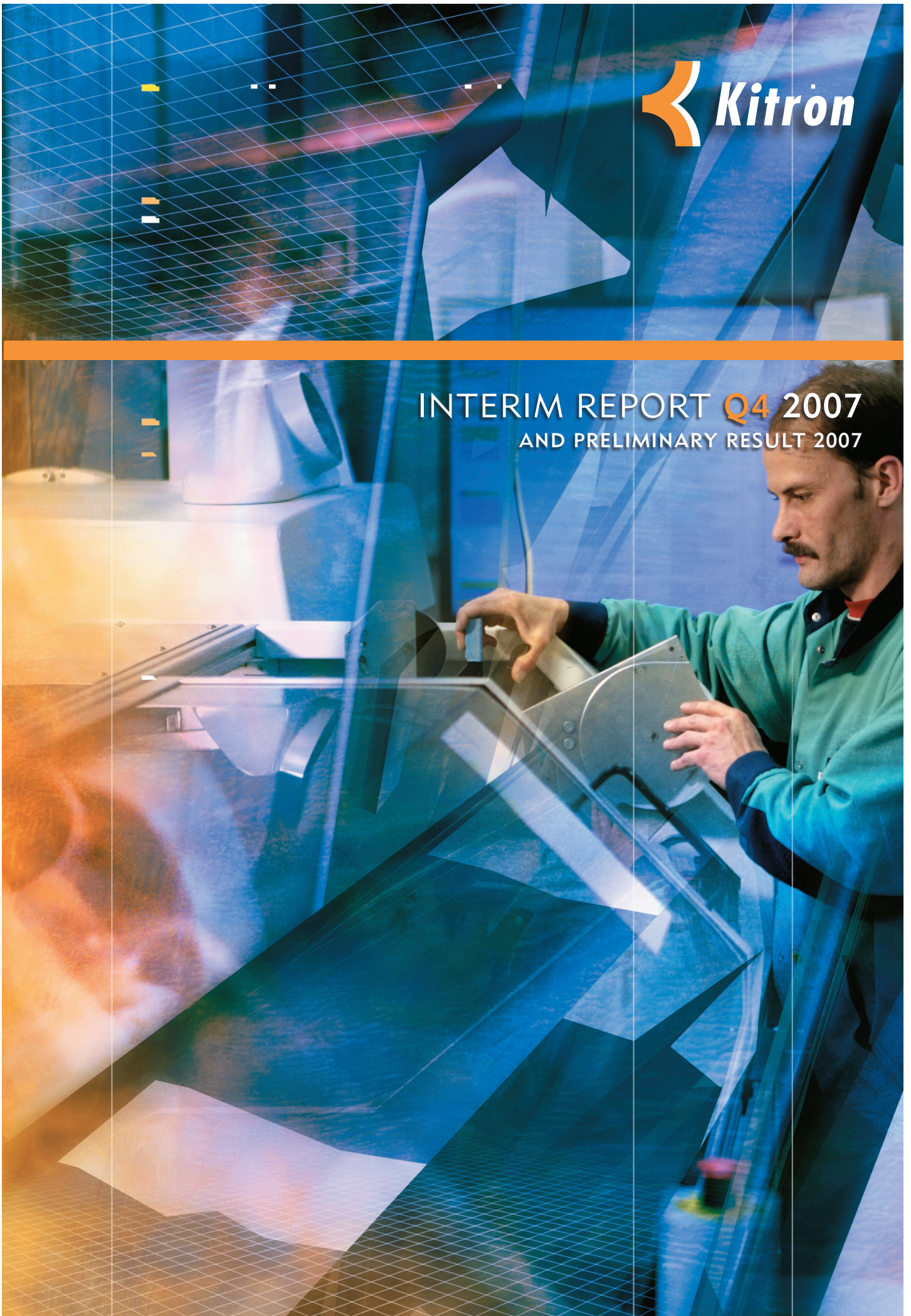




INTERIM REPORT **Q4** 2007
AND PRELIMINARY RESULT 2007



BEST ANNUAL RESULT IN KITRON'S HISTORY

KEY ITEMS

Figures in brackets refer to the comparable period of 2006 unless otherwise stated.

■ Best result since 2000

The profit before tax in 2007 was NOK 63.4 million (NOK 45.4 million in 2006) and is the best result since the group was established in 2000.

■ Revenue growth (7.1 per cent in the quarter, 14.4 per cent in the year)

NOK 551.3 million in the quarter and 1 937.8 million in 2007 (NOK 514.8 million in the quarter, NOK 1 693.6 million in the year).

■ Stable profit before tax

NOK 18.0 million (NOK 18.1 million). Profit before tax amounted to 3.3 per cent (3.5 per cent) both for the quarter and for the full year (2.8 per cent).

■ Reduced gross margin

Normalised gross margin was 39.2 per cent (40.1 per cent) excluding one-off charges. The normalised gross margin for the year has been reduced from 40.0 per cent in 2006 to 38.7 per cent in 2007 due to variations in relative growth between business areas and product mix variations.

■ Operating profit slightly reduced

EBITDA and EBIT were NOK 31.6 million (NOK 32.5 million) and NOK 22.8 million respectively (NOK 23.9 million).

■ Good order intake

The order intake in the quarter increased by 18.8 per cent to NOK 589 million (NOK 496 million). The order backlog at the end of the quarter and year was NOK 914 million (NOK 959 million).

■ Strong cash flow from operations

Cash flow from operations in the fourth quarter was NOK 123.1 million (NOK 139.6 million). Cash flow from operational activities in the year was NOK 78.5 million (NOK 9.6 million).

The profit before tax in 2007 was NOK 63.4 million compared to NOK 45.4 million in 2006, and is the best result since the group was established in 2000. Revenue amounted to NOK 551.3 million in the fourth quarter of 2007, representing 7.1 per cent increase over the same period in 2006. Year on year revenue grew 14.4 per cent to NOK 1 937.8 million. Profit before tax was NOK 18.0 million in the quarter, which was in line with fourth quarter in 2006.

REVENUE

Kitron's revenue in the fourth quarter was 7.1 per cent higher than in the same period in 2006 and amounted to NOK 551.3 million (NOK 514.8 million). The revenue increase is largely a result of higher activity in the EMS business in Norway and Lithuania. Revenue increased the most within the Data/Telecom and Defence/Marine segments compared to the fourth quarter of 2006. Revenue in the Medical equipment segment in the fourth quarter was in line with the corresponding period in 2006, while revenue in the Industry segment was lower than the fourth quarter of 2006.

Revenue in the Norwegian Electronic Manufacturing Services (EMS) operation, Kitron AS, represented 57.9 per cent of Kitron's gross revenue during the fourth quarter. The Swedish EMS operation, Kitron AB, represented 10.5 per cent of the group. Kitron's operation in Lithuania, UAB Kitron, provided for 16.3 per cent. As of 1 September 2007, UAB Kitron Elsis has been consolidated into the Kitron group, and it has been included in UAB Kitron. UAB Kitron continued its growth based on its competitive strength from quality and pricing. Consequently, the subsidiary's share of Kitron's value creation increased.

The EMS sites provided 83.7 per cent of net group revenue in the fourth quarter while during the fourth quarter of 2006 it generated 85.4 per cent. The Kitron Microelectronics sites, which normally achieves higher operating margins than the EMS area, has increased the share of revenue correspondingly.

Kitron's revenue in the fourth quarter of 2007 was distributed as follows:

Data/Telecom	28% (23%)
Defence/Marine	31% (28%)
Medical equipment	22% (25%)
Industry	19% (24%)

Sales to customers in the Swedish market represented a 37.7 per cent share of the total revenue during the fourth quarter (41.2 per cent). The Norwegian market represented 54.4 per cent of Kitron's total revenue in the fourth quarter, versus 52.5 per cent during the same quarter in 2006.

GROSS MARGIN

The gross margin amounted to 2.2 percentage points lower than in the fourth quarter of

2006, and amounted to 37.9 per cent. The decrease is mainly related to one-off charges related to the Lithuanian business, variations in relative growth between business areas and changed product mix. The annual gross margin was 38.3 per cent, down from 40.0 per cent in 2006. The operating margin was nevertheless improved from 3.8 to 4.4 per cent.

PROFIT

In the year 2007 profit before tax amounted to NOK 63.4 million, up from NOK 45.4 million in 2006. The result in 2007 is the best since the group was established in 2000. Kitron's operating profit (EBIT) in the fourth quarter was NOK 22.8 million which is on par with the same period in 2006 (23.9 million). Profit before tax in the fourth quarter of 2007 was NOK 18.0 million after one-off items amounting to net NOK 8.0 million. The one-off items related mainly to inventory. A smaller part related to discontinued property leases which were settled in the fourth quarter. In 2006, profit before tax in the fourth quarter was NOK 18 million after one-off items amounting to NOK 4.9 million.

The company's total payroll expenses in the fourth quarter were on par with the corresponding period in 2006. Due to productivity increase, the payroll costs were reduced from 26.6 per cent of revenue in the fourth quarter 2006 to 25.0 per cent of revenue in the fourth quarter this year. Year on year the payroll costs were reduced from 27.5 per cent of revenue in 2006 to 25.6 per cent in 2007. Other operating costs were 7.3 per cent of revenue in the fourth quarter of 2007 (7.2 per cent).

During the fourth quarter net financial items amounted to a cost of NOK 4.8 million. This was NOK 0.9 million lower than during the same period the year before. The principal reason was exchange effects and interest income during the fourth quarter of 2007.

At year end the deferred tax asset has been revalued by NOK 5.0 million, leading to a net gain of NOK 4.0 million on the Tax cost line.

BALANCE SHEET

Kitron's gross balance sheet as at 31 December 2007 amounted to NOK 1 000.1 million (NOK 957.5 million). Equity was NOK 247.0

■ ■ The result in 2007 is the best since the group was established in 2000

REVENUE Business areas

NOK million	Q4 2007	Q4 2006	31.12.07	31.12.06
Kitron AS (EMS)	344.5	322.1	1 176.9	1 044.2
Kitron AB (EMS)	62.7	81.2	256.7	286.3
UAB Kitron (EMS)	97.2	67.2	319.3	207.3
Eliminations EMS	(43.0)	(30.7)	(136.9)	(124.0)
Total EMS	461.4	439.8	1 616.0	1 413.8
Microelectronics	90.1	77.9	326.5	290.0
Others and eliminations	(0.2)	(2.9)	(4.7)	(10.2)
Total group	551.3	514.8	1 937.8	1 693.6

REVENUE Geographic distribution

NOK million	Q4 2007	Q4 2006	31.12.07	31.12.06
Norway	299.7	270.1	944.7	760.3
Sweden	207.9	212.1	824.3	777.0
Rest of Europe	22.2	12.3	89.4	59.9
USA	6.0	6.5	20.6	35.1
Others	15.5	13.9	58.8	61.3
Total group	551.3	514.8	1 937.8	1 693.6

OPERATING PROFIT/(LOSS) Business areas

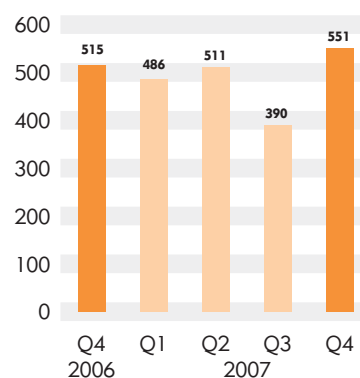
NOK million	Q4 2007	Q4 2006	31.12.07	31.12.06
Kitron AS (EMS)	23.0	20.7	58.9	39.5
Kitron AB (EMS)	(5.0)	(8.9)	(8.2)	(10.8)
UAB Kitron (EMS)	-	8.9	21.3	19.0
Eliminations EMS	-	-	-	-
Total EMS	18.0	20.7	72.0	47.7
Microelectronics	4.1	4.5	16.5	23.9
Others and eliminations	0.7	(1.3)	(4.1)	(7.2)
Total group	22.8	23.9	84.4	64.4

ORDER BACKLOG By business segment

NOK million	Data/ Telecom	Defence/ Marine	Medical equipment	Industry	Total
Kitron AS (EMS)	92.7	284.5	150.6	107.8	635.6
Kitron AB (EMS)	-	61.5	40.9	14.3	116.7
UAB Kitron (EMS)	9.6	2.4	8.1	11.6	31.7
Microelectronics	79.6	-	7.8	42.1	129.5
Total	181.9	348.4	207.4	175.8	913.5

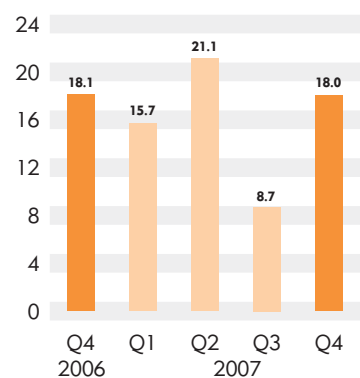
REVENUE Group

NOK million



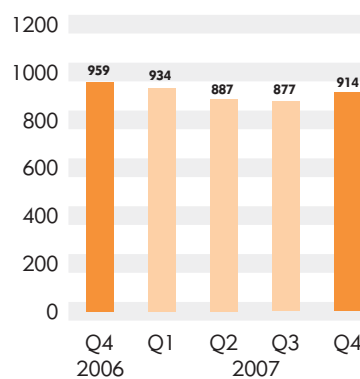
PROFIT BEFORE TAX Group

NOK million



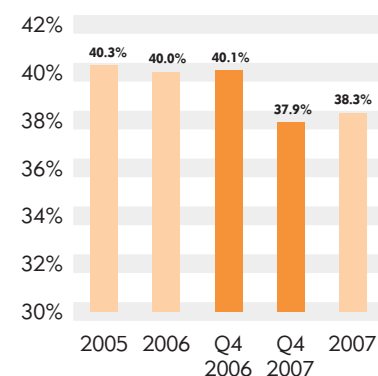
ORDER BACKLOG Group

NOK million



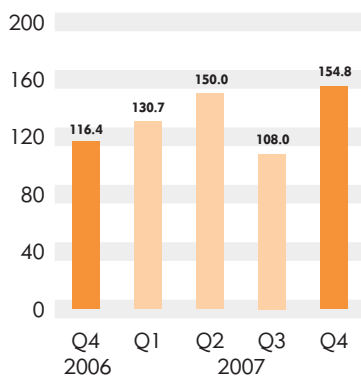
GROSS MARGIN Group

Per cent



REVENUE Data/Telecom

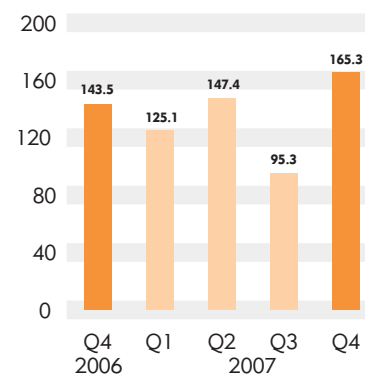
NOK million



■ ■ The activity in the Data/Telecom market segment is still increasing at a high rate

REVENUE Defence/Marine

NOK million



REVENUE BREAKDOWN Data/Telecom

	Q4 2007		Q4 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	70.1	45%	57.9	50%
Kitron AB (EMS)	-	0%	0.7	1%
UAB Kitron (EMS)	30.1	19%	11.9	10%
Microelectronics	58.4	38%	53.0	46%
Others and eliminations	(3.8)	(2%)	(7.1)	(7%)
Total	154.8	100%	116.4	100%

REVENUE BREAKDOWN Defence/Marine

	Q4 2007		Q4 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	134.7	81%	118.1	82%
Kitron AB (EMS)	18.7	11%	23.5	16%
UAB Kitron (EMS)	17.2	10%	6.4	4%
Microelectronics	1.3	1%	-	0%
Others and eliminations	(6.6)	(4%)	(4.5)	(2%)
Total	165.3	100%	143.5	100%

million (NOK 185.7 million), corresponding to an equity ratio of 24.7 per cent (19.4 per cent).

Inventory was NOK 266.3 million as at 31 December 2007 (NOK 282.9 million). Considerable resources have in 2007 been applied to improve inventory management, measured by inventory turns. The project continues in 2008.

Trade debtors and other receivables amounted to NOK 417.2 million at the end of the fourth quarter of 2007. The corresponding amount at the same time in 2006 was NOK 410.8 million. Payments are generally received when due and credit losses have been insignificant.

The group's reported interest-bearing debt totalled NOK 381.6 million as at 31 December 2007 (NOK 355.4 million). The increase is largely increase in factoring debt.

Cash flow from operational activities for the fourth quarter of 2007 was NOK 123.1 million (NOK 139.6 million).

Kitron's cash and bank credit as at 31 December comprised the following:

(Figures in NOK million)

Cash and cash equivalents	119.9
Drawings on the overdraft facility	(71.9)
Restricted bank deposits	(19.8)
Total	28.2

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 151.4 million at the end of the fourth quarter, versus NOK 128.8 million at the same time in 2006.

SHAREHOLDERS

As at 31 December 2007 Kitron had 3 065 shareholders with a total of 172 961 625 shares (NOK 1.- nominal value per share). The ten largest registered shareholders as at 31 December 2007 were:

UAB DnB NORD Bankas (UAB Hermis Capital 29,97%)	29.97%
Kongsberg Gruppen ASA	19.33%
ING Luxembourg SA	13.77%
SEB Vilnius Bankas (UAB Hermis Capital 10,02%)	11.07%
MP Pensjon	6.02%
AS Hansabank Clients	1.79%
Swedbank S/A MP Investment BA	1.18%
AS Bemacs	0.99%
SES AS	0.96%
Verdipapirfondet NOR c/o Nordea Fondene AS	0.73%

ORGANISATION

The Kitron workforce was reduced by 36 full time equivalents (FTE) in the fourth quarter, and corresponded to 1 338 FTE at 31 December. This represents an increase of 59 FTEs since the fourth quarter of 2006. The acquisition of Kitron Elsis amounted to 40 employees. The remaining increase reflects the revenue growth.

FTEs	31.12.07	31.12.06
Kitron AS	617	613
Kitron AB	170	216
UAB Kitron	364	286
Kitron Microelectronics	170	147
Other	17	17
Total	1 338	1 279

MARKET TRENDS

EMS

Strong international economy as well as an increasing degree of outsourcing have contributed to continuing positive development within the industrial EMS-market.

Kitron manufactures both electronics, which are embedded in the customers' own product, and provides box build electronic products as well as high-level assembly (HLA) of products with complex mechanics for its customers. Kitron's growth within the EMS market is primarily connected to increasing activity with existing customers.

MICROELECTRONICS

Within Microelectronics, Kitron also has a competitive offer within HLA- and box build manufacturing. Kitron is actively seeking growth opportunities in this area as well. The revenue growth in Kitron Microelectronics is largely for existing customers. The demand for microelectronics technology in a strict sense, such as thick film technology and chip and wire bonding, has been weaker than expected in 2007 but seems to recover at the beginning of 2008.

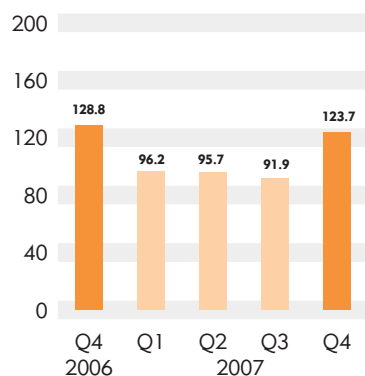
STABLE ORDER INTAKE

In the fourth quarter Kitron entered into or renewed a number of long-term manufacturing agreements and received a number of significant manufacturing orders in the Defence/Marine and Medical equipment segments.

Kitron's total order intake during the fourth quarter amounted to NOK 589 million which was 19 per cent higher than the order intake in the fourth quarter in 2006. The order intake of the year 2007 was NOK 1 893 million, on par with 2006 order intake. Kitron's order

REVENUE Medical equipment

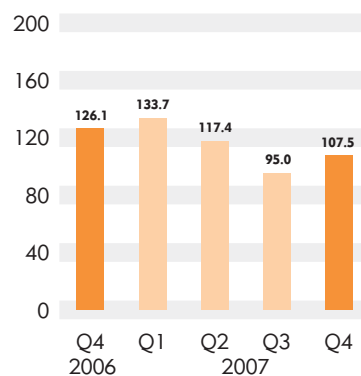
NOK million



■ ■ Kitron expects a growth in the year 2008 in line with the strategic ambition of about ten per cent annual growth

REVENUE Industry

NOK million



REVENUE BREAKDOWN Medical equipment

	Q4 2007		Q4 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	73.7	60%	75.6	59%
Kitron AB (EMS)	43.1	35%	40.8	32%
UAB Kitron (EMS)	19.4	16%	15.9	12%
Microelectronics	4.0	3%	4.2	3%
Others and eliminations	(16.5)	(13%)	(7.7)	(6%)
Total	123.7	100%	128.8	100%

REVENUE BREAKDOWN Industry

	Q4 2007		Q4 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	66.0	61%	70.5	56%
Kitron AB (EMS)	0.9	1%	16.2	13%
UAB Kitron (EMS)	30.5	28%	33.0	26%
Microelectronics	26.4	25%	20.7	16%
Others and eliminations	(16.3)	(15%)	(14.3)	(11%)
Total	107.5	100%	126.1	100%

backlog includes four months customer forecast plus all hard orders for later delivery. The order backlog has in 2007 remained stable at a satisfactory level, corresponding to about six months revenue. At the end of the quarter, the order backlog was NOK 914 million.

MARKET SEGMENTS

DATA/TELECOM

The activity in the Data/Telecom market segment is still increasing at a high rate. Revenue grew by 29 per cent. Increasing order intake has been matched by manufacturing output, and revenue in every quarter in 2007 was higher than in the corresponding quarter in 2006. For example, the number of transponders delivered from Kitron Microelectronics at Røros increased in an order of magnitude of 50 per cent from 2006 to 2007. Kitron participates in both industrialisation and production of advanced products especially within infrastructure equipment. Road pricing equipment also represents good growth opportunities in this segment.

DEFENCE/MARINE

Following low activity in the Defence/Marine segment in 2006 the activity has stabilised at a higher level in 2007. Revenue was 24 per cent higher than in 2006. The high activity level, especially in Kitron AS, is expected to last throughout this and next year. Both upgrading and the development of new technology contribute to the strong market. Kitron has a strong position in the Defence/Marine market segment. The outlook for 2008 for both the defence and the marine part of this market segment is promising in Norway, but less attractive in Sweden.

MEDICAL EQUIPMENT

Kitron's activities in the Medical equipment segment are mainly based on HLA competency and development and industrialisation capabilities. The high activity and growth in the segment is expected to last for several years. Customer and product specific circumstances caused Kitron's revenue to be slightly lower both in the fourth quarter and the full year 2007 than the year before. Significant orders were received in the fourth quarter, indicating better prospects for 2008. In addition to expected growth with present customers in Norway and Sweden, the Swedish market provides promising opportunities. In the fourth quarter, Kitron received an order of NOK 130 million from a customer in this segment. The activity at Kitron's assembly line in Horten, Norway, is expected to increase in 2008. Also in the fourth quarter the manufacturing agreement with CellaVision was renewed, with an expected annual revenue of about SEK 25 million. Furthermore, Kitron received from Dignitana a development order amounting to about SEK 5 million for cooling devices for use in connection with cytotoxic treatment.

INDUSTRY

Kitron's revenue within the Industry segment is cause for concern. Albeit revenue in 2007 grew by six per cent, the second half of 2007 was eight per cent lower than second half of the year before. Order intake is correspondingly down. The reduction is largely related to one customer. Price seems to be a more important factor in the Industry segment compared to the other segments, where quality and competency are more emphasised.

PROSPECTS

Kitron's main markets are Norway and Sweden, but most customers sell their products on the international markets. Kitron also has manufacturing operations in Lithuania. Machinery upgrade investments in all sites during 2007 and the addition of the Kitron Elsis facility in Kaunas, Lithuania in September 2007 have enabled capacity increases to meet the order volume. The negotiations with possible property developers for the resolved construction of a new facility in Kaunas have lasted longer than expected and have not yet been completed. New orders under agreements in the Defence/Marine segment provides for an expansion by another 1 700 square meters at an assembly site near Kaunas, Lithuania. The expansion will be operational in the second quarter.

Kitron operates at virtually full capacity, and seeks to increase the capacity in order to improve productivity and to serve customers' requests. Machinery upgrade investments will continue at the same level as in 2007. At the beginning of the year Kitron expects a growth in the full year 2008 in line with the strategic ambition of about ten per cent annual growth. Fourth quarter announcements from EMS providers serving the same market as Kitron and the recent unrest in the financial markets may indicate that the market situation could become more difficult.

Strong competition within the EMS market contributes to continuous pressure on the margins. Kitron expects to grow with its customers and realise margin improvement through economy of scale, productivity improvement and materials sourcing.

Oslo, 8 February 2008

The Board of Directors of Kitron ASA

PROFIT AND LOSS STATEMENT

(Figures in NOK 1 000)	Q4 2007	Q4 2006	31.12.2007	31.12.2006
Revenue	551 341	514 778	1 937 780	1 693 559
Cost of materials	342 432	308 344	1 195 561	1 015 739
Gross profit margin	37.9%	40.1%	38.3%	40.0%
Payroll expenses	137 365	136 957	496 199	466 043
Other operational expenses	39 947	37 017	129 028	117 942
Operating profit before depreciation and impairments (EBITDA)	31 597	32 460	116 992	93 835
Depreciation and impairments	8 842	8 603	32 553	29 387
Operating profit (EBIT)	22 754	23 856	84 439	64 448
Net financial items	(4 758)	(5 747)	(20 990)	(19 009)
Profit before tax	17 996	18 109	63 449	45 439
Tax	(4 038)	1 812	(985)	3 763
Profit after tax	22 034	16 297	64 434	41 676
Earnings per share	0.13	0.09	0.37	0.24
Diluted earnings per share	0.13	0.09	0.37	0.24

BALANCE SHEET

(Figures in NOK 1 000)	31.12.2007	31.12.2006
ASSETS		
Goodwill	25 514	19 123
Tangible fixed assets	144 345	123 523
Investment in shares	37	41
Deferred tax assets	25 000	20 000
Other receivables	1 900	2 920
Total fixed assets	196 795	165 607
Inventory	266 257	282 891
Accounts receivable and other receivables	417 205	410 768
Cash and cash equivalents	119 866	98 264
Total current assets	803 327	791 923
Total assets	1 000 123	957 530
LIABILITIES AND EQUITY		
Equity	246 997	185 699
Total equity	246 997	185 699
Loans	34 246	31 011
Pension commitments	21 938	23 007
Other provisions	-	7 160
Total long-term liabilities	56 184	61 178
Accounts payable and other current liabilities	348 522	383 621
Loans	347 399	324 399
Other provisions	1 021	2 633
Total current liabilities	696 942	710 653
Total liabilities and equity	1 000 123	957 530

CASH FLOW STATEMENT

(Figures in NOK 1 000)

	Q4 2007	Q4 2006	31.12.2007	31.12.2006
Net cash flow from operational activities	123 143	139 609	78 462	9 642
Net cash flow from investment activities	(20 944)	(5 179)	(57 178)	(45 415)
Net cash flow from financing activities	4 360	(10 883)	1 674	(11 827)
Change in cash and bank credit	106 559	123 547	22 958	(47 601)
Cash and bank credit opening balance	(78 395)	(118 340)	5 206	52 807
Cash and bank credit closing balance	28 164	5 206	28 164	5 206

CHANGES IN EQUITY

(Figures in NOK 1 000)

	Q4 2007	Q4 2006
Equity opening balance	185 699	144 479
Profit for the year	64 434	41 676
Other *	(3 136)	(457)
Equity closing balance	246 997	185 699

* Conversion differences, etc.

This interim report has been prepared in accordance with the same accounting principles that have been applied to the annual financial statements.



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