

KEY ITEMS

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

- Revenue growth (11 per cent)**
NOK 390.2 million (NOK 350.4 million).
- Reduced gross margin**
Gross margin was 38.6 per cent (39.5 per cent) due to variations in relative growth between business areas and product mix variations.
- Operating profit stable**
EBITDA and EBIT were NOK 22.2 million (NOK 21.7 million) and NOK 13.9 million respectively (NOK 14.3 million).
- Profit before tax reduced**
NOK 8.7 million (NOK 10.1 million). Profit before tax amounted to an operating margin of 2.2 per cent (2.9 per cent) and 3.3 per cent in the first nine months of the year (2.7 per cent in 2006).
- Reduced order intake**
NOK 380 million (NOK 402 million). The order backlog at the end of the quarter remained at about six months's revenue, at NOK 877 million (NOK 978 million).
- Improved cash flow from operations**
Cash flow from operations in the third quarter was NOK -29.4 million (NOK -45.1 million).

CONTINUED GROWTH

Kitron gained NOK 390.2 million in revenues in the third quarter of 2007, representing 11 per cent increase compared to the same period in 2006. Year on year, revenue grew 18 per cent, to NOK 1,386.4 million. Profit before tax was NOK 8.7 million, which is NOK 1.4 million down compared to third quarter in 2006.

REVENUE

Kitron's revenue in the third quarter was 11.1 per cent higher than in the same period in 2006 and amounted to NOK 390.2 million (NOK 350.4 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 third quarter of 2006. Revenue in the Industry and the Medical equipment segments in the third quarter were in line with the corresponding period in 2006.

Revenue in the Norwegian Electronic Manufacturing Services (EMS) operation, Kitron AS, represented 54.6 per cent of Kitron's gross revenue during the third quarter. The Swedish EMS operation, Kitron AB, represented 13.2 per cent of the Group. Kitron's operation in Lithuania provided for 16.1 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 business provided 82.8 per cent of net Group revenue in the third quarter, while during the third quarter of 2006 it generated 80.5 per cent. Kitron Microelectronics, which normally achieves higher operating margins than the EMS area, has reduced its share correspondingly.

Kitron's revenue in the third quarter of 2007 remained well balanced between the four segments:

Defence/Marine	24% (21%)
Data/Telecom	28% (26%)
Medical equipment	24% (26%)
Industry	24% (27%)

Sales to customers in the Swedish market represented a 44 per cent share of the total revenue during the third quarter (2006: 47 per cent). The Norwegian market also represented 44 per cent of Kitron's total revenue in the third quarter, against 43 per cent during the same quarter in 2006.

GROSS MARGIN

The gross margin was 0.9 percentage points lower compared to the third quarter of 2006, and amounted to 38.6 per cent. The

decrease is mainly related to variations in relative growth between business areas and changed product mix.

PROFIT

Kitron's operating profit (EBIT) in the third quarter was NOK 13.9 million which is on par with the same period in 2006 (NOK 14.3 million). Following the reorganisation of Kitron's Norwegian EMS business in 2006, the group's operations are now steadily profitable.

The company's total payroll expenses were NOK 7.4 million higher in the third quarter of 2007 compared to the corresponding period in 2006. This increase resulted from salary revisions as well as increased manning to achieve the increase in manufacturing output. Due to productivity increase, the payroll costs were reduced from 27.9 per cent of revenue in the first nine months of 2006 to 25.9 per cent of revenue year to date this year. The improvement quarter to quarter is smaller, due to productivity challenges in the third quarter. Other operating costs increased mainly due to increasing cost of the manufacturing facilities.

The transfer of manufacturing activities from Kitron Flen to Kitron's sites in Karlskoga and Jönköping in Sweden, as well as Kaunas in Lithuania progresses as planned and will be completed before the end of 2007.

Some capacity issues in the EMS combined with productivity challenges both in the EMS facilities operation and Microelectronics operations contributed to the reduction in profitability rate in the third quarter 2007 compared to the third quarter last year.

During the third quarter net financial costs amounted to NOK 5.2 million. This was NOK 1.0 million more than during the same period the year before. The principal reason was exchange effects during the third quarter of 2006.

BALANCE SHEET

Kitron's gross balance sheet as at 30 September 2007 amounted to NOK 886.8 million, versus NOK 718.4 million at the same time in 2006. Equity was NOK 222.5 million (NOK 169.2 million), corresponding to an equity ratio of 25.1 per cent (23.6 per cent).

Trade debtors and other receivables amounted to NOK 377.4 million at the end of the third quarter of 2007. The corresponding amount at the same time in 2006 was NOK 188.7 million. The increase is mainly a result

- ■ The revenue increase is largely a result of higher activity in the EMS business in Norway and Lithuania.

REVENUE Business areas

NOK million	Q3 2007	Q3 2006	30.09.07	30.09.06	31.12.06
Kitron AS (EMS)	229.0	204.4	832.5	722.1	1 044.2
Kitron AB (EMS)	55.2	55.2	194.0	205.2	286.3
UAB Kitron (EMS)	67.5	50.9	222.1	140.1	207.3
Eliminations EMS	(28.8)	(27.2)	(93.9)	(93.3)	(124.0)
Total EMS	322.9	283.3	1 154.7	974.1	1 413.8
Microelectronics	67.2	68.5	236.4	212.0	290.0
Others and eliminations	0.1	(1.4)	(4.7)	(7.3)	(10.2)
Total group	390.2	350.4	1 386.4	1 178.8	1 693.6

REVENUE Geographic distribution

NOK million	Q3 2007	Q3 2006	30.09.07	30.09.06	31.12.06
Norway	171.5	152.0	645.0	517.8	760.3
Sweden	171.5	163.2	616.5	550.0	777.0
Rest of Europe	25.5	9.8	67.2	29.9	59.9
USA	3.6	10.8	14.6	30.4	35.1
Others	18.1	14.6	43.1	50.7	61.3
Total group	390.2	350.4	1 386.4	1 178.8	1 693.6

OPERATING PROFIT/(LOSS) Business areas

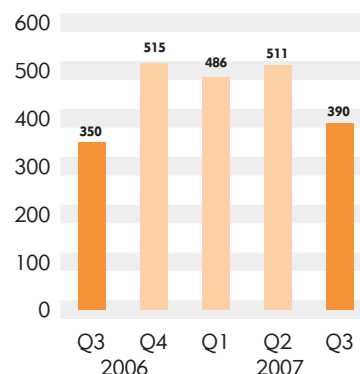
NOK million	Q3 2007	Q3 2006	30.09.07	30.09.06	31.12.06
Kitron AS (EMS)	6.9	5.7	35.9	18.7	39.5
Kitron AB (EMS)	(1.2)	(3.2)	(3.2)	(1.9)	(10.8)
UAB Kitron (EMS)	5.5	5.1	21.3	10.2	19.0
Eliminations EMS	-	-	-	-	-
Total EMS	11.2	7.6	54.0	27.0	47.7
Microelectronics	3.0	5.9	12.4	19.4	23.9
Others and eliminations	(0.3)	0.8	(4.7)	(5.8)	(7.2)
Total group	13.9	14.3	61.7	40.6	64.4

ORDER BACKLOG By business segment

NOK million	Defence/ Marine	Data/ Telecom	Medical equipment	Industry	Total
Kitron AS (EMS)	260.7	100.1	131.6	102.0	594.4
Kitron AB (EMS)	66.3	-	52.1	11.7	130.1
UAB Kitron (EMS)	1.6	9.1	4.4	14.9	30.0
Microelectronics	1.1	94.2	2.8	24.5	122.6
Total	329.7	203.4	190.9	153.1	877.1

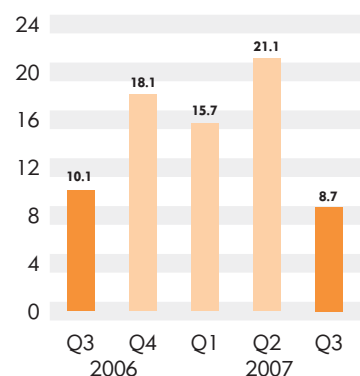
REVENUE Group

NOK million



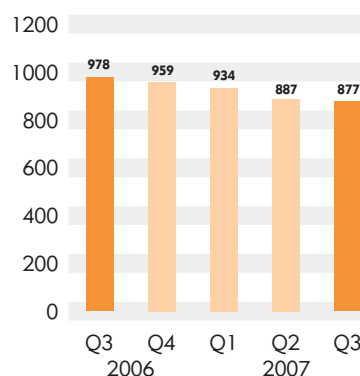
PROFIT BEFORE TAX Group

NOK million



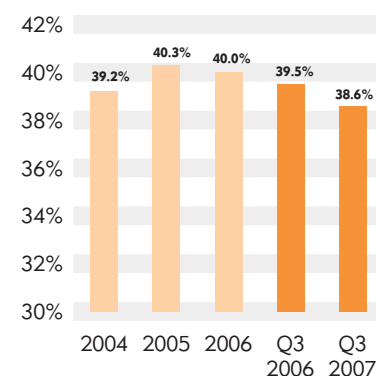
ORDER BACKLOG Group

NOK million



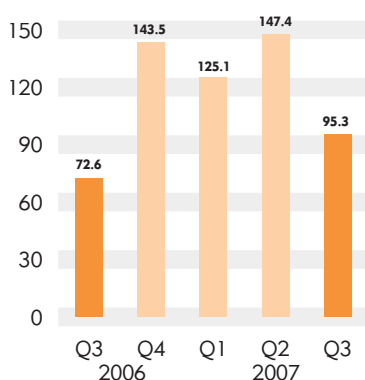
GROSS MARGIN Group

Per cent



REVENUE Defence/Marine

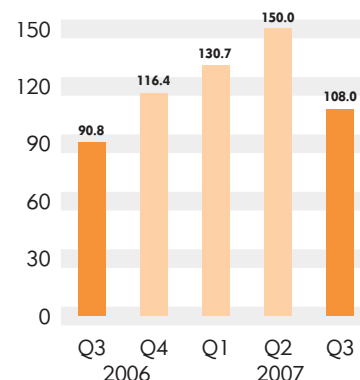
NOK million



By the acquisition of EDC Elsis UAB, Kitron expands its customer portfolio and also obtains additional capacity to serve current customers' growth requirements.

REVENUE Data/Telecom

NOK million



REVENUE BREAKDOWN Defence/Marine

	Q3 2007		Q3 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	72.7	76%	56.9	78%
Kitron AB (EMS)	15.0	16%	15.7	22%
UAB Kitron (EMS)	10.2	11%	1.4	2%
Microelectronics	-	0%	-	0%
Others and eliminations	(2.6)	(3%)	(1.4)	(2%)
Total	95.3	100%	72.6	100%

REVENUE BREAKDOWN Data/Telecom

	Q3 2007		Q3 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	45.1	42%	33.6	37%
Kitron AB (EMS)	-	0%	0.3	0%
UAB Kitron (EMS)	16.7	15%	5.0	6%
Microelectronics	48.2	45%	54.1	60%
Others and eliminations	(2.0)	(2%)	(2.2)	(3%)
Total	108.0	100%	90.8	100%

of the new factoring scheme implemented from the fourth quarter in 2006. The previous scheme involving sale of the group's trade debtors was replaced by a conventional factoring arrangement 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.

Inventory was NOK 301.6 million as at 30 September 2007, against NOK 317.3 million at the same time in 2006.

The group's reported interest-bearing debt totalled NOK 324.2 million as at 30 September 2007. Interest-bearing debt at the end of the third quarter of 2006 was NOK 189.5 million. The increase is largely the factoring debt introduced by the change in the factoring.

Cash flow from operational activities for the third quarter of 2007 was NOK -29.4 million (NOK -45.1 million). The negative cash flow is largely a seasonal effect, mainly from increased inventory.

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

(Figures in NOK million)

Cash and cash equivalents	26.9
Drawings on the overdraft facility	(86.9)
Restricted bank deposits	(18.4)
Total	(78.4)

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 89.5 million at the end of the third quarter, versus NOK 34.7 million at the same time in 2006 and NOK 128.8 million at the end of 2006.

Kitron's acquisition of EDC Elsis UAB in Kaunas, Lithuania from EDC i Munkfors AB in Sweden, was completed in the quarter. The total investment amounted to about NOK 12 million. The unit has been consolidated from 1 September. A preliminary allocation of the share purchase price has added goodwill of NOK 5.7 million to the balance sheet per 30 September 2007.

SHAREHOLDERS

As at 30 September 2007 Kitron had 3,195 shareholders with a total of 172,961,625 shares (NOK 1.- nominal value per share). The ten largest shareholders as at 30 September 2007 were:

Clearstream Banking S.A. (UAB Hermis Capital 29,97%)	29.97%
Kongsberg Gruppen ASA	19.33%
ING Luxembourg SA	13.77%
SEB Vilniaus Bankas (UAB Hermis Capital 10,02%)	10.87%
MP Pensjon	6.02%
AS Hansabank Clients	1.78%
AS Bemacs	0.99%
Parentz AS	0.93%
Verdipapirfondet NORDEA SMB	0.73%
Petter Torgersen	0.37%

ORGANISATION

The Kitron workforce increased by 53 full time equivalents (FTE) in the third quarter and corresponded to 1,374 FTE at 30 September. This represents an increase of 133 FTEs since the third quarter of 2006. The acquisition of Kitron Elsis added 40 employ-

ees. The remaining increase reflects the revenue growth.

FTEs	30.09.07	30.09.06
Kitron AS	625	592
Kitron AB	195	219
UAB Kitron	359	273
Kitron Microelectronics	179	140
Kitron ASA and Kitron Sourcing AS	16	17
Total	1 374	1 241

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 market growth continues and international analyst firms expect this trend to last for several years.

In addition to the electronic innings to customers's products, Kitron manufactures completed products, both box-built electronic products, and provides high-level assembly (HLA) of products with complex mechanics.

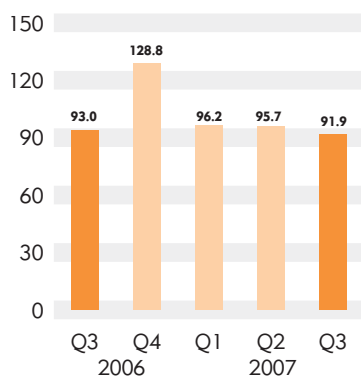
Kitron's growth within the EMS market is primarily from existing customers's increased activity.

MICROELECTRONICS

Kitron expects growth opportunities for microelectronics. Microelectronics is an important element in the continuously expanding wireless and fibreoptic telecommunications infrastructure, which represents market growth. Electronics are increasingly embedded in rug-

REVENUE Medical equipment

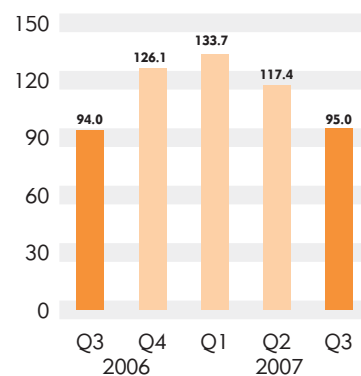
NOK million



■ ■ Kitron seeks to achieve margin improvement through economy of scale, productivity improvement and better materials sourcing.

REVENUE Industry

NOK million



REVENUE BREAKDOWN Medical equipment

	Q3 2007		Q3 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	58.0	63%	55.7	60%
Kitron AB (EMS)	32.2	35%	27.7	30%
UAB Kitron (EMS)	14.1	15%	16.5	18%
Microelectronics	2.2	2%	4.9	5%
Others and eliminations	(14.6)	(15%)	(11.8)	(13%)
Total	91.9	100%	93.0	100%

REVENUE BREAKDOWN Industry

	Q3 2007		Q3 2006	
	NOK mill.	Share	NOK mill.	Share
Kitron AS (EMS)	53.2	56%	58.2	62%
Kitron AB (EMS)	8.0	8%	11.5	12%
UAB Kitron (EMS)	26.5	28%	28.0	30%
Microelectronics	16.8	18%	9.5	10%
Others and eliminations	(9.5)	(10%)	(13.2)	(14%)
Total	95.0	100%	94.0	100%

ged industrial equipment, transportation and construction machinery. Microelectronics is better suited than conventional electronics for use in such demanding environments.

The increasing number of toll road projects and other road pricing projects are also providing attractive growth potential for Microelectronics.

The revenue growth from 2006 in Kitron Microelectronics is largely for existing customers.

MARKET SEGMENTS

Revenue in the Defence/Marine segment was considerably stronger in the third quarter than in the corresponding period in 2006. Following low activity in the segment in 2006 the activity has now stabilised at a higher level.

The Norwegian Defence/Marine market outlook for 2008 is considered strong, while the Swedish market looks less promising.

The activity in the Data/Telecom segment is still increasing. Kitron participates in both industrialisation and production of advanced products, especially within infrastructure products.

In September, Kitron Microelectronics received an order from Q-Free for toll road transponders, worth NOK 60 million.

The activity in the Medical equipment segment remains stable. Kitron's deliveries in the segment are mainly based on HLA competence and capacity.

Kitron's revenue within the Industry segment in the third quarter was stable compared to the corresponding period in 2006.

GOOD, BUT SLIGHTLY REDUCED ORDER INTAKE

Kitron's total order intake during the third quarter amounted to NOK 380 million, which was a decrease of 5.5 per cent compared to the order intake in the third quarter of 2006. Kitron's order backlog has for several quarters been stable at about six months' revenue.

PROSPECTS

In September 2007 Kitron resolved to expand its manufacturing capacity in Kaunas, Lithuania. The company is negotiating with property developers and finance institutions. The expansion will represent a significant contribution to covering Kitron's need of capacity increase in order to serve customers' demands.

Kitron's main markets are Norway and Sweden. The company expects increased sales into the Swedish market.

Kitron's relevant market is expected to grow by 8–12 per cent volume in the coming years. Kitron's customers and target market is mainly related to professional devices, as different from consumer products. While there is strong competition from suppliers in the Far East, the customers largely prefer sourcing from vendors located more closely. Strong competition within the market contributes to continuous margin pressure. Kitron seeks to achieve margin improvement through economy of scale, productivity improvement and better materials sourcing.

The Board of Directors of Kitron expects increased profitability in the second half of 2007 compared to the first half.

EXTRAORDINARY GENERAL MEETING

Following his employment as CEO for Orion Securities ASA, Carl Espen Wollebek has resigned from the board of Kitron ASA. The board has elected Nerijus Dagilis to chairman. Arne Solberg continues in the role of deputy chairman. The board resolved to call an extraordinary general meeting on or about 13 December 2007 to elect board members. Call to the extraordinary general meeting will be issued in due course.

Oslo, 25 October 2007

The Board of Directors of Kitron ASA

PROFIT AND LOSS STATEMENT

(Figures in NOK 1 000)	Q3 2007	Q3 2006	30.09.2007	30.09.2006	31.12.2006
Revenue	390 219	350 429	1 386 439	1 178 782	1 693 559
Cost of materials	239 634	212 033	853 128	707 395	1 015 739
Gross profit margin	38.6%	39.5%	38.5%	40.0%	40.0%
Payroll expenses	98 615	91 221	358 835	329 086	466 043
Other operational expenses	29 738	25 490	89 081	80 925	117 942
Operating profit before depreciation and impairments (EBITDA)	22 231	21 684	85 395	61 376	93 835
Depreciation and impairments	8 344	7 393	23 711	20 784	29 387
Operating profit (EBIT)	13 887	14 291	61 685	40 592	64 448
Net financial items	(5 210)	(4 222)	(16 232)	(13 262)	(19 009)
Profit before tax	8 677	10 069	45 453	27 330	45 439
Tax	805	1 039	3 053	1 951	3 763
Profit after tax	7 872	9 030	42 400	25 379	41 676
Earnings per share	0.05	0.05	0.25	0.15	0.24
Diluted earnings per share	0.05	0.05	0.25	0.15	0.24

BALANCE SHEET

(Figures in NOK 1 000)	30.09.2007	30.09.2006	31.12.2006
ASSETS			
Goodwill	24 810	19 123	19 123
Tangible fixed assets	134 006	126 947	123 523
Investment in shares	41	190	41
Deferred tax assets	20 000	20 000	20 000
Other receivables	2 020	2 633	2 920
Total fixed assets	180 876	168 893	165 607
Inventory	301 607	317 266	282 891
Accounts receivable and other receivables	377 433	188 713	410 768
Cash and cash equivalents	26 875	43 555	98 264
Total current assets	705 915	549 534	791 923
Total assets	886 791	718 427	957 530
LIABILITIES AND EQUITY			
Equity	222 477	169 235	185 699
Total equity	222 477	169 235	185 699
Loans	39 227	45 527	31 011
Pension commitments	22 467	22 851	23 007
Other provisions	4 587	9 308	7 160
Total long-term liabilities	66 281	77 686	61 178
Accounts payable and other current liabilities	311 441	323 580	383 621
Loans	285 013	143 985	324 399
Other provisions	1 579	3 941	2 633
Total current liabilities	598 033	471 506	710 653
Total liabilities and equity	886 791	718 427	957 530

Sold receivables as at 30.09.2006 amounted to NOK 198.6 million

CASH FLOW STATEMENT

(Figures in NOK 1 000)	Q3 2007	Q3 2006	30.09.2007	30.09.2006	31.12.2006
Net cash flow from operational activities	(29 428)	(45 100)	(44 681)	(129 966)	9 642
Net cash flow from investment activities	(10 714)	(12 316)	(36 234)	(40 237)	(45 415)
Net cash flow from financing activities	(674)	9 469	(2 686)	(944)	(11 827)
Change in cash and bank credit	(40 816)	(47 947)	(83 601)	(171 147)	(47 601)
Cash and bank credit opening balance	(37 579)	(70 393)	5 206	52 807	52 807
Cash and bank credit closing balance	(78 395)	(118 340)	(78 395)	(118 340)	5 206

CHANGES IN EQUITY

(Figures in NOK 1 000)	Q3 2007	Q3 2006	31.12.2006
Equity opening balance	185 699	144 479	144 479
Profit for the year	42 400	25 379	41 676
Other *	(5 622)	(623)	(457)
Equity closing balance	222 477	169 235	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

Fornebuveien 1-3
Building 2, 2nd floor
P.O Box 332
NO-1326 Lysaker