

FIRST HALF AND
SECOND QUARTER

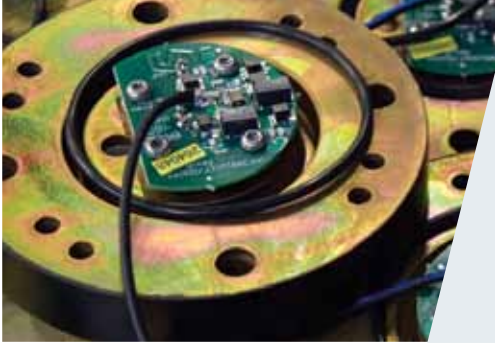
2009

SOLID

REACHING FURTHER THROUGH PEOPLE AND INNOVATION



COMROD COMMUNICATION GROUP



REPORT FOR FIRST HALF AND SECOND QUARTER OF 2009

Highlights since Q1 reporting:

- Improved revenues compared with last year
- Continued strong development from main business area antennas
- Two new prestigious orders to the US market
- Lerc SAS secures order for the French Army
- First Compact 2400 AC/DC order
- Closing of UMS Norway AS activities

THE GROUP

In the first half of 2009, Comrod Communication Group maintains the strong performance from last year, and still holds the position as a leading player in global markets for advanced tactical antennas, masts and power supply. Before writing down the assets of Unmanned Systems AS, the operational performance and financial result is above last year level.

The Group has experienced postponements of contracts making the outlook for the second half more uncertain. The Group expects turnover for the full year to be slightly below last year.

Main market drivers are the new strategies for defense customers, with high mobility forces and increasing use of advanced information technology equipment. This is combined with the Groups leading edge solutions, extensive customer network and proven track record towards these demanding requirements.

New strategic contracts were secured in the first half of 2009. The company received the first order of the new power supply product Compact 2400 AC/DC from Kongsberg Defence & Aerospace AS. This new power supply has been 100% developed within the company and is expected to be a key feature product in the future.

During first half the company received two prestigious new orders; from The United States Army and from SPAWAR. The products for delivery are the new advanced technology HF loop antenna and the antenna control system, ACS-004.

Revenues for first half of 2009 were MNOK 185.8 compared with MNOK 182.1 in 2008. (Figures for corresponding period of 2008 will hereafter be shown in brackets). Revenues for Q2 of 2009 were MNOK 87.0 (MNOK 81.8).

Operating profit (EBIT) in Q2 was negatively affected by non-recurring items of MNOK 12 due to the write off of UMS. Operating profit (EBIT) for first half was MNOK 4.7 (MNOK 13.5). EBIT for Q2 was minus MNOK 6.9 (positive MNOK 2.4). Operating profit (EBIT) before writing down Unmanned Systems Norway AS was for first half and Q2 MNOK 16.6 and MNOK 5.1 respectively.

The lower revenue and EBIT-margin for Q2 reflects the fluctuations in delivery schedules between the quarters.

Financial results before writing down UMS Norway AS indicate that the Group has achieved the planned operational efficiency at the high turnover level, thus generating strong financial results overall.

BUSINESS AREAS

ANTENNAS

Sales and market

Revenues for first half of 2009 were MNOK 135.3 (MNOK 131.4). Revenues for Q2 of 2009 were MNOK 60.7 (MNOK 58.9).

Comrod continues the strong performance for this main business area with increase in both revenues and EBIT from last year. Within Q2 the company also received a milestone order for the HF Loop

antenna, HF 230L. This unique antenna is designed to replace the HF antennas on various US and NATO vehicles.

Production and results

Operating profit (EBIT) for first half was MNOK 21.2 (MNOK 17.8). EBIT-margin was 15.7% (13.6%). EBIT for Q2 was MNOK 7.4 (MNOK 5.9).

The new facilities at Tau are partially finalised, and further development will be closely monitored in combination with the market and financial development.

MASTS

Sales and market

Revenues for first half of 2009 were MNOK 25.7 (MNOK 29.4). Revenues for Q2 of 2009 were MNOK 17.3 (MNOK 15.0).

The development within this business area is according to plan. The first half has been used as a necessary period for ramping-up and planning the MIDS/Terre mast program. In Q2 the company also finalised the development for the new telescopic mast series, IDTM.

Production and results

Operating profit (EBIT) for first half was MNOK 1.1 (MNOK 2.8). EBIT-margin was 4.3% (9.5%). EBIT for Q2 was MNOK 1.7 (MNOK 2.3).

The weak 4.3% EBIT on Masts in the first half is due to product mix and lower revenue compared with last year.

INDUSTRIAL PRODUCTS

Sales and market

Revenues for first half of 2009 were MNOK 15.1 (MNOK 14.9). Revenues for Q2 of 2009 were MNOK 6.3 (MNOK 6.7).

During Q2 the company signed a supplier contract with a major European company specialised in propulsion systems for missiles. This contract will run for a period of 5 years.

Production and results

Operating profit (EBIT) for first half was minus MNOK 1 (MNOK 0). EBIT-margin was minus 6.5% (0%). EBIT for Q2 was minus MNOK 1.1 (minus MNOK 0.3).

Deliveries with a high content of low margin insulator products reflect the negative EBIT margin. The Company expects to phase out the unprofitable insulator business during this year.

POWER SUPPLY

Sales and market

Revenues for first half of 2009 were MNOK 9.8 (MNOK 7.9). Revenues for Q2 of 2009 were MNOK 2.8 (MNOK 2.7).

In the first half the new power supply product, Compact 2400 AC/DC was launched to the market. This resulted in a first order from Kongsberg Defence & Aerospace AS. This breakthrough order proves Comrods ability to compete and bring innovative new products to the market.

Production and results

As a consequence of the low revenues, operating profit (EBIT) for first half was MNOK 0.4 (MNOK 0.2). EBIT margin was 4% (2%). EBIT for Q2 was minus MNOK 0.5 (minus MNOK 0.9).

PARENT COMPANY

The operating costs of the parent company amounted to MNOK 4.9 (MNOK 6.2) for first half year and MNOK 2.4 (MNOK 4.1) for Q2. Last year figures include MNOK 2.2 in non-recurring costs related to change of CEO.

GROUP

Net finance items for first half is positive with MNOK 3.5 (negative with MNOK 3.1) and for Q2 positive with MNOK 1.2 (negative with MNOK 1.3).

Inventories are MNOK 4.6 lower than at the beginning of the quarter. Current receivables are reduced with MNOK 1.6 and current payables are reduced with MNOK 17.5 in the quarter. Compared with end of June last year, the inventories are reduced by 7.6%. At end of June the total working capital was 1.5% above June 2008.

Total balance sheet at end of June was MNOK 331, and the equity ratio was 33.3 % (28.2%). Group liquidity remains satisfactory.

The Group fulfils all financial covenants related to financing.

Cash flow from operations was MNOK 16.7 for first half (MNOK 11.0). The increase from last year is due to higher EBITDA and also the positive net financial items.

Research & Development

Comrod Communication Group has a long track record of developing new, leading edge technology products in cooperation with demanding international customers. As part of our strategy for future growth, several products are in the phase of being tested and/or launched. Among these are

- HF Loop antenna (NVIS)
- Various multiband/wide band antennas
- Intermediate duty mast, IDTM
- Various antenna control systems

Some of these products are expected to become key growth drivers in the future.

UMS Norway AS

The project to develop an unmanned aerial vehicle (UAV) has in the first half of 2009 continued to seek for a new strategic or financial partner. Unfortunately, the global financial crisis has made it difficult to find any new partner for further development. Based on these facts the Board has decided to stop all further activities within the subsidiary UMS Norway AS, negatively effecting EBIT with MNOK 12 and reducing the equity ratio with 1.4%.

FINANCIAL RISK

The existing risks and uncertainties described below are expected to remain for the next 6 months.

The Group operates in several markets and has a significant part of revenues and costs outside Norway and in foreign currencies. Currency fluctuations are a significant risk factor. For additional explanations regarding risks and uncertainties, we refer to Board of Director report in the 2008 annual report as well as Note 26 Financial Instruments and Note 3 Uncertainty of estimates.

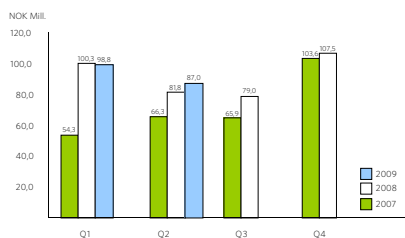
RELATED PARTIES

The Comrod Communication Group has no agreements with companies in the Hexagon group or their main shareholder the Flakk Group. All of the transactions were carried out as part of normal business and at an arm's length principles. For further information about "Transactions with related parties", we refer to Note 28 of the Annual Report 2008. There are no significant other related party transactions in 2009.

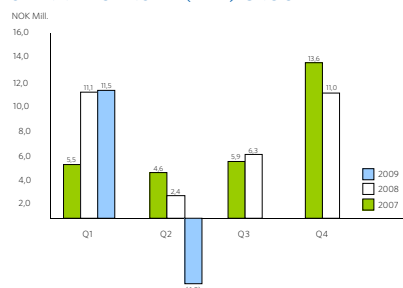
OUTLOOK

The Board is satisfied with the development in Q2 and first half for its main Business area antennas. However, the Board acknowledges that the influence from the international financial crisis and the decision to stop the UMS activities will have an impact on the y-o-y financial results. The Group expects turnover for the full year to be slightly below last year.

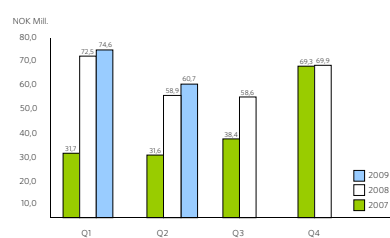
OPERATING REVENUES GROUP



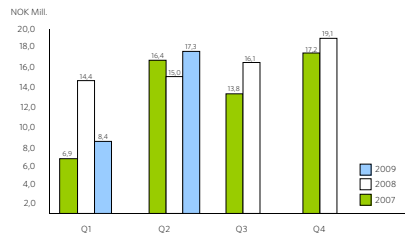
OPERATING PROFIT (EBIT) GROUP



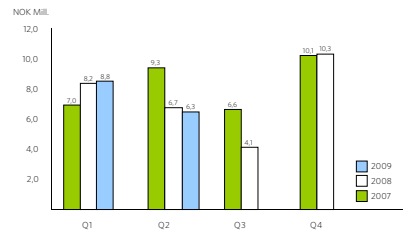
OPERATING REVENUES ANTENNAS



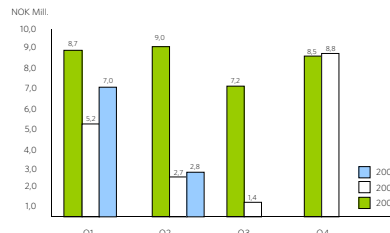
OPERATING REVENUES MASTS



OPERATING REVENUES INDUSTRIAL PRODUCTS



OPERATING REVENUES POWER SUPPLY



(NOK 1000)	2nd quarter		1st half year		Year
	2009	2008	2009 Unaudited	2008 Unaudited	2008 Audited
CONSOLIDATED INCOME STATEMENT					
Operating revenues	87 027	81 771	185 793	182 100	368 631
Cost of materials	36 103	30 464	71 383	68 403	143 700
Payroll expenses	30 265	32 159	62 743	65 360	128 161
Other operating expenses	11 347	13 510	26 649	28 251	52 417
Operating profit before depreciation (EBITDA)	9 312	5 638	25 019	20 087	44 353
EBITDA-margin	10.7%	6.9%	13.5%	11.0%	12.0%
Depreciation	16 192	3 225	20 353	6 618	13 610
Operating profit (EBIT)	(6 880)	2 414	4 665	13 469	30 743
EBIT-margin	(7.9%)	3.0%	2.5%	7.4%	8.3%
Net financial items	1 206	(1 314)	3 471	(3 053)	(15 682)
Profit/loss before tax	(5 674)	1 099	8 136	10 415	15 061
Tax	1 543	(729)	(2 409)	(3 672)	(4 604)
Profit/(loss)	(4 130)	370	5 727	6 743	10 457
Attributable to:					
Equity holders of the parent	(3 346)	489	6 530	6 972	10 812
Minority interests	(785)	(119)	(803)	(229)	(355)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit/(loss)	(4 130)	370	5 727	6 743	10 457
Change in actuarial gain/(loss) (Net of tax)	0	0	0	0	1 624
Change in gain/(loss) on hedge of net investment (Net of tax)	(814)	210	4 815	(660)	(11 884)
Change in gain/(loss) on cash flow hedges (Net of tax)	0	(1 358)	0	(256)	(190)
Exchange differences on translation of foreign operations	1 670	(936)	(10 030)	1 147	24 367
Other comprehensive income/(loss) for the period (Net of tax)	856	(2 084)	(5 215)	231	13 917
Total comprehensive income/(loss) for the period (Net of tax)	(3 274)	(1 714)	512	6 974	24 374
Attributable to:					
Equity holders of the parent	(2 490)	(1 595)	1 315	7 203	24 729
Minority interests	(785)	(119)	(803)	(229)	(355)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Intangible assets			75 971	73 903	90 362
Tangible fixed assets			89 074	69 540	85 652
Financial fixed assets			0	60	74
Inventories			71 600	77 462	71 040
Receivables			89 145	100 626	102 382
Bank deposits and cash			5 547	5 413	8 981
Total assets			331 337	327 006	358 492
Paid-in capital			70 278	69 507	70 216
Other equity			40 021	22 754	39 510
Minority interests			0		0
Provisions			18 127	18 113	16 914
Interest-bearing long-term liabilities			79 824	78 183	94 124
Interest-bearing current liabilities			57 019	53 643	56 568
Other current liabilities			66 068	84 806	81 161
Total liabilities and equity			331 337	327 006	358 492
CONSOLIDATED STATEMENT OF CASH FLOW					
Profit before tax			8 136	10 415	15 061
Depreciation and write-downs			20 353	6 618	13 610
Other Non cash elements			(3 549)	1 265	16 451
Change in net working capital			(8 274)	(7 343)	3 346
Net cash flow from operating activities			16 668	10 955	48 468
Net cash flow from investment activities			(16 925)	(15 955)	(27 846)
Net cash flow from financing activities			(3 177)	1 098	(20 954)
Net change in cash and cash equivalents			(3 434)	(3 901)	(333)
Cash and cash equivalents at start of period			8 981	9 314	9 314
Cash and cash equivalents at end of period			5 547	5 413	8 981

(NOK 1000)	2nd quarter		1st half year		Year
	2009	2008	2009	2008	2008
			Unaudited	Unaudited	Audited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity at start of period			109 725	95 045	95 045
Profit/loss in period			5 727	6 743	10 457
Other comprehensive income/(loss)			(5 215)	231	13 917
Share based payment			62	242	306
Dividends paid			0	(10 000)	(10 000)
Equity at end of period			110 299	92 261	109 725

KEY FIGURES

Equity ratio			33.3%	28.2%	30.6%
Liquidity ratio I			1.4	1.3	1.3
Return on equity (annualised)			10.4%	14.4%	10.2%
Total return (annualised)			4.9%	8.2%	5.8%
Earnings per share			0.34	0.40	0.62
Diluted earnings per share			0.34	0.40	0.62
Cash flow from operations per share			0.98	0.68	2.86
Equity per share			6.51	5.45	6.48
Net interest-bearing liabilities			131 296	126 413	141 711

INFORMATION ON OPERATING SEGMENTS

Antennas

Operating revenues	60 712	58 873	135 325	131 400	259 601
Operating profit before depreciation (EBITDA)	9 455	7 476	25 326	20 930	41 687
EBITDA-margin	15.6%	12.7%	18.7%	15.9%	16.1%
Operating profit (EBIT)	7 367	5 930	21 183	17 817	35 389
EBIT-margin	12.1%	10.1%	15.7%	13.6%	13.6%

Masts

Operating revenues	17 256	14 957	25 704	29 396	64 650
Operating profit before depreciation (EBITDA)	2 574	2 919	2 668	4 139	12 319
EBITDA-margin	14.9%	19.5%	10.4%	14.1%	19.1%
Operating profit (EBIT)	1 720	2 285	1 101	2 800	9 531
EBIT-margin	10.0%	15.3%	4.3%	9.5%	14.7%

Industrial Products

Operating revenues	6 279	6 700	15 065	14 884	29 277
Operating profit before depreciation (EBITDA)	(399)	253	620	1 213	1 320
EBITDA-margin	(6.4%)	3.8%	4.1%	8.2%	4.5%
Operating profit (EBIT)	(1 137)	(293)	(972)	(27)	(1 173)
EBIT-margin	(18.1%)	(4.4%)	(6.5%)	(0.2%)	(4.0%)

Power Supply

Operating revenues	2 803	2 673	9 755	7 851	18 062
Operating profit before depreciation (EBITDA)	26	(433)	1 453	1 018	1 067
EBITDA-margin	0.9%	(16.2%)	14.9%	13.0 %	5.9%
Operating profit (EBIT)	(500)	(875)	392	158	(693)
EBIT-margin	(17.8%)	(32.7%)	4.0%	2.0 %	(3.8%)

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 un-allocated

NOTES

NOTE 1 REPORTING ENTITY

Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 30th June 2009 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 2008. 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 2008 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 2008.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2009 has been prepared in accordance with IAS 34 - Interim Financial Reporting - and gives a true and fair view of Comrod Communication Group's consolidated assets, liabilities, financial position and results of operations. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Stavanger, 20. August 2009



Knut Flakk
Chairman of the Board



Randi Elin Hognestad
Vice-chairman of the Board



Kristin Krohn Devold
Member of the Board



Merete Alnes Mostue
Member of the Board



Tore J. Fjell
Member of the Board



Frode Svaboe
Member of the Board



Niklas Hermansson
Group President & CEO