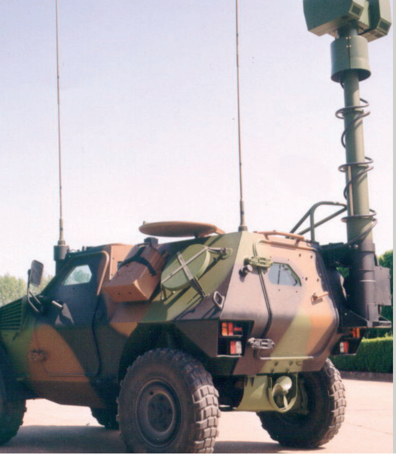
Second quarter 07

COMROD
Reaching further



Comrod Communication was awarded two new contracts in the second quarter which strengthened its position in the American market.

Lerc SA secured a contract in May to deliver 30-metre-high tactical masts to the US army, while Comrod AS secured a contract in June from a leading American radio manufacturer to deliver tactical antennas.

These orders represent a breakthrough into the US defence market. The US defence market will be one of several important drivers of future growth for the group.

BUSINESS AREAS

ANTENNAS

Sales and market

The antennas business area had sales of NOK 31.6 million in the second quarter (2006: NOK 22.8 million). This increase primarily reflects the acquisition of Lerc in France, which contributed a turnover of NOK 14.8 million in the business area during the quarter. The contract received from the US market towards the end of the period and orders secured later mean continued growth in sales for this area and a turnover for the rest of the year well above the pro forma figures for the year before.

Production and result

Antennas achieved an operating profit of NOK 0.5 million in the second quarter (2006: NOK 2.2 million). The relatively low margins are due to unfavourable product mix. The margins are expected to improve as volume increases and product mix changes during the second half of 2007. Measures have been instituted to ensure sufficient production capacity towards the end of 2007.

MASTS

Sales and market

Sales for the masts business area totalled NOK 16.4 million in the second quarter (2006: NOK 0), a solid improvement from pro forma figures for 2006.
Order intake during the quarter was satisfactory, and stable sales are also expected for the second half of 2007.

Production and result

Operating profit came to NOK 2.4 million, a clear improvement from the first quarter and from the pro forma figures for last year. The outcome of measures adopted so far to improve productivity and profitability at Lerc in France had a positive impact on the operating margin for the business area in the second quarter. Satisfactory profit margins are expected for the year as a whole.

INDUSTRIAL PRODUCTS

Sales and market

Industrial products achieved sales of NOK 9.3 million in the quarter, an increase of NOK 1.9 million from pro forma figures for last year. This improvement came in the offshore product area, where the company is experiencing a positive market trend.

Production and results

Operating profit for the business area was NOK 0.09 million after charging substantial quality costs relating to the insulators product area. Actions have been taken to bring quality up to the right level. Measures have also been adopted to expand production capacity in the offshore product area.

POWER SUPPLY

Sales and market

The power business area experienced a positive development in sales, with a turnover of NOK 9 million in the second quarter (2006: NOK 4.9 million). Synergies can still be taken out to strengthen this business area even further on the market side, and the area is expected to provide good growth in the years to come.

Production and result

This business area improved profitability in the second quarter, with an operating profit of NOK 2.5 million. Although lower margins must be expected for the rest of the year, profit for 2007 as a whole is likely to be well above the figure for 2006.

PARENT COMPANY AND GROUP

Parent company

The corporate management is located at Tau. Operating costs totalled NOK 0.9 million for the quarter.

Group

Comrod Communication ASA achieved sales of NOK 66.3 million in the second quarter (2006: NOK 27.7 million). Operating profit for the period was NOK 4.6 million (2006: NOK 3 million). Sales for the first half totalled NOK 120 million (2006: NOK 48.9 million). The equity capital ratio at 30 June was 34.9 per cent (2006: 10 per cent). Group liquidity is good.

The board is satisfied with the progression achieved by the group during the second quarter. Prospects for the rest of the year are good in the group's most important business areas. Sales growth is expected in the antenna area and, even though some additional costs must be expected in the coming quarter in order to establish sufficient production capacity, satisfactory profit margins are expected in the third quarter and for the year as a whole. The process of integrating the companies is making good progress, and this is expected to yield results which will strengthen the group both immediately and in the long term.

Comrod Communication ASA - profit and loss statement second quarter 2007

(All figures in NOK 1 000)	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT AND LOSS STATEMENT	**30.06.07**	**Q2 2007**	**30.06.06**	**Q2 2006**	**31.12.06**
Operating revenues	120 619	66 300	48 961	27 740	143 603
Cost of materials	44 532	28 420	14 490	9 037	43 823
Payroll expenses	42 156	22 150	21 107	10 570	55 236
Other operating expenses	17 872	8 150	6 916	3 915	20 000
Operating profit before depreciation (EBITDA)	16 060	7 580	6 448	4 218	24 544
Depreciation	6 001	3 007	2 072	1 188	5 686
Operating profit (EBIT)	10 059	4 574	4 376	3 030	18 858
Net financial items	(5 117)	(2 373)	(1 917)	(1 325)	(7 126)
Profit/(loss) before tax	4 941	2 201	2 459	1 705	11 732
Tax	(1 792)	(1 056)	(689)	(477)	(3 786)
Profit/(loss)	3 150	1 145	1 770	1 228	7 946
Attributable to:					
Equity holders of the parent	3 196				
Minority interests	(46)				

(All figures in NOK 1 000)	IFRS	IFRS	IFRS
BALANCE SHEET	**30.06.07**	**30.06.06**	**31.12.06**
Intangible assets	65 907	23 530	67 386
Tangible fixed assets	54 996	21 759	57 878
Financial fixed assets	60	0	0
Inventories	50 100	18 278	44 312
Receivables	63 076	54 321	97 867
Bank deposits and cash	19 685	2 009	4 184
Total assets	253 825	119 897	271 627
Paid-in capital	97 534	6 447	6 546
Other equity	(9 487)	5 551	12 180
Minority interests	584	0	0
Provisions	14 515	5 373	15 660
Interest-bearing long-term liabilities	91 334	60 806	181 528
Interest-bearing current liabilities	2 005	22 234	2 053
Other current liabilities	57 339	19 486	53 660
Total liabilities and equity	253 825	119 897	271 627
CASH FLOW STATEMENT			
Profit before tax	4 941	2 459	11 732
Depreciation and write-downs	6 001	2 072	5 686
Change in net working capital	(1 407)	(2 025)	(9 059)
Net cash flow from operating activities	9 536	2 506	8 360
Net cash flow from investment activities	26 889	(26 961)	(122 587)
Net cash flow from financing activities	(20 923)	24 786	116 733
Net change in cash and cash equivalents	15 501	331	2 506
Cash and cash equivalents at start of period	4 184	1 678	1 678
Cash and cash equivalents at end of period	19 685	2 009	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	3 150	1 771	7 946
Share-based payment/actuarial gain and losses	158	97	(721)
Forward exchange contracts	778	(685)	(583)
Translation effects	(3 317)	0	269
Increase in 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	88 631	11 998	18 726
KEY FIGURES			
Equity ratio	34.90%	10.00%	6.90%
Liquidity ratio I	2.20	1.80	2.63
Return on equity (annualised)	11.70%	31.00%	53.8%
Total return (annualised)	6.10%	7.40%	9.6%
Earnings per share	0.19	1.18[2]	5.30[2]
Diluted earnings per share	0.19	1.18[2]	5.30[2]
Cash flow from operations per share	0.56	1.67[2]	5.57[2]
Equity per share	5.23	8.00[2]	12.48[2]
Net interest-bearing liabilities	93 339	83 040	183 581

Information on business areas [1]:	**30.06.07**	**Q2 2007**	**30.06.06**	**Q2 2006**	**31.12.06**
Antennas:					
Operating revenues	63 305	31 627	43 485	22 807	107 983
Operating profit before depreciation (EBITDA)	7 092	1 797	5 525	2 990	21 686
Operating profit (EBIT)	4 511	508	4 017	2 225	17 761
Masts:					
Operating revenues	23 333	16 402	0	0	11 834
Operating profit before depreciation (EBITDA)	3 290	3 114	0	0	(578)
Operating profit (EBIT)	2 019	2 441	0	0	(559)
Industrial products:					
Operating revenues	16 293	9 263	0	0	8 977
Operating profit before depreciation (EBITDA)	2 374	721	0	0	660
Operating profit (EBIT)	1 048	89	0	0	210
Power supply:					
Operating revenues	17 730	9 025	5 476	4 933	14 809
Operating profit before depreciation (EBITDA)	5 778	2 863	923	1 228	2 776
Operating profit (EBIT)	4 954	2 450	359	805	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:
Comrod Communication ASA
Fiskaaveien 1
N-4120 TAU
NORWAY

NOTE 1: REPORTING ENTITY
Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 30 June 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 judgements, 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 second quarter 2007

(All figures in NOK 1 000)	Actual IFRS	Actual IFRS	Proforma IFRS	Proforma IFRS	Proforma IFRS
PROFIT AND LOSS STATEMENT	**30.06.07**	**Q2 2007**	**30.06.06**	**Q2 2006**	**31.12.06**
Operating revenues	120 619	66 300	90 069	47 831	197 523
Cost of materials	44 532	28 420	26 411	14 510	62 941
Payroll expenses	42 156	22 150	36 878	18 407	70 638
Other operating expenses	17 872	8 150	16 913	8 024	34 702
Operating profit before depreciation (EBITDA)	16 060	7 580	9 866	6 889	29 241
Depreciation	6 001	3 007	5 333	2 800	9 783
Operating profit (EBIT)	10 059	4 574	4 534	4 090	19 458
Net financial items	(5 117)	(2 373)	(5 112)	(2 865)	(10 726)
Profit/(loss) before tax	4 941	2 201	(577)	1 225	8 731
Information on business areas[1]:	**30.06.07**	**Q2 2007**	**30.06.06**	**Q2 2006**	**31.12.06**
Antennas:					
Operating revenues	63 305	31 627	61 941	30 964	129 289
Operating profit before depreciation (EBITDA)	7 092	1 797	7 499	3 543	25 472
Operating profit (EBIT)	4 511	508	5 110	2 436	20 816
Mast:					
Operating revenues	23 333	16 402	8 778	4 575	27 186
Operating profit before depreciation (EBITDA)	3 290	3 114	(170)	574	(1 064)
Operating profit (EBIT)	2 019	2 441	(1 207)	12	(2 699)
Industrial Products:					
Operating revenues	16 293	9 263	13 874	7 358	26 239
Operating profit before depreciation (EBITDA)	2 374	721	1 616	1 545	2 057
Operating profit (EBIT)	1 048	89	272	837	(105)
Power Supply:					
Operating revenues	17 730	9 025	5 476	4 933	14 809
Operating profit before depreciation (EBITDA)	5 778	2 863	922	1 228	2 776
Operating profit (EBIT)	4 954	2 450	359	805	1 446

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Bouvet. Photos: Istockphoto/Luke Daniek. Lerc/Eric Van Rentergem.