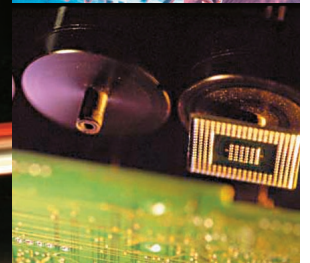
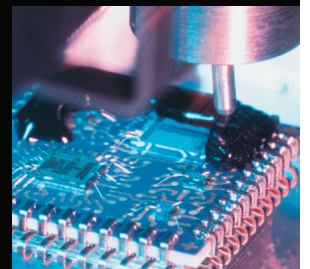




**INTERIM REPORT Q4 2009
AND PRELIMINARY RESULT 2009**





Steady development towards improved market

Key items

Figures in brackets refer to the fourth quarter of 2008 unless otherwise stated.

■ Market expansion

Kitron is expanding its market coverage by establishing presence in China and Germany

■ Order intake and backlog

The order intake decreased by 17.0 per cent to NOK 454.7 million (NOK 548.0 million). The order backlog at the end of the fourth quarter was NOK 795.8 million (NOK 971.2 million).

■ Revenue

Revenue decreased by 35.3 per cent to NOK 423.9 million (NOK 655.5 million).

■ Operating profit

EBITDA and EBIT were NOK 22.9 million (NOK 66.2 million) and NOK 15.8 million respectively (NOK 58.1 million).

■ Profit before tax

Profit before tax amounted to NOK 12.8 million (NOK 59.0 million), which reflects a margin of 3.0 per cent (9.0 per cent).

■ Strong cash generation

Cash flow from operations in the fourth quarter was NOK 62.3 million (NOK 66.5 million).

Revenue amounted to NOK 423.9 million in the fourth quarter 2009, a 35.3 per cent decrease compared with the same period last year. The profit before tax was NOK 12.8 million (NOK 59.0 million). Cash flow from operations was stable and amounted to NOK 62.3 million (NOK 66.5 million). The order intake was NOK 454.7 million and the order backlog was NOK 795.8 million, a decrease of 17.0 and 18.1 per cent respectively compared to the same period in 2008.

Improved market conditions

While the activity level in fourth quarter 2009 is lower than the same period in 2008 we see a stable trend towards improved market conditions quarter by quarter. The sales and marketing activity is high and there is an increase in the value of pending prospects. The slow but steady improvement in the order backlog continued in Q4 and is another sign of the improved market conditions.

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 German entity will focus on front-end engineering and new product introduction 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.

Kitron has successfully implemented a capacity adjustment programme during 2009 and is continuously focusing on operational improvements and global sourcing. In the fourth quarter the result improved compared to the previous two quarters as a result of the measures taken. The trend towards a more normal profitability level is expected to continue as the market conditions improve.

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 in Arendal. The objective is to improve the complete offering to the customers by combining the strengths of Kitron with a larger development environment.

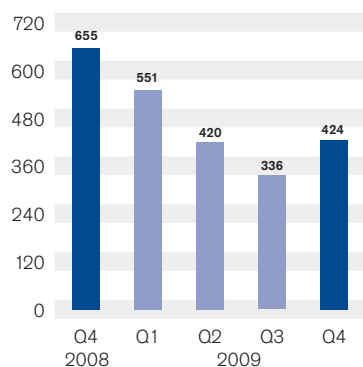
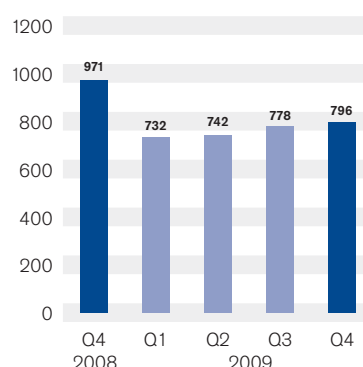
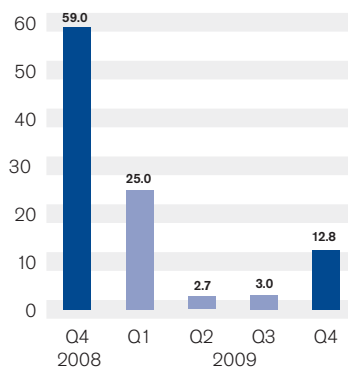
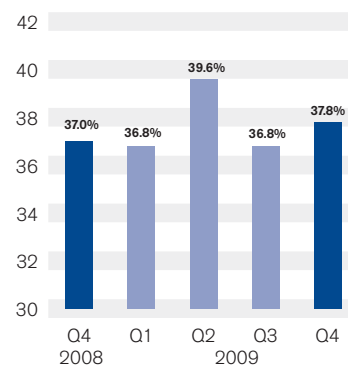
In the financial accounts the development department will be recognised as discontinued operations until a sales transaction has been completed.

Revenue

Kitron's revenue in the fourth quarter was 35.3 per cent lower than in the same period in 2008 and amounted to NOK 423.9 million (NOK 655.5 million). Defence/Offshore was down 44.1 per cent, Data/Telcoms down 38.5 per cent, Medical equipment down by 15.3 per cent and Industry decreased by 40.3 per cent compared to the fourth quarter of 2008.

Revenue in the Norwegian operation represented 62.5 per cent of Kitron's gross revenue during the fourth quarter (58.1 per cent). The Swedish operation represented 23.0 per cent of the group (23.0 per cent) and Kitron's operation in Lithuania provided for 14.4 per cent (18.8 per cent).

Kitron's revenue in the fourth quarter of 2009 was distributed as follows:

REVENUE Group
NOK million**ORDER BACKLOG Group**
NOK million**PROFIT BEFORE TAX Group**
NOK million**GROSS MARGIN Group**
Per cent

Data/Telecoms	26% (28%)
Defence/Offshore	29% (33%)
Medical equipment	30% (23%)
Industry	15% (16%)

Sales to customers in the Swedish market represented a 43.1 per cent share of the total revenue during the fourth quarter (43.8 per cent). The Norwegian market represented 53.9 per cent of Kitron's total revenue in the fourth quarter (48.5 per cent).

Gross and net margin

The gross margin increased in fourth quarter 2009 compared to fourth quarter 2008 and amounted to 37.9 per cent (37.0 per cent). The net margin on the contrary decreased from 24.1 per cent to 21.9 per cent. The margin fluctuations are mainly due to changes to the product mix. Savings related to sourcing has had a positive impact on the gross margin while lower revenue and activity level has had a negative impact on the net margin.

Profit

Kitron's operating profit (EBIT) in the fourth quarter was NOK 15.8 million, which is a significant decrease, compared to the same period in 2008 (58.1 million). Profit before tax and discontinued operations in the fourth quarter of 2009 was NOK 12.8 million, which is a decrease of NOK 46.2 million.

The company's total payroll expenses in the fourth quarter were NOK 25.4 million lower than the corresponding period in 2008. This is due to lower activity and decreased number of employees compared to the same quarter the year before. The relative payroll costs went from 21.1 per cent of revenue in fourth quarter 2008 to 26.6 per cent of revenue in the fourth quarter 2009. Other operating costs were 5.9 per cent of revenue in the fourth quarter (5.8 per cent).

During the quarter net financial items amounted to a cost of NOK 3.0 million. This was NOK 3.9 million higher than during the same period the year before. In fourth quarter of 2008 net financial items were influenced by currency gains on intra-group long-term financial loans, which according to IAS 21 shall remain in the consolidated group accounts.

Balance sheet

Kitron's gross balance as at 31 December 2009 amounted to NOK 982.2 million, against NOK 1 250.2 million at the same time in 2008. Equity was NOK 450.4 million (NOK 480.4 million), corresponding to an equity ratio of 45.9 per cent (38.4 per cent).

Inventory was NOK 256.3 million at 31 December 2009 (NOK 326.4 million). Inventory turns has decreased from 6.0 in the fourth quarter of 2008 to 4.9 in the fourth quarter of 2009. Kitron has managed to reduce the inventory level substantially in the end of 2009.

REVENUE BUSINESS AREAS

NOK million	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Norway	286.7	400.4	1 143.9	1 322.4
Sweden	105.7	158.7	362.4	498.8
Lithuania	66.2	129.6	336.1	421.7
Others and eliminations	(34.7)	(33.1)	(111.7)	(130.4)
Total group	423.9	655.5	1 730.7	2 112.5

OPERATING PROFIT/(LOSS) BUSINESS AREAS

NOK million	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Norway	11.2	38.6	48.3	106.3
Sweden	1.5	11.0	(0.5)	27.5
Lithuania	4.9	12.2	21.0	33.6
Others and eliminations	(1.8)	(3.7)	(4.8)	(6.6)
Total group	15.8	58.1	64.0	160.8

ORDER BACKLOG BUSINESS AREAS

NOK million	Data/ Telecoms	Defence/ Offshore	Medical equipment	Industry	Total
Norway	97.8	238.2	110.9	71.6	518.5
Sweden	39.6	48.4	107.0	13.8	208.8
Lithuania*	17.9	18.0	6.2	26.4	68.4
Total group	155.3	304.7	224.1	111.8	795.8

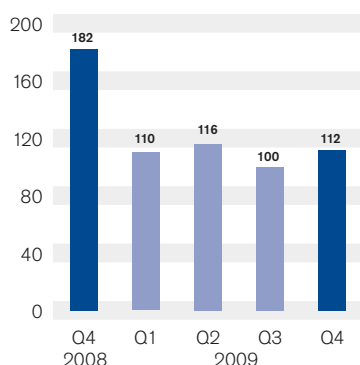
* Only third party order backlog

REVENUE GEOGRAPHIC DISTRIBUTION CUSTOMERS

NOK million	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Norway	228.3	317.8	1 038.3	981.0
Sweden	182.5	287.4	595.3	963.0
Rest of Europe	1.2	22.9	48.2	76.7
USA	11.0	18.1	47.0	60.6
Others	0.8	9.3	1.9	31.2
Total group	423.9	655.5	1 730.7	2 112.5

REVENUE Data/Telecoms

NOK million



Trade debtors and other receivables amounted to NOK 337.9 million at the end of the fourth quarter of 2009. The corresponding amount at the same time in 2008 was NOK 503.8 million. Credit losses have been insignificant.

The group's reported interest-bearing debt totalled NOK 233.0 million as of 31 December 2009. Interest-bearing debt at the end of the fourth quarter of 2008 was NOK 373.1 million

Cash flow from operational activities for the fourth quarter of 2009 was NOK 62.3 million (NOK 66.5 million). Kitron's cash and bank credit at 31 December 2009 comprised the following:

NOK million

Cash and cash equivalents	105.2
Drawings on overdraft facilities	-
Restricted bank deposits	(18.4)
Total	(86.8)

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 159.8 million at the end of the fourth quarter, versus NOK 158.3 million at the same time in 2008.

Organisation

The Kitron workforce corresponded to 1 121 FTE at 31 December. This represents a decrease of 351 FTEs since the fourth quarter of 2008.

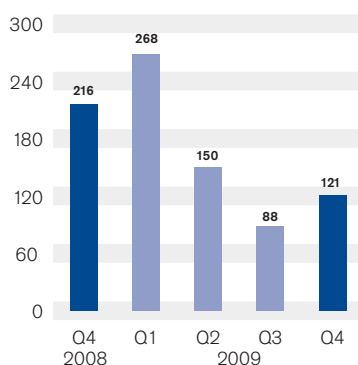
Full time equivalents	31.12.2009	31.12.2008
Norway	556	749
Sweden	236	254
Lithuania	323	464
Other	7	5
Total	1 121	1 472

Market

Kitron's services are most competitive within complex manufacturing processes that require niche expertise. Kitron has chosen to focus its sales and marketing activi-

REVENUE Defence/Offshore

NOK million



ties within the Data/Telecoms, Defence/Offshore, Medical equipment and Industry market segments.

The market has levelled out and the order situation has stabilised. Order intake in the quarter was NOK 454.7 million, which is 17.0 per cent lower than the fourth quarter 2008. The order backlog continued to improve in the quarter (up by NOK 18 million) and ended at NOK 796 million, which is 18.1 per cent lower than the same time last year. Four quarter moving average order intake was down from NOK 425 million at the beginning of the fourth quarter to NOK 402 million at the end of the quarter.

There are signs of a recovery with customers starting to build up their inventory levels. Customers are however still careful in starting up new projects and are safeguarding their current operations to the best degree possible. It shall be emphasized that no significant customer accounts have been lost and it is expected that the volume of new orders will recover fully once the market development turns into growth.

Kitron's order backlog generally includes four months customer forecast plus all firm orders.

Data/Telecoms

Within the Data/Telecoms segment Kitron offers clients particular expertise to realize products such as transmission systems, high frequency microwave modules, radio frequency (RF), electrical metering and data/video projection equipment.

The order backlog decreased by 26.0 per cent and revenue decreased by 38.5 per cent compared to the fourth quarter in 2008. The Data/Telecoms segment is characterized by strong competition and high price sensitivity. The customers are still having a strong focus on internal costs and stock levels.

While the year on year numbers are lower in 2009 the trend in the second half of the year has been positive with increased demand from several customers. We are

cautiously optimistic about the outlook for data/video projection equipment. The trend within the electrical metering business is also strong but it should be considered that the demand is partly dependent on new regulations being adopted.

Defence/Offshore

The Defence segment consists of three main product divisions: military avionics, military communication and weapon control systems. Kitron divides the Offshore segment into three main areas; sub sea production systems, oil and gas exploration equipment and navigation, positioning, automation and control systems for the offshore sector.

The order backlog decreased by 29.1 per cent while the revenue decreased by 44.1 per cent compared to the fourth quarter in 2008. The decline in order backlog and revenue is related to the Offshore segment while Defence is showing a positive development.

The long-term outlook for the Defence segment remains positive. Kitron is currently involved in defence programs with Kongsberg and Lockheed Martin that could yield more than 1 billion NOK in revenue in the years to come. Under the Manufacturing License Agreement between Kitron ASA and Lockheed Martin Maritime Systems and Sensors, Kitron will manufacture, test, maintain and repair the Integrated Backplane Assembly in the F-35 Joint Strike Fighter. The positive trend in the Swedish defence industry is further supporting our optimistic outlook.

The trend in the Offshore segment is closely correlated with the development of the oil price. In the last year there has been a sharp drop in demand from the offshore segment but lately the development has stabilised and there are even some positive signs. Kitron expects a stable trend within this segment for the first half of 2010 but are increasingly optimistic about the longer-term outlook.

Medical equipment

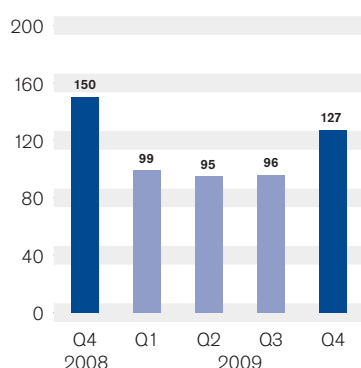
The Medical equipment segment consists of three main product groups: ultrasound and cardiology systems, respiratory – medical devices and Lab/IVD (In-Vitro Diagnostics).

The order backlog increased by 21.5 per cent and revenue decreased by 15.3 per cent compared to the fourth quarter in 2008. Quarter on quarter there has been a positive development due to ramp up of production for existing clients.

The Medical equipment segment is less cyclical than other market segments. Kitron focuses on additional growth in this segment and expects a long-term positive development with customers in both Norway and Sweden. This trend is supported

REVENUE Medical equipment

NOK million



by strong market fundamentals for the products and services Kitron offers to the market. Even though start-up companies are having difficulties in finding financing as the result of the finance crisis Kitron is working on several interesting prospects within this segment.

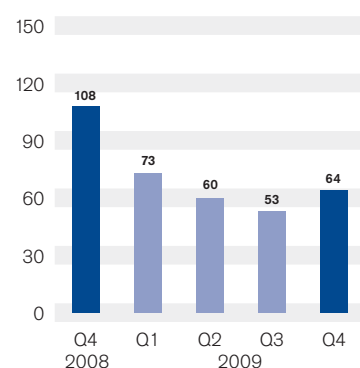
Industry

Within the Industry segment Kitron operates and delivers a complete range of services within industrial applications like automation, energy, environmental, material warehousing and security. The Industry segment consists of three main product divisions: control systems, electronic control units (ECU) and automats.

The order backlog decreased by 24.0 per cent and revenue decreased by 40.3 per cent compared to the fourth quarter in 2008. While the year on year comparison show a significant drop the trend in the last three quarters has been positive.

REVENUE Industry

NOK million



The market situation within the Industry segment has stabilised and there are some signs of a slow recovery. In the fourth quarter the order backlog improved further by NOK 9 million. While this is a small positive change there are signals of increasing demand from several customers. The order intake is gradually picking up again and we see an increasing number of RFI/RFQs in the market.

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 lower demand in line with the general development in the market. During the autumn there has been several 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. The capacity adjustments and other initiatives to reduce cost has resulted in a NOK 70 million reduction of the cost base in 2009. The annualised cost reduction is about NOK 130 million. This means that Kitron is now prepared to take advantage of the market recovery and improve the profitability.

Kitron are 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 remains a priority area. Kitron is also investing in a new ERP system which is being rolled out in 2010. Once implemented the objective is to drive efficiency improvements within supporting processes of the company. 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 strong focus on balance sheet management and cash flow will continue in 2010. Particular attention is given to inventory management and payment terms.

Investments that improve Kitron's competitiveness are being prioritised while pure capacity related investments are being postponed. Training of employees and competency enhancing initiatives will still be prioritised.

Asker 4 February 2010
Board of directors, Kitron ASA

Condensed profit and loss statement

NOK 1 000	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Revenue	423 855	655 480	1 730 690	2 112 526
Cost of materials	263 396	413 222	1 077 375	1 312 592
Payroll expenses	112 578	137 997	445 754	476 035
Other operational expenses	24 948	38 104	110 568	129 855
Operating profit before depreciation and impairments (EBITDA)	22 933	66 157	96 993	194 043
Depreciation and impairments	7 118	8 023	33 031	33 252
Operating profit (EBIT)	15 815	58 134	63 962	160 791
Net financial items	(3 047)	877	(20 547)	(17 059)
Profit before tax	12 768	59 012	43 415	143 733
Tax	(3 057)	(13 103)	1 544	(76 286)
Net profit (loss) from continuing operations	15 825	72 115	41 871	220 018
Profit (loss) from discontinued operations	(2 894)	(8 631)	(33 704)	(5 706)
Profit (loss) for the period	12 931	63 484	8 167	214 312
Earnings per share (basic and diluted)	0.07	0.37	0.05	1.24

Condensed balance sheet

NOK 1 000	31.12.2009	31.12.2008
ASSETS		
Goodwill	24 332	25 714
Tangible fixed assets	146 256	188 970
Investment in shares	9	36
Deferred tax assets	98 981	106 304
Other receivables	4 884	-
Total fixed assets	274 462	321 024
Inventory	256 288	326 381
Accounts receivable and other receivables	337 858	503 827
Cash and cash equivalents	105 238	98 970
Total current assets	699 384	929 178
Assets of disposal group classified as held for sale	8 316	-
Total assets	982 162	1 250 202
LIABILITIES AND EQUITY		
Equity	450 406	480 398
Total equity	450 406	480 398
Loans	12 802	29 139
Pension commitments	21 326	21 164
Total long-term liabilities	34 128	50 303
Accounts payable and other current liabilities	271 633	375 504
Loans	220 159	343 998
Total current liabilities	491 791	719 502
Liabilities of disposal group classified as held for sale	5 836	-
Total assets	982 162	1 250 202

Condensed cash flow statement

NOK 1 000	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Net cash flow from operational activities	62 261	66 518	93 779	85 030
Net cash flow from investment activities	(11 739)	(14 767)	(24 041)	(76 278)
Net cash flow from financing activities	(274)	(536)	(14 792)	(5 107)
Change in cash and bank credit	50 248	51 215	54 946	3 645
Cash and bank credit opening balance	36 506	(19 407)	31 808	28 164
Cash and bank credit closing balance	86 754	31 809	86 754	31 809

Statement of comprehensive income

NOK 1 000	Q4 2009	Q4 2008	31.12.2009	31.12.2008
Profit (loss) for the period	12 931	63 484	8 167	214 312
Currency translation differences and other changes	(7 610)	16 497	(38 160)	19 089
Total comprehensive income for the period	5 321	79 821	(29 993)	233 401
Profit attributable to shareholders	12 931	63 484	8 167	214 312

Changes in equity

NOK 1 000	31.12.2009	31.12.2008
Equity opening balance	480 398	246 997
Comprehensive income for the period	(29 993)	233 401
Equity closing balance	450 406	480 398

Notes to the financial statements (unaudited)

Note 1 – General information and principles

The condensed consolidated financial statements for the fourth quarter of 2009 have been prepared in accordance with International Financial Accounting Standards (IFRS) and IAS 34 for interim financial reporting. Except as described below, Kitron has applied the same accounting policies as in the consolidated financial statements for 2008. The following new standards and amendments to standards are mandatory for the first time for the year beginning 1 January 2009:

IAS 1 (revised), “Presentation of Financial Statements”. The financial statements are prepared in accordance with IAS 1 (revised). The main changes comprise the “Statement of comprehensive income” and incorporation of comprehensive income in “Changes in equity”.

IFRS 8 “Operating segments”. Kitron reports only one operational segment, Electronic Manufacturing Services. The changes in IFRS 8 have not affected Kitron’s interim 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 2008, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU. The consolidated financial statements for 2008 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 of evaluations, estimates and assumptions that affect 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 2008.

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 2009.

Note 4 – Discontinued operations

On June 30 2009, the Kitron group sold Kitron Microelectronics AS for cash consideration of NOK 1.00. Kitron Microelectronics AS results are presented in this condensed interim financial information as discontinued operations. Comparative figures have been restated. 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 is recognised as discontinued operations until a sales transaction has been completed. The profit and loss account has been restated and assets and liabilities related to the development department are classified as held for sale in the balance sheet as per 31 December 2009. Financial information and cash flow relating to discontinued operations for the period to the date of disposal is set out below. Tax effect for loss shown together with ordinary tax cost

Income statement information from discontinued operations

NOK 1 000	31.12.2009	31.12.2008
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)

Cash flow statement information from discontinued operations

NOK 1 000	31.12.2009	31.12.2008
Net cash flow from operational activities	(462)	(7 596)
Net cash flow from investment activities	(606)	(10 584)
Net cash flow from financing activities	(1 527)	4 806
Change in cash and bank credit	(2 595)	(13 374)
Cash and bank credit opening balance	20	14 890
Cash and bank credit closing balance	(2 575)	1 516

