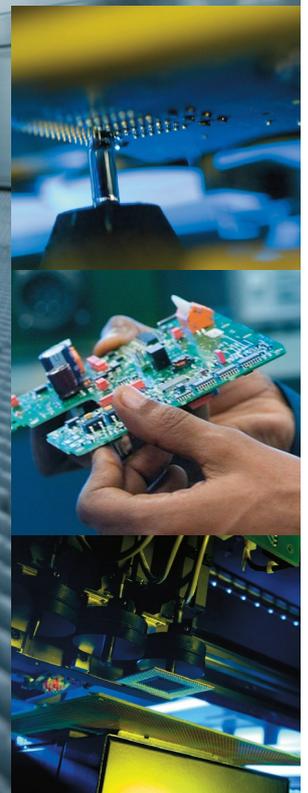
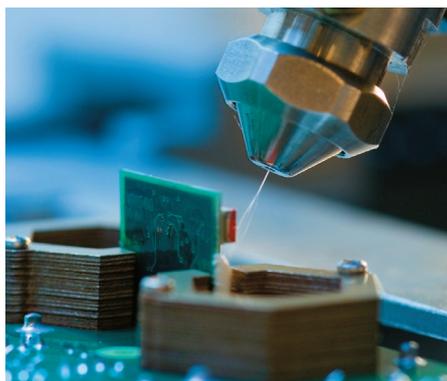




**INTERIM REPORT Q4 2008
AND PRELIMINARY RESULT 2008**





A record strong performance

Key items fourth quarter 2008

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

■ Revenue growth exceeded 20 per cent

Revenue increased by 22.9 per cent to NOK 677.4 million (NOK 551.3 million).

■ Significant increase in operating profit

EBITDA and EBIT were NOK 61.0 million (NOK 31.6 million) and NOK 51.0 million respectively (NOK 22.8 million).

■ Increased profit before tax

Profit before tax amounted to NOK 50.2 million (NOK 18.0 million), which reflects a margin of 7.4 per cent (3.3 per cent).

■ Positive cash generation

Cash flow from operations in the fourth quarter was NOK 66.0 million (NOK 123.1 million).

■ Deferred tax asset revalued

The deferred tax asset was revalued to NOK 106.3 million at the end of 2008.

■ High order intake and backlog

The order intake decreased by 7.0 per cent to NOK 548.0 million (NOK 589.0 million). The order backlog at the end of the fourth quarter was NOK 971.2 million (NOK 913.5 million).

Revenue amounted to NOK 677.4 million in fourth quarter of 2008, which represents a 22.9 per cent growth compared with the same period last year. The profit before tax reached NOK 50.2 million, an increase of nearly 280 per cent compared with the fourth quarter of 2007. The order intake was NOK 548.0 million and the order backlog was NOK 971.2 million, a decrease of 7.0 per cent and an increase of 6.3 per cent respectively. Kitron maintained the trend of growth and strong profitability and delivered a record high performance for 2008 in total.

High level of activity

The activity level remained high in the fourth quarter of 2008 across all subsidiaries and market segments. All segments showed a growth in terms of revenue compared to fourth quarter of 2007. The activity level was particularly strong in the Defence/Marine segment with several important new orders secured in the last six months.

The record performance in the fourth quarter and for 2008 in total came as a result of the high activity level as well as Kitron's consistent and long-term effort to increase its competitiveness. This includes streamlining of manufacturing to fewer sites, selective transfer of manufacturing between sites, investments to increase productivity in existing facilities and a strong focus on sourcing and material price reductions.

Streamlining operation

Kitron is continuing its efforts to streamline the operation. In the last three months of 2008 several actions were undertaken. At Kitron Microelectronics in Røros there was a gradual downsizing of the operation due to the termination of a key contract earlier in 2008. At Kitron AB in Karlskoga a decision was made in the fourth quarter to transfer manufacturing of one of their main products to UAB Kitron. In connection with this transfer Kitron AB issued a notice involving 50 employees. In Lithuania the consolidation of the manufacturing operation to one site, Taikos 151, has been completed. Furthermore, significant efforts were undertaken in Lithuania to increase productivity and streamline manufacturing in order to expand capacity. At the Uzliedziai site,

which is focusing on service for the Marine segment, the second service line is now operational.

Revenue growth

Kitron's revenue in the fourth quarter was 22.9 per cent higher than in the same period in 2007 and amounted to NOK 677.4 million (NOK 551.3 million). Revenue increased significantly across all segments. Defence/Marine was up 32 per cent, Data/Telecom and Medical equipment grew by 22 per cent and Industry increased by 11 per cent compared to the fourth quarter of 2007.

Revenue in the Norwegian operation represented 59.7 per cent of Kitron's gross revenue during the fourth quarter (64.9 per cent). The Swedish operation represented 22.2 per cent of the group (18.8 per cent) and Kitron's operation in Lithuania provided for 18.1 per cent (16.4 per cent). The transfer of manufacturing to Lithuania continues in a steady phase as the quality and competence in the organisation is improved.

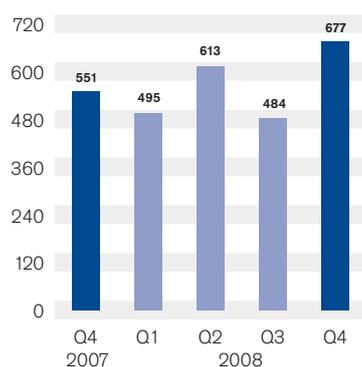
Kitron's revenue in the fourth quarter of 2008 was distributed as follows:

Data/Telecom	28% (28%)
Defence/Marine	32% (31%)
Medical equipment	22% (22%)
Industry	18% (19%)

Sales to customers in the Swedish market represented a 42.4 per cent share of the total revenue during the fourth quarter (37.7 per cent). The Norwegian market represented 50.1 per cent of Kitron's total revenue in the fourth quarter (54.4 per cent).

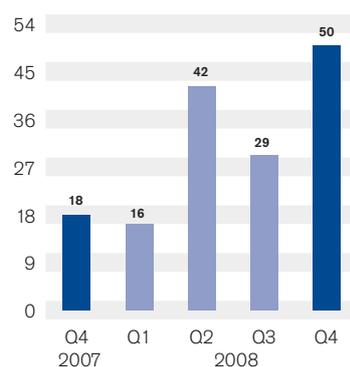
REVENUE Group

NOK million



PROFIT BEFORE TAX Group

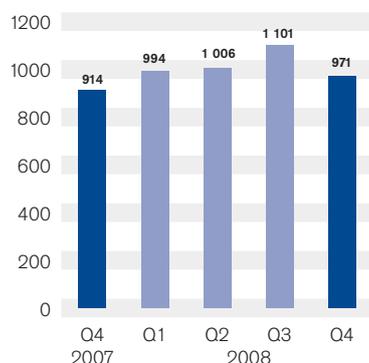
NOK million



Kitron is continuing its efforts to streamline the operation.

ORDER BACKLOG Group

NOK million



REVENUE BUSINESS AREAS

NOK million	Q4 2008	Q4 2007	31.12.2008	31.12.2007
Norway	427.7	385.5	1 486.9	1 326.4
Sweden	158.7	111.7	498.8	433.7
Lithuania	129.5	97.2	421.7	319.3
Others & eliminations	(38.5)	(43.1)	(137.9)	(141.6)
Total group	677.4	551.3	2 269.5	1 937.8

OPERATING PROFIT/(LOSS) BUSINESS AREAS

NOK million	Q4 2008	Q4 2007	31.12.2008	31.12.2007
Norway	36.3	24.6	108.5	66.6
Sweden	11.1	(2.5)	27.5	0.6
Lithuania	12.2	-	33.6	21.3
Others & eliminations	(8.6)	0.6	(11.1)	(4.1)
Total group	51.0	22.7	158.5	84.4

GROSS MARGIN Group

Per cent



REVENUE GEOGRAPHIC DISTRIBUTION CUSTOMERS

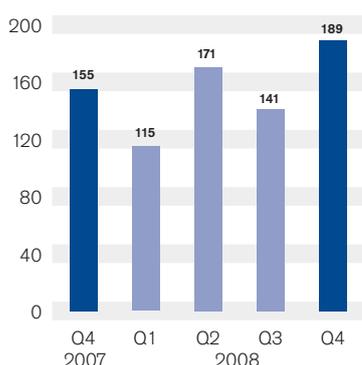
NOK million	Q4 2008	Q4 2007	31.12.2008	31.12.2007
Norway	339.7	299.7	1 138.0	944.7
Sweden	287.4	207.9	963.0	824.3
Rest of Europa	22.9	22.2	76.7	89.4
USA	18.1	6.0	60.6	20.6
Others	9.3	15.5	31.2	58.8
Total group	677.4	551.3	2 269.5	1 937.8

ORDER BACKLOG BUSINESS AREAS

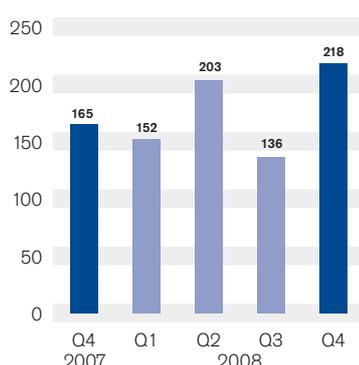
NOK million	Data/ Telecom	Defence/ Marine	Medical equipment	Industry	Total
Norway	127.8	322.5	76.6	85.5	612.4
Sweden	21.3	59.8	98.4	18.7	198.2
Lithuania	60.6	47.7	9.4	42.9	160.6*
Total group	209.7	430.1	184.4	147.0	971.2

* In addition the operation in Lithuania has a group internal order backlog of NOK 87.4 million.

REVENUE Data/Telecom NOK million



REVENUE Defence/Marine NOK million



■ ■ Towards the end of 2008 there were signs of weakening demand in some segments.

Gross and net margin

The gross margin decreased in fourth quarter 2008 compared to fourth quarter 2007, and amounted to 37.3 per cent (37.9 per cent). This is mainly due to product mix and currency effects. The net margin on the other hand increased significantly from 21.9 per cent to 23.7 per cent as a result of operational improvements.

Profit

Kitron's operating profit (EBIT) in the fourth quarter was NOK 51.0 million, which is a significant increase, compared to the same period in 2007 (22.8 million). Profit before tax in the fourth quarter of 2008 was NOK 50.2 million, which is an increase of NOK 32.2 million.

The company's total payroll expenses in the fourth quarter were NOK 13.7 million higher than the corresponding period in 2007. This is due to higher activity and increased number of employees compared to the same quarter the year before. The relative payroll costs improved from 24.9 per cent of revenue in fourth quarter 2007 to 22.3 per cent of revenue in the fourth quarter 2008. Other operating costs were 6.0 per cent of revenue in the fourth quarter of 2008 (7.3 per cent).

During the quarter net financial items amounted to a cost of NOK 0.8 million. This was NOK 4.0 million lower than during the same period the year before. The principal reason is 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 2008 amounted to NOK 1 250.2 million, against NOK 1 000.1 million at the same time in 2007. Equity was NOK 480.4 million (NOK 247.0 million), corresponding to an equity ratio of 38.4 per cent (24.7 per cent).

Inventory was NOK 326.4 million at 31 December 2008 (NOK 266.3 million). Considerable resources have been applied to improve inventory management, and measured by inventory turns it has improved from 4.7 in the fourth quarter of 2007 to 4.9 in the fourth quarter of 2008.

Trade debtors and other receivables amounted to NOK 503.8 million at the end of the fourth quarter of 2008. The corresponding amount at the same time in 2007 was NOK 417.2 million. Credit losses have been insignificant.

The group's reported interest-bearing debt totalled NOK 373.1 million as of 31 December 2008. Interest-bearing debt at the end of the fourth quarter of 2007 was NOK 381.6 million.

Based on strong financial performance and promising future outlook deferred tax assets were revalued during 2008. At 31 December deferred tax assets totalled NOK 106.3 million. The corresponding figure at the same time in 2007 was NOK 25.0 million.

During September and October Kitron ASA bought 200 000 own shares at a share price of NOK 2.61–2.70 per share. The shares were sold to a share price of NOK 2.45–2.66 per share during December 2008.

Cash flow from operational activities for the fourth quarter of 2008 was NOK 66.0 million (NOK 123.1 million).

Kitron's cash and bank credit at 31 December 2008 comprised the following:

NOK million	
Cash and cash equivalents	99.0
Drawings on the overdraft facility	(47.6)
Restricted bank deposits	(19.6)
Total	(31.8)

Available liquidity (unrestricted bank deposits and unused credit lines) amounted to NOK 158.3 million at the end of the fourth quarter, versus NOK 151.4 million at the same time in 2007.

Organisation

The Kitron workforce increased by 18 full time equivalents (FTE) in the fourth quarter, and corresponded to 1 472 FTE at 31 December. This represents an increase of 134 FTEs since the fourth quarter of 2007.

Full time equivalents	31.12.08	31.12.07
Norway	749	707
Sweden	254	262
Lithuania	464	364
Others	5	5
Total	1 472	1 338

Market

Order intake and backlog remains on a high level

In the fourth quarter, the order intake was NOK 548.0 million, down 7.0 per cent from the fourth quarter of 2007. The order backlog was NOK 971.2 million at the end of 2008, up 6.3 per cent from the end of 2007. Comparing to the level reported in the last few years both the order intake and backlog remained on a high level, however, towards the end of 2008 there were signs of weakening demand in some segments.

Four quarter moving average order intake has grown steadily in the last few years but in the fourth quarter the trend was broken with a reduction from NOK 592.0 million at the beginning of the fourth quarter to NOK 582.0 million at the end of the quarter.

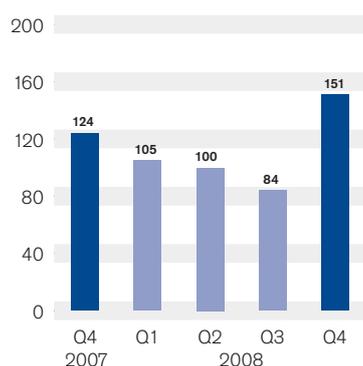
Kitron's order backlog generally includes four months customer forecast plus all firm orders for later delivery.

Data/Telecom

The trend for the Data/Telecom segment was relatively strong in the fourth quarter. The order intake was up by 39 per cent, and the revenue increased by 22 per cent compared to the same period 2007. Kitron provides both industrialisation and manufacturing of advanced telecom products, especially infrastructure equipment. Manufacturing of video

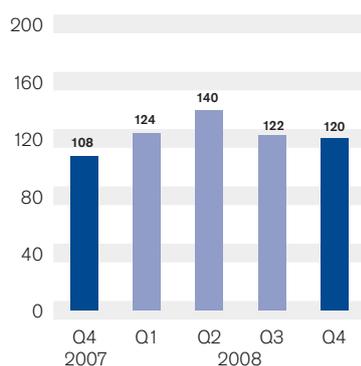
REVENUE Medical equipment

NOK million



REVENUE Industry

NOK million



■ ■ Kitron is taking a proactive approach to protect profitability going forward.

conference equipment is another important delivery within this segment.

The Data/Telecom segment is highly competitive and price sensitive, particularly for consumer-related devices. The outlook for this segment is mixed. While some customers signal order postponements the customer's order backlog situation remains healthy in most cases. The economic stimulus packages being initiated by local governments should also have a positive impact on the demand for infrastructure related products within this segment.

Defence/Marine

While the order intake level in the first three quarters were record high there was a slow-down in the marine business in the fourth quarter. Comparing fourth quarter 2008 with fourth quarter 2007 order intake was down by 21 per cent while revenue was up by 32 per cent. The outlook for the Defence part of this segment remains positive and is naturally less cyclical than other sectors. Technical upgrades and the development of new technology within defence contribute to growing demand in a segment where Kitron has a strong position. The award by the Norwegian government of the Joint Strike Fighter (JSF) contract to Lockheed Martin is also expected to be positive for Kitron. Kitron AS in Arendal already has a long term relationship with Lockheed Martin and has been delivering electronic modules to JSF. The JSF award is expected to strengthen the cooperation with Lockheed Martin and opens up the possibility to bid for contracts to a value of more than a billion kroner in the future. The trend in the marine part of

this segment is closely correlated with the development in the offshore and oilfield services section. Over the last few years the development has been very strong but lately there are signs of a weakening demand due to lower oil prices. However, in the short term the strong backlog position will support a continued high activity level.

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 somewhat weaker order development in the fourth quarter. The order intake was 7 per cent lower and revenue 22 per cent higher than the same period last year. Kitron focuses on additional growth in the segment and expects growth with current customers in both Norway and Sweden. A recent example of Kitron's competitiveness within Medical equipment was the award from Maquet Critical Care AB securing continued business with this customer. Through a combination of China sourcing and manufacturing at Kitron's facility in Lithuania Kitron managed to secure this contract in tough competition with several low cost alternatives, including pure China manufacturing. The new contract combines the strengths enabled via the Kitron Sourcing office in China as well as the Lithuanian operation with final assembly and test kept in the Karlskoga plant in Sweden. The cost reduction for the customer was significant and we are proud to be selected as their preferred partner going forward.

Industry

Kitron's performance within the Industry segment has been relatively strong in the first three quarters of the year but in the fourth quarter we have experienced a weakening demand. Order intake in quarter four decreased by 34 per cent compared to last year while revenue is up by 11 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. It is expected that the weak demand in this segment will continue as this segment is sensitive to the general trend in the economy.

Outlook

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 recession should not be neglected there are reasons to believe that the market segment and customer mix of Kitron will soften the negative impact. Despite this, capacity adjustments will be necessary partly as a consequence of falling demand in some segments and partly as a result of the effort to drive efficiency improvements and transfer of business to lower cost countries.

Kitron is taking a proactive approach to meet the challenges caused by the weak development in the world economy and has a strong focus on protecting profitability going forward. The successful programs to increase manufacturing efficiency, transfer of manufacturing to lower cost countries and efforts to increase global sourcing are being accelerated. In addition operating expenses and investments are carefully monitored and managed. In general terms investments that improves Kitron's competitiveness are being prioritised while pure capacity related investments are being postponed. Training of employees and competency enhancing initiatives is an area that will continue to be prioritised.

Profit and loss statement

NOK 1 000	Q4 2008	Q4 2007	31.12.2008	31.12.2007
Revenue	677 427	551 341	2 269 544	1 937 780
Cost of materials	424 517	342 432	1 389 452	1 195 561
Payroll expenses	151 030	137 365	538 421	496 199
Other operational expenses	40 858	39 947	142 866	129 028
Operating profit before depreciation and impairments (EBITDA)	61 022	31 597	198 805	116 992
Depreciation and impairments	10 027	8 842	40 266	32 553
Operating profit (EBIT)	50 995	22 754	158 539	84 439
Net financial items	(754)	(4 758)	(20 653)	(20 990)
Profit before tax	50 241	17 996	137 886	63 449
Tax	(13 243)	(4 038)	(76 426)	(985)
Net profit	63 484	22 034	214 312	64 434
Earnings per share (basic and diluted)	0.37	0.13	1.24	0.37

Balance sheet

NOK 1 000	31.12.2008	31.12.2007
ASSETS		
Goodwill	25 714	25 514
Tangible fixed assets	188 970	144 345
Investment in shares	36	37
Deferred tax assets	106 304	25 000
Other receivables	-	1 899
Total fixed assets	321 024	196 795
Inventory	326 381	266 257
Accounts receivable and other receivables	503 827	417 205
Cash and cash equivalents	98 970	119 866
Total current assets	929 178	803 328
Total assets	1 250 202	1 000 123
LIABILITIES AND EQUITY		
Equity	480 398	246 997
Total equity	480 398	246 997
Loans	29 139	34 246
Pension commitments	21 164	21 938
Total long-term liabilities	50 303	56 184
Accounts payable and other current liabilities	375 504	348 522
Loans	343 998	347 399
Other provisions	-	1 021
Total current liabilities	719 502	696 942
Total liabilities and equity	1 250 202	1 000 123

Cash flow statement

NOK 1 000	Q4 2008	Q4 2007	31.12.2008	31.12.2007
Net cash flow from operational activities	65 995	123 143	84 508	78 462
Net cash flow from investment activities	(14 245)	(20 944)	(75 756)	(57 178)
Net cash flow from financing activities	(534)	4 360	(5 107)	1 674
Change in cash and bank credit	51 216	106 559	3 645	22 958
Cash and bank credit opening balance	(19 407)	(78 395)	28 164	5 206
Cash and bank credit closing balance	31 809	28 164	31 809	28 164

Changes in equity

NOK 1 000	31.12.2008	31.12.2007
Equity opening balance	246 997	185 699
Profit for the year	214 312	64 434
Conversion differences and other changes	19 089	(3 136)
Equity closing balance	480 398	246 997

Notes to the financial statements

Note 1 – General information and principles

The consolidated financial statements for the fourth 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 included on page 3. 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.

Asker, 6 February 2009


Nerijus Dagilis
Chair


Arne Solberg
Deputy chair


Elena Anfimova


Lisbeth Gustafsson


Liv Johansen

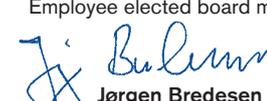

Ståle Kroken


Tomas Kucinskas

Employee elected board member


Geir Vedøy

Employee elected board member


Jørgen Bredesen

CEO



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 1450 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.