



Third quarter 07



Quarter 3 highlights

Years of dedication to quality and innovation have enabled Comrod Communication to successfully build a reputation as number 1 quality supplier of antennas for defence radio communication. In July this year, we were awarded a USD 10 million contract with Harris Corporation in the USA. Harris is one of the leading global communications and information technology companies in the defence industry. The dominant position of Harris in radio communication technology and our status as preferred supplier to Harris on antennas place Comrod in a unique position for further growth, in the USA and globally.

COMROD COMMUNICATION GROUP

The Comrod Communication Group third quarter revenues ended on NOK 65.9 million, which is a significant increase on last year's figure (NOK 39.9 million). Revenues for the first three quarters of 2007 amounted to NOK 186.6 million, up from 129.9 million last year. Operating profit (EBIT) for the quarter was NOK 5.9 million, increasing from NOK 4.5 million last year. Year-to-date operating profit was NOK 16.0 million, a substantial increase on last year's level (9.1 million).

Several new contracts were secured in the third quarter, ensuring a solid basis for further revenue growth, particularly in the Antennas business area. Good financial results in the quarter were driven by revenue growth and an overall strong operating performance. Orders significantly outpaced sales, reflecting the continued expansion of the global customer base. Further growth in sales is expected in the coming quarters, and prospects for the remainder of the year are good in all business areas. The Group has a sound financial basis for further growth.

The equity capital ratio at 30 September was 33.9 % (2006= 4.9%). Group liquidity remains satisfactory.

BUSINESS AREAS

ANTENNAS

Sales and market

Revenues for the quarter ended on NOK 38.4 million, bringing the revenues at 30 September up to NOK 101.7 million, compared with NOK 89.1 million last year. High market demand and important new contracts have given the Antenna business area a sound platform for further sales growth in the coming quarters.

Production and results

Operating profit for the quarter amounted to

NOK 4.3 million (4.3 million). Production capacity has been substantially increased, as a result of high market demand and deliveries to new contracts. Operational performance improved during the quarter, which is reflected in an improved EBIT margin. We expect a high activity level and further improvements in overall performance for the business area during the next quarters.

MASTS

Sales and market

Revenues for the third quarter amounted to 13.8 million for the Mast business area. This is a significant increase compared with the same quarter last year (NOK 3.7 million). The year-to-date revenues totalled 37.2 million, up from NOK 12.5 million in the previous year.

The contract with the French Army (announced in September) and the stable order intake during the quarter suggest that sales will remain at the current level for the rest of the year.

Production and results

Operating profit for the quarter amounted to NOK 1 million, with an EBIT margin of 7.5%. These results are significantly better than the proforma results of last year (NOK 0.1 million). The operational improvement programmes in progress at Lerc have created the basis for sustainable profitable business and further increased margins within the mast area.

INDUSTRIAL PRODUCTS

Sales and market

Growth in revenues was also experienced in the Industrial product area, with year-to-date sales of NOK 22.9 million, above last year's figure (19.5 million). The main growth is still in the market for offshore applications.

Production and results

Profit for the quarter was NOK 0.6 million, an improvement on the results of the previous quarter and last year (-0.1 million). Activities in the quarter were focused on structuring production for offshore application products, as well as dealing with remaining quality issues related to certain insulator products.

POWER SUPPLY

Sales and market

Sales are developing positively, and revenues for the third quarter ended on NOK 7.2 million, more than double the figure reported in the previous year (3.4 million). Year-to-date revenues are NOK 25 million, substantially higher than the turnover last year (8.8 million). We are entering into a transition period between major contracts and we may experience less growth in the coming quarters.

Tendering activity is high and qualification work with new customers is ongoing. These activities indicate good scope for future growth, but have long timelines - up to several years from initial contact to awarding of contract.

Production and results

The business area reported an operating profit of NOK 1.2 million and an EBIT margin of 16.7% for the quarter. Operating profit for the same period last year was NOK 0.2 million. The combination of continued investment in new product development and improvement of the current sourcing structure is expected to ensure continued profitability.

OUTLOOK

The board is satisfied with the revenues and order intake in Q3. The board expects a satisfactory last quarter.

* 2006 figures in text are all proforma, cf. note 4

Comrod Communication ASA - profit and loss statement third quarter 2007

(All figures in NOK 1 000)

	IFRS 30.09.07	IFRS Q3 2007	IFRS 30.09.06	IFRS Q3 2006	IFRS 31.12.06
PROFIT AND LOSS STATEMENT	30.09.07	Q3 2007	30.09.06	Q3 2006	31.12.06
Operating revenues	186 550	65 932	83 677	34 716	151 273
Cost of materials	70 768	26 236	27 545	13 055	51 745
Payroll expenses	65 785	23 630	31 201	10 094	51 042
Other operating expenses	25 338	7 467	12 611	5 695	23 942
Operating profit before depreciation (EBITDA)	24 659	8 599	12 320	5 872	24 544
Depreciation	8 662	2 660	3 856	1 784	5 686
Operating profit (EBIT)	15 997	5 939	8 464	4 088	18 858
Net financial items	(8 595)	(3 478)	(4 389)	(2 472)	(7 126)
Profit/loss before tax	7 402	2 461	4 075	1 616	11 732
Tax	(2 868)	(1 076)	(1 350)	(661)	(3 786)
Profit/(loss)	4 534	1 384	2 725	955	7 946
Attributable to:					
Equity holders of the parent	4 666				
Minority interests	(132)				

(All figures in NOK 1 000)	IFRS	IFRS	IFRS
	30.09.07	30.09.06	31.12.06
BALANCE SHEET			
Intangible assets	65 151	64 451	67 386
Tangible fixed assets	58 973	57 686	57 878
Financial fixed assets	58	0	0
Inventories	57 915	46 536	44 312
Receivables	73 370	78 613	97 867
Bank deposits and cash	5 364	1 797	4 184
Total assets	260 831	249 083	271 627
Paid-in capital	97 655	6 496	6 546
Other equity	(9 664)	5 659	12 180
Minority interests	498	0	0
Provisions	14 472	9 936	15 660
Interest-bearing long-term liabilities	88 918	157 274	181 528
Interest-bearing current liabilities	1 653	3 879	2 053
Other current liabilities	67 299	65 839	53 660
Total liabilities and equity	260 831	249 083	271 627

CASH FLOW STATEMENT

Profit before tax	7 402	4 075	11 732
Depreciation and write-downs	8 662	3 856	5 686
Change in net working capital	(11 980)	(7 116)	(9 059)
Net cash flow from operating activities	4 083	815	8 360
Net cash flow from investment activities	20 752	(117 465)	(122 587)
Net cash flow from financing activities	(23 656)	116 769	116 733
Net change in cash and cash equivalents	1 180	119	2 506
Cash and cash equivalents at start of period	4 184	1 678	1 678
Cash and cash equivalents at end of period	5 364	1 797	4 184
Available unused credit facility	10 000	5 000	5 000

EQUITY RECONCILIATION

Equity at start of period	18 726	26 579	26 579
Profit/loss in period	4 534	2 726	7 946
Share based payment/Actuarial gain and losses	282	(421)	(721)
Forward exchange contracts	2 418	(965)	(583)
Translation effects	(6 608)	0	269
Minority interest	630	0	0
New equity	68 507	0	1 000
Approved/received group contributions from last year	0	(15 764)	(15 764)
Equity at end of period	88 489	12 155	18 726

KEY FIGURES

Equity ratio	33,9 %	4,9 %	6,9%
Liquidity ratio I	2,0	1,8	2,63
Return on equity (annualised)	11,3 %	31,6 %	53,8%
Total return (annualised)	6,1 %	6,6 %	9,6%
Earnings per share	0,27	1,82 ²⁾	5,30 ²⁾
Diluted earnings per share	0,27	1,82 ²⁾	5,30 ²⁾
Cash flow from operations per share	0,24	0,54 ²⁾	5,57 ²⁾
Equity per share	5,22	8,10 ²⁾	12,48 ²⁾
Net interest-bearing liabilities	90 571	161 153	183 581

Information on business areas ¹⁾:

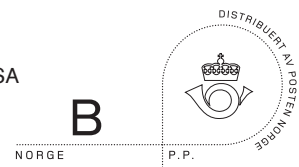
	30.09.07	Q3 2007	30.09.06	Q3 2006	31.12.06
Antennas:					
Operating revenues	101 657	38 352	68 293	24 808	108 503
Operating profit before depreciation (EBITDA)	12 579	5 487	9 170	3 644	21 686
Operating profit (EBIT)	8 834	4 324	6 898	2 881	18 261
Mast:					
Operating revenues	37 167	13 834	2 082	2 082	16 747
Operating profit before depreciation (EBITDA)	4 931	1 641	678	678	(578)
Operating profit (EBIT)	3 050	1 031	217	217	(1 359)
Industrial Products:					
Operating revenues	22 882	6 589	4 455	4 455	11 215
Operating profit before depreciation (EBITDA)	3 400	1 026	900	900	660
Operating profit (EBIT)	1 603	555	774	774	510
Power Supply:					
Operating revenues	24 972	7 242	8 847	3 371	14 809
Operating profit before depreciation (EBITDA)	7 393	1 615	1 573	651	2 776
Operating profit (EBIT)	6 154	1 199	576	217	1 446

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

²⁾ Figures in NOK 1 000.

The above current quarter figures are not comparable to prior period figures. Reference is made to Note 4.

Return to:
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NORWAY



NOTE 1: REPORTING ENTITY

Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 30 September comprise Comrod Communication ASA and its subsidiaries (collectively referred to as the Group).

NOTE 2: SIGNIFICANT ACCOUNTING PRINCIPLES AND STATEMENT OF COMPLIANCE

Comrod Communication ASA was part of the Hexagon Composites Group until 22 January 2007, at which date the demerger was implemented. From that date, the Comrod Group will issue separate Group financial statements for activities in Comrod Communication ASA and its subsidiaries.

The accounting policies applied by the Comrod Group in these financial statements are the same as those applied by the Hexagon Composites ASA Group for the

year ended 31 December 2006, and will also be applied in the Comrod Group's annual financial statements for 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 Group for the year ended 31 December 2006 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 judgements 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 Hexagon Composites ASA group for the year ended 31 December 2006.

NOTE 4: PRO FORMA INFORMATION

The profit & loss statement is not comparable with the profit and loss statement for previous years owing to the acquisition of Fidulerc SA, with its wholly-owned Lerc SA subsidiary. At 29 June 2006, Comrod AS reached agreement with ECI Composites Inc to buy all the shares in Fidulerc SA. The acquisition was approved by the French authorities in September 2006, and Fidulerc SA has been consolidated from that date.

Comrod Communication ASA - Note 4 Proforma information third quarter 2007

(All figures in NOK 1 000)	Actual IFRS 30.09.07	Actual IFRS Q3 2007	Proforma IFRS 30.09.06	Proforma IFRS Q3 2006	Proforma IFRS 31.12.06
PROFIT AND LOSS STATEMENT	30.09.07	Q3 2007	30.09.06	Q3 2006	31.12.06
Operating revenues	186 550	65 932	129 927	39 858	197 523
Cost of materials	70 768	26 236	38 741	12 330	62 941
Payroll expenses	65 785	23 630	50 797	13 919	70 638
Other operating expenses	25 338	7 467	23 371	6 458	34 702
Operating profit before depreciation (EBITDA)	24 659	8 599	17 018	7 151	29 241
Depreciation	8 662	2 660	7 953	2 620	9 783
Operating profit (EBIT)	15 997	5 940	9 066	4 531	19 458
Net financial items	(8 595)	(3 478)	(7 989)	(2 877)	(10 726)
Profit/loss before tax	7 402	2 462	1 077	1 654	8 731
Information on business areas¹⁾:	30.09.07	Q3 2007	30.09.06	Q3 2006	31.12.06
Antennas:					
Operating revenues	101 657	38 352	89 080	27 139	129 289
Operating profit before depreciation (EBITDA)	12 579	5 487	12 956	5 457	25 472
Operating profit (EBIT)	8 834	4 324	9 453	4 343	20 816
Mast:					
Operating revenues	37 167	13 834	12 521	3 743	27 186
Operating profit before depreciation (EBITDA)	4 931	1 641	192	362	(1 064)
Operating profit (EBIT)	3 050	1 031	(1 123)	84	(2 699)
Industrial Products:					
Operating revenues	22 882	6 589	19 479	5 605	26 239
Operating profit before depreciation (EBITDA)	3 400	1 026	2 297	681	2 057
Operating profit (EBIT)	1 603	555	159	(113)	(105)
Power Supply:					
Operating revenues	24 972	7 242	8 847	3 371	14 809
Operating profit before depreciation (EBITDA)	7 393	1 615	1 573	651	2 776
Operating profit (EBIT)	6 154	1 199	576	217	1 446

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