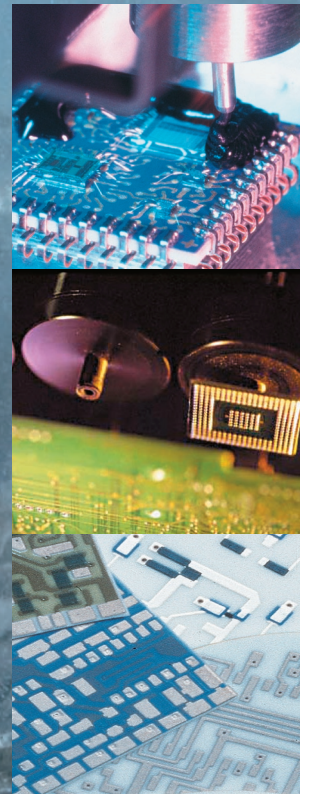
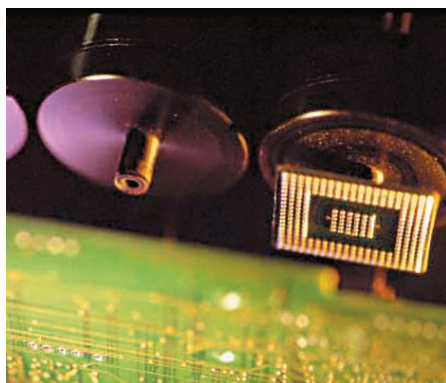


INTERIM REPORT Q3 2008





Profit before tax more than tripled

Key items

Figures in brackets refer to the third quarter of 2007 unless otherwise stated.

■ Strong order intake and order backlog

The order intake in the quarter increased by 52 per cent to NOK 578 million (NOK 380 million). The order backlog at the end of the quarter was NOK 1 101 million (NOK 877 million).

■ Revenue growth of 24 per cent

Revenue amounted to NOK 483.7 million in the quarter (NOK 390.2 million).

■ Increased operating profit

EBITDA and EBIT were NOK 46.2 million (NOK 22.2 million) and NOK 37.2 million (NOK 13.9 million) respectively.

■ Profit before tax more than tripled

Profit before tax amounted to NOK 29.3 million (NOK 8.7 million), which reflects a margin of 6.0 per cent (2.2 per cent).

■ Improved cash flow from operations

Cash flow from operations in the third quarter was NOK 27.8 million (negative at NOK 29.4 million).

■ Deferred tax assets revalued

NOK 90.8 million at the end of the quarter (NOK 20.0 million).

Revenue amounted to NOK 483.7 million in the third quarter of 2008, representing 24 per cent increase over the same period in 2007. Profit before tax was NOK 29.3 million, which was more than three times the result in third quarter in 2007 (NOK 8.7 million). Order intake increased by 52 per cent compared to third quarter 2007.

Revenue

Kitron's revenue in the third quarter was 24.0 per cent higher than in the same period in 2007 and amounted to NOK 483.7 million (NOK 390.2 million). Revenue increased the most within the Defence/Marine, Data/Telecom and Industry segments. Revenue in the Medical equipment segment was somewhat lower compared to third quarter of 2007.

From 2008 Kitron reports a single business area, Electronic Manufacturing Services (EMS). The businesses at Røros and in Jönköping, Sweden, which previously comprised Microelectronics, are from 2008 included in Norway and Sweden respectively.

Revenue in the Norwegian operation represented 63.9 per cent of Kitron's gross revenue during the third quarter (62.4 per cent). The Swedish operation represented 19.2 per cent of the group (21.4 per cent) and Kitron's operation in Lithuania provided for 16.9 per cent (16.2 per cent). The transfer of manufacturing to Lithuania continues at a high speed. Kitron has during 2008 invested significantly in 5S and LEAN programs and has as a result achieved higher efficiency and quality.

Kitron's revenue in the third quarter of 2008 was distributed as follows:

Data/Telecom	30% (28%)
Defence/Marine	28% (24%)
Medical equipment	17% (24%)
Industry	25% (24%)

Sales to customers in the Swedish market represented a 42 per cent share of the total revenue during the third quarter (44 per cent). The Norwegian market represented 49 per cent of Kitron's total revenue in the third quarter (44 per cent).

Gross margin

The gross margin improved somewhat in third quarter compared to third quarter 2007, and amounted to 38.8 per cent (38.6 per cent).

Profit

Kitron's operating profit (EBIT) in the third quarter was NOK 37.2 million, which is a substantial increase, compared to the same period in 2007 (13.9 million). Profit before tax in the third quarter of 2008 was NOK 29.3 million, which is an increase of more than 300 per cent, compared to the third quarter of 2007.

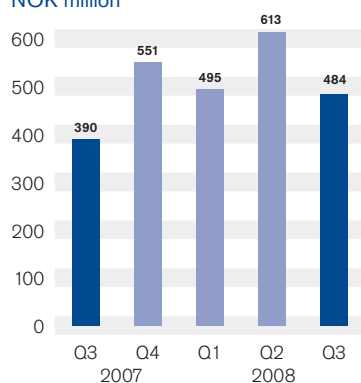
The company's total payroll expenses in the third quarter of 2008 were NOK 11.5 million higher than the corresponding period in 2007. This is due to higher activity and increased number of employees compared to the same quarter last year. The relative payroll costs improved from 25.3 per cent of revenue in third quarter 2007 to 22.8 per cent of revenue in the third quarter this year. Other operating costs were 6.5 per cent of revenue in the third quarter of 2008 (7.6 per cent).

During the third quarter net financial items amounted to a cost of NOK 7.9 million. This was NOK 2.7 million higher than during the same period the year before. The principal reason is higher interest rate and higher interest bearing debt to finance the increase in working capital following from higher activity.

Due to revaluation of deferred tax assets, tax in the third quarter was negative at NOK 65.8 million (NOK 0.8 million). The write up reflects a positive assessment of Kitron's future performance and a belief in continued good results.

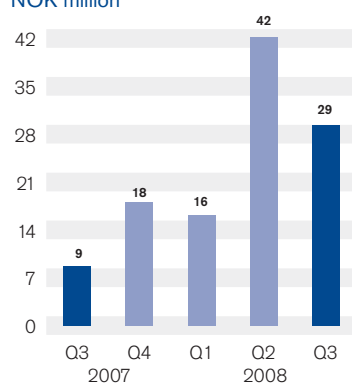
REVENUE Group

NOK million



PROFIT BEFORE TAX Group

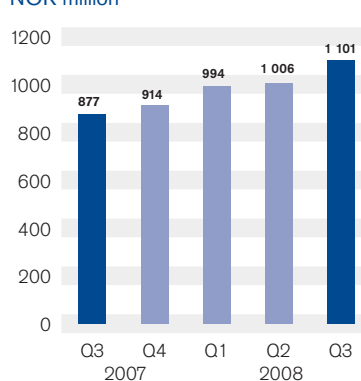
NOK million



Inventory turns has improved from 4.1 in the third quarter last year to 4.4 in the third quarter of 2008.

ORDER BACKLOG Group

NOK million



REVENUE BUSINESS AREAS

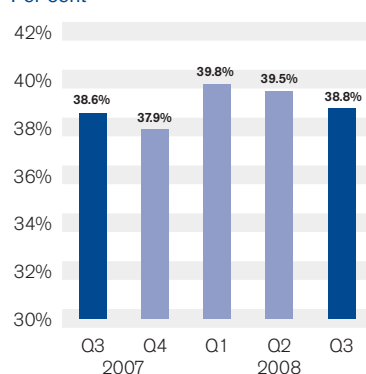
NOK million	Q3 2008	Q3 2007	30.09.2008	30.09.2007	31.12.2007
Norway	325.7	260.6	1 059.2	940.9	1 326.4
Sweden	97.9	89.3	340.1	322.0	433.7
Lithuania	86.4	67.5	292.2	222.1	319.3
Others and eliminations	(26.3)	(27.2)	(99.4)	(98.6)	(141.6)
Total group	483.7	390.2	1 592.1	1 386.4	1 937.8

OPERATING PROFIT/(LOSS) BUSINESS AREAS

NOK million	Q3 2008	Q3 2007	30.09.2008	30.09.2007	31.12.2007
Norway	28.8	9.3	72.2	42.0	66.6
Sweden	4.9	(0.6)	16.4	3.1	0.6
Lithuania	4.4	5.5	21.4	21.3	21.3
Others and eliminations	(1.0)	(0.3)	(2.5)	(4.7)	(4.1)
Total group	37.1	13.9	107.5	61.7	84.4

GROSS MARGIN Group

Per cent



ORDER BACKLOG BUSINESS AREAS

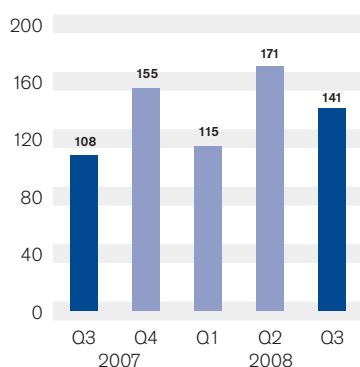
NOK million	Data/ Telecom	Defence/ Marine	Medical equipment	Industry	Total
Norway	108.9	403.1	132.2	124.2	768.4
Sweden	67.8	67.8	68.9	19.1	223.7
Lithuania	36.5	30.8	3.7	37.4	108.5
Total group	213.3	501.8	204.9	180.7	1 100.6

REVENUE GEOGRAPHIC DISTRIBUTION CUSTOMERS

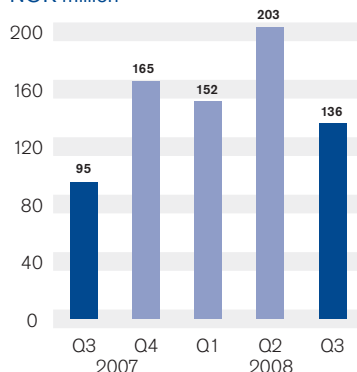
NOK million	Q3 2008	Q3 2007	30.09.2008	30.09.2007	31.12.2007
Norway	238.4	171.5	798.3	645.0	944.7
Sweden	203.8	171.5	675.6	616.5	824.3
Rest of Europe	14.9	25.5	53.8	67.2	89.4
USA	23.6	3.6	42.5	14.6	20.6
Others	3.1	18.2	21.9	43.2	58.8
Total group	483.7	390.3	1 592.1	1 386.5	1 937.8

REVENUE Data/Telecom

NOK million

**REVENUE Defence/Marine**

NOK million



- Strong demand within oilfield services is also contributing significantly to the positive development in this segment.

Balance sheet

Kitron's gross balance as at 30 September 2008 amounted to NOK 1 146.1 million, against NOK 886.8 million at the same time in 2007. Equity was NOK 400.4 million (NOK 222.5 million), corresponding to an equity ratio of 34.9 per cent (25.1 per cent).

Inventory was NOK 353.4 million at 30 September 2008 (NOK 301.6 million). Considerable resources have been applied to improve inventory management, and measured by inventory turns it has improved from 4.1 in the third quarter of 2007 to 4.4 in the third quarter of 2008.

Trade debtors and other receivables amounted to NOK 434.8 million at the end of the third quarter of 2008. The corresponding amount at the same time in 2007 was NOK 377.4 million. This is a slight improvement of days of sales outstanding in the third quarter compared to the same period last year. Credit losses have been insignificant.

The group's reported net interest-bearing debt totalled NOK 270.9 million as at 30 September 2008. Interest-bearing debt at the end of the third quarter of 2007 was NOK 297.3 million.

Based on an assessment of the financial performance and future outlook the deferred tax assets were revalued at the end of the quarter and totalled NOK 90.8 million as at 30. September 2008. The corresponding figure at the same time in 2007 was NOK 20.0 million. The impact on equity was an increase of NOK 65.8 million.

At 30 September Kitron ASA bought 76 000 own shares at a share price of NOK 2.61 per share. The shares will be sold during the fourth quarter.

Cash flow from operational activities for the third quarter of 2008 was NOK 27.8 million (negative at NOK 29.4 million).

Kitron's cash and bank credit as at 30 September 2008 comprised the following:

NOK million

Cash and cash equivalents	65.9
Drawings on the overdraft facility	(66.6)
Restricted bank deposits	(18.6)
Total	(19.4)

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 152.7 million at the end of the third quarter, versus NOK 89.5 million at the same time in 2007.

Organisation

The Kitron workforce increased by 15 full time equivalents (FTE) in the third quarter, and corresponded to 1 454 FTE at 30 September. This represents an increase of 80 FTEs since the third quarter of 2007.

Full time equivalents	30.09.08	30.09.07
Norway	753	721
Sweden	256	290
Lithuania	440	359
Other	5	4
Total	1 454	1 374

Market**Growing order intake and record order backlog**

In the third quarter, the order intake was NOK 578 million, up 52 per cent from the third quarter of 2007. Order intake trend varies between quarters and market segments, but in aggregate Kitron has not detected indications of weaker market demand. The company receives a steady number of enquiries from existing and prospective customers.

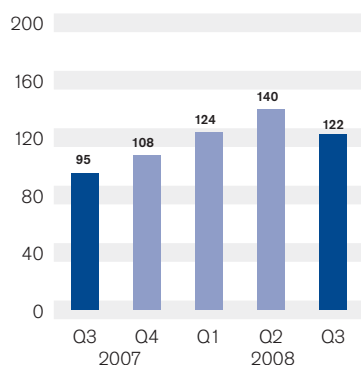
Four quarter moving average order intake has grown steadily since medio 2005 and amounted to NOK 575 million at the end of third quarter 2008. Kitron continues to expand its manufacturing capacity to deliver according to customers' orders. Kitron's order backlog includes four months customer forecast plus all firm orders for later delivery. At the end of the quarter, the order backlog was NOK 1 101 million, which was 25 per cent higher than the same period last year.

Data/Telecom

Following a soft start in 2008 and a very strong second quarter the trend in the third quarter stabilised on a more normal level. The order intake in the third quarter was up by 8 per cent, and the revenue increased by 30 per cent compared to the same period 2007. Kitron provides both industrialisation and manufacturing of advanced telecom products, especially infrastructure equipment. Policom, which supplies advanced electric energy metering equipment in Norway and Sweden, is the major customer of the factory in Lithuania. Increasing energy

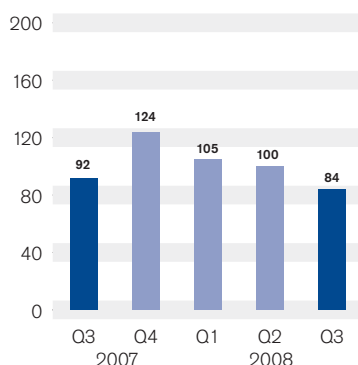
REVENUE Industry

NOK million



REVENUE Medical equipment

NOK million



■ ■ Order intake and customer forecasts support Kitron's expectation of about 10 per cent growth for the year.

prices and implementation of EU-regulations of so-called 'smart metering' is expected to drive strong growth for such equipment. The segment is highly competitive and price sensitive, particularly for consumer-related devices.

Defence/Marine

The favourable development in this segment in 2007, especially in the Norwegian business, has continued in 2008. The order intake in the three first quarters in 2008 is more than twice as high as in the three first quarters in 2007. Comparing third quarter 2008 with third quarter 2007 order intake was up by 259 per cent and revenue was up by 43 per cent. Technical upgrades and the development of new technology within defence contribute to growing demand in a segment where Kitron has a strong position. The latest example of this development is the NOK 40 million order in the third quarter from Kongsberg Defence & Aerospace in relation to KDA's weapon control system Protector. Strong demand within oilfield services is also contributing significantly to the positive development in this segment. In quarter three a large international customer placed NOK 129 million of new orders with Kitron. Outlook for 2008 for both defence and marine is promising in Norway, but less attractive in Sweden.

Medical equipment

The high activity and growth in the Medical equipment segment is expected to last for several years. While the future prospects for this segment remains strong customer and product specific circumstances

caused weaker performance in quarter three 2008. The order intake was 18 per cent lower and revenue 9 per cent lower than the same period last year. Kitron focuses on additional growth in the segment. In addition to expected growth with current customers in Norway and Sweden, the Swedish market provides promising new opportunities.

Industry

Kitron's activity within the Industry segment has been variable in 2006-2007 but has in the last four quarters been relatively strong. Order intake in quarter three increased by 20 per cent compared to last year while revenue is up by 29 per cent. Price seems to be a more important factor in the Industry segment compared to the other segments, where quality and competency are more emphasised. Nevertheless, Kitron has won orders and currently makes deliveries to industrial customers in China.

Outlook for fourth quarter 2008

Since 2005, the strong international economy as well as an increasing degree of outsourcing has contributed to a positive development within the EMS-market. Kitron's machinery upgrade investments and productivity improvement activities have enabled capacity increases to meet the growing order volume.

Kitron's main markets are Norway and Sweden, but most customers sell their products on the international markets. Although the long-term impact of the current situation in the economy should not be neglected

there are reasons to believe that the market segment and customer mix of Kitron will significantly soften any negative impact.

Kitron's performance in 2008 is more linked to orders already secured than the development of the economy at large. Order intake and customer forecasts support Kitron's expectation of about 10 per cent growth for the year. While strong competition within the EMS market contributes to continuous pressure on the margins, Kitron expects to maintain a healthy profitability and margin level in the fourth quarter. In absolute terms Kitron expects that the EBT in Q4 will more than double compared to the same quarter last year. Kitron expects to realise margin improvement through economy of scale, productivity improvement and cost-efficient materials sourcing. Considering the situation in the world economy Kitron is intensifying the work to identify further measures to safeguard the long-term profitability. Accelerating the transfer of manufacturing to Lithuania is one of the measures that are being implemented.

Board of Directors, Kitron ASA
Kaunas, 11 November 2008

Profit and loss statement

NOK 1 000	Q3 2008	Q3 2007	30.09.2008	30.09.2007	31.12.2007
Revenue	483 698	390 219	1 592 117	1 386 439	1 937 780
Cost of materials	295 920	239 634	964 936	853 128	1 195 561
Payroll expenses	110 125	98 615	387 391	358 835	496 199
Other operational expenses	31 468	29 738	102 008	89 081	129 028
Operating profit before depreciation and impairments (EBITDA)	46 185	22 231	137 782	85 395	116 992
Depreciation and impairments	9 021	8 344	30 239	23 711	32 553
Operating profit (EBIT)	37 164	13 887	107 543	61 685	84 439
Net financial items	(7 901)	(5 210)	(19 899)	(16 232)	(20 990)
Profit before tax	29 263	8 677	87 643	45 453	63 449
Tax	(65 824)	805	(63 183)	3 053	(985)
Net profit	95 088	7 872	150 827	42 400	64 434
Earnings per share (basic and diluted)	0.55	0.05	0.87	0.25	0.37

Balance sheet

NOK 1 000	30.09.2008	30.09.2007	31.12.2007
ASSETS			
Goodwill	25 514	24 810	25 514
Tangible fixed assets	175 617	134 006	144 345
Investment in shares	36	41	37
Deferred tax assets	90 835	20 000	25 000
Other receivables	-	2 020	1 899
Total fixed assets	292 001	180 876	196 795
Inventory	353 382	301 607	266 257
Accounts receivable and other receivables	434 804	377 433	417 205
Cash and cash equivalents	65 873	26 875	119 866
Total current assets	854 059	705 915	803 328
Total assets	1 146 060	886 791	1 000 123
LIABILITIES AND EQUITY			
Equity	400 416	222 477	246 997
Total equity	400 416	222 477	246 997
Loans	24 945	39 227	34 246
Pension commitments	21 360	22 467	21 938
Other provisions	-	4 587	-
Total long-term liabilities	46 305	66 281	56 184
Accounts payable and other current liabilities	386 678	311 441	348 522
Loans	311 863	285 013	347 399
Other provisions	798	1 579	1 021
Total current liabilities	699 339	598 033	696 942
Total liabilities and equity	1 146 060	886 791	1 000 123

Cash flow statement

NOK 1 000	Q3 2008	Q3 2007	30.09.2008	30.09.2007	31.12.2007
Net cash flow from operational activities	27 755	(29 428)	18 512	(44 681)	78 462
Net cash flow from investment activities	(15 581)	(10 714)	(61 511)	(36 234)	(57 178)
Net cash flow from financing activities	1 860	(674)	(4 571)	(2 686)	1 674
Change in cash and bank credit	14 034	(40 816)	(47 571)	(83 601)	22 958
Cash and bank credit opening balance	(33 441)	(37 579)	28 164	5 206	5 206
Cash and bank credit closing balance	(19 407)	(78 395)	(19 407)	(78 395)	28 164

Changes in equity

NOK 1 000	30.09.2008	30.09.2007	31.12.2007
Equity opening balance	246 997	185 699	185 699
Profit for the year	150 827	42 400	64 434
Own shares	(199)	-	-
Conversion differences and other changes	2 791	(5 622)	(3 136)
Equity closing balance	400 416	222 477	246 997

Notes to the financial statements

Note 1 – General information and principles

The consolidated financial statements for the third quarter of 2008 have been prepared in accordance with International Financial Accounting Standards (IFRS) and IAS 34 for interim financial reporting.

The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the consolidated financial statements for 2007, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU. Segment information is provided

on page 4 and 5. Kitron has applied the same accounting principles as in the consolidated financial statements for 2007. The consolidated financial statements for 2007 are available upon request from the company and at www.kitron.com.

Note 2 – Estimates

The preparation of the interim financial statements requires the use for valuations, estimates and assumptions that effect the application of the accounting principles and amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates.

The important assessments underlying the application of Kitron's accounting policy and the main sources of uncertainty are the same for the interim financial statements as for the consolidated statements for 2007.

Note 3 – Financial risk management

Kitron's business exposes the company to financial risks. The purpose of the company's procedures for risk management is to minimise possibly negative effects caused by the company's financial arrangements. There has been no change of impact or material incidents in 2008.



Kitron ASA

Olav Brunborgs vei 4, 2nd floor
P O Box 97
NO-1375 Billingstad
Norway

Our solutions deliver success

Kitron is a medium-size high mix low volume Electronic Manufacturing Services (EMS) company. The company has manufacturing facilities in Norway, Sweden and Lithuania, and has about 1 400 employees. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box-built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers.

Kitron offers all parts of the value chain: from design via industrialisation, manufacturing and logistics, to repairs. The electronics content may be based on conventional printed circuit boards or ceramic substrates. The microelectronics business, which provides thick film technology and chip and wire bonding technology, delivers distinct features to customers with demanding requirements, and constitute an important element in Kitron's manufacturing process portfolio.

Kitron also provides various related services such as cable harness manufacturing and components analysis, and resilience testing, and also source any other part of the customer's product. Customers typically serve international markets and provide equipment or systems for professional or industrial use.