to the low investment level in 2009 the repayment of leasing debt has exceeded new leasing debt.

Balance sheet and liquidity

Total assets at 31 December 2009 amounted to NOK 982.2 (NOK 1 250.2 million). At the same time equity amounted to NOK 450.4 million (NOK 480.4 million) and the equity ratio was 45.9 per cent (38.4 per cent).

Inventories were reduced by NOK 70.1 million during 2009 and amounted to NOK 256.3 million at the end of the year (NOK 326.4 million). Inventory turns went down from 5.1 to 4.3 due to the lag between the reduction in revenue in the second and third quarter and the proportional reduction in inventories that happened later during the year. Accounts receivable amounted to NOK 337.9 million at the end of 2009 (NOK 503.8 million). Overdue receivables are low and credit losses have been negligible during 2009.

At 31 December 2009, the group’s interest-bearing debt was NOK 233.0 million (NOK 373.1 million). The debt is mainly related to factoring and financial leasing.

Cash and cash equivalents amounted to NOK 105.2 million at the balance sheet date (NOK 99.0 million). NOK 18.4 million of this amount was restricted deposits (NOK 19.6 million). The group’s liquidity situation is good.

Going concern

There have been no events to date in 2010 that affect the result for 2009 or valuation of the company’s assets and liabilities at the balance sheet date. The board confirms that the conditions for the going concern assumption have been satisfied and that the financial statements for 2009 have been prepared on the basis of this assumption.

NET PROFIT (LOSS) OF THE PARENT COMPANY

The parent company Kitron ASA recorded a loss of NOK 9 766 000 for 2009 (2008: profit of NOK 94 267 000). The board of directors proposes the following allocations for Kitron ASA:

Transferred from other equity	NOK	9 766 000
Total allocations	NOK	(9 766 000)

Free equity in the parent company amounts to NOK 27.3 million.

FINANCIAL MARKET RISK

Kitron's business exposes the company to financial risks. The company's procedures for risk management are designed to minimise possibly negative effects caused by the company's financial arrangements.

The group is affected by exchange rate fluctuations as a significant share of its goods and services are sold in foreign currency. At the same time raw materials are purchased in foreign currency, while the foreign units' operating costs are incurred in the units' local currency. Exchange-rate gains and losses only arise in the period in which an asset denominated in a foreign currency is recognised. A larger proportion of revenue than costs is recognised in NOK and SEK. However, revenue and costs in foreign currencies are largely balanced in such a way that the net exchange rate risk is small. The group does not enter into significant hedging arrangements other than agreements with customers that allow Kitron to adjust the selling price when the actual exchange rate on the purchase of raw materials significantly deviates from the agreed base rate. It would be complicated and relatively expensive to implement effective long-term currency hedging of the company's revenue flows.

The company is exposed to price risk because raw materials follow international market prices for electronic and mechanical components, and because the company's goods and services are exposed to price pressure.

The credit risk for the majority of the company's customers has been insured in accordance with the terms of the company's factoring agreement. The company is therefore only exposed to credit risk on customers where the credit risk is uninsured. Kitron has only incurred immaterial bad debt costs.

Kitron's debt is largely short-term and related to factored accounts receivable. This means that fluctuations in revenue impact the company's liquidity. The group has overdraft facilities that cover expected liquidity fluctuations during the year.

The group's interest-bearing debt attracts interest cost at the market based rate. Kitron has no financial instruments related to interest rates. The group does not hold any significant interest-bearing assets.
The board considers the group's liquidity to be sufficient. However, a very small share of the

external capital is long-term. This has not restricted the company's development or business opportunities in 2009.

HEALTH, SAFETY AND ENVIRONMENT

At the end of 2009 the group employed a total of 1194 people working 1121 full-time equivalents. The figures include temporary employees and have not been reduced for sick leave. The expertise and productivity of our employees represent a major asset and competitive advantage for Kitron.

There were no serious work-related accidents or injuries among employees in 2009. Sick leave in Kitron increased from 5.1 per cent in 2008 to 5.5 per cent in 2009 due to a too high sick leave percentage in Norway. To help create a better working environment and reduce sick leave, Kitron's Norwegian factories have entered into inclusive workplace agreements (IA) with the employees. This work related to the agreement will continue in the future. The board considers that the working environment is good and special measures in this regard have not been deemed necessary.

Kitron does not pollute the external environment to any notable extent. Several of the group's manufacturing units are certified in accordance with the NS ISO 14000 series of environmental management standards. In 2009 Kitron AS became a UN climate partner.

EQUAL OPPORTUNITIES

Kitron's basic view is that people with different backgrounds, irrespective of ethnic background, gender, religion or age, should have the same opportunities for work and career development at Kitron. The company's manufacturing factories have traditionally employed a higher proportion of women. Women contributed 51 per cent of total fulltime equivalents at Kitron in 2009, and accounted for 58 per cent of 800 full-time equivalent employees that worked directly in manufacturing, and 33.3 per cent of 322 full-time equivalent employees in indirect functions.

Kitron is taking its social responsibility seriously. In addition to ensure that the work is carried out safely this involves respecting the freedom of association and not accepting any form of forced labour, child labour or work related discrimination.

The average pay (basic salary and allowancens) of women working directly in manufacturing in the Norwegian and Swedish companies was approximately 90 per cent of the average pay for men. A large proportion of the employees in these categories are union members, whose pay is set on the basis of collective wage agreements. The collective wage rates are linked to skills and number of years in service. The collective wage rates can vary between the various subsidiaries, but not on the basis of gender.

Indirect functions include management employees, staff and other support functions. The employees in corporate and company management teams are predominantly male. In the corporate management team there are only male members. No gender-based differences exist with regard to working hour regulations or the design of workplaces. The composition of the board complies with the requirements in the Norwegian Public Limited Companies Act regarding gender balance.

*"Kitron is working on **several operational improvement programs** that should yield a positive contribution in 2010."*

COMPETENCE

In 2009 Kitron continued to focus on competence development. Training and development is a focus area within the Kitron group. Most of the basic training for technical, quality, safety and manufacturing skills is done locally at each site and is a combination of class room training and on the job learning. The corporate focus for 2009 has been Leadership, Sales- and Marketing and Manufacturing efficiency. In 2009 corporate training has covered approximately 2300 hours, and about 85 employees have participated.

CORPORATE GOVERNANCE

The Kitron board has adopted policies for corporate governance to safeguard the interests of the company's owners, employees and other stakeholders. These principles and associated rules and practices are intended to create increased predictability and transparency, and thus reduce uncertainties connected with the business. Kitron endeavors to have in place procedures which comply with the Norwegian code for corporate governance. The board's review of corporate governance is presented in the annual report.

OUTLOOK

Kitron's markets are mainly Norway and Sweden, but most customers of Kitron sell their products on international markets. During 2009 Kitron has experienced a lower demand in line with the general development in the market. During the autumn there has been positive signals and all market segments now show a stable or positive trend. It is expected that this development will continue in 2010.

Significant capacity adjustments have been implemented in 2009 to respond to a decreasing demand and partly as a result of Kitron's effort to drive operational improvements. It has been estimated that these measures have resulted in an annualized reduction of the cost base (excluding material) of NOK 130 million. As announced in Q1 2010 there is a need for further capacity adjustments at Kitron AB in Karlskoga. Restructuring costs will be booked in 2010. Following the actions taken Kitron is prepared to take advantage of the market recovery and improve the profitability.

Kitron is working on several operational improvement programs that should yield a positive contribution in 2010. The focus on manufacturing efficiency is continuing and global sourcing initiatives remain a priority area. Kitron is also investing in a new ERP system that is being rolled out in 2010. Once implemented the objective is to drive efficiency improvements within supporting processes of the company. In sales and marketing Kitron is working on expanding its coverage. The announced establishment of a manufacturing entity in China will open up new market opportunities and make Kitron more competitive. The acquisition of a front end EMS company in Germany is another important strategic measure to expand market coverage and increase sales.

The board emphasises that every assessment of future conditions necessarily involves an element of uncertainty.

Oslo, 11 March 2010

Nerijus Dagilis
Chairman

Arne Solberg
Deputy chairman

May Britt Gundersen
Employee elected board member

Geir Vedøy,
Employee elected board member

Jørgen Bredesen
CEO

Elena Anfimova

Liv Johansen
Employee elected board member

Tomas Kucinskas

Lisbeth Gustafsson

CONSOLIDATED ANNUAL ACCOUNTS AND NOTES

CONSOLIDATED PROFIT AND LOSS STATEMENT

Amounts in nok 1000	note	2009	2008
Continuing operations:			
Revenue			
Sales revenues	5	**1,730,690**	2,112,526
Operating costs			
Cost of materials		**1,077,374**	1,312,592
Payroll expenses	19, 20	**445,754**	476,035
Depreciation and impairments	6, 7, 8	**33,031**	33,252
Other operating expenses		**110,568**	129,855
Total operating costs		**1,666,728**	1,951,735
Operating profit/(loss)		**63,962**	**160,791**
Financial income and expenses			
Net financial items	21	**(20,547)**	(17,059)
Profit/(loss) before tax		**43,415**	143,733
Tax	22	**1,543**	(76,286)
Net profit/(loss) from continuing operations		**41,872**	**220,019**
Discontinued operations:			
Profit from discontinued operations	13	**(33,704)**	(5,706)
Net profit/(loss)		**8,167**	**214,312**
Allocation			
Shareholders		**8,167**	214,312
Earnings per share for that part of of the net profit/(loss) allocated to the company's shareholders. (NOK per share)			
Basic earnings per share			
From continuing operations	23	**0.24**	1.27
From discontinued operations	23	**(0.19)**	(0.03)
		0.05	**1.24**
Diluted earnings per share			
From continuing operations	23	**0.24**	1.27
From discontinued operations	23	**(0.19)**	(0.03)
		0.05	**1.24**

The notes on pages 16 to 50 are an integral part of the consolidated financial statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Amounts in nok 1000	note	2009	2008
Net profit/(loss)		**8,167**	214,312
Other comprehensive income:			
Currency translation differences and other changes		**(38,160)**	19,089
Other comprehensive income		**(38,160)**	19,089
Total comprehensive income		**(29,993)**	233,401
Allocation			
Shareholders		**(29,993)**	233,401

The notes on pages 16 to 50 are an integral part of the consolidated financial statement.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER			
Amounts in nok 1000	note	**2009**	2008
Assets			
Non-current assets			
Intangible assets	7, 8	**39,177**	25,714
Property, plant and equipment	6	**131,411**	188,970
Available for sale financial assets	9	**9**	36
Deferred tax assets	18	**98,981**	106,304
Other receivables	10	**4,884**	-
Total non-current assets		**274,462**	**321,024**
Current assets			
Inventory	11	**256,288**	326,381
Accounts receivable and other receivables	10, 27	**337,859**	503,827
Cash and cash equivalents	12	**105,238**	98,970
Total current assets		**699,384**	**929,178**
Assets classified as held for sale	**13**	**8,316**	**-**
Total assets		**982,162**	**1,250,202**

(TABLE CONTINUES NEXT PAGE)

(TABLE CONTINUED) CONSOLIDATED BALANCE SHEET AT 31 DECEMBER Amounts in NOK 1000	note	2009	2008
Equity and liabilities			
Equity			
Equity allocated to shareholders			
Share capital and share premium reserve	14	**629,020**	629,020
Other equity unrecognised in the profit and loss		**(25,867)**	12,293
Retained earnings		**(152,748)**	(160,915)
Total equity		**450,406**	**480,398**
Liabilities			
Non-current liabilities			
Loans	17	**12,802**	29,139
Pension commitments	19	**21,326**	21,164
Total non-current liabilities		**34,128**	**50,303**
Current liabilities			
Accounts payable and other current liabilities	16, 27	**271,406**	372,286
Tax payable	22	**226**	3,218
Loans	17	**220,159**	343,998
Total current liabilities		**491,791**	**719,502**
Liabilities classified as held for sale	**13**	**5,836**	**-**
Total liabilities		**531,756**	**769,805**
Total equity and liabilities		**982,162**	**1,250,202**

The notes on pages 16 to 50 are an integral part of the consolidated financial statement.

Oslo, 11 March 2010

Nerijus Dagilis
Chairman

Arne Solberg
Deputy chairman

May Britt Gundersen
Employee elected board member

Geir Vedøy,
Employee elected board member

Jørgen Bredesen
CEO

Elena Anfimova

Liv Johansen
Employee elected board member

Tomas Kucinskas

Lisbeth Gustafsson

CHANGES IN CONSOLIDATED EQUITY

Amounts in nok 1000	Allocated to shareholders				
	Share capital and share premium reserve	Currency conversion unrecognised in the profit and loss	Other equity unrecognised in the profit and loss	Retained earnings	Total
Equity at 1 January 2008	**629,020**	**(2,477)**	**(4,319)**	**(375,227)**	**246,997**
Conversion differencies		19,089			19,089
Net profit				214,312	214,312
Equity at 31 December 2008	629,020	16,612	(4,319)	(160,915)	480,398
Equity at 1 January 2009	**629,020**	**16,612**	**(4,319)**	**(160,915)**	**480,398**
Conversion differencies and other changes		(38,160)			(38,160)
Net profit				8,167	8,167
Equity at 31 December 2009	**629,020**	**(21,548)**	**(4,319)**	**(152,748)**	**450,406**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in nok 1000	note	2009	2008
Cash flow from operational activities			
Cash flow from operations	25	**104,001**	105,887
Interest received		**1,715**	216
Interest paid		**(9,164)**	(18,647)
Taxes		**(2,773)**	(2,426)
Net cash flow from operational activities		**93,779**	**85,030**
Cash flow from investment activities			
Aquisition of fixed assets	6, 8, 13	**(27,576)**	(76,278)
Divestments and sale of tangible fixed assets		**3,535**	
Net cash flow from investment activities		**(24,041)**	**(76,278)**
Cash flow from financing activities			
Repayment of loans	13	**(4,792)**	(5,107)
Dividends paid		**(10,000)**	
Net cash flow from financing activities		**(14,792)**	**(5,107)**
Change in cash, cash equivalents and bank credit		**54,946**	**3,645**
Cash,cash equivalents and bank credit at 1 January		**31,808**	28,164
Cash, cash equivalents and bank credit at 31 December	**12**	**86,754**	**31,809**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Kitron ASA and its subsidiaries (the group) comprise one of Scandinavia's leading enterprises in the development, industrialisation and manufacturing of electronics for the data/telecom, defence/ marine, medical equipment and industry segments. The group has operations in Norway, Sweden, Lithuania and China. Kitron ASA has its head office at Billingstad outside Oslo in Norway and is listed on the Oslo Stock Exchange. The headquarter's address is Olav Brunborgs vei 4, 1396 Billingstad. The consolidated accounts were considered and approved by the company's board of directors on 11 March 2010.

NOTE 2 SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING PRINCIPLES

The most significant accounting principles applied in the preparation of the consolidated financial statements are detailed below. These principles have been applied uniformly in all the periods unless otherwise stated.

Basis of preparations

The consolidated financial statements for Kitron ASA have been prepared in accordance with "International Financial Reporting Standards" (IFRS) as approved by the European Union (EU). The consolidated financial statements have been prepared in accordance with the historical cost convention. Preparing the financial statements in accordance with the IFRS requires the use of estimates. Application of the company's accounting principles also means that the management must exercise discretion. Areas where such discretionary assessments have been made to a particular extent or which have a high degree of complexity, or where assumption and estimates are significant for the consolidated accounts, are described in note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earning per share.

- IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the group or company's financial statements.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset (IAS 23 Borrowing Costs). The change in accounting policy had no material impact on earnings per share.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.It is not expected to have a material impact on the group or company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IAS 38 (amendment), 'Intangible Assets'. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group or company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the group or company's financial statements.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010). In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the group's financial statements.

- IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2013) replaces the multiple classification and measurement models for financial assets in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. A financial asset is measured at amortised cost if two criteria are met: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. The group and company are currently evaluating the impact of adoption of IFRS 9.

- IAS 24 (revised), 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011). The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities; and clarifies and simplifies the definition of a related party. It is not expected to have a material impact on the group or company's financial statements.

- Amendment to IAS 32: Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010). The amendment allows rights issues to be classified as equity when the price is denominated in a currency other than the entity's functional currency. A rights issue is used as a means of capital-raising whereby an entity issues a right, option or warrant on a pro rata basis to all existing shareholders of a class of equity to acquire a fixed number of additional shares at a fixed strike price (usually less than the market value of the shares on that date). It is not expected to have a material impact on the group or company's financial statements.

- IFRIC 18, 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July 2009, endorsed by EU for annual financial periods beginning on or after 1 November 2009). IFRIC 18 states that when an entity receives from a customer a transfer of an item of property, plant and equipment, it shall assess whether the transferred item meets the definition of an asset set out in the Framework. If the entity concludes that the definition of an asset is met, it shall recognise the transferred asset as an item of property, plant and equipment and measure its cost on initial recognition at its fair value (IAS 18). It is not expected to have a material impact on the group or company's financial statements.

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010). IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a "debt for equity swap"). IFRIC 19 requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. It is not expected to have a material impact on the group or company's financial statements.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company, Kitron ASA, and all its subsidiaries. Subsidiaries are all units in which the group has a controlling influence on the unit's financial and operational strategy, normally through owning more than half the voting capital. When determining whether a controlling influence exists, the effect of potential voting rights which can be exercised or converted on the balance sheet date are taken into account. Subsidiaries are consolidated from the time when control transfers to the group, and de-consolidated when the control ceases.

The purchase method is used to consolidate acquired subsidiaries. The acquisition cost at the transaction date is attributed to the fair value of assets provided as consideration for the acquisition, equity instruments issued, liabilities incurred through the transfer of control and direct transaction costs. Identifiable assets and debt acquired are recognised at their fair value at the transaction date, regardless of possible minority interests. Transaction costs which exceed the fair value of identifiable net assets in the subsidiary are carried as goodwill. If the transaction costs are lower than the fair value of identifiable net assets in the subsidiary, the difference is recognised in the profit and loss account at the acquisition date.

Intra-group transactions, balances and unrealised gains are eliminated. Unrealised losses are eliminated, but are assessed as an indicator of impairment loss on the transferred asset. The accounting principles for subsidiaries have been amended to accord with the group's principles.

Transactions and minority interests

Transactions with minority interests are treated as transactions with third parties. When shares in subsidiaries are sold to minority interests, the group's gain or loss is recognised in the profit and loss account. When shares in subsidiaries are acquired from minority interests, goodwill will arise. This goodwill will be the difference between the consideration and the acquired share of the book equity in the subsidiary.

Associated companies

The group has no joint ventures or associated companies.

SEGMENT REPORTING

A business area is part of the business which delivers products or services exposed to risks and returns which differ from those of other business areas. A geographical market is part of the business which delivers products and services within a defined geographical area which is subject to risks and returns which differ from those in other geographical areas.

TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currencies

The accounts of the individual units are compiled in the principal currency used in the economic area in which the unit operates (the functional currency). The consolidated accounts are presented in NOK, which is both the functional and the presentation currency for the parent company.

Transaction and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing at the transaction date. Currency gains and losses which arise from the settlement of such transactions, and when translating monetary items (assets and liabilities) in foreign currencies at 31 December at the exchange rate on the balance sheet date, are recognised in the profit and loss account.

Group companies

The profit and loss statements and balance sheets for group units (none of which are affected by hyperinflation) in functional currencies which differ from the presentation currency are translated as follows:

- The balance sheet is translated at the closing exchange rate on the balance sheet date
- The profit and loss statement is translated at the average exchange rate
- Translation differences are recognized directly in equity and specified separately
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

PROPERTY, PLANT AND EQUIPMENT

Tangible fixed assets primarily embrace buildings and land, machinery, equipment, and fixtures and fittings. They also include leased buildings, machinery and equipment where the lease is considered to be a financing method (financial leasing). Tangible fixed assets are stated at historical cost less accumulated depreciation and impairments. They are recognised in the balance sheet and depreciated on a straight-line basis to their residual value over their expected useful life, which is:

- Buildings: 20-33 years
- Machinery and operating equipment: 3-10 years

Land is not depreciated. The useful life of fixed assets and their residual value are reassessed on every balance sheet date and amended if necessary. When the carrying amount of a fixed asset is higher than the estimated recoverable amount, the value is written down to the recoverable amount.

On-going maintenance of fixed assets is charged as an operating cost, which upgrading or improvements are added to the historical cost of the asset and depreciated accordingly. Gain and loss on disposals is recognized in the profit and loss account as the difference between the sales price and the carrying amount.

Assets considered to have an indefinite useful life and which are not depreciated are tested annually for possible impairment. Fixed assets subject to depreciation are tested for impairment when conditions arise

Notes to the consolidated financial statements which indicate a fall in value. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. When assessing impairment, fixed assets are grouped at the lowest level for which identifiable independent cash inflows exist (cash generating units). At each reporting date, an assessment is made of the opportunity for reversing earlier impairment charges on fixed assets.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the acquisition of a business and the fair value of the group's share of net identifiable assets in the business at the acquisition date. Goodwill is tested annually for impairment and recognised in the balance sheet at its acquisition cost less impairment charges. Impairment losses on goodwill are not reversed. When assessing the need to make an impairment charge on goodwill, the goodwill is allocated to relevant cash-generating units. The allocation is made to those cash-generating units or groups of such units which are expected to benefit from the acquisition. The group allocates goodwill to each business area in each country in which it operates.

Computer software

Costs related to aquisition of new ERP-system are accrued until the system is implemented and started to be used.

FINANCIAL ASSETS

The group classifies its financial assets in the following categories based on the purpose for which the financial assets were acquired: loans and receivables, and available for sale. The management reassess this classification of financial assets at each reporting date.

Available-for-sale financial assets

Available-for-sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Since the group's investment in shares for 2008 and 2009 consists solely of holdings in small companies which are not traded in an effective market, these holdings are recognised at historical cost less impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments which are not traded in an active market. They are classified as current assets unless they mature more than 12 months after the balance sheet date. When maturing more than 12 months after the balance sheet date, loans and receivables are classified as non-current assets. Loans and receivables are classified as accounts receivable and other receivables in the balance sheet.

INVENTORY

Inventory comprises purchased raw materials, work in progress and finished goods. It is stated at weighted average costs. Acquisition cost for work in progress are direct material costs and payroll expenses plus indirect costs (based on normal capacity).

ACCOUNTS RECEIVABLE

Accounts receivable are recognised initially in the balance sheet at their fair value. Provision for bad debts is recognised in the accounts when objective indicators suggest that the group will not receive a settlement in accordance with the original terms. Significant financial problems at the customer, the probability that the customer will go into liquidation or undergo financial reconstruction, and postponements of or shortfalls in payment are regarded as indicators that a receivable needs to be written down. The provision represents the difference between the carrying amount and the recoverable amount, which is the present value of expected cash flows discounted by the effective interest rate. Changes in the provision are recognised in the profit and loss account as other operating expenses. A significant proportion of receivables are credit-insured as part of the company's factoring arrangement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and deposits in bank accounts. Amounts drawn on overdraft facilities are included in loans under current liabilities.

SHARE CAPITAL

The share capital comprises the number of shares multiplied by their nominal value, and are classified as equity. Expenses which can be attributed directly to the issue of new shares or options (less tax) are recognised in equity as a reduction in the proceeds received.

LOANS

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the loans using the effective interest method. Loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

DEFERRED TAX

Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. If, however, deferred tax arises when initially recognising a liability or asset in a transaction which is not the integration of a business and which at the transaction date has no effect on the profit and loss statement or on tax, it is not recognised. Deferred tax is determined using tax rates and laws which have been substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the group and it is probable that they will not be reversed in the foreseeable future.

PENSION COMMITMENTS, BONUS SCHEMES AND OTHER COMPENSATION FOR EMPLOYEES

Pension commitments

Group companies have various pension schemes. These schemes are generally funded through payments to insurance companies or pension funds on the basis of periodic actuarial calculations. The group has both defined contribution and defined benefit plans. A defined contribution plan is one under which the group pays fixed contributions to a separate legal entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is one which is not a defined contribution plan, and typically defines an amount of pension benefit an employee will receive on retirement. That benefit is normally dependent on one or more factors such as age, years of service and pay. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses. The pension commitment is calculated annually by an independent actuary using a straight-line earnings method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates corresponding to a 10-year Norwegian government bond extended in duration to provide a term to maturity approximating to the terms of the related pension liability. Estimated payroll tax on the net pension commitment calculated by an actuary is added to the carrying amount of the obligation. Changes in pension plan benefits are recognised immediately in the profit and loss account unless rights in the new pension plan are conditional on the employee remaining in service for a specific period of time (the vesting period). In that case, the costs associated with the change in benefit are amortised on a straight-line basis over the vesting period. Changes to estimates arising from new information or changes to actuarial assumptions are recognised in the profit and loss account over a period corresponding to the expected average remaining working lives of the employees. For defined contribution plans, the group pays contribution to publicly- or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as a payroll expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based compensation

The fair value of share options granted is assessed at the granting date and expensed over the vesting period. The cost also includes payroll tax.

Liabilities incurred related to cash-settled options (share appreciation rights) are measured at the fair value at the reporting date. Until the liability is settled, the fair value of the liability is remeasured at each reporting date with any changes in fair value recognised in profit or loss for the period.

Bonus schemes

Certain senior executives have bonus agreements related to the attainment of specified targets for the business (budgets and activities). Obligations (provisions) and costs (pay) are recognised for bonuses in accordance with the company's contractual obligations.

Severance pay

Severance pay is given when the contract of employment is terminated by the group before the normal age of retirement or when an employee voluntarily agrees to leave in return for such a payment. The group recognises severance pay in the accounts when it is demonstrably obliged either to terminate the contract of employment for existing employees in accordance with a formal, detailed plan which the group cannot rescind, or to make a payment as a consequence of an offer made to encourage voluntary resignations. Severance pay which falls due more than 12 months after the balance sheet date is discounted to present value.

PROVISIONS

The group makes provisions when a legal or constructive obligation exists as a result of past events, it is more likely than not that an transfer of financial resources will be required to settle the obligation, and the amount of the obligation can be estimated with a sufficient degree of reliability. Obligations falling due more than 12 months after the balance sheet date is discounted to present value.

GOVERNMENT GRANTS

Government grants including non-monetary grants at fair value, will only be recognised when there is reasonable assurance that the company will comply with the conditions attaching to them, and the grants will be received. The grants are recognised as cost reductions in the profit and loss statement.

REVENUE RECOGNITION

Revenue from the sale of goods and services is recognised at fair value, net of VAT, returns, discounts and rejects.

Sales of goods

Sales of goods are recognised in the profit and loss account when a unit within the group has delivered its products to the customer and the customer has accepted the product.

Sales of services

Sales of services embrace development assignments and services related to industrialisation. Service deliveries are partly project-based and partly hourly-based. Sales of project-based services are recognised in the period in which the services are rendered, based on the degree of completion of the relevant project. The degree of completion is determined by measuring the services provided as a proportion of the total services to be rendered. Hourly-based services are recognised in the period when the service is rendered.

Interest income

Interest on bank deposits is recognised in the period when it is earned.

LEASING

Leases where a significant portion of the risks associated with the fixed asset are retained by the lessor are classified as operating leasing. Payments made under operating leases are recognised in the profit and loss statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased propertyand the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

DIVIDEND PAYMENTS

Possible dividend payments to the company's shareholders are recognised as a liability in the group's financial statements in the period when the dividend is approved by the general meeting.

NOTE 3 FINANCIAL RISK

The company is exposed through its business to a number of financial risks. Its corporate routines for risk management focus on the unpredictability of the financial markets, and endeavour to minimise potential negative effects arising from the company's financial dispositions.

MARKET RISK

Currency risk: The group is exposed to changes in foreign exchange rates because a significant share of the group's goods and services are sold in such currencies. At the same time raw material are bought in foreign currency and the operating costs in foreign group entities are in local currency. To reduce the currency risk the company's standard contracts include currency clauses which allow the company to adjust the price when the actual exchange rate differs significantly from the agreed base rate. The group has not established other significant currency hedge arrangements over and above its standard contracts with customers. The most significant foreign currencies are SEK, LTL, EURO and USD. The group has significant investments in foreign operations who's net assets are exposed to foreign currency translation risk in SEK and LTL.

At 31 December, if the currency had weakened/strengthened by 1 per cent against the US dollar with all variables held constant, post –tax profit for the year would have been NOK 0.1 million (2008: NOK 0.3 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank deposits, trade receivables and debt.

At 31 December, if the currency had weakened/strengthened by 1 per cent against the EURO with all variables held constant, post–tax profit for the year would have been NOK 0.2 million (2008: NOK 0.5 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EURO denominated bank deposits, trade receivables and debt.

Price risk: The company is exposed to price risk both because raw materials follow international market prices for electronic and mechanical components and because the company's goods and services are subject to price pressures. Routines have been established for procurement by the company's own sourcing organisation, which negotiates group contracts. The sourcing function allows Kitron to achieve improved material prices

The company is exposed to price risk on share prices in Available-for-sale financial assets. However, these investments are insignificant and the company has not established specific measures in order to reduce this risk.

CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with bank and receivables. The bulk of the group's accounts receivable are credit insured as part of the company's factoring agreement. Kitron accordingly bears credit risk only for accounts receivable which are not insured. The company has routines to ensure that uninsured sales on credit are made only to creditworthy customers.

LIQUIDITY RISK

Kitron's financing is primarily short-term and based on factoring finance for accounts receivable. This means that fluctuations in turnover affect the company's liquidity. In addition, drawing facilities have been established in banks which counteract the liquidity fluctuations related to turnover.

INTEREST RATE RISK

The group's interest rate risk arises mainly from short-term borrowings (factoring debt and bank overdraft). Only a minor part of the loans are long-term borrowings (leasing debt). The group's borrowings are mainly with variable rates which expose the group to cash flow interest rate risk.

Interest on the group's interest-bearing debt is charged at the relevant market rate prevailing at any given time (three months interbank offered rate – Nibor , Stibor, Libor or Vilibor as the case may be – plus the agreed interest margin). There will not occur any gain/ loss on the balance sheet amounts in case interest rates are increased or lowered. At 31 December 2009, if interest rate on NOK borrowings had been 1 percentage points higher/ lower with all other variables held constant, post-tax profit for the year would have been NOK 1.4 million (2008: NOK 2.0 million) lower/higher, mainly as a result of higher/lower interst expense on floating rate borrowings. At 31 December 2009, if interest rate on borrowings in foreign currency had been 1 percentage points higher/lower with all other variables held constant, post-tax profit for the year would have been NOK 0.9 million (2008: NOK 1.7 million) lower/higher. External financing for the group's operational companies takes place in the functional currency. No interest rate instruments have been established in the group. The company does not have significant interest-bearing assets, so that its income and cash flow from operational activities are not significantly exposed to changes in the market interest rate.

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The table below shows the group's financial loans including interest into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

LIQUIDITY RISK

Amounts in nok 1000

Periods to maturity of loans including interest:	Less than one year	Between one and two years	Between two and five years	More than five years
At 31 December 2009				
Bank overdraft	-	-	-	-
Leasing	13,612	10,124	3,738	-
Factoring debt	221,689	-	-	-
Total loans	**235,301**	**10,124**	**3,738**	**-**
At 31 December 2008				
Bank overdraft	50,687			
Leasing	13,026	23,799	7,704	
Factoring debt	304,539			
Total loans	**368,252**	**23,799**	**7,704**	**-**

NOTE 4 IMPORTANT ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

Estimates and discretionary assessments are based on historical experience and other factors, including expectations of future events which are considered to be likely under present conditions. The group prepares estimates and makes assumptions about the future. Accounting estimates derived from these will by definition seldom accord fully with the final outcome. Estimates and assumptions which represent a substantial risk for significant changes in the carrying amount of assets and liabilities during the coming fiscal year are discussed below.

ESTIMATED VALUE OF GOODWILL

The group performs annual tests to assess the fall in value of goodwill and tangible fixed assets. The recoverable amount from cash generating units is determined on the basis of present-value calculations of expected annual cash flows. These calculations require the use of estimates for cash flows and the choice of discount rate before tax for discounting the cash flows. A 10 per cent reduction in the estimated contribution margin or increase in the discount rate before tax for discounting cash flows would not have generated an additional impairment charge for goodwill.

PENSION BENEFITS

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 19.

NOTE 5 SALES REVENUES AND BUSINESS AREAS

Kitron provides goods and services within development, industrialisation and manufacturing for the electronics sector in various geographical areas and different market segments.

Primary reporting format - business areas

From 2008 the groups business is only one business area: Electronic Manufacturing Services (EMS). The activities at the Microelectronic unit in Jönköping has been merged with the EMS, and is no longer reported as a separate business area.

BREAKDOWN BY BUSINESS AREA

Amounts in nok 1000	Electronic Manufactering Services		Other and eliminations	
	2009	2008	**2009**	2008
Revenues	**1,842,433**	2,242,914	**(111,743)**	(130,388)
Other operating costs	**1,741,801**	2,044,085	**(108,104)**	(125,602)
Depreciation and impairment	**31,858**	31,448	**1,173**	1,804
Operating profit/(loss)	**68,774**	167,381	**(4,812)**	(6,590)
Assets	**953,200**	1,220,798	**28,962**	29,404
Liabilities	**704,546**	1,035,743	**(172,790)**	(265,939)
Investment	**25,650**	78,972	**1,926**	4,198

Assets and liabilities are the carrying amounts in the accounts of the companies included in the business areas. Transactions and balances within each business area are eliminated.

SALES BY MARKET SEGMENT

Amounts in nok 1000	**2009**	2008
Data/Telecoms	**437,433**	541,295
Defence/Marine	**626,662**	698,775
Medical equipment	**416,193**	431,876
Industry	**250,402**	440,580
Total sales revenues	**1,730,690**	**2,112,526**

Secondary reporting format - Geographical area

GEOGRAPHICAL BREAKDOWN SALES Amounts in nok 1000	**2009**	2008
Norway	**1,038,335**	981,026
Sweden	**595,298**	963,000
Rest of Europe	**48,160**	76,700
USA	**46,976**	60,600
Other	**1,921**	31,200
Total	**1,730,690**	**2,112,526**

GEOGRAPHICAL BREAKDOWN OF ASSETS AND INVESTMENTS Amounts in nok 1000	Norway		Sweden		Lithuania		China	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Assets	**615,951**	757,100	**207,162**	246,943	**157,993**	245,468	**1,056**	691
Investments	**22,370**	41,135	**3,808**	5,111	**1,388**	36,919	**10**	5

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION Amounts in nok 1000	Machinery and operating equipment	Buildings and land	Total
At 1 January 2008			
Acquisition cost	607,792	68,550	676,342
Accumulated depreciation/impairment	(491,512)	(40,485)	(531,997)
Accounting carrying amount	**116,281**	**28,064**	**144,345**
Fiscal 2008			
Opening balance	116,281	28,064	144,345
Conversion differencies	5,443	2,970	8,413
Additions	66,492	16,679	83,171
Disposals	(6,893)	-	(6,893)
Depreciation	(36,832)	(3,233)	(40,065)
Closing balance	**144,490**	**44,480**	**188,970**
At 31 December 2008			
Acquisition cost	672,834	88,198	761,032
Accumulated depreciation/impairment	(528,344)	(43,719)	(572,063)
Accounting carrying amount	**144,490**	**44,480**	**188,970**
Fiscal 2009			
Opening balance	144,490	44,480	188,970
Conversion differencies	(6,571)	(5,894)	(12,466)
Additions	12,731	-	12,731
Disposals	(19,120)	(5,673)	(24,793)
Depreciation	(30,222)	(2,810)	(33,031)
Closing balance	**101,309**	**30,103**	**131,411**
At 31 December 2009			
Acquisition cost	613,186	68,535	681,720
Accumulated depreciation/impairment	(511,877)	(38,432)	(550,309)
Accounting carrying amount	**101,309**	**30,103**	**131,411**

Accounting carrying amount includes the carrying amount of fixed assets which are treated for accounting purposes as financial leasing, see note 17. Machinery and equipment, buildings and land were provided at 31 December as security for NOK 94.3 million and NOK 6.2million (2008: NOK 102.8 million and NOK 12.8 million), see note 17. Disposals in 2009 is mainly related to the divestment of Kitron Microelectronics AS.

NOTE 7 GOODWILL

INTANGIBLE ASSETS Amounts in nok 1000	Goodwill
At 1 January 2008	
Acquisition cost	29,346
Accumulated impairment charge	3,832
Accounting carrying amount	**25,514**
Fiscal 2008	
Opening balance	25,514
Additions	200
Closing balance	**25,714**
At 31 December 2008	
Acquisition cost	29,546
Accumulated impairment charge	3,832
Accounting carrying amount	**25,714**
Fiscal 2009	
Opening balance	25,714
Disposals	(1,382)
Closing balance	**24,332**
At 31 December 2009	
Acquisition cost	28,164
Accumulated impairment charge	3,832
Accounting carrying amount	**24,332**

The company's cash-generating units are identified by country. Disposals in 2009 is mainly due to the disvestment of Kitron Microelectronics AS.

ALLOCATION OF CARRYING AMOUNT OF GOODWILL BY BUSINESS AREA AND BY COUNTRY:		
Amounts in nok 1000	**2009**	2008
Norway	**715**	2,097
Sweden	**3,555**	3,555
Lithuania	**20,062**	20,062
Total	**24,332**	**25,714**

The recoverable amount for a cash-generating unit is based on a calculation of value in use. The cash flow assumption is based on financial budgets approved by the company's management. These calculations is based on growth assumptions which correspond with industry expectations of growth in the EMS market in the coming years and no significant changes in margins. The calculations are based on cash flows for the next five years and a discount rate of 15 per cent.

NOTE 8 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS	
Amounts in nok 1000	Computer software
Fiscal 2009	
Opening balance	-
Additions	14,845
Closing balance	**14,845**
At 31 December 2009	
Acquisition cost	14,845
Accumulated impairment charge	-
Accounting carrying amount	**14,845**

The software (ERP-system) is under implementation and is not yet operational. Therefor there is no depreciation in 2009.

NOTE 9 FINANCIAL ASSETS AVAILABLE-FOR-SALE

INVESTMENT IN SHARES					
Group	Business office	Shareholding	Voting share	Acquisition cost	Book value
Company's name					
Let's train AS	Oslo	20%	20%	150	1
Elektronikcentrum i Karlskoga AB	Karlskoga	10%	10%	8	8
Total				**158**	**9**

NOTE 10 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES Amounts in nok 1000	2009	2008
Accounts receivable	255,447	399,550
Provision for bad debts	(1,482)	(5,986)
Accounts receivable - net	253,965	393,564
Receivable from related parties (note 27)	50,670	42,791
Earned non-invoiced income	2,696	5,296
Prepaid costs	6,054	7,724
Other rceivables	29,358	54,453
Total	**342,743**	**503,827**
Deducted long-term items	4,884	-
Current items	337,859	503,827

Long-term receivables are non-interest-bearing long-term receivables. All long-term receivables fall due within five years from the balance sheet date.

Fair value of accounts receivable and other receivables:

Accounts receivable - net	253,852	393,564
Receivable from related parties (note 27)	50,670	42,791
Earned non-invoiced income	2,696	5,296
Total	**307,218**	**441,651**

For current receivables, the carrying amount is virtually identical with the fair value.

As of 31 December 2009 trade receivables of NOK 254.0 million were fully performing. (2008: 393.6 million).

As of 31 December 2009 trade receivables of 35.8 million (2008: NOK 44.2 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

Up to 3 months	35,036	42,787
3 to 6 months	774	1,452
Total	**35,810**	**44,239**

(TABLE CONTINUES NEXT PAGE)

(TABLE CONTINUED) ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES		
Amounts in nok 1000	**2009**	2008

As of 31 December 2009 trade receivables of NOK 1.6 million were impaired and provided for (2008: NOK 6.7).
The amount of the provision was NOK1.5 million as of 31 December 2009 (2008: NOK 6.0 million)

The ageing analysis of these trade receivables is as follows:		
Up to 3 months	**667**	1,424
3 to 6 months	**131**	390
Over 6 months	**844**	4,859
Total	**1,642**	**6,673**

The carrying amount of the group´s trade and other receivables are denominated in the following currencies:		
EUR	**37,751**	94,556
USD	**11,723**	27,410
LTL	**9,673**	13,699
SEK	**90,328**	138,320
NOK	193,268	229,841
Total	**342,743**	**503,827**

Movements on the group provision for impairment of trade receivables are as follows:		
Provision at 1 January	**3,989**	4,400
Provision for receivables impairment	**45**	2,978
Receivables written off during the year as uncollectable	**(2,552)**	(1,392)
Provision at 31 December	**1,482**	**5,986**

Provision for impairment of trade receivables as of 1 January 2009 is without discontinued operations. The creation and release of provision for impaired receivables have been included in other operating expenses in the profit and loss statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of the receivables mentioned above. The group does not hold any collateral as security. However, the company has credit insurance that reduces the credit risk on account receivables.

The total impairment charge recognised in the profit and loss account for the year is NOK 0.1 million (2008: NOK 3.0 million).

No special concentration of accounts receivable exists which poses an abnormal credit risk. Accounts receivable and other receivables at 31 Desember 2009 provided security for NOK 316,4 million (2008: 503.8 million), see note 17.

NOTE 11 INVENTORY

INVENTORY Amounts in nok 1000	2009	2008
Raw materials and purchased semi-manufactures	**180,743**	208,577
Work in progress	**56,730**	88,948
Finished goods	**18,815**	28,856
Total inventory	**256,288**	**326,381**

The total impairment charge recognised in the profit and loss account for the year is NOK 1.9 million (2008: NOK 4.8 million). Inventory at 31 December 2009 provides security for NOK 208,4 million. See note 17

NOTE 12 CASH, CASH EQUIVALENTS AND BANK OVERDRAFT

CASH, CASH EQUIVALENTS AND BANK OVERDRAFT Amounts in nok 1000	2009	2008
Cash and cash eqiuvalents	**105,238**	98,970
Cash, cash equivalents and bank overdraft in the cash flow statement comprise:		
Cash and cash equivalents	**105,238**	98,970
Overdraft drawn down	**-**	(47,593)
Locked-in bank deposits	**(18,483)**	(19,569)
Total	**86,754**	**31,809**
Bank overdraft facilities 31 December	**73,000**	126,540
Net drawn on overdraft facilities 31 December	**-**	47,593
Locked-in bank deposits 31 December		
Security for tax withholding	**195**	1,649
Security for factoring receivables	**10,491**	10,335
Security for rent guarantee	**7,797**	7,585
Total	**18,483**	**19,569**

Kitron ASA has established a group account agreement with the company's principal banks. This embrace Kitron ASA and Norwegian and Swedish subsidiaries.

NOTE 13 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Amounts in nok 1000	**2009**	2008
Income statement information		
Revenue	**52,106**	164,479
Expenses	**(68,430)**	(166,144)
Profit (loss) before income tax	**(16,324)**	**(1,665)**
Tax	-	140
Profit (loss) after income tax	**(16,324)**	**(1,525)**
Pre tax loss on disposal of discontinued operations	**(17,380)**	(4,181)
Profit (loss) from discontinued operations	**(33,704)**	**(5,706)**

(TABLE CONTINUES NEXT PAGE)

DIVESTING THE DEVELOPMENT DEPARTMENT

To further consolidate its operation Kitron has decided to divest its development department and to enter into a strategic alliance with a dedicated development company. In the financial accounts the development department will be recognised as discontinued operations until a sales transaction has been completed. The disposal groups of assets and liabilities held for sale is reclassified at the carrying amount by year end. These are assets and liabilities that normally will be transferred in connection with a divestment. The divestment is expected not to have any significant profit & loss- or cash impact.

(TABLE CONTINUED) ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS Amounts in nok 1000	2009
Balance sheet	
Assets	
Intangible assets	(187)
Tangible fixed assets	(503)
Total fixed assets	(690)
Accounts receivable and other receivables	(7,626)
Total current assets	(7,626)
Assets of disposal group classified as held for sale	8,316
Liabilities and equity	
Accounts payable and other current liabilities	(4,069)
Loans	(1,767)
Total current liablities	(5,836)
Liabilities of disposal group classified as held for sale	5,836
Cash flow statement information	
Net cash flow from operating activities	(462)
Net cash flow from investment activities	(606)
Net cash flow from financing activities	(1,527)
Change in cash and bank credit	(2,595)
Cash and bank credit opening balance	20
Cash and bank credit closing balance	(2,575)

NOTE 14 SHARE CAPITAL AND SHARE PREMIUM RESERVE

SHARE CAPITAL AND SHARE PREMIUM RESERVE

Amounts in nok 1000	Number of shares	Ordinary shares	Share premium reserve	Share premium reserve
At 1 January 2008	172,962	172,962	456,058	629,020
Change 2008				-
At 31 December 2008	**172,962**	**172,962**	**456,058**	**629,020**
Change 2009				-
At 31 December 2009	**172,962**	**172,962**	**456,058**	**629,020**

SHARES AND SHAREHOLDER INFORMATION

The company's share capital at 31 December 2009 comprised 172,961,625 shares with a nominal value of NOK 1 each. Each share carries one vote.

MANDATES

Increasing the share capital

The ordinary general meeting of 7 May 2009 authorised the board to execute one or more share capital increases by issuing a number of shares maximized to 10 per cent of Kitron's registered share capital at 7 May 2009. The total amount by which the share capital may be increased is NOK 17 296 162.50. The authority applies until the ordinary general meeting in 2010, but no longer than 30 June 2010. The authority may be utilised for mergers and acquisitions or to raise funds for investments. The authority had not been exercised at 31 December 2009.

Own shares

The ordinary general meeting on 7 May 2009 authorised the board to acquire own shares, for a total nominal value of up to NOK 17 296 162.50, which is equal to 10 per cent of Kitron's registered share capital at 7 May 2009. Under the authorisation the company shall pay minimum NOK 1.00 per share and maximum the prevailing market price per share on the day the offer is made, provided, however, that the amount does not exceed NOK 25.00 per share. The authority is valid until the ordinary general meeting in 2010 but no longer than 30 June 2010. The authority had not been exercised at 31 December 2009.

There were 3,159 shareholders at 31 December 2009. The 20 largest shareholders in Kitron ASA at 31 December 2009:

SHAREHOLDER	Number	Percentage
AB DnB NORD Bankas 1)	51,840,000	29.97%
Kongsberg Gruppen ASA	33,439,153	19.33%
ING Luxembourg SA 2)	29,172,000	16.87%
AB SEB Bankas 1)	12,448,038	7.20%
MP Pensjon	10,792,537	6.24%
AS Bemacs	2,085,000	1.21%
SES AS	2,000,000	1.16%
AS Swedbank clients	1,693,078	0.98%
Verdipapirfondet NORDEA SMB	1,277,984	0.74%
Helge Hareland	900,000	0.52%
Petter Torgersen	636,000	0.37%
Bjørn Håheim	593,637	0.34%
Malvin Sigbjørn Skjønhaug	395,685	0.23%
Tor Fredrik Dahl	350,000	0.20%
Vestvik Preservering A/S	350,000	0.20%
Hustadlitt AS	300,000	0.17%
Robert Wikerøy	290,000	0.17%
Stein-Arne Stangeland	253,824	0.15%
AVA AS	250,000	0.14%
Klakegg Invest AS	250,000	0.14%
Total 20 largest shareholders	**149,316,936**	**86.33%**
Total other shareholders	**23,644,689**	**13.67%**
Total outstanding shares	**172,961,625**	**100.00%**

1) UAB Hermis Capital owns 64,288,038 shares (37.17 per cent) in Kitron ASA
2) Amber Trust II holds 29,172,000 shares (16.87 per cent) in Kitron ASA

NOTE 15 SHARES AND SUBSCRIPTION RIGHTS DIRECTORS AND SENIOR EMPLOYEES

There are at 31 December 2009 no outstanding subscription rights.

The following directors and members of the corporate management team held shares in the company at 31 December:

BOARD Number of shares		2009	2008
Nerijus Dagilis, chairman	(1)	-	-
Arne Solberg, deputy chairman	(2)	-	-
Elena Anfimova, board member	(3)	-	-

CORPORATE MANAGEMENT TEAM Number of shares	2009	2008
Jørgen Bredesen, CEO	**150,000**	150,000
Jan Liholt, vice president	**107,660**	107,660
Bengt Enbom, vice president	**10,000**	10,000
Johannes Lind, vice president	**30,000**	30,000

(1) Nerijus Dagilis is a director of UAB Hermis Capital, which owns 64,288,038 shares (37.17 per cent) in Kitron ASA
(2) Arne Solberg is CFO in Kongsberg Gruppen ASA, which owns 33,439,153 shares (19,33 per cent) in Kitron ASA
(3) Elena Anfimova is Assistant Portfolio Manager at Firebird Management LLC, a New York based hedge fund.
Firebird Management LLC is a partner in Amber Trust II which holds 29,172,000 shares (16.87 per cent) in Kitron ASA.

NOTE 16 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES Amounts in NOK 1000	2009	2008
Accounts payable	**165,046**	237,761
Public duties	**36,114**	39,870
Payable to related parties (note 27)	**2,734**	8,099
Costs incurred	**67,512**	86,556
Total	**271,406**	**372,286**

NOTE 17 LOANS

LOANS Amounts in NOK 1000	2009	2008
Long-term loans		
Leasing	12,802	29,139
Total	12,802	29,139
Current loans		
Bank overdraft	-	47,593
Factoring debt	208,159	285,952
Leasing	12,000	10,453
Total	220,159	343,998
Total loans	232,961	373,137

Other loans primarily involve leasing liabilities and factoring debt.

PERIODS TO MATURITY OF LONG-TERM LOANS Amounts in NOK 1000	2009	2008
Between one and two years	9,292	21,905
Between two and five years	3,510	7,234
Total	12,802	29,139

EFFECTIVE INTEREST RATE AT THE BALANCE SHEET DATE	2009		2008	
	NOK	Other	NOK	Other
Other loans	2.65 - 4.40%	1.15 - 3.40%	7.4 - 7.5%	5.5 %

CARRYING AMOUNT AND FAIR VALUE OF LONG-TERM LOANS	Carrying amount		Fair value	
Amounts in NOK 1000	**2009**	2008	**2009**	2008
Leasing	**12,802**	29,139	**11,656**	26,272
Total	**12,802**	**29,139**	**11,656**	**26,272**

Fair value is based on discounted cash flow with a discount rate of 7,0 per cent (2008: 8,0 per cent). The carrying amount of current loans is virtually identical with fair value.

CARRYING AMOUNT OF THE GROUP'S LOANS IN VARIOUS CURRENCIES		
Amounts in NOK 1000	**2009**	2008
NOK	**142,373**	203,666
SEK	**70,534**	85,274
LTL	**4,870**	40,220
EUR	**14,601**	41,588
USD	**583**	2,389
Total	**232,961**	**373,137**

The company's financing agreements include covenants relating to such factors as the company's equity and earnings. The company complies with the covenants at 31 December 2009. Loans include NOK 233.0 million (2008: 373.1 million) in secured commitments (bank loans and other secured loans).

MORTGAGES		
Amounts in NOK 1000	**2009**	2008
Debt secured by mortgages	**232,961**	373,138
Carriying amount of assets provided as security:		
Buildings and land	**6,157**	12,777
Machinery and equipment	**94,268**	102,817
Receivables	**316,379**	503,827
Inventory	**208,417**	285,820
Total	**625,221**	**905,241**

Debt secured by mortgages includes leasing liabilities for fixed assets treated for accounting purposes as financial leasing. The carrying amount of these fixed assets is included in the carrying amount of assets provided as security. Of the mortgage debt in the consolidated accounts, the commitment related to leasing recognised in the balance sheet amounted to NOK 22.6 million at 31 December 2009 (2008: NOK 39.6 million).

Conditions in the form of vendor's fixed charge are moreover related to deliveries from Kitron's suppliers of goods.
The group's receivables recognised in the balance sheet are provided as security (factoring mortgage) for obligations to DnB NOR Finans.

The group's bankers had provided guarantees at 31 December for leasing obligations and tax due but not paid. These totalled NOK 16.9 million and NOK 12.4 million respectively for the group.

FINANCIAL LEASE AGREEMENTS. NON-CURRENT ASSETS

Amounts in NOK 1000		**2009**	2008
Machinery and equipment			
Carrying amount 31 December		**31,118**	57,129
Depreciation		**8,559**	10,253
Nominal rent		**24,447**	46,545
Present value of future rent		**21,660**	41,600
Remaining lease period		**1-5 years**	1-5 years
Specification of estimated lease payments falling due within:			
Nominal rent	<1 year	**9,451**	14,781
	1-2 years	**8,044**	12,580
	2-5 years	**6,952**	19,184
Present value of future rent	<1 year	**8,902**	14,076
	1-2 years	**7,177**	11,224
	2-5 years	**5,581**	16,300

NOTE 18 DEFERRED TAX

Deferred tax is recognised net when the group has a legal right to net deferred tax assets against deferred tax in the balance sheet and if the deferred tax is payable to the same tax authority.

CHANGE IN CARRYING AMOUNT OF DEFERRED TAX ASSET Amounts in NOK 1000	**2009**	2008
Opening balance	**106,304**	25,000
Conversion differences	**(2,786)**	-
Profit and loss account	**(1,554)**	83,107
Remeasurement of deferred tax due to change in tax rate	**-**	(1,803)
Deferred tax from disposal group	**(2,983)**	-
Closing balance	**98,981**	**106,304**

Changes in deferred tax assets and deferred tax (with netting in same tax regime)

DEFERRED TAX Amounts in NOK 1000	Gain and loss account	Financial leasing	Total
At 1 January 2008	931	160	1,091
Profit/(loss) for the period	(361)	836	475
Conversion differences	-	-	-
At 31 December 2008	**570**	**996**	**1,566**
Profit/(loss) for the period	26	-838	(812)
Conversion differences	-	-	-
At 31 December 2009	**596**	**158**	**754**

DEFERRED TAX ASSET Amounts in NOK 1000	Provision and current assets	Fixed assets and goodwill	Loss carried forward	Pension	Total
At 1 January 2008	4,320	14,853	110,047	6,123	135,343
Profit/(loss) for the period	1,095	(2,238)	(25,725)	(197)	(27,065)
Conversion differences	-	-	1,395	-	1,395
Change in tax rate	-	-	(1,803)		(1,803)
At 31 December 2008	**5,415**	**12,615**	**83,914**	**5,926**	**107,870**
Profit/(loss) for the period	209	(2,380)	(3,223)	45	(5,349)
Conversion differences	-	-	(2,786)	-	(2,786)
Change in tax rate	-	-	-	-	-
At 31 December 2009	**5,624**	**10,235**	**77,905**	**5,971**	**99,735**

Deferred tax assets related to tax loss carried forward is recognised in the balance sheet to the extent that it is probable that the group can apply this against future taxable profit. These assumptions are based on taxable profit (before utilisation of tax losses) in the previous years and the group budgets for the coming years. The group has no unrecognised deferred tax asset at year end 2009. There are no restrictions on the right to carry the tax loss forward.

NOTE 19 PENSIONS AND SIMILAR OBLIGATIONS

Employees in Kitrons's Norwegian entites are covered by pension plans which give the right to futre benefits according to Norwegian law. The plans comprise defined contribution plans for the Swedish and Norwegian entities, as well as early retirement schemes (AFP) for some Norwegian employees. Furthermore the pension obligations below include life-long benefits to a former CEO.

All pension plans are unfunded.

The company is obliged to have pension plans according to the Norwegian mandatory service pension act. The company's contribution-based pension scheme complies with these requirments.

PENSIONS AND SIMILAR OBLIGATIONS Amounts in NOK 1000	**2009**	2008
Carrying amount of the obligation		
Pension benefits	**21,326**	21,164
Costs recognised in the profit and loss account (incl in note 20)		
Pension benefits	**3,536**	3,356

DEFINED PENSION BENEFIT PLANS Amounts in NOK 1000	**2009**	2008
Carrying amount of the obligation is determined as follows		
Present value of accrued commitments in unfunded defined benefit plans	**(38,444)**	(31,200)
Unrecognised actuarial gains and losses	**17,118**	10,036
Net commitments in unfunded defined benefit plans	**(21,326)**	**(21,164)**
Hereof payroll tax on the pension obligations	**4,751**	3,856
Net pension commitment in the balance sheet	**(21,326)**	**(21,164)**
Net pension costs comprise		
Present value of pension earnings for the year	**1,931**	1,556
Interest cost	**1,127**	1,356
Amortised actuarial gain and losses	**478**	445
Total, included in payroll costs	**3,536**	**3,356**
Change in carrying amount of pension commitments		
Opening balance	**21,164**	21,938
Cost recognised in the profit and loss account for the year	**3,536**	3,356
Benefits paid	**(3,374)**	(4,130)
Closing balance	**21,326**	**21,164**
The following assumptions have been applied in calculating pension commitments:		
Discount rate	**4.00%**	3.80%
Annual pay adjustment	**3.75%**	3.75%
Annual pension adjustment	**3.75%**	3.75%
Social security tax rate	**14.10%**	14.10%
Expected contractual pension withdrawals (Early retirement scheme)	**30% - 50%**	30% - 50%
Assumptions on mortality rates are based on published statistics in Norway	**K2005**	K2005
Number of employeees in defined benefit plans	**633**	**799**

NOTE 20 PAYROLL COSTS

PAYROLL COSTS Amounts in NOK 1000	2009	2008
Pay	337,265	352,869
Payroll tax	70,497	68,493
Net pension costs defined benefit plans (note 19)	3,536	3,356
Pension costs defined contribution plans	12,480	12,731
Other remuneration	21,976	38,587
Total	445,754	476,035
Average number of man-years	1,197	1,432
Average number of employees	1,269	1,449

NOTE 21 FINANCIAL ITEMS

FINANCIAL ITEMS Amounts in NOK 1000	2009	2008
Interest expenses	9,164	18,266
Other financial expenses	7,886	10,984
Interest income	1,715	4,871
Currency loss	6,648	4,407
Currency gain	(1,436)	(11,727)
Net currency loss	5,212	(7,320)
Net financial costs	20,547	17,059

NOTE 22 TAX

TAX Amounts in NOK 1000	2009	2008
Tax payable	**3,097**	4,738
Deferred tax (Note 18)	**(1,554)**	(81,304)
Total	**1,543**	**(76,286)**

Tax on the group's result varies from the amount which would have arisen if the group's weighted average tax rate had been applied.
The difference is explained as follows:

Ordinary profit before tax	**43,415**	143,733
Tax calculated at the group's weighted average tax rate	**10,971**	34,878
Expenses not deducible for tax purposes	**846**	331
Recognition of previously unrecognised tax losses	**-**	(113,298)
Effect of tax on discontinued operations	**(10,274)**	-
Remeasurement of deferred tax due to change in tax rate	**-**	1,803
Tax cost	**1,543**	**(76,286)**

The weighted average tax rate was 25,3% (2008: 25,4%). The change is due to changed results in the subsidiaries
The tax rate is 28,0% in Norway, 26,3% in Sweden, 20,0% in Lithuania and 33.0% in China.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Amounts in NOK 1000	2009			2008		
	Before tax	**Tax(charge) credit**	**After tax**	Before tax	Tax (charge) credit	After tax
Currency translation differences and other changes	**(38,160)**	**-**	**(38,160)**	19,089	-	19,089

NOTE 23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by weighted avarage number of ordinary shares in issue during the year. The company has no own shares. Hence is basic earnings per share the same as diluted earnings per share.

EARNINGS PER SHARE Amounts in NOK 1000	2009	2008
Profit attributable to equity holders of the company	41,872	220,019
Profit from discontinued operations attributable to equity holders of the company	(33,704)	(5,706)
Total	**8,167**	**214,312**
Weigthed avarage number of ordinary shares in issue (thousands)	**172,962**	**172,962**

NOTE 24 DIVIDENDS PER SHARE

The dividends paid in 2009 were NOK 10.0 million (NOK 0.0578 per share). In 2008 there were no dividends paid. For the year ended 31 December 2009 no dividend is to be proposed at the annual general meeting on 6 May 2010.

NOTE 25 CASH FLOW FROM OPERATIONS

CONTINUING OPERATIONS Amounts in NOK 1000	2009	2008
Ordinary profit/(loss) before tax	43,415	137,886
Depreciation	33,031	40,065
Change in inventory	67,302	(60,124)
Change in accounts receivable and other short term receivables	162,536	(64,461)
Change in factoring debt	(75,600)	20,954
Change in accounts payable and other short term payables	(103,564)	7,499
Change in pension funds/obligations	162	(771)
Change in other items	(41,367)	13,301
Change in restricted bank deposits	(1,999)	185
Finance costs - net	15,335	24,379
Foreign exchange losses / (gains) on operating activities	5,212	(7,320)
Cash flow from continuing operations	**104,463**	**111,593**

(TABLE CONTINUES NEXT PAGE)

(TABLE CONTINUED) DISCONTINUING OPERATIONS Amounts in NOK 1000	2009	2008
Loss from discontinued operations	(33,704)	(5,706)
Depreciation	3,790	-
Change in inventory	2,791	-
Change in accounts receivable and other short term receivables	3,432	-
Change in factoring debt	(2,193)	-
Change in accounts payable and other short term payables	2,684	-
Change in other items	4,445	-
Change in restricted bank deposits	913	-
Pre tax loss on disposal of discontinued operations	17,380	-
Cash flow from discontinuing operations	(462)	**(5,706)**
Cash flow from operations	104,001	**105,887**

NOTE 26 COMMITMENTS

OPERATING LEASES. NON-CURRENT ASSETS Amounts in NOK 1000		2009	2008
Machinery and equipment			
Rent		3,924	5,606
Remaining lease		1-4 years	1-5 years
Buildings and land			
Rent		21,507	20,584
Remaining lease		1-6 years	1-8 years
Buildings and land includes premises in Norway and Sweden.			
Specification of estimated lease payments falling due within:			
Nominal rent	1 year	27,480	16,349
	2-5 years	67,010	59,096
	> 5 years	13,246	20,477

With some leases for machinery and equipment, the company has a limited right to buy the leased object at the termination of the lease period. The buy-out price is the normal market price for the relevant leased object.

NOTE 27 RELATED PARTIES

OPERATING LEASES. NON-CURRENT ASSETS Amounts in NOK 1000	2009	2008
i) Sale of goods and services		
Sale of goods (1)	**214,977**	**219,659**
ii) Purchase of goods and services		
Purchase of goods (1)	**3,609**	**3,018**
iii) Remuneration of senior executives		
Pay and other short-term benefits (2)	**24,350**	14,083
Severance pay		476
Total	**24,350**	**14,559**
iv) Balance sheet items at 31 December resulting from purchase/sale of goods and services		
Receivable from related parties		
Shareholders (1)	**50,670**	42,791
Total	**50,670**	**42,791**
Payable to related parties:		
Senior executives (3)	**2,734**	8,099
Total	**2,734**	**8,099**

(1) Kongsberg Gruppen ASA owns 19,33 per cent of the shares in Kitron ASA. Purchase and sales of goods and services consist almost entirely of transactions with Kongsberg Gruppen ASA. All contracts and transactions between companies in the Kitron Group and and Kongsberg Gruppen with subsidiaries are made on commercial terms at the market price for goods and services.

(2) Senior executives comprise the corporate management team at Kitron ASA.See table below for a more extensive description of remuneration of senior executives.

(3) The amount at 31 December 2009 comprises accrued bonuses to corporate management team.

REMUNERATION OF SENIOR EXECUTIVES, DIRECTORS AND AUDITOR Amounts in NOK 1000	2009	2008
Directors' fee:	**1,322**	**1,165**
chairman	**360**	275
board members	**962**	890
Auditors fee:		
statutory audit	**1,392**	1,757
audit related services	**445**	362
tax related services	**25**	272
other services	**158**	170

PAY AND OTHER REMUNERATION OF SENIOR EXECUTIVES IN 2009

Amounts in NOK 1000	Function	Period	Basic salary (A)	Bonus paid *) (B)	Other remuneration (C)	Total pay, bonus, remun. (A+B+C)	Pension contri-bution	Bonus earned **)
Name								
Jørgen Bredesen	CEO	01.01.09-31.12.09	2,762	2,574	302	5,638	44	1,016
Björn Wigström	CFO	01.01.09-31.12.09	1,644	940	423	3,007	44	425
Jan Liholt	Vice president	01.01.09-31.12.09	1,216	588	113	1,917	44	200
Gard Eliassen	Vice president	01.01.09-31.12.09	1,302	657	109	2,068	44	350
Jan Sigvartsen	Vice president	01.01.09-31.10.09	1,196	907	76	2,179	36	
Roger Hovland	Vice president	01.01.09-31.12.09	1,390		125	1,515	44	100
Bengt Enbom	Vice president	01.01.09-31.12.09	958	606	38	1,602	229	202
Johannes Lind	Vice president	01.01.09-31.12.09	1,218	704	39	1,961	252	
Leif Tore Smedås	Vice president	01.01.09-30.06.09	462	627	65	1,154	21	
Mindaugas Sestokas	Vice president	01.01.09-31.12.09	837	425		1,262		241
Dag Songedal	Vice president	01.01.09-31.12.09	1,481	71	161	1,713	42	200
Total			**14,466**	**8,099**	**1,451**	**24,016**	**800**	**2,734**
Comparative figures for 2008			**12,356**	**919**	**1,284**	**14,559**	**912**	**8,099**

(TABLE CONTINUES NEXT PAGE)

(TABLE CONTINUED) PAY AND OTHER REMUNERATION OF SENIOR EXECUTIVES IN 2009

Amounts in NOK 1000	Function	Period	Basic salary (A)	Bonus paid *) (B)	Other remuneration (C)	Total pay, bonus, remun. (A+B+C)	Pension contri- bution	Bonus earned **)
Name								
Nerijus Dagilis	Chairman	28.04.08-07.05.09	300		60	360		
Arne Solberg	Deputy chair	28.04.08-07.05.09	100		22	122		
Tomas Kucinskas	Board member	28.04.08-07.05.09	100		75	175		
Elena Anfimova	Board member	28.04.08-07.05.09	100		50	150		
Lisbeth Gustafsson	Board member	28.04.08-07.05.09	100		70	170		
Liv Esther Johansen	Employee rep.	28.04.08-07.05.09	100		25	125		
Geir Vedøy	Employee rep.	28.04.08-07.05.09	100		10	110		
Ståle Kroken	Employee rep.	28.04.08-07.05.09	100		10	110		
Total			**1,000**		**322**	**1,322**		
Comparative figures for 2008			**1,165**			**1,165**		

*) Bonuses earned in 2008 and paid in 2009
**) Bonuses earned in 2009. The bonuses will be paid in 2010
Pension contribution includes for the Norwegian executives paid contribution to the company's pension scheme.
For employee representatives only the board remuneration is declared. Provisions for management bonuses at 31 December 2009 have been made.

Declaration of remuneration to senior executives

The table above includes information on all individuals covered by the disclosure obligation at any time during the year, while the following declaration is limited to the CEO and the vice presidents. The CEO is covered by the same schemes as the vice presidents unless otherwise stated.

The following review presents the executive remuneration policy as resolved by the board in Kitron ASA. The mandatory executive remuneration policy was resolved by Kitron ASA's annual general meeting on 7 May 2009. Changes, if any, may be resolved by the annual general meeting on 6 May 2010.

The executive remuneration policy for Kitron ASA applies to all units in the group.

Recommended executive remuneration policy

Kitron wants to offer competitive terms in order for the company to attract and retain competent managers, and at the same time achieve alignment of interest between management and shareholders. The remuneration and other terms of employment for the executives reflect a number of factors, such as the position itself and the market conditions.

The remuneration comprises a reasonable basic salary and a pension contribution plus a cash bonus, which is principally linked to the company's performance. For the CEO the total bonus may not amount to more than 125 per cent of base salary. For the vice presidents the total bonus is limited to 100 per cent of base salary. Kitron does not offer other substantial benefits in kind than company cars. Certain tools, which are needed to perform executive duties, represent a taxable benefit which has been included in the amounts in the table above.

Kitron honours all employment agreements which are in effect. Future supplements to employment agreements and new employment agreements will be in accordance with these guidelines.

The board determines the remuneration and other terms of employment of the CEO. The CEO determines the remuneration and other terms of employment of the vice presidents within the framework resolved by the board.

The vice presidents are members of Kitron's general pension contribution scheme. The age of retirement is 67 years. The annual pension contribution to the CEO is six per cent of base salary. The contribution is coordinated with the contribution to the general scheme. The CEO's age of retirement is 65 years. The CEO may under certain circumstances have the right to receive twelve months post-employment compensation. There is no other post-employment remuneration or employment protection beyond a normal notice period.

Mandatory executive remuneration policy

On 22 March 2007 the board resolved to introduce a share price based bonus scheme. The original scheme was limited to three years with the last tranche expiring in February 2010. In March 2009 the Board decided to extend the program for another year to February 2011. The bonus is calculated from any actual increase in the share price of up to 1.5 million underlying shares. One third of the scheme (0.5 million underlying shares) are allocated to the CEO.

The incentive will consist of a cash bonus calculated on the basis of any actual increase in the share price on a number of underlying shares. No shares or options are issued. The participants will receive a bonus amounting to the increase in the share price in the period between the publication of the preliminary annual result for one year and the publication of the next year's preliminary result.

Payments, if any, under the scheme will be made in February 2011 and will be conditional on the recipient remaining employed by Kitron in a participating position. Bonus units which are released upon termination of employment of one employee, may be granted to another, possibly a new hired, employee.

The scheme for 2010 to 2011 has a base price equal to average the share price 4-10 February 2010, which was NOK 3.17 per share.

Any gain for the CEO and the vice presidents is limited by inclusion in the bonus restriction stated above. For other recipients, any annual gain cannot exceed 50 per cent of base salary.

During the period from the time of grant to the time any gain is paid the company must book a provision for the expected cost of the scheme. The accrued portion of the fair value of the grants is recognized in the group's interim financial statements. If this value is reduced from one quarter to the next, a cost reversal will take place. The cost and the accrued liability related to employees in the subsidiaries shall be recorded in the annual financial statements of the respective subsidiaries.

The scheme is not dilutive, and it leads to clearly aligned interests of management and shareholders.

The board may also in the coming financial year resolve on bonus schemes that are linked to the quotation of Kitron's shares. Any new bonus schemes shall be based on the same main terms as the current program, however, so that the duration may vary, The total bonus that is linked to the quotation of the company's shares shall not exceed 50 per cent of base salary for those employees that are included in the scheme.

NOTE 28 EVENTS AFTER REPORTING PERIOD

On the 17th of December Kitron ASA signed a Share Purchase Agreement to acquire 100% of the shares in VERU Electronic GmbH at the price of EUR 700.000,- on a debt free basis. The closing of the deal is subject to reaching an agreement about the debt financing of the company. The intention is to close the deal early 2010 and make Veru a fully owned German subsidiary of Kitron ASA.

KITRON ASA ANNUAL ACCOUNTS AND NOTES

PROFIT AND LOSS ACCOUNT. KITRON ASA

Amounts in nok 1000	note	2009	2008
Revenues			
Sales revenues	2	**42,534**	36,055
Total revenues		**42,534**	**36,055**
Operating costs			
Payroll expenses	3, 4, 13	**25,254**	23,157
Depreciation and impairments	5, 6	**2,872**	2,911
Other operating expenses		**23,561**	21,327
Total operating costs		**51,687**	**47,395**
Operating loss		**(9,153)**	**(11,340)**
Financial income and expenses			
Intra-group interest income		**4,286**	3,360
Other interest income		**465**	1,697
Other financial income	19	**27,022**	76,501
Other interest expenses		**(756)**	(5,452)
Other financial expenses	19	**(29,531)**	(1,425)
Net financial items		**1,486**	**74,681**
Profit before tax		**(7,667)**	63,341
Tax	8	**2,099**	(30,926)
Net loss		**(9,766)**	**94,267**

BALANCE SHEET AT 31 DECEMBER. KITRON ASA Amounts in nok 1000	note	2009	2008
Assets			
Fixed assets			
Intangible fixed assets			
Other intangible fixed assets		**14,744**	
Deferred tax assets	8	**47,823**	49,922
Total intangible fixed assets		**62,567**	**49,922**
Tangible fixed assets			
Machinery, equipment etc	5, 16	**6,438**	7,383
Financial fixed assets			
Investment in subsidiaries	9, 16	**376,190**	392,039
Intra-group loans	7, 14	**15,515**	35,742
Investment in shares			26
Other long-term receivables		**3,129**	
Total financial fixed assets		**394,834**	**427,807**
Total fixed assets		**463,839**	**485,112**
Current assets			
Receivables			
Accounts rceceivables	7, 16	**33,362**	99,706
Other receivables	7	**95,547**	10,430
Total recevables		**128,909**	**110,136**
Bank deposits, cash in hand, etc	17	**10,809**	12,035
Total current assets		**139,718**	**122,171**
Total assets		**603,557**	**607,283**

(TABLE CONTINUES NEXT PAGE)

(TABLE CONTINUED) BALANCE SHEET AT 31 DECEMBER. KITRON ASA			
Amounts in nok 1000	note	**2009**	2008
Liabilities and equity			
Equity			
Paid-in equity			
Share capital (172 961 625 shares at NOK 1))	10, 12	**172,962**	172,962
Share premium reserve	10	**242,827**	242,827
Total paid-in equity		**415,789**	**415,789**
Other equity		**75,078**	84,844
Total equity		**490,867**	**500,633**
Liabilities			
Long-term liabilities			
Pension commitments	4	**7,045**	7,185
Current liabilities			
Liabilities to financial institutions	16, 17	**93,431**	74,830
Accounts payable		**7,191**	6,301
Dividend		**-**	10,000
Other current liabilities	7	**5,023**	8,334
Total current liabilities		**105,645**	**99,465**
Total liabilities		**112,690**	**106,650**
Total liablities and equity		**603,557**	**607,283**

Oslo, 11 March 2010

Nerijus Dagilis
Chairman

Arne Solberg
Deputy chairman

May Britt Gundersen
Employee elected board member

Geir Vedøy,
Employee elected board member

Jørgen Bredesen
CEO

Elena Anfimova

Liv Johansen
Employee elected board member

Tomas Kucinskas

Lisbeth Gustafsson

CASH FLOW STATEMENT. KITRON ASA		
Amounts in nok 1000	**2009**	2008
Cash flow from operational activities		
Profit before tax	**(7,667)**	63,341
Loss discontinued operations	**22,349**	-
Debt restructuring discontinued operations	**(6,500)**	-
Ordinary depreciation	**2,872**	2,911
Change in accounts receivable	**66,344**	(76,709)
Change in accounts payable	**890**	1,697
Change in pension funds/obligations	**(140)**	(20)
Change in other accrual items	**(88,428)**	5,290
Net cash flow from operational activities	**(10,280)**	**(3,490)**
Cash flow from investment activities		
Acquisition of fixed assets	**(16,671)**	(5,090)
Acquisition of subsidiaries	**-**	(12,422)
Sale of shares	**26**	-
Rapayment of lendings	**17,098**	727
Net cash flow from investment activities	**453**	**(16,785)**
Cash flow from financing activities		
Net change in overdraft facilities	**18,601**	21,033
Dividend paid	**(10,000)**	-
Net cash flow from financing activities	**8,601**	**21,033**
Net change in cash and cash equivalents	**(1,226)**	758
Cash and cash equivalents at 1 January	**12,035**	11,277
Cash and cash equivalents at 31 December	**10,809**	**12,035**

NOTES TO THE FINANCIAL STATEMENTS. KITRON ASA

Accounting principles

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP). All amounts are in NOK 1 000 unless otherwise stated.

Revenue recognition

Income from the sale of goods and services is recognised at the time of delivery.

Classification and recognition of assets and liabilities

Assets intended for long-term ownership or use are classified as fixed. Other assets are classified as current. Accounts receivable which fall due within one year are always classified as current assets. Analogue criteria are applied in classifying liabilities. Current assets are recognised at the lower of cost price and fair value. Current liabilities are recognised in the balance sheet at the nominal value on the establishment date. Fixed assets are recognised at their acquisition cost. Tangible fixed assets which decline in value are depreciated on a straight-line basis over their expected useful lifetime. Fixed assets are written down to their fair value where this is lower than the cost price and the decline in value is not considered to be temporary. Long-term debt in Norwegian kroner, with the exception of other provisions, is recognised at the nominal value on the establishment date. Provisions are discounted if the interest element is significant.

Intangible fixed assets

Intangible fixed assets, excluding deferred tax benefit, consist of goodwill and activated costs. Goodwill is amortised on a straight-line basis over its expected useful life.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet and depreciated on a straightline basis over their expected useful lifetime if they have an expected lifetime of more than three years and a cost price which exceeds NOK 15 000. Maintenance costs for tangible fixed assets are recognised as an operating expense as they arise, while upgrades or improvements are added to the cost price of the asset and depreciated accordingly. The distinction between maintenance and upgrading/ improvement is calculated in relation to the condition of the asset when it was acquired. Leased fixed assets are recognised in the balance sheet as tangible fixed assets if the lease is regarded as financial.

Subsidiaries

Subsidiaries are recognised in the company accounts using the cost method. The investment is written down to its fair value when the fair value is lower than the cost price and this fall in value is not expected to be temporary.

Accounts receivables

Accounts receivable from customers and other receivables are recorded at their nominal value after deducting a provision for bad debts. The latter is based on an individual assessment of each receivable. An unspecified provision is made for minor receivables to cover estimated bad debts.

Short-term placements

Short-term placements (shares regarded as current assets) are recognised at the lower of their average cost price and their fair value on the balance sheet date. Dividends received and other payments are recognised as other financial income.

Foreign currencies

Holdings in foreign currencies are translated at the rates prevailing at the balance sheet date.

Pensions

Pension costs and obligations are calculated on a linear earning of pension rights, based on assumptions concerning the discount rate, future pay adjustments, state pensions and other social security benefits, the expected return on pension fund assets, and actuarial assumptions on mortality, voluntary retirement and so forth. Pension funds are recognised in the balance sheet at their fair value less net pension commitments. Changes in pension commitments relating to changes in pension plans are allocated over the average remaining period of service. The same applies to variances in underlying pension assumptions to the extent that these exceed 10 per cent of the larger of pension commitments and pension fund assets (corridor). Payroll tax is expensed for funded (collective) pension plans, and accrued in accordance with changes in the pension commitment for unfunded pensions.

Tax

Tax cost in the profit and loss account comprises the sum of tax payable for the period and changes to deferred tax or deferred tax assets. Deferred tax is calculated at a rate of 28 per cent on the basis of temporary differences between accounting and tax values, plus possible tax loss for carrying forward at the end of the fiscal year. Tax increasing and reducing temporary differences which reverse or could reverse in the same period are eliminated. and are recorded net in the balance sheet. Recognition of deferred tax assets on net tax-reducing differences which have not been eliminated, and tax loss for

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand, bank deposits and other short-term liquid placements which immediately and with insignificant currency risk can be converted to known amounts of cash and with a maturity which is less than three months from the acquisition date.

NOTE 1 FINANCIAL RISK

Interest rate risk

Interest on the group's interest-bearing debt is charged at the relevant market rate prevailing at any given time (three months Norwegian interbank offered rate - NIBOR - plus the agreed interest margin). No interest rate instruments have been eetablished in the company. The company does not have significant interest-bearing assets, so that its income and cash flow from operational activities are not significantly exposed to changes in the market interest rate.

Currency risk

Exchange rate developments represent a risk for the company both directly and indirectly. No contracts which reduce this risk had been concluded at 31 December 2009.

Price risk

The raw materials price risk for the company's business is small. Nevertheless, the risk of price fluctuations is hedged through long-term purchase contracts as well as the conclusion of strategic agreements with suppliers and other players in the market.

NOTE 2 SALES REVENUES

Kitron provides development, industrialisation and manufacturing services to the electronics industry in various geographical areas and market segments. Given that the parent company's revenues cannot be said to relate to significant different segments, the sales revenues are not broken down further into segments. The business of Kitron ASA is administration of its subsidiaries, and revenues consist primarily of group contributions.

SALES REVENUES BY GEOGRAPHICAL AREA

Amounts in nok 1000	**2009**	2008
Norway	**25,138**	22,223
Sweden	**7,660**	7,716
Lithuania	**9,605**	6,050
Other	**131**	66
Total	**42,534**	**36,055**

NOTE 3 PAYROLL COSTS

PAYROLL COSTS Amounts in nok 1000	2009	2008
Pay	19,964	16,883
Payroll taxes	2,894	1,716
Pension costs	693	574
Other remuneration	1,703	3,984
Total	**25,254**	**23,157**
Average number of employees	14	9

NOTE 4 PENSION COSTS, FUNDS AND COMMITMENTS

Employees in Kitron ASA are covered by unfunded defined benefit plans (AFP early retirement scheme). The plan embraces 10 employees. The company is obliged to have pension plans according to the Norwegian mandatory service pension act. The company's contribution based pension scheme complies with these requirements.

Defined pension benefit plans

Carrying amount of the obligation is determined as follows:

Amounts in nok 1000	2009	2008
Present value of accrued pension commitments in unfunded benefit plans	6,970	7,196
+/- unrecognised actuarial gains and losses	75	(10)
Net commitments in unfunded defined benefit plans	**7,045**	**7,186**
Hereof payroll tax on the pension obligation	870	889
Pension costs comprise:		
+ Present value of pension earnings for the year	46	41
+ Interest costs	266	302
+ Amortisation actuarial gains and losses	(33)	(21)
Net pension cost for unfunded plans	**279**	**322**
Net pension cost for contribution based pension plans	**414**	**252**
Net pension costs included in note 3	**693**	**574**

THE FOLLOWING ASSUMPTIONS HAVE BEEN APPLIED IN CALCULATING PENSION COMMITMENTS:	2009	2008
Discount rate	**4.00%**	3.80%
Annual pay adjustment	**3.75%**	3.75%
Annual pension adjustment	**3.75%**	3.75%
G-adjustment	**3.75%**	3.75%
Social scurity tax rate	**14.10%**	14.10%
Expected contractual pension withdrawals (early retirement scheme)	**30%**	30%

NOTE 5 TANGIBLE FIXED ASSETS AND DEPRECIATION

TANGIBLE FIXED ASSETS AND DEPRECIATION Amounts in nok 1000	Machinery and equipment
Acquisition cost at 1 January	29,520
Additions during the year	1,926
Acquisition cost at 31 December	**31,446**
Accumulated depreciation 1 January	22,137
Depreciation during the year	2,872
Accumulated depreciation at 31 December	**25,008**
Book value 31 December	**6,438**
Useful lifetime	3 - 5 years
Depreciation plan	Linear

Annual lease of fixed assets unrecognised in the balance sheet

Fixed asset	Length of lease	Annual rent
Premises	>2011	765
Operating equipment	>2010	113
Vehicles	>2010	481

The company has an option to buy leased printers.

NOTE 6 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS Amounts in nok 1000	Computer software
Acquisition cost at 1 January	
Additions during the year	14,744
Acquisition cost at 31 December	14,744
Accumulated depreciation at 31 December	
Book value 31 December	**14,744**
Ordinary depreciation for the year	
Useful lifetime	7 years

The software (ERP-system) is under implementation and is not yet operational. Therefore there is no depreciation for 2009.

NOTE 7 INTRA-GROUP ACCOUNTS

INTRA-GROUP ACCOUNTS Amounts in nok 1000	**2009**	2008
Current receivables	**128,047**	97,741
Current liabilities	**2,510**	342
Intra-group loans	**15,515**	35,732

NOTE 8 TAXES

TAXES Amounts in nok 1000	2009	2008
Tax cost for the year breaks down into:		
Tax payable		-
Change in deferred tax	2,099	(30,926)
Total tax cost	**2,099**	**(30,926)**
Calculation of tax base for the year:		
Profit before tax	(7,668)	63,341
Permanent differencies *)	(3,060)	(70,381)
Change in temporary differencies	(938)	425
Group contribution	18,000	880
Change in tax loss carried forward	(6,335)	5,735
Tax base for the year	**-**	**-**
Overview of temporary differencies:		
Receivables	1,190	84
Fixed assets	(7,511)	(7,484)
Pensions	(7,045)	(7,186)
Gain and loss account	1,127	1,409
Total	**(12,239)**	**(13,177)**
Loss carried forward	(158,781)	(165,115)
3% taxable dividend	224	
Total	**(170,796)**	**(178,292)**
Deferred tax asset (28%)	**47,823**	**49,922**
Explanation of why tax cost for the year does not equal 28% of pre-tax result		
28% of loss before tax	(2,147)	17,736
Permanent differencies (28%)	4,183	(19,707)
3% taxable dividend	63	
Effect of deferred tax asset unrecorded in balance sheet		(28,955)
Calculated tax cost	**2,099**	**(30,926)**
Effective tax rate **)	(27.4 %)	(48.8 %)

*) Includes non-tax-deductible costs such as entertainment and issue expenses. **) Tax cost in reletion to pre-tax result

NOTE 9 INVESTMENT IN SUBSIDIARIES

INVESTMENT IN SUBSIDIARIES

Amounts in nok 1000	Business office	Shareholding	Voting share	Equity past year	Result past year	Book value
Kitron AS	Arendal	100%	100%	48,569	18,361	232,337
Kitron Sourcing AS	Oslo	100%	100%	11,664	240	11,400
Kitron AB	Karlskoga, Sweden	100%	100%	21,980	1,557	44,696
Kitron Microelectronics AB	Jönköping, Sweden	100%	100%	17,010	(3,497)	13,463
Kitron Flen AB	Flen, Sweden	100%	100%	6,576	(19)	31,332
Kitron Electromechanical (Ningbo) CO. Ltd	Ningbo, China	100%	100%	558	295	1,360
UAB Lumen Intellectus	Kaunas, Lithuania	100%	100%	1,258	792	12,421
UAB Kitron	Kaunas, Lithuania	100%	100%	84,316	11,567	29,180
Total investment in subsidiaries						**376,190**

NOTE 10 EQUITY

EQUITY

Amounts in nok 1000	Share capital	Share premium fund	Other equity	Total equity
At 31 December 2008	172,962	242,827	84,844	500,633
Net profit	-		(9,766)	(9,766)
At 31 December 2009	**172,962**	**242,827**	**75,078**	**490,867**

NOTE 11 SHARES AND SUBSCRIPTION RIGHTS SENIOR EMPLOYEES

There are at 31 December 2009 no outstanding subscription rights.
The following directors and members of the corporate management team held shares in the company at 31 December:

BOARD

		Number of shares 2009	Number of shares 2008
Nerijus Dagilis, chairman	(1)	-	-
Arne Solberg, deputy chairman	(2)	-	-
Elena Anfimova, board member	(3)	-	-

(TABLE CONTINUES NEXT PAGE)

CORPORATE MANAGEMENT TEAM

	Number of shares 2009	Number of shares 2008
Jørgen Bredesen, CEO	**150,000**	150,000
Jan Liholt, vice president	**107,660**	107,660
Bengt Enbom, vice president	**10,000**	10,000
Johannes Lind, vice president	**30,000**	30,000

(1) Nerijus Dagilis is a director of UAB Hermis Capital, which owns 64,288,038 shares (37.17 per cent) in Kitron ASA
(2) Arne Solberg is CFO in Kongsberg Gruppen ASA, which owns 33,439,153 shares (19,33 per cent) in Kitron ASA
(3) Elena Anfimova is Assistant Portfolio Manager at Firebird Management LLC, a New York based hedge fund.
Firebird Management LLC is a partner in Amber Trust II which holds 29,172,000 shares (16.87 per cent) in Kitron ASA.

NOTE 12 SHARES AND SHAREHOLDERS INFORMATION

The company's share capital at 31 December 2009 comprised 172.961.625 shares with a nominal value of NOK 1 each. Each share carries one vote. There were 3,159 shareholders at 31 December 2009. **The 20 largest shareholders in Kitron ASA at 31 December 2009:**

SHAREHOLDER	NUMBER	PERCENTAGE
AB DnB NORD Bankas 1)	51,840,000	29.97%
Kongsberg Gruppen ASA	33,439,153	19.33%
ING Luxembourg SA 2)	29,172,000	16.87%
AB SEB Bankas 1)	12,448,038	7.20%
MP Pensjon	10,792,537	6.24%
AS Bemacs	2,085,000	1.21%
SES AS	2,000,000	1.16%
AS Swedbank clients	1,693,078	0.98%
Verdipapirfondet NORDEA SMB	1,277,984	0.74%
Helge Hareland	900,000	0.52%
Petter Torgersen	636,000	0.37%
Bjørn Håheim	593,637	0.34%
Malvin Sigbjørn Skjønhaug	395,685	0.23%
Tor Fredrik Dahl	350,000	0.20%
Vestvik Preservering A/S	350,000	0.20%
Hustadlitt AS	300,000	0.17%
Robert Wikerøy	290,000	0.17%
Stein-Arne Stangeland	253,824	0.15%
AVA AS	250,000	0.14%
Klakegg Invest AS	250,000	0.14%
Total 20 largest shareholders	149,316,936	86.33%
Total other shareholders	**23,644,689**	**13.67%**
Total outstanding shares	172,961,625	100.00%

1) UAB Hermis Capital owns 64,288,038 shares (37.17 per cent) in Kitron ASA
2) Amber Trust II holds 29,172,000 shares (16.87 per cent) in Kitron ASA

MANDATES

Increasing the share capital

The ordinary general meeting of 7 May 2009 authorised the board to execute one or more share capital increases by issuing a number of shares maximized to 10 per cent of Kitron's registered share capital at 7 May 2009. The total amount by which the share capital may be increased is NOK 17 296 162.50. The authority applies until the ordinary general meeting in 2010, but no longer than 30 June 2010. The authority may be utilised for mergers and acquisitions or to raise funds for investments. The authority had not been exercised at 31 December 2009.

Own shares

The ordinary general meeting on 7 May 2009 authorised the board to acquire own shares, for a total nominal value of up to NOK 17 296 162.50, which is equal to 10 per cent of Kitron's registered share capital at 7 May 2009. Under the authorisation the company shall pay minimum NOK 1.00 per share and maximum the prevailing market price per share on the day the offer is made, provided, however, that the amount does not exceed NOK 25.00 per share. The authority is valid until the ordinary general meeting in 2010 but no longer than 30 June 2010. The authority had not been exercised at 31 December 2009.

NOTE 13 REMUNERATION OF SENIOR EXECUTIVES, DIRECTORS AND AUDITOR

REMUNERATION OF SENIOR EXECUTIVES, DIRECTORS AND AUDITOR

Amounts in NOK 1000	2009	2008
Directors' fee:	**1,322**	**1,165**
chairman	**360**	275
board members	**962**	890
Auditors fee:		
statutory audit	**312**	405
audit related services	**324**	362
tax related services	**25**	138
other services	**158**	111

PAY AND OTHER REMUNERATION OF SENIOR EXECUTIVES IN 2009

Amounts in NOK 1000	Function	Period	Basic salary (A)	Bonus paid *) (B)	Other remuneration (C)	Total pay, bonus, remun. (A+B+C)	Pension contri-bution	Bonus earned **)
Name								
Jørgen Bredesen	CEO	01.01.09-31.12.09	2,762	2,574	302	5,638	44	1,016
Björn Wigström	CFO	01.01.09-31.12.09	1,644	940	423	3,007	44	425
Jan Liholt	Vice president	01.01.09-31.12.09	1,216	588	113	1,917	44	200
Gard Eliassen	Vice president	01.01.09-31.12.09	1,302	657	109	2,068	44	350
Jan Sigvartsen	Vice president	01.01.09-31.10.09	1,196	907	76	2,179	36	
Roger Hovland	Vice president	01.01.09-31.12.09	1,390		125	1,515	44	100
Bengt Enbom	Vice president	01.01.09-31.12.09	958	606	38	1,602	229	202
Johannes Lind	Vice president	01.01.09-31.12.09	1,218	704	39	1,961	252	
Leif Tore Smedås	Vice president	01.01.09-30.06.09	462	627	65	1,154	21	
Mindaugas Sestokas	Vice president	01.01.09-31.12.09	837	425		1,262		241
Dag Songedal	Vice president	01.01.09-31.12.09	1,481	71	161	1,713	42	200
Total			**14,466**	**8,099**	**1,451**	**24,016**	**800**	**2,734**
Comparative figures for 2008			**12,356**	**919**	**1,284**	**14,559**	**912**	**8,099**
Nerijus Dagilis	Chairman	28.04.08-07.05.09	300		60	360		
Arne Solberg	Deputy chair	28.04.08-07.05.09	100		22	122		
Tomas Kucinskas	Board member	28.04.08-07.05.09	100		75	175		
Elena Anfimova	Board member	28.04.08-07.05.09	100		50	150		
Lisbeth Gustafsson	Board member	28.04.08-07.05.09	100		70	170		
Liv Esther Johansen	Employee rep.	28.04.08-07.05.09	100		25	125		
Geir Vedøy	Employee rep.	28.04.08-07.05.09	100		10	110		
Ståle Kroken	Employee rep.	28.04.08-07.05.09	100		10	110		
Total			**1,000**		**322**	**1,322**		
Comparative figures for 2008			**1,165**			**1,165**		

*) Bonuses earned in 2008 and paid in 2009. **) Bonuses earned in 2009. The bonuses will be paid in 2010
Pension contribution includes for the Norwegian executives paid contribution to the company's pension scheme. For employee representatives only the board remuneration is declared. Provisions for management bonuses at 31 December 2009 have been made.

Declaration of remuneration to senior executives

The table above includes information on all individuals covered by the disclosure obligation at any time during the year, while the following declaration is limited to the CEO and the vice presidents. The CEO is covered by the same schemes as the vice presidents unless otherwise stated.

The following review presents the executive remuneration policy as resolved by the board in Kitron ASA. The mandatory executive remuneration policy was resolved by Kitron ASA's annual general meeting on 7 May 2009. Changes, if any, may be resolved by the annual general meeting on 6 May 2010.

The executive remuneration policy for Kitron ASA applies to all units in the group.

Recommended executive remuneration policy

Kitron wants to offer competitive terms in order for the company to attract and retain competent managers, and at the same time achieve alignment of interest between management and shareholders. The remuneration and other terms of employment for the executives reflect a number of factors, such as the position itself and the market conditions.

The remuneration comprises a reasonable basic salary and a pension contribution plus a cash bonus, which is principally linked to the company's performance. For the CEO the total bonus may not amount to more than 125 per cent of base salary. For the vice presidents the total bonus is limited to 100 per cent of base salary. Kitron does not offer other substantial benefits in kind than company cars. Certain tools, which are needed to perform executive duties, represent a taxable benefit which has been included in the amounts in the table above.

Kitron honours all employment agreements which are in effect. Future supplements to employment agreements and new employment agreements will be in accordance with these guidelines.

The board determines the remuneration and other terms of employment of the CEO. The CEO determines the remuneration and other terms of employment of the vice presidents within the framework resolved by the board.

The vice presidents are members of Kitron's general pension contribution scheme. The age of retirement is 67 years. The annual pension contribution to the CEO is six per cent of base salary. The contribution is coordinated with the contribution to the general scheme. The CEO's age of retirement is 65 years. The CEO may under certain circumstances have the right to receive twelve months post-employment compensation. There is no other post-employment remuneration or employment protection beyond a normal notice period.

Mandatory executive remuneration policy

On 22 March 2007 the board resolved to introduce a share price based bonus scheme. The origianl scheme was limited to three years with the last tranche expiring in February 2010. In March 2009 the Board decided to extend the program for another year to February 2011.The bonus is calculated from any actual increase in the share price of up to 1.5 million underlying shares. One third of the scheme (0.5 million underlying shares) are allocated to the CEO.

The incentive will consist of a cash bonus calculated on the basis of any actual increase in the share price on a number of underlying shares. No shares or options are issued. The participants will receive a bonus amounting to the increase in the share price in the period between the publication of the preliminary annual result for one year and the publication of the next year's preliminary result.

Payments, if any, under the scheme will be made in February 2011 and will be conditional on the recipient remaining employed by Kitron in a participating position. Bonus units which are released upon termination of employment of one employee, may be granted to another, possibly a new hired, employee.

The scheme for 2010 to 2011 has a base price equal to the average share price 4-10 February 2010, which was NOK 3.17 per share.

Any gain for the CEO and the vice presidents is limited by inclusion in the bonus restriction stated above. For other recipients, any annual gain cannot exceed 50 per cent of base salary.

During the period from the time of grant to the time any gain is paid the company must book a provision for the expected cost of the scheme. The accrued portion of the fair value of the grants is recognized in the group's interim financial statements. If this value is reduced from one quarter to the next, a cost reversal will take place. The cost and the accrued liability related to employees in the subsidiaries shall be recorded in the annual financial statements of the respective subsidiaries.

The scheme is not dilutive, and it leads to clearly aligned interests of management and shareholders.

The board may also in the coming financial year resolve on bonus schemes that are linked to the quotation of Kitron's shares. Any new bonus schemes shall be based on the same main terms as the current program, however, so that the duration may vary, The total bonus that is linked to the quotation of the company's shares shall not exceed 50 per cent of base salary for those employees that are included in the scheme.

NOTE 14 RECEIVABLES

NOK 15,515 of the NOK15,515 in intra-group loans at 31 December 2009 falls due later than one year after the end of the fiscal year.

RECEIVABLES Amounts in NOK 1000	**2009**	2008
Kitron AS		15,000
Kitron Microelectronics AS		2,346
UAB Lumen Intellectus	**15,515**	18,396
Total	**15,515**	**35,742**

NOTE 15 INFORMATION ON LONG-TERM LIABILITIES TO FINANCIAL INSTITUTIONS

The company has no long-term debt at 31 December 2009. The group's bank financing includes covenants relating to such factors as the company's equity and earnings. The company complies with these covenants at 31 December 2009.

NOTE 16 MORTGAGES

MORTGAGES Amounts in NOK 1000	**2009**	2008
Debt secured by mortgages:	**93,431**	74,830
Carriying amount of assets provided as security:		
Machinery and equipment	**6,438**	7,383
Investment in subsidiaries	**376,190**	392,039
Receivables	**147,553**	145,878
Total	**530,181**	**545,300**

The company's bankers had provided guarantees of NOK 2.0 million for tax due but not paid in Kitron ASA.

NOTE 17 LIQUID ASSETS

Kitron ASA has established a group account agreement with the company's principal banks. This embraces Kitron ASA and its Norwegian and Swedish subsidiaries. The company has a cash deposit of NOK 10.5 million related to the group's factoring agreement with DnB NOR Finans.

NOTE 18 RELATED PARTIES

No loans/security have been provided for the chief executive, the chair or other related parties. No single loan/security totals more than five per cent of the company's equity.

NOTE 19 ITEMS CONSOLIDATED IN THE ACCOUNTS

ITEMS CONSOLIDATED IN THE ACCOUNTS Amounts in NOK 1000	2009	2008
Other financial income	**25,613**	70,774
Currency gain	**1,409**	5,727
Total other financial income	**27,022**	**76,501**
Financial expenses		
Other financial expenses	**23,621**	1,153
Currency loss	**5,910**	272
Total financial expenses	**29,531**	**1,425**

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To the Annual Shareholders' Meeting of Kitron ASA

Auditor's report for 2009

We have audited the annual financial statements of Kitron ASA as of 31 December 2009, showing a loss of TNOK 9 766 for the parent company and a profit of TNOK 8 167 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the group comprise the balance sheet, the statements of income, comprehensive income, cash flows, changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of 31 December 2009 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of 31 December 2009, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and comply with the law and regulations.

Oslo, 11 March 2010
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

RESPONSIBILITY STATEMENT

"We confirm to the best of our knowledge that:

- the consolidated financial statements for 2009 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2009 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway,

and that

- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties."

Oslo, 11 March 2010

Nerijus Dagilis
Chairman

Arne Solberg
Deputy chairman

Jørgen Bredesen
CEO

May Britt Gundersen
Employee elected board member

Geir Vedøy,
Employee elected board member

Elena Anfimova

Liv Johansen
Employee elected board member

Tomas Kucinskas

Lisbeth Gustafsson

*"It is Kitron's intent to practise good corporate governance in accordance with **laws and regulations and the recommendations of Oslo Børs** under the 'comply or explain' concept."*

CORPORATE GOVERNANCE

Kitron's corporate governance principles clarify the division of roles between shareholders, the board of directors and the corporate management. The principles are also intended to help safeguard the interests of shareholders, employees and other stakeholders, such as customers and suppliers, as well as society at large. The primary intention is to increase predictability and transparency, and thereby reduce uncertainties associated with the business.

It is Kitron's intent to practise good corporate governance in accordance with laws and regulations and the recommendations of Oslo Børs under the 'comply or explain' concept. This review has been prepared by the board of Kitron, and it is the board's intention to comply with the Norwegian Code of Practice for Corporate Governance dated 21 October 2009 ("the Code").

BASIC VALUES AND ETHICAL GUIDELINES

The board has stated Kitron's purpose and core values as presented in the annual report, and the board has prepared and implemented ethical guidelines which reflect these values.

BUSINESS

Kitron's business purpose clause is stated in the company's articles of association:

Kitron's business purpose is manufacturing and development activities related to electronics. The business includes purchase and sale of shares and companies in the same or related business sectors. The business may also include related consultancy activities and other activities associated with the operation.

The company's main goals and strategies are presented in the annual report. It is the board's opinion that these objectives and strategies are within the scope of the business purpose clause.

EQUITY AND DIVIDENDS

The parent company's share capital at 31 December 2009 amounted to NOK 173 million. Total equity for the group at the same date was NOK 450.3 million, corresponding to an equity ratio of 45.9 per cent. Considering the nature and scope of Kitron's business, the board considers that the company has adequate equity.

Existing mandates granted to the board to issue shares and to acquire treasury shares are presented in the shareholder information section of the annual report. The mandates are in accordance with the Code.

Kitron's dividend policy implies an objective to pay a dividend of 30-50 per cent of net profit for the year, provided that the company's equity and liquidity position remains adequate after any dividend payment.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The shares are freely negotiable. The articles of association include no form of restriction on negotiability. All shares have equal voting rights and there is only one class of shares. No new shares were issued in 2009.

Kitron has issued an insider manual with guidelines and control procedures. According to the company's ethical guidelines, board members and the executive management must notify the board if they have any direct or indirect material interest in any transaction contemplated or entered into by the company.

All transactions with close associates are disclosed in the notes to the annual accounts. Kitron has a long-term supplier relationship with Kongsberg Gruppen ASA, who is also a significant shareholder in Kitron. All business activities are based on arm's length terms. In the event of transactions with insiders or close associates, such transactions will be carried out in accordance with the relevant recommendations in the Code.

GENERAL MEETINGS

Shareholders exercise the ultimate authority in Kitron through the annual general meeting. All shareholders are entitled to attend a general meeting as long as they are recorded in the company's share register no later than the fifth business day before the date of the general meeting. Representatives of the board, the nomination committee, and the auditor are present. The notice of the meeting, the agenda and detailed and comprehensive supporting information, including the nomination committee's justified recommendations, are made available on Kitron's website at least 21 days before a general meeting takes

“Kitron’s board shall serve as a ***constructive and qualified discussion partner*** *for the executive management.”*

place. At the same time the notice and agenda is distributed to all shareholders. For administrative purposes, the shareholders must give notice of their attendance at the meeting minimum two working days before the meeting.

The general meeting deals with such matters as required by Norwegian law. Shareholders who cannot attend the meeting in person can vote by proxy, and voting instructions can be given on each item on the agenda. In addition shareholders may vote in advance, either in writing or by electronic means, up to 2 days prior to the general meeting.

The general meetings are opened by the chair of the board. Normally, the board proposes that the chair of the board shall also chair the general meetings. The board will propose an independent chair for the general meeting if any of the matters to be considered calls for such arrangement.

The notices and minutes of the general meetings are published in Oslo Børs’ information system (www.newsweb.no, ticker: KIT) and on Kitron’s website.

NOMINATION COMMITTEE

Kitron’s nomination committee is stated in the articles of association. The committee shall have three members, including the head of the committee. At the composition of the nomination committee, the interests of the shareholders will be taken into account, as well as the members’ independence of the board and of the executive management. The general meeting elects the head and the members of the nomination committee and determines its remuneration. The general meeting has resolved a mandate for the nomination committee that is compliant with the Code. The members of the nomination committee are elected for a period of two years. For the sake of continuity, one or two members stand for election each year.

The nomination committee shall propose and present to the general meeting: Candidates for election to the board, remuneration of the board, and new members of the nomination committee.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

According to the articles of association, the board shall consist of seven to eleven members as resolved by the general meeting. The annual general meeting in 2007 resolved that the board shall have eight members. It follows from the rules for employee representation that the board thus consists of five shareholder-elected members and three members elected by and among the employees. Board members are elected for a period of two years. There is no corporate assembly in Kitron, and the board elects its own chair.

The board’s composition shall ensure that it can effectively and proactively perform its supervisory and strategic functions. Furthermore, the board is composed to enable it to always act independently of special interests. The three major shareholders, UAB Hermis Capital, Kongsberg Gruppen ASA and Amber Trust II, are represented on the board by one board member each. The representation of shareholders was proposed by the nomination committee and unanimously resolved by the general meeting.

All the shareholder-elected board members are independent of the executive management. Further information about the board members is presented in the annual report and on the company's website.

THE WORK OF THE BOARD OF DIRECTORS

The board has an overall responsibility for safeguarding the interests of all shareholders and other stakeholders. Furthermore, it is the board's duty and responsibility to exercise overall control of the company, and to supervise the management and the company's operations. The division of roles between board and management is specified in Kitron's rules of procedure for the board. The board has approved an annual meeting plan for its work, which includes meetings with a special focus on strategy and budgeting. The board conducted a self-evaluation in February 2010.

Kitron's board shall serve as a constructive and qualified discussion partner for the executive management. One of the board's key duties is to establish appropriate strategies for the group. It is important in this context that the board, in cooperation with the management, ensures that the strategies are implemented, the results are measured and evaluated and that the strategies are developed in the most appropriate way. Kitron has defined performance parameters for the strategies and can thus measure its performance.

The board receives financial reports on a monthly basis from the administration. The underlying data for these reports are prepared at each reporting unit. The information is checked, consolidated, and processed by the group's corporate financial staff to produce the consolidated reports that are submitted to the board. The reports also include relevant operational matters. The group does not have a separate internal audit function. Account controls are exercised through various forms of division of labour, guidelines and approval procedures. The corporate financial staff is responsible for establishing guidelines and principles. The corporate financial staff handles the group's financial transactions. Each profit centre is responsible for the commercial benefit of manufacturing contracts. Responsibility for the commercial content of significant procurement contracts rests with the corporate sourcing organisation.

The board conducts annual evaluations of the executive managers and their performance. These evaluations also cover an assessment of cooperation between the board and the management. The results of these evaluations represent an important element in the remuneration and incentive programmes, which are described in the notes to the financial statements.

THE BOARD'S AUDIT COMMITTEE

From 1 January 2009 the board has set up an Audit Committee. The boards audit committee is appointed by Kitron ASA's board of directors and is a sub-committee of the Board. The audit committee will on behalf of the Board supervise the financial reporting process to ensure the integrity of the financial statements. The audit committee will also go through: the company's internal supervisory/control routines and risk management system, the external audit process including a recommendation in the choice of an external auditor, the company's routines regarding compliance with laws and regulations affecting the financial reporting and the company's code of conduct.

The functioning of the audit committee is to prepare matters for consideration by the Board, to support the Board in its supervisory responsibilities and to ensure that the requirements made of the company in connection with its listing on the stock exchange are complied with.

The committee consists of two shareholder elected board members and one employee-elected board member. The independent auditor usually attends the meetings. During 2009 there were five audit committee meetings.

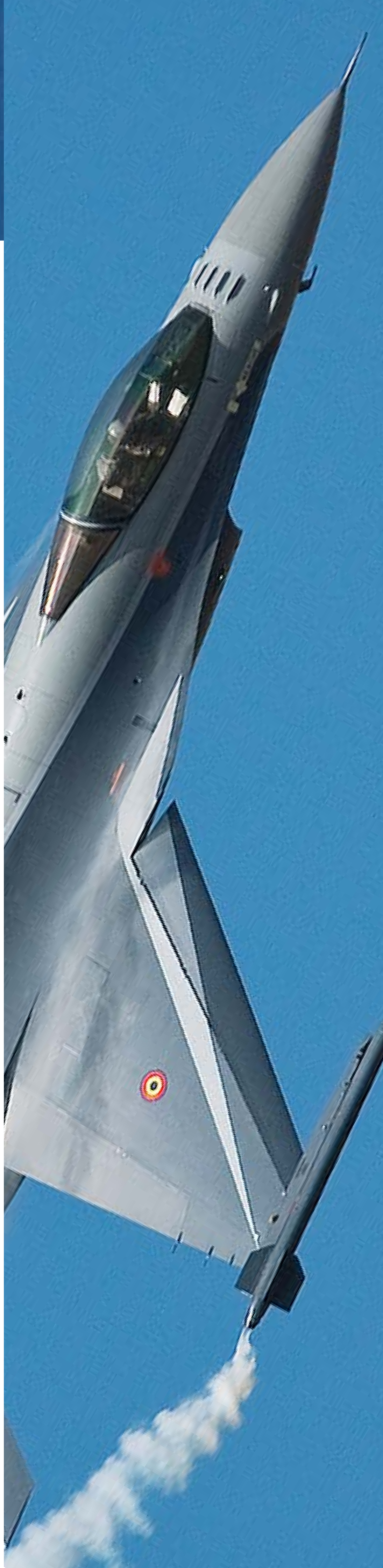
RISK MANAGEMENT AND INTERNAL CONTROL

Kitron's business model is to provide manufacturing and assembly of electronics and industrial products containing electronics, including development, industrialization, purchasing, logistics, maintenance/repair and redesign. The board sees no unusual risks beyond normal business risks that any light industry operation is exposed to.

EMS is a highly competitive industry, presenting the company with an inherent business risk related to Kitron's ability, firstly, to attract and retain customers who are and who will be predictable and successful in their respective markets and, secondly, to make a fair profit margin on its business. The group's customer portfolio consists of reputable companies operating in various segments. Several of the group's customers are world leaders in their respective fields. It is Kitron's perception that the customer portfolio is robust and well balanced. Kitron's value proposition to its customers comprises flexibility, competence, quality, closeness and full value chain capability. While recognising the continuous demand for improvement and cost efficiency, the board considers these competitive advantages defendable. The board is confident that Kitron is able to maintain a viable, leading and adaptive business. Kitron is organised in distinct manufacturing sites, each fully accountable for its own revenues, profitability and level of capital employed. The structure facilitates closeness between management and the operation, which in turn provides good oversight and adequate internal business control.

Kitron's cost base for operations consists of material cost, employee cost and plant and machinery cost. The material cost is to a large degree priced in international currencies, with prices set or derived from global raw material and component markets.

Employee and plant costs are incurred in respective local currencies, namely NOK, SEK and LTL. Machinery investments are predominantly internationally priced. Kitron's revenues are mainly booked in NOK and SEK, but also in USD and EUR, with currency fluctuation and raw material price clauses included when appropriate. The company considers the mix as reasonably balanced, and that an effective long-term hedging strategy for the net profit would be extremely complex and costly to operate. Appreciation of Kitron's local currencies will be an advantage for competitors with their cost base in foreign currencies. The currency effect may be amplified or moderated by differences in inflation.
To balance the financial risk and shareholders' interests, the equity ratio should be



"The board sees no unusual risks beyond normal business risks that any ***light industry operation is exposed to."***

above 25 per cent. Kitron's equity ratio was 45.9 per cent at the end of 2009. Kitron's debt is predominantly short-term. The equity ratio and liquidity has improved significantly in the last few years as a result of improved profitability and strong cash performance.

Kitron does not employ any off balance sheet financial instruments for hedging or leverage, or for funding. The company has entered into conventional financial leasing agreements, which are reported in the financial statements.

The health, safety, and environmental risks are limited and well managed, and Kitron's ISO quality systems are certified by certification agencies and also inspected and approved by several of the group's customers.

Kitron's customers are professional product-owning companies, which purchase the manufacturing and related services from Kitron. Kitron is not the product owner and the group's product liability risk is thus negligible.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the board members reflects responsibility, expertise, time spent and the character of Kitron's business. The remuneration is not linked to the company's performance or share price.

Board members may perform special assignments for the company in addition to their directorship. Such assignments, if any, are reported to the full board and disclosed in the annual report. Information about each director's remuneration, including shares and subscription rights, is provided in the notes to the annual financial statements.

REMUNERATION OF SENIOR EXECUTIVES

The board has resolved guidelines to the CEO for remuneration to senior executives. The salary and other remuneration of the CEO shall be decided by a convened meeting of the board.

At present Kitron does not have any outstanding share option schemes or other arrangements to award shares to employees. However, a bonus scheme for 2010 related to the share price development was approved by the board in 2009. The bonus scheme is explained in the notes to the annual financial statements.

Kitron reports all forms of remuneration received by the chief executive and each of the other members of the executive management. For one or more executives, the remuneration may include performance-related cash bonus and cash bonus related to share price development. Details about remuneration of the executive management are provided in the notes to the annual financial statements.

*“Kitron wants to **maintain good***
shareholders and other

INFORMATION AND COMMUNICATION

Kitron wants to maintain good communication with its shareholders and other stakeholders. The information practice is based on openness and will help to ensure that Kitron’s shareholders and other stakeholders are able to make a realistic assessment of the company and its prospects. Guidelines have been established to ensure a flow of relevant and reliable financial and other information. The group endeavours to ensure that all shareholders have equal access to the same information.

All information distributed to the shareholders is published on Kitron’s website (www.kitron.com) at the same time as it is sent to the shareholders. Furthermore, all announcements to the market are posted on Kitron’s website following publication in Oslo Børs’ company disclosure system www.newsweb.no, ticker: KIT). Public, webcasted presentations are held quarterly in connection with the interim reporting. Kitron presents a financial calendar every year with dates for important events. Kitron’s guidelines for reporting of financial and other information as well as guidelines for the company’s contact with shareholders, other than through the general meeting, are presented in the shareholder information section in the annual report.

Kitron has established contingency plans for information management in the case of issues or situations that could impact the company’s reputation.

TAKEOVERS

There are no authorisations or other measures in place with the intention to prevent possible takeovers. In the event of a takeover bid, the fundamental principle for the board of Kitron will be equal treatment of all shareholders. If such a situation should arise, the board will comply with the recommendations on takeovers in the Code.

AUDITOR

PricewaterhouseCoopers AS (PwC) has been the company’s auditor since 2005. PwC has issued a written confirmation that PWC continues to satisfy the requirements for independence. As part of the 2009 audit, PwC submitted the main features of the plan for the audit to the board. In addition, the auditor participated in the meeting of the board that dealt with the annual financial statements.

If required by the board or by the auditor, the board and the auditor will hold meetings where neither the CEO nor any other members of the executive management are present.

The board of Kitron has established guidelines in respect of the use of the auditor by the company’s executive management for services other than mandatory audit. PwC has provided the board with a summary of all services that have been undertaken for Kitron for the accounting year 2009. The fees paid for audit work and fees paid for other specific assignments are specified in the notes to the financial statements.

communication with its stakeholders."

ARTICLES OF ASSOCIATION

(Latest update 4 February 2010)

§ 1

The company's name is Kitron ASA. The company is a public limited company.

§ 2

The company's registered office shall be located in the municipality of Asker.

§ 3

Kitron's business is manufacturing and development activities related to electronics. The business includes purchase and sale of shares and companies in the same or related business sectors. The business may also include related consultancy activities and other activities associated with the operation.

§ 4

The share capital of the company is NOK 172,961,625.- divided into 172,961,625 shares with face value NOK 1.- each. The company's shares shall be registered at the Norwegian Central Securities Depository.

§ 5

The company's board of directors shall have from 7 to 11 members as resolved by the general meeting. The board elects its own chairman. Two board members can jointly sign for the company. The board can grant power of attorney.

§ 6

The ordinary general meeting is held each year before the end of the month of June. The ordinary general meeting shall:

1. Consider and approve the annual report, the profit and loss statement and the balance sheet for the preceding year
2. Consider and approve the application of profit or coverage of deficit according to the adopted balance sheet, as well as payment of dividend
3. Consider and resolve other matters that pertain to the general meeting according to Norwegian law

The company may hold its general meeting in the municipality of Oslo.

§ 7

Kitron shall have a nomination committee. The nomination committee shall have three members, including its chairman. Members of the nomination committee shall be elected for a term of office of two years.

The annual general meeting of Kitron shall elect the chairman and the members of the nomination committee. The mandate of the nomination committee shall be determined by the annual general meeting. The annual general meeting shall also determine the committee's remuneration.

The nomination committee shall submit proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the board of directors
- Propose the fees to be paid to the members of the board of directors

§ 8

Any issue that has not been resolved in these Articles of Association shall be considered in accordance with the regulations in the existing laws applicable to limited companies.

§ 9

Documents concerning matters to be considered at the general meeting are not required to be sent to the shareholders if the documents are made available for the shareholders at the company's websites. This also applies for documents that pursuant to law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless require that documents concerning matters to be considered at the general meeting are sent to him/her.

§ 10

The right to participate in and vote at a general meeting can only be exercised if the acquisition of the shares in question has been recorded in the company's share register no later than the fifth business day before the date of the general meeting (the "record date").

§ 11

Shareholders may vote in advance, either in writing or by electronic means, up to 2 days prior to the general meeting. The board of directors determines further in the notice to the general meeting how such voting shall be carried out.

(Office translation)

SHAREHOLDER INFORMATION

SHARE CAPITAL

Kitron ASA (Kitron) has one class of shares. Each share carries one vote at the company's general meeting. The shares are freely tradeable. No form of restriction on tradeability is included in the articles of association.

Kitron's registered share capital at 31 December 2009 was NOK 172 961 625, divided between 172 961 625 shares with a nominal value of NOK 1.00 each. The company had no outstanding options or subscription rights in 2009.

STOCK MARKET LISTING

The company's shares are listed on the Oslo Børs (ticker code: KIT) in the OB Match segment.

During 2009 the share price moved from NOK 2.74 to NOK 3.76, an increase of 37.2 per cent. The Oslo Børs main index increased by 55.3 per cent in the same period. The share price has varied between NOK 2.15 and NOK 3.76. At the end of 2009 the company's market capitalisation was NOK 650.3 million. A total of 33.4 million shares were traded during the year, corresponding to a turnover rate of 19.3 per cent.

SHAREHOLDER STRUCTURE

At the end of 2009, Kitron had 3 159 shareholders, compared with 2 949 shareholders at the end of 2008. At the end of the year, the foreign shareholding amounted to 54.8 per cent. The Hermis Capital private equity fund is the company's largest shareholder and held 36,9 per cent of the shares in Kitron at the balance sheet date. Kongsberg Gruppen ASA is the second largest shareholder, and held 19.3 per cent of the shares in Kitron ASA at 31 December 2009. Kongsberg Gruppen ASA is also one of the company's largest customers. A third significant shareholder is the investment fund Amber Trust II, holding 16.87 per cent of the shares. The 20 largest shareholders held a total of 86.3 per cent of the company's shares at the end of the year.

MANDATES

Increasing the share capital

The ordinary general meeting of 7 May 2009 authorised the board to execute one or more share capital increases by issuing a number of shares maximized to 10 per cent of Kitron's registered share capital at 7 May 2009. The total amount by which the share capital may be increased is NOK 17 296 162.50. The authority applies until the ordinary general meeting in 2010, but no longer than 30 June 2010. The authority may be utilised for mergers and acquisitions or to raise funds for investments. The authority had not been exercised at 31 December 2009.

Own shares

The ordinary general meeting on 7 May 2009 authorised the board to acquire own shares, for a total nominal value of up to NOK 17 296 162.50, which is equal to 10 per cent of Kitron's registered share capital at 7 May 2009. Under the authorisation the company shall pay minimum NOK 1.00 per share and maximum the prevailing market price per share on the day the offer is made, provided, however, that the amount does not exceed NOK 25.00 per share. The authority is valid until the ordinary general meeting in 2010 but no longer than 30 June 2010. The authority had not been exercised at 31 December 2009.

DIVIDEND POLICY

Kitron ASA has as a policy to pay dividend corresponding to between 30 and 50 per cent of net profit for the year, provided that the company's share capital and liquidity situation are acceptable after the dividend has been paid out.

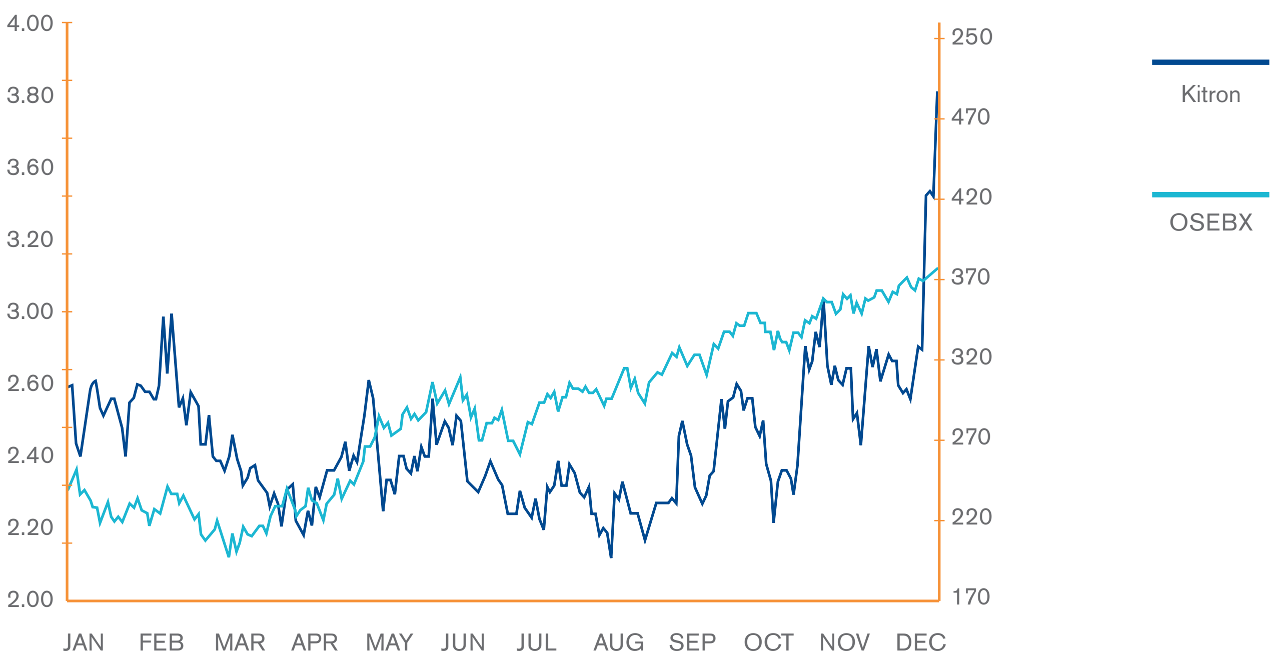
INFORMATION AND INVESTOR RELATIONS

Kitron wishes to maintain open communications with its shareholders and other stakeholders. Stakeholders are kept informed by announcements to the Oslo Børs and press releases. Kitron's website www.kitron.com provides information on Kitron's business and financial situation. Interim financial statements are presented at meetings open to the general public and are available as webcasts at www.kitron.com.

Kitron reports all manufacturing orders exceeding NOK 20 million and development and other service orders over NOK 5 million. The group also reports smaller orders if these are of strategic importance or significant in any other way.

The corporate management is responsible for communication activities and investor relations, and also facilitates direct contact with the CEO or board members.

SHARE PRICE KITRON VS OSLO STOCK EXCHANGE – 2009



BOARD AND MANAGEMENT

BOARD

NERIJUS DAGILIS

Chairman of the Board

Elected for the period 2009–2011
Born in 1974. On the Kitron board since 2005. Board member and co-founder of UAB Hermis Capital. Previously worked as an investment analyst with Hermis Bank. Master of Business Administration. At the end of 2009 UAB Hermis Capital controlled 63 814 583 shares in Kitron ASA. Nerijus Dagilis attended 11 out of 11 board meetings in 2009. Mr Dagilis is a Lithuanian citizen.

ARNE SOLBERG

Vice Chairman of the Board

Elected for the period 2009–2011
Born in 1953. On the Kitron board since 2000. CFO of Kongsberg Gruppen ASA. Diverse experience from administrative positions within finance and management. Bachelor of Commerce. At the end of 2009 Kongsberg Gruppen ASA controlled 33,439,153 shares in Kitron ASA. Arne Solberg attended 8 out of 11 board meetings in 2009. Mr Solberg is a Norwegian citizen.

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ELENA ANFIMOVA

Board Member

Elected for the period 2009–2011
Born in 1975. On the Kitron board since 2007. Assistant Portfolio Manager at Firebird Management LLC, a hedge fund based in New York. Previously a co-founder of Ukrainian Business Library LTD; also a sales executive at Internet Securities Inc., Ukraine. Wharton MBA. Firebird is a partner in a joint venture that, at the end of 2009, controlled 29,172,000 shares in Kitron ASA. Elena Anfimova attended 9 out of 11 board meetings in 2009. Ms Anfimova is a Ukrainian citizen.

LISBETH GUSTAFSSON

Board Member

Elected for the period 2009–2011
Born in 1947. On the Kitron board since 2007. Business consultant in leadership and organisational development at Executive Action Management. Diverse experience in sales and management from various industries, including four years as country general manager at Digital Equipment AB. Board member of a number of Swedish companies. Master of Science. Lisbeth Gustafsson attended 9 out of 11 board meetings in 2009. Ms Gustafsson is a Swedish citizen.

LIV E. JOHANSEN

Board Member, elected by and among the employees

Elected for the period 2009–2011
Born in 1953. On the Kitron board since 2000. Production worker in Kitron AS. Craft certificate in electronics manufacturing. Liv E. Johansen attended 11 out of 11 board meetings in 2009. Ms Johansen is a Norwegian citizen.

MAY BRITT GUNDERSEN

Board Member, elected by and among the employees

Elected for the period 2009–2011
On the Kitron board since mid 2009. Senior Planner at Kitron AS in Arendal, where she has been employed since 1976. May Britt Gundersen has attended 4 out of 4 board meetings since she joined the board in the end of June 2009. Ms Gundersen is a Norwegian citizen.

TOMAS KUCINSKAS

Board Member

Elected for the period 2009–2011
Born in 1967. On the Kitron board since 2008. Chairman of supervisory boards in Carlsberg's three subsidaries in Lithuania, Latvia and Estonia. Diverse experience in general management from the beverage industry. Graduate of EMBA studies. Master's degree in Physics. Tomas Kucinskas attended 7 out of 11 board meetings in 2009. Mr Kucinskas is a Lithuanian citizen.

GEIR VEDØY

Board Member, elected by and among the employees

Elected for the period 2009–2011
Born in 1966. On the Kitron board since 2007. Project Manager at Kitron AS in Arendal, where he has been employed since 1985 in various leadership positions within production and testing. Bachelor of Science, Electronics. Geir Vedøy attended 11 out of 11 board meetings in 2009. Mr Vedøy is a Norwegian citizen.

MANAGEMENT

JØRGEN BREDESEN

CEO

Born in 1956. In Kitron since 2006. Diverse experience from sales/marketing and general management of telecoms and high-tech companies. Studies in Business Administration. At the end of 2009 Mr Bredesen held 150 000 shares in Kitron ASA. Mr Bredesen has been granted 500 000 bonus units yearly for the period 2007–2009 connected to the value increase of the same number of shares. Mr Bredesen is a Norwegian citizen.

GARD ELIASSEN

Sourcing Director

Born in 1960. In Kitron since 2006. Diverse experience in sourcing management, mainly from EMS suppliers and technology firms such as GE Healthcare. Bachelor of Science; Six Sigma Green Belt. Mr Eliassen has been granted 100 000 bonus units for the period 2007–2009 connected to the value increase of the same number of shares. Mr Eliassen is a Norwegian citizen.

BENGT ENBOM

HR Director

Born in 1961. In Kitron since 2007. Diverse experience from HR management in various industries. Bachelor of Science, Human Resources. At the end of 2009 Mr Enbom held 10 000 shares in Kitron ASA. Mr Enbom has been granted 75 000 bonus units for the period 2007–2009 connected to the value increase of the same number of shares. Mr Enbom is a Swedish citizen.

ROGER HOVLAND

Sales and Marketing Director

Born in 1965. In Kitron since 2009. Extensive experience from marketing, strategy, international business development, supply chain and general management from Shell, Norsk Hydro and Höegh Autoliners. Master of Science in Business Administration and Master in International Business. Mr Hovland was granted 25 000 bonus units in 2009 connected to the value increase of the same number of shares. Mr. Hovland holds zero bonus units from previous years. Mr Hovland is a Norwegian citizen.

JAN LIHOLT

Business Development Director

Born in 1954. In Kitron since 2000. Diverse experience from manufacturing and general management of manufacturing companies, also development activities. Bachelor of Science, Electronics. At the end of 2009 Mr Liholt held 107 660 shares in Kitron ASA. Mr Liholt has been granted 100 000 bonus units for the period 2007–2009 connected to the value increase of the same number of shares. Mr Liholt is a Norwegian citizen.

JOHANNES LIND

General Manager, Kitron Sweden

Born in 1972. In Kitron since 2007. Diverse experience from purchasing and logistics in the EMS industry and medical field. Bachelor's degree in Business Administration. At the end of 2009 Mr Lind held 30 000 shares in Kitron ASA. Mr Lind has been granted 100 000 bonus units for the period 2007–2009 connected to the value increase of the same number of shares. Mr Lind is a Swedish citizen.

MINDAUGAS SESTOKAS

Managing Director, UAB Kitron

Born in 1971. In Kitron since February 2008. Diverse experience from sales and marketing in the beverage industry and general management of an appliance manufacturing company. Master of Business Administration. Mr Sestokas has been granted 80 000 bonus units for the period 2008–2009 connected to the value increase of the same number of shares. Mr Sestokas is a Lithuanian citizen.

DAG SONGEDAL

Managing Director, Kitron AS

Born in 1965. In Kitron since 2008. Extensive experience in organisational development, operational management, strategic and operative finance, mergers and acquisitions. Mr Songedal holds a university degree in Finance and Auditing. Mr Songedal was granted 25 000 bonus units in 2009 connected to the value increase of the same number of shares. Mr Songedal is a Norwegian citizen.

BJÖRN WIGSTRÖM

CFO

Born in 1966. In Kitron since 2008. Diverse experience from finance and administrative management in various industries. Master of Business Administration. Mr Wigström has been granted 150 000 bonus units for the period 2008–2009 connected to the value increase of the same number of shares. Mr Wigström is a Swedish citizen.

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