



FIRST QUARTER
2008

Best ever first quarter
revenues and profit

REACHING FURTHER THROUGH PEOPLE AND INNOVATION



COMROD COMMUNICATION GROUP



First quarter highlights

- Best first quarter ever with revenues of NOK 100.3 million and operating profit of NOK 11.1 million.
- Breakthrough contract to Power Supply from Harris Corp. in USA, leveraging on Comrod's existing extensive customer base.
- Important new Lerc contract on tactical masts for US Army, again confirming competitiveness in US market.
- Strong order backlog and positive growth trend expected to be reflected in the remaining quarters of 2008.

THE GROUP

In the first quarter of 2008, Comrod Communication Group strengthened its position as a leading player in global markets for advanced tactical antennas, masts and power supply. Operational performance, financial results and positive US market feedback all contributed here.

The Group's first quarter revenues were NOK 100.3 million, an increase of 85% compared with the same quarter last year (NOK 54.3 million). The growth rate for this quarter is due to expansion of production capacity in Norway and increasing market penetration as a result of a combined sales effort from Lerc and Comrod, especially in international defense communication segments. Operating profit (EBIT) for the quarter was NOK 11.1 million, up from NOK 5.5 million last year. The negative impact of the weakened USD was offset by strong operational performance at both the Comrod and Lerc factories.

New strategic contracts were secured in the first quarter of 2008, ensuring revenues for the year and a basis for further growth.

Financial results indicate that the Group has achieved the planned operational efficiency at the new and higher turnover level, thus generating strong financial results overall.

Order intake in the first quarter is above last year's level, and reflects the strong market foothold established in recent years and the introduction of new products to the market; one of them the new Comrod multiband antenna. Newly developed products, from our business units, are ready to be launched during this year, with possibilities for further growth.

At 31 March 2008, the equity ratio was 32%. Group liquidity remains satisfactory.

BUSINESS AREAS

ANTENNAS

Sales and market

Revenues for the quarter ended at a record high NOK 72.5 million, an increase of 129% compared with the NOK 31.7 million of the first quarter last year.

The high activity level from last year has continued into the first quarter of 2008. Steady order intake based on the current high demand for defense communication equipment secures high volumes. Deliveries under the new multiband antenna contract to Harris in the USA still constitute a major part of total deliveries. This market development indicates high revenue levels and growth compared with last year.

The strong focus on product development will bring new profitable products to the market, and is expected to have revenue impact from 2009 and onwards.

Production and results

Operating profit for the quarter amounted to NOK 11.9 million

(NOK 4.0 million), while the EBIT margin was 16%, an increase on last year (13%).

MASTS

Sales and market

Revenues for the first quarter ended at NOK 14.4 million for the Masts Business area, up by 108% compared with the same quarter last year (NOK 6.9 million).

Increased use of Line of Sight (LOS) and Battlefield Surveillance Systems in conflict-solving operations world-wide are the main drivers behind this positive turnover development.

The new contract for delivery of the 30 meter high tactical masts to the US army confirms that Lerc has the right solutions as well as customer base to play a leading role in this market segment.

Production and results

Operating profit for the quarter was NOK 0.5 million compared with an operating loss of NOK 0.4 million in the same quarter 2007. The first quarter of the year is traditionally a weak quarter for masts. The general order intake and the new US contract indicate a continuation of the good results in the coming quarters.

INDUSTRIAL PRODUCTS

Sales and market

The revenues was NOK 8.2 million, increasing 16% from last year's figures of NOK 7.0 million. The revenue growth is within offshore applications.

Production and results

Operating profit for the quarter was NOK 0.3 million, compared with last year figure of NOK 1.0 million. A project on restructuring the insulator product area is in progress, with the aim of profitable production by the end of this year.

POWER SUPPLY

Sales and market

Revenues for the first quarter were NOK 5.2 million. As expected, this was lower than the NOK 8.7 million of Q1 2007. Since the acquisition of the Power Supply Business area, the Group have invested systematically in selling in the power solutions to the existing Comrod Communication customer network. The recent contract with Harris Corporation for battery chargers is the first result of this strategy. Further new contracts are expected during the year. This contract with Harris proves Comrod's ability to compete in the US and bring innovative, new products into the market. The main effects of new contracts will materialize from 2009.

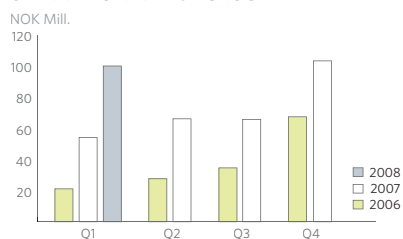
Production and results

The business area reported an operating profit of NOK 1.0 million and an EBIT margin of 20% for the quarter.

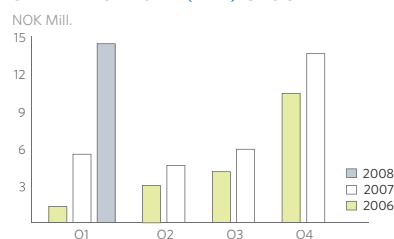
OUTLOOK

The Board is satisfied with the results for Q1 confirming the new and higher level from Q4 last year. Q2 is expected to give a satisfactory result at a slightly lower level. However, the Board expects 2008 to show continued growth in revenues and EBIT. Further sales growth combined with increased production capacity provide a good basis to reach the Group's strategic target of growing revenues to NOK 500 million by 2010-2011.

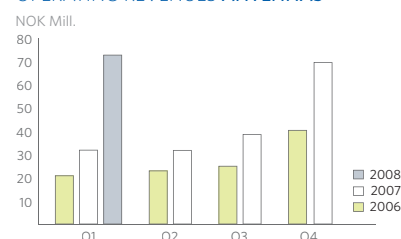
OPERATING REVENUE GROUP



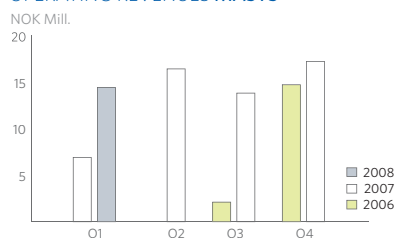
OPERATING PROFIT (EBIT) GROUP



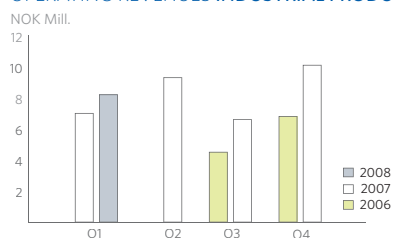
OPERATING REVENUES ANTENNAS



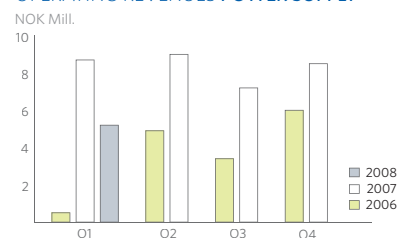
OPERATING REVENUES MASTS



OPERATING REVENUES INDUSTRIAL PRODUCTS



OPERATING REVENUES POWER SUPPLY



(NOK 1000)

Q1 2008

Q1 2007

31.12.2007

CONSOLIDATED INCOME STATEMENT

Operating revenues	100 329	54 319	289 937
Cost of materials	37 939	16 112	113 455
Payroll expenses	33 201	20 006	97 966
Other operating expenses	14 741	9 722	37 756
Operating profit before depreciation (EBITDA)	14 449	8 479	41 405
EBITDA-margin	14 %	16 %	14 %
Depreciation	3 394	2 995	11 175
Operating profit (EBIT)	11 055	5 485	29 575
EBIT-margin	11 %	10 %	10 %
Net financial items	(1 739)	(2 744)	(11 421)
Profit/loss before tax	9 316	2 740	18 154
Tax	(2 943)	(735)	(5 895)
Profit/(loss)	6 373	2 005	12 259

Attributable to

Equity holders of the parent	6 483	2 005	12 715
Minority interests	(111)	0	(456)

CONSOLIDATED BALANCE SHEET

Intangible assets	72 859	65 529	69 722
Tangible fixed assets	62 880	56 044	61 981
Financial fixed assets	61	62	60
Inventories	67 808	51 364	58 305
Receivables	105 873	62 919	104 525
Bank deposits and cash	10 455	12 524	9 314
Total assets	319 935	248 442	303 906
Paid-in capital	69 507	97 413	69 507
Other equity	34 209	(9 761)	25 365
Minority interests	63	0	174
Provisions	18 784	15 420	19 279
Interest-bearing long-term liabilities	75 575	98 354	76 337
Interest-bearing current liabilities	33 702	2 078	37 653
Other current liabilities	88 095	44 938	75 592
Total liabilities and equity	319 935	248 442	303 906

CONSOLIDATED CASH FLOW STATEMENT

Profit before tax	9 316	2 740	18 154
Depreciation and write-downs	3 394	2 995	11 175
Other Non cash elements	2 006	2 987	5 091
Change in net working capital	263	(7 920)	(26 949)
Net cash flow from operating activities	14 979	802	7 470
Net cash flow from investment activities	(5 982)	23 425	10 548
Net cash flow from financing activities	(7 856)	(18 098)	(11 888)
Net change in cash and cash equivalents	1 141	6 130	6 130
Cash and cash equivalents at start of period	9 314	3 184	3 184
Cash and cash equivalents at end of period	10 455	12 524	9 314

(NOK 1000)	Q1 2008	Q1 2007	31.12.2007
CONSOLIDATED EQUITY RECONCILIATION			
Equity at start of period	95 045	18 236	18 236
Profit/loss in period	6 373	2 005	12 259
Share based payment/Actuarial gain and losses	121	40	(3 172)
Forward exchange contracts	1 102	(168)	190
Translation effects	1 138	(1 968)	(2 604)
Proceeds from share issue		69 507	70 137
Approved dividend			0
Equity at end of period	103 779	87 652	95 045
KEY FIGURES			
Equity ratio	32.4 %	35.3 %	31.3 %
Liquidity ratio I	1.5	2.7	1.5
Return on equity (annualised)	17.4%	19.8%	21.6 %
Total return (annualised)	5.9%	5.3%	8.4 %
Earnings per share	0.38	0.12	0.76
Diluted earnings per share	0.38	0.12	0.76
Cash flow from operations per share	0.88	0.05	0.46
Equity per share	6.13	5.17	5.61
Net interest-bearing liabilities	98 822	87 908	104 676
INFORMATION ON OPERATING SEGMENTS ^{1,2)}			
Antennas			
Operating revenues	72 528	31 678	170 764
Operating profit before depreciation (EBITDA)	13 453	5 295	24 011
EBITDA-margin	19 %	17 %	14 %
Operating profit (EBIT)	11 887	4 003	18 792
EBIT-margin	16 %	13 %	11 %
Mast			
Operating revenues	14 439	6 931	54 398
Operating profit before depreciation (EBITDA)	1 220	176	9 373
EBITDA-margin	8 %	3 %	17 %
Operating profit (EBIT)	515	(422)	6 832
EBIT-margin	4 %	(6 %)	13 %
Industrial Products			
Operating revenues	8 183	7 030	33 002
Operating profit before depreciation (EBITDA)	961	1 653	4 776
EBITDA-margin	12 %	24 %	14 %
Operating profit (EBIT)	266	959	2 374
EBIT-margin	3 %	14 %	7 %
Power Supply			
Operating revenues	5 179	8 705	33 516
Operating profit before depreciation (EBITDA)	1 452	2 915	9 207
EBITDA-margin	28 %	33 %	27 %
Operating profit (EBIT)	1 034	2 504	7 548
EBIT-margin	20 %	29 %	23 %

¹⁾ Figures for the business areas do not include elimination of internal sales.

²⁾ Administration costs incurred in parent company and development costs not related to the operating segments are not allocated.

NOTES

NOTE 1 REPORTING ENTITY

Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 31 March comprise Comrod Communication ASA and its subsidiaries (collectively referred to as the Group).

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES AND STATEMENT OF COMPLIANCE

The accounting policies applied by the Group in these financial statements are the same as those applied by the Group for the year ended 31 December 2007. These interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting. These statements do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Comrod Communication Group for the year ended 31 December 2007 and the above mentioned accounting principles.

NOTE 3 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in preparing these interim financial statements when applying the Group's accounting policies and the key sources of estimate uncertainty are the same as those applied to the consolidated financial statements of the Group for the year ended 31 December 2007.

NOTE 4 SUBSEQUENT EVENTS

Further to agreement of 05 April 2008, the CEO has resigned from his position with effect of same date. In addition to compensation in the contractual notice period, a termination benefit of 12 months salary is agreed.