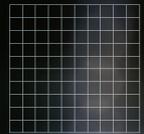




INTERIM REPORT Q2 2007



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STRONG REVENUE GROWTH, IMPROVED PROFIT AND CASH FLOW

KEY ITEMS

Figures in brackets refer to the second quarter of 2006 unless otherwise stated.

- **Profit before tax increased**
NOK 21.1 million (NOK 1.1 million). Profit before tax amounted to 4.1 per cent (0.2 per cent), compared to an average 2.7 per cent in the year 2006.
- **Strong revenue growth (29 per cent)**
NOK 510.5 million (NOK 395.2 million).
- **Improved cash flow from operations** Cash flow from operations in the second quarter was NOK 53.4 million (NOK -11.0 million).
- **Reduced gross margin**
Gross margin was 39.1 per cent (40.7 per cent) due to product mix variations change.
- **Increased operating profit**
EBITDA and EBIT amounted to NOK 34.3 million (NOK 12.6 million) and NOK 26.4 million (NOK 5.7 million) respectively, reflecting the revenue growth.
- **Stable order intake**
NOK 464 million (NOK 477 million). The order backlog at the end of the quarter remained at about six month's revenue, or NOK 887 million (NOK 908 million).

Revenue grew 29 per cent, to NOK 510.5 million, in the second quarter of 2007 compared to the same period in 2006. The profitability was also significantly improved to a profit before tax at NOK 21.1 million (NOK 1.1 million in 2006).

REVENUE

Kitron's revenue in the second quarter was 29.2 per cent higher than during the same period in 2006 and amounted to NOK 510.5 million (NOK 395.2 million). The revenue increase is mainly a result of higher activity in the EMS business in Norway and in Lithuania, as well as in the Norwegian part of Kitron Microelectronics. Revenue increased mostly within the Data/Telecom and Defence/Marine segments, but the Industry segment also increased compared to the second quarter of 2006.

Revenue in the Norwegian Electronic Manufacturing Services (EMS) operation, Kitron AS, represented 55.4 per cent of Kitron's gross revenue during the second quarter. The Swedish EMS operation, Kitron AB, represented 13.4 per cent of the Group. Kitron's operation in Lithuania, UAB Kitron, provided for 15.3 per cent. 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 business provided 83.2 per cent of net Group revenue in the second quarter while during the second quarter of 2006 it generated 81.5 per cent. Kitron Microelectronics, which normally achieves higher operating margins than the EMS area, has reduced its share correspondingly.

The distribution of revenue per market segment was as follows:

Defence/Marine	29% (26%)
Data/Telecom	29% (24%)
Medical equipment	19% (24%)
Industry	23% (26%)

Sales to customers in the Swedish market represented a 45.1 per cent share of the total revenue during the second quarter (2006: 49.9 per cent). The Norwegian market represented 45.4 per cent of Kitron's total revenue in the second quarter, against 41.7 per cent during the same quarter in 2006.

GROSS MARGIN

The gross margin amounted to 39.1 per cent during the second quarter. This represented a decrease of 1.6 percentage points from the second quarter of 2006, but also an increase by 1.4 percentage points from first quarter 2007. The margin variations are mainly related to product mix variations change.

PROFIT

Kitron achieved an improved operating profit for the second quarter of 2007 compared to the same period in 2006. The operating profit (EBIT) amounted to NOK 26.4 million (NOK 5.7 million).

The company's total payroll expenses were reduced from 30.4 per cent of revenue in second quarter 2006 to 26.2 per cent of revenue in the second quarter this year. Other operating costs were reduced from 7.0 per cent of revenue in second quarter 2006 to 6.1 per cent of revenue in the second quarter this year.

During the second quarter net financial costs amounted to NOK 5.3 million, which is NOK 0.7 million more than during the same period the year before. The main reasons were higher bank overdraft and unfavourable exchange effects compared to the second quarter of 2006.

BALANCE SHEET

Kitron's gross balance as at 30 June 2007 amounted to NOK 913.9 million, against NOK 668.5 million at the same time in 2006. Equity was NOK 217.1 million (NOK 157.3 million), corresponding to an equity ratio of 23.7 per cent (23.5 per cent).

Inventory was NOK 272.2 million at 30 June 2007, against NOK 282.2 million at the same time in 2006. This was down from NOK 282.9 million at the end of 2006.

Trade debtors and other receivables amounted to NOK 419.7 million at the end of the second quarter of 2007. The corresponding amount at the same time in 2006 was NOK 171.5 million. The increase was mainly a result of the new factoring scheme implemented from the fourth quarter in 2006, in which the trade debtors remain on Kitron's balance sheet. This involves an increase in the group's balance and thus a reduction in the equity ratio. The change does not affect the amount of equity.

The group's reported interest-bearing debt totalled to NOK 308.1 million at 30 June 2007. Interest-bearing debt at the end of the second quarter of 2006 was NOK 135.6 million. The increase is largely due to the factoring debt.

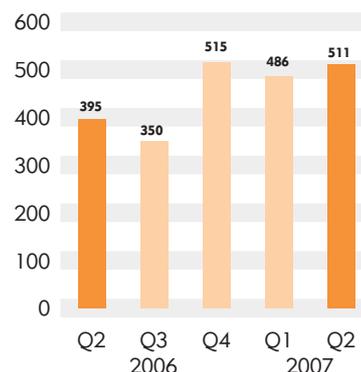
Cash flow from operational activities for the second quarter of 2007 was NOK 53.4 million (NOK -11.0 million). The favourable cash flow is largely a result of positive operating profit and reduced inventory.

In the cash flow analysis, cash and bank credit at 30 June comprised the following:

- ■ The revenue increase is mainly a result of higher activity in the EMS business in Norway and in Lithuania, as well as in the Norwegian part of Kitron Microelectronics

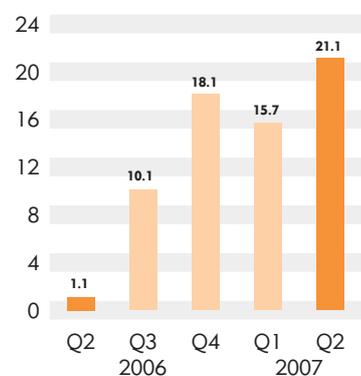
REVENUE Group

NOK million



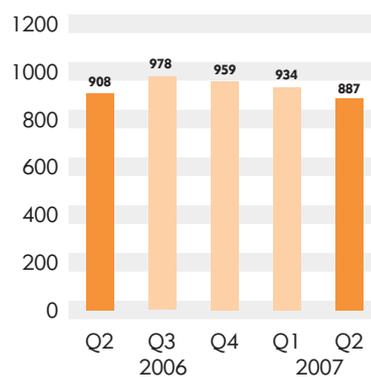
PROFIT BEFORE TAX Group

NOK million



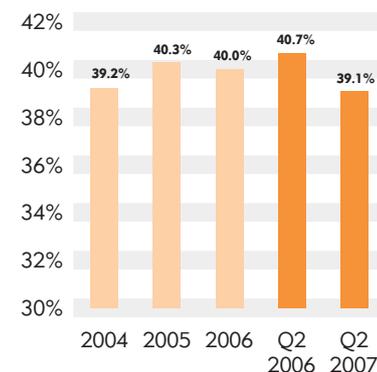
ORDER BACKLOG Group

NOK million



GROSS MARGIN Group

Per cent



REVENUE Business areas

NOK million	Q2 2007	Q2 2006	30.06.07	30.06.06	31.12.06
Kitron AS (EMS)	302.0	237.3	603.5	517.7	1 044.2
Kitron AB (EMS)	73.0	71.3	138.8	149.9	286.3
UAB Kitron (EMS)	83.1	48.9	154.6	89.2	207.3
Eliminations EMS	(33.6)	(35.3)	(65.1)	(69.4)	(124.0)
Total EMS	424.5	322.2	831.8	687.4	1 413.8
Microelectronics	86.7	73.7	169.2	143.5	290.0
Others and eliminations	(0.7)	(0.7)	(4.8)	(2.5)	(10.2)
Total group	510.5	395.2	996.2	828.4	1 693.6

REVENUE Geographic distribution

NOK million	Q2 2007	Q2 2006	30.06.07	30.06.06	31.12.06
Norway	231.9	164.7	473.5	369.9	760.3
Sweden	230.1	197.3	445.0	384.5	777.0
Rest of Europe	24.3	9.3	41.8	21.9	59.9
USA	7.1	10.8	11.0	17.0	35.1
Others	17.1	13.1	24.9	35.1	61.3
Total group	510.5	395.2	996.2	828.4	1 693.6

OPERATING PROFIT/(LOSS) Business areas

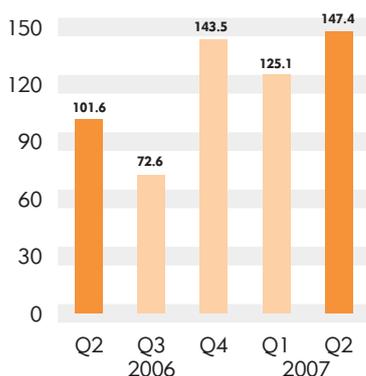
NOK million	Q2 2007	Q2 2006	30.06.07	30.06.06	31.12.06
Kitron AS (EMS)	14.2	2.9	29.0	13.0	39.5
Kitron AB (EMS)	0.1	(0.9)	(2.0)	1.3	(10.8)
UAB Kitron (EMS)	8.8	3.5	15.8	5.1	19.0
Eliminations EMS	-	-	-	-	-
Total EMS	23.1	5.5	42.8	19.4	47.7
Microelectronics	5.1	5.8	9.3	13.5	23.9
Others and eliminations	(1.8)	(5.6)	(4.3)	(6.6)	(7.2)
Total group	26.4	5.7	47.8	26.3	64.4

ORDER BACKLOG By business segment

NOK million	Defence/ Marine	Data/ Telecom	Medical equipment	Industry	Total
Kitron AS (EMS)	272.8	93.7	129.4	99.0	594.9
Kitron AB (EMS)	75.0	-	39.6	37.9	152.5
UAB Kitron (EMS)	1.8	9.5	6.5	11.4	29.2
Microelectronics	1.0	77.2	3.4	29.0	110.6
Total	350.6	180.4	178.9	177.3	887.2

REVENUE Defence/Marine

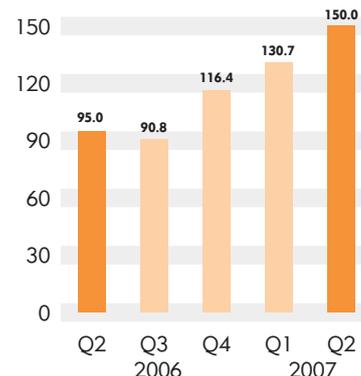
NOK million



■ ■ The favourable cash flow is largely a result of positive operating profit and reduced inventory

REVENUE Data/Telecom

NOK million



REVENUE BREAKDOWN Defence/Marine

	Q2 2007		Q2 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	114,1	77%	70,7	70%
Kitron AB (EMS)	24,8	17%	26,1	26%
UAB Kitron (EMS)	12,7	9%	8,0	8%
Microelectronics	0,1	0%	0,2	0%
Others and eliminations	(4,3)	(3%)	(3,4)	(4%)
Total	147,4	100%	101,6	100%

REVENUE BREAKDOWN Data/Telecom

	Q2 2007		Q2 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	69,5	46%	39,0	41%
Kitron AB (EMS)	-	0%	0,7	1%
UAB Kitron (EMS)	17,6	12%	3,1	3%
Microelectronics	67,1	45%	56,8	60%
Others and eliminations	(4,2)	(3%)	(4,6)	(5%)
Total	150,0	100%	95,0	100%

(Figures in NOK million)

Cash and cash equivalents	47.1
Drawings on the overdraft facility	(65.8)
Restricted bank deposits	(18.9)
Total	(37.6)

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 89.5 million at the end of the second quarter, versus NOK 42.5 million at the same time in 2006 and NOK 128.8 million at the end of 2006.

Kitron and EDC i Munkfors AB (EDC), headquartered in Sweden, entered into an agreement at the end of June, involving Kitron in acquiring certain assets from EDC, among these EDC's subsidiary EDC Elsis UAB in Kaunas, Lithuania. EDC Elsis UAB currently employs about 40 people and operates a manufacturing facility of about 2,000 square meters. The acquisition is expected to be completed in the third quarter. The investment will amount to about SEK 14 million. By this acquisition, Kitron expands its customer portfolio and also obtains additional capacity to serve current customers' growth requirements. The acquisition will be included in the financial statements from third quarter.

SHAREHOLDERS

At 30 June 2007 Kitron had 3,187 shareholders with a total of 172,961,625 shares (NOK 1.- nominal value per share). The ten largest shareholders at 30 June 2007 were:

Clearstream Banking S.A. (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%)	10.87%
MP Pensjon	6.02%
AS Hansabank Clients	1.94%
AS Bemacs	0.99%
Parentz AS	0.93%
Verdipapirfondet NORDEA SMB	0.73%
Petter Torgersen	0.37%

ORGANISATION

The Kitron workforce increased by 24 full time equivalents (FTE) in the second quarter, and corresponded to 1,321 FTE at 30 June. This represents an increase of 95 FTEs since the second quarter of 2006. The increase reflects the revenue growth.

FTEs	30.06.07	30.06.06
Kitron AS	623	588
Kitron AB	198	222
UAB Kitron	315	264
Kitron Microelectronics	173	135
Kitron ASA and Kitron Sourcing AS	12	17
Total	1 321	1 226

MARKET TRENDS EMS

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

EMS market continues to grow more than the electronics market and there are analysts who are predicting a world wide growth rate close to 15 per cent per year until 2011 (ETP: "The worldwide EMS market", 4th ed., 2007). Kitron assumes that its relevant market will grow in the range 9-12 per cent annually in 2007-2011. A trend within the EMS market is the customers' increasing demand for assembly of complete products ready for delivery to the end customer. Kitron manufactures both box-built electronic products and provides high-level assembly (HLA) of products with complex mechanics. There are strict quality requirements for this type of manufacturing, which is not easily automated. In order to achieve profitability, the productivity and cost efficiency must be high and continuously improved.

Kitron's growth within the EMS market is primarily connected to existing customers' increased activity.

MICROELECTRONICS

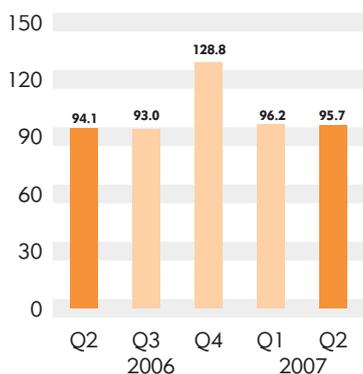
Within Microelectronics, there is also an increasing demand for box-build and HLA services. Kitron has a strong offering in the area and is actively seeking growth opportunities. The revenue growth in Kitron Microelectronics mainly relates to existing customers.

Order intake remains high

Kitron's total order intake during the second quarter amounted to NOK 464 million, which was on par with the first quarter, at NOK 461 million. Following order backlog growth during 2006, the order backlog in 2007 remains at about six months' revenue.

REVENUE Medical equipment

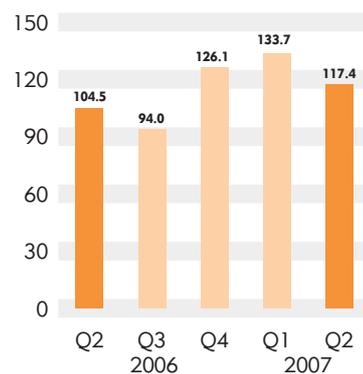
NOK million



■ ■ In the second quarter, Kitron completed or resolved investments and upgrades with a noticeable capacity increase effect in 2007

REVENUE Industry

NOK million



REVENUE BREAKDOWN Medical equipment

	Q2 2007		Q2 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	55,8	58%	55,6	59%
Kitron AB (EMS)	33,3	35%	32,9	35%
UAB Kitron (EMS)	15,3	16%	14,4	15%
Microelectronics	3,5	4%	4,8	5%
Others and eliminations	(12,2)	(13%)	(13,6)	(14%)
Total	95,7	100%	94,1	100%

REVENUE BREAKDOWN Industry

	Q2 2007		Q2 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	62,6	53%	72,0	69%
Kitron AB (EMS)	14,9	13%	11,6	11%
UAB Kitron (EMS)	37,5	32%	23,4	22%
Microelectronics	16,0	14%	11,9	11%
Others and eliminations	(13,6)	(13%)	(14,4)	(13%)
Total	117,4	100%	104,5	100%

DEFENCE/MARINE

Revenue in the market segment was strong in the second quarter and higher than in the corresponding period of 2006. As communicated in 2006, Kitron expects higher activity in this market segment in 2007 and 2008 compared to the level of activity in 2006. Growing focus on technology and development of new equipment contributes to the strong market within this segment.

As an example, in the second quarter Kitron secured an order for military Radio Link equipment from Kongsberg Defence and Aerospace (KDA) along with other military communication products at a value of NOK 34.7 million. Kitron has been engaged in the development as well as the industrialisation stages of the Radio Link, and the delivery of the serial manufactured new product will take place during the fourth quarter of 2007 and first quarter of 2008.

Kitron expects the total business volume to KDA to be approximately NOK 220 million in 2007, which is an increase of approximately NOK 80 million compared to 2006.

DATA/TELECOM

The market segment shows signs of high activity and advanced products. Kitron's deliveries are mainly related to products based on microelectronics technology in network infrastructure.

A current project in process to industrialise a communication unit enabling fiber network connection into homes and small offices may lead to significant volume if and when successfully completed and marketed by the product owner.

An increasing number of cities and regions implement road pricing for environmental and capacity reasons or for funding of projects. Kitron manufactures both transponders and toll station equipment for vendors in this business. For example, Kitron received an order in the second quarter for more than half a million transponders for a project in continental Europe.

MEDICAL EQUIPMENT

There is a high and stable activity in the Medical Equipment segment.

The activity at Kitron's assembly line in Horten is somewhat lower than planned at inception in 2006 and full production is expected to be attained only during 2008. The delay is due to order rescheduling.

Kitron's Swedish development unit received in the second quarter an order for development related to photo-dynamic tumor treatment equipment.

INDUSTRY

Kitron's revenue within the Industry segment continued to grow in the second quarter. Among other areas, Kitron is gaining ground within the car industry which is increasing its use of electronics. Kitron Microelectronics satisfies the ISO TS16959 standard which is a requirement for vendors to the automotive industry.

Kitron provides development services as well as pilot production of modules to the manufacturer of the Think electric car with prospects of also becoming a component supplier.

PROSPECTS

In the second quarter, Kitron completed or resolved a number of smaller investments and upgrades of machinery with a noticeable combined capacity increase effect in 2007.

Kitron's main markets are Norway and Sweden, and the marketing and sales staff in Sweden has been expanded in order to grow sales on the Swedish market.

The transfer of production activities from the site in Flen to the sites in Karlskoga and Jönköping in Sweden as well as Kaunas in Lithuania is scheduled to be completed before the end of 2007. All significant customer relationships have been retained and the customers will be served from the other manufacturing sites. The total business volume is expected to remain about unchanged.

Kitron's market is forecasted to grow in volume in the coming years. Kitron seeks to increase its market share and exploit opportunities for possible margin improvement through economy of scale, productivity improvement and materials sourcing. The board expects that the profit in second half of 2007 will improve compared to the first half of this year.

Oslo, 15 August 2007

The Board of Directors of Kitron ASA

PROFIT AND LOSS STATEMENT

(Figures in NOK 1 000)	Q2 2007	Q2 2006	30.06.2007	30.06.2006	31.12.2006
Revenue	510 529	395 240	996 220	828 353	1 693 559
Cost of materials	311 042	234 551	613 494	495 362	1 015 739
Gross profit margin	39.1%	40.7%	38.4%	40.2%	40.0%
Payroll expenses	134 045	120 206	260 219	237 864	466 043
Other operational expenses	31 138	27 847	59 343	55 435	117 942
Operating profit before depreciation and impairments (EBITDA)	34 304	12 636	63 164	39 692	93 835
Depreciation and impairments	7 907	6 923	15 366	13 390	29 387
Operating profit (EBIT)	26 397	5 713	47 798	26 302	64 448
Net financial items	(5 314)	(4 568)	(11 022)	(9 040)	(19 009)
Profit before tax	21 083	1 145	36 776	17 262	45 439
Tax	1 349	661	2 248	912	3 763
Profit after tax	19 734	484	34 528	16 350	41 676
Earnings per share	0.11	0.00	0.20	0.09	0.24
Diluted earnings per share	0.11	0.00	0.20	0.09	0.24

BALANCE SHEET

(Figures in NOK 1 000)	30.06.2007	30.06.2006	31.12.2006
ASSETS			
Goodwill	19 123	19 123	19 123
Tangible fixed assets	133 677	122 024	123 523
Investment in shares	41	190	41
Deferred tax assets	20 000	20 000	20 000
Other receivables	2 111	3 043	2 920
Total fixed assets	174 952	164 380	165 607
Inventory	272 193	282 161	282 891
Accounts receivable and other receivables	419 734	171 523	410 768
Cash and cash equivalents	47 066	50 411	98 264
Total current assets	738 992	504 095	791 923
Total assets	913 943	668 475	957 530
LIABILITIES AND EQUITY			
Equity	217 054	157 322	185 699
Total equity	217 054	157 322	185 699
Loans	34 646	35 314	31 011
Pension commitments	22 647	22 293	23 007
Other provisions	3 812	12 104	7 160
Total long-term liabilities	61 104	69 711	61 178
Accounts payable and other current liabilities	360 132	332 152	383 621
Loans	273 445	100 295	324 399
Other provisions	2 209	8 995	2 633
Total current liabilities	635 785	441 442	710 653
Total liabilities and equity	913 943	668 475	957 530

Sold receivables as at 30.06.2006 amounted to NOK 172.2 million

CASH FLOW STATEMENT

(Figures in NOK 1 000)	Q2 2007	Q2 2006	30.06.2007	30.06.2006	31.12.2006
Net cash flow from operational activities	53 384	(10 987)	(15 252)	(84 866)	9 642
Net cash flow from investment activities	(15 347)	(25 766)	(25 520)	(27 921)	(45 415)
Net cash flow from financing activities	3 273	(7 989)	(2 012)	(10 413)	(11 827)
Change in cash and bank credit	41 310	(44 742)	(42 784)	(123 200)	(47 601)
Cash and bank credit opening balance	(78 888)	(25 651)	5 206	52 807	52 807
Cash and bank credit closing balance	(37 578)	(70 393)	(37 578)	(70 393)	5 206

CHANGES IN EQUITY

(Figures in NOK 1 000)	Q2 2007	Q2 2006	31.12.2006
Equity opening balance	185 699	144 479	144 479
Profit for the year	34 528	16 349	41 676
Other *	(3 173)	(3 506)	(457)
Equity closing balance	217 054	157 322	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



Kitron ASA

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