



FOURTH QUARTER  
2009

Strong performance

REACHING FURTHER THROUGH PEOPLE AND INNOVATION



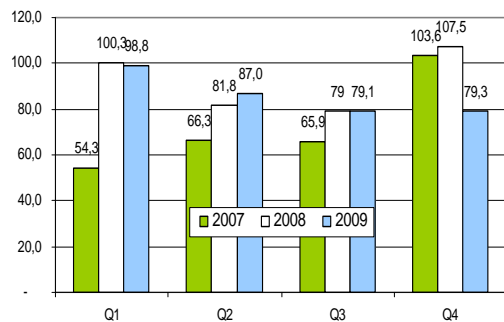
COMROD COMMUNICATION GROUP

## REPORT FOR FOURTH QUARTER OF 2009

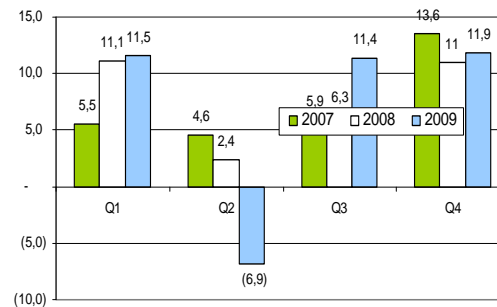
Highlights since Q3 reporting:

- Best quarterly EBIT margin ever
- Strong development in profit margin from business area antennas
- Major spare-parts contract to the French army
- Private placement of shares successfully completed
- New and more diversified shareholder structure

Operating revenues - Group (NOK Mill)



Operating Profit (EBIT) Group (NOK Mill)



## THE GROUP

Comrod Communication Group continues the strong development in profit margin within its main business area antennas in Q4.

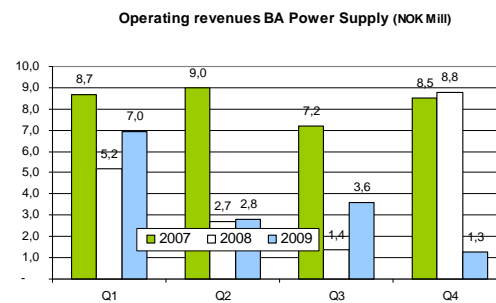
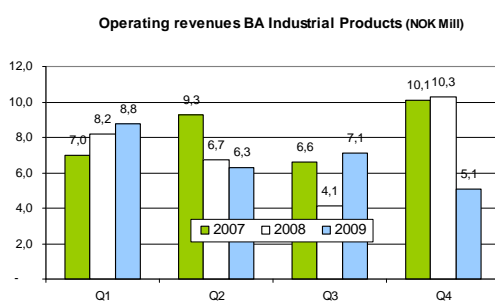
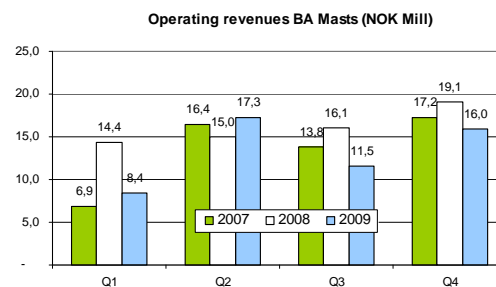
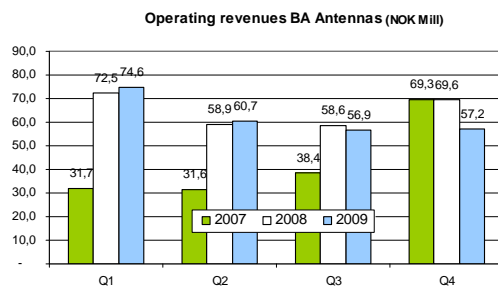
During the quarter the Group successfully completed a share issue and secondary sale of shares with the gross amount of MNOK 30.0.

Revenues for Q4 of 2009 were MNOK 79.3 (MNOK 107.5). (Figures for corresponding period of 2008 will hereafter be shown in brackets). Revenues for full year 2009 totalled MNOK 344.2 (MNOK 368.6).

Operating profit (EBIT) for Q4 was MNOK 11.9 (MNOK 11.0). EBIT for full year amounted to MNOK 40.0 (MNOK 30.7) before the write-off of Unmanned Systems Norway AS with MNOK 12.

The financial results confirm that the Group has the necessary efficiency and flexibility to meet the market's challenging demands, such as postponements and shorter lead-times.

## BUSINESS AREAS



## ANTENNAS

### Sales and market

Revenues for Q4 of 2009 were MNOK 57.2 (MNOK 69.6).

Revenues for the full year of 2009 came in at MNOK 249.4 (MNOK 259.6).

In Q4 Comrod received a major IDIQ spare-parts contract for approximately MNOK 150 from the French army. This type of contract secures the underlying business within the Group.

### Production and results

Operating Profit (EBIT) for Q4 was MNOK 13.2 (MNOK 10.2). EBIT for the full year amounted to MNOK 44.8, an increase of 26.5 % from the MNOK 35.4 EBIT last year.

Comrod Hungary has had its first full year of operations and has contributed positively to further improved margins on labour-intensive antenna products.

## MASTS

### Sales and market

Revenues for Q4 of 2009 were MNOK 16.0 (MNOK 19.1).

Revenues for the full year of 2009 came in at MNOK 53.2 (MNOK 64.7).

The business area continues to experience a high level of market activities.

**Production and results**

Operating profit (EBIT) for Q4 was MNOK 1.9 (MNOK 4.0). EBIT for the year amounted to MNOK 4.9 (MNOK 9.5).

**INDUSTRIAL PRODUCTS****Sales and market**

Revenues for Q4 of 2009 were MNOK 5.1 (MNOK 10.3).

Revenues for the full year of 2009 were MNOK 27.3 (MNOK 29.3).

**Production and results**

Operating profit (EBIT) for Q4 was MNOK 0.3 (minus MNOK 0.3). EBIT for the full year was MNOK 0.2 (minus MNOK 1.2).

The phasing out of the insulator products is now completed. The business area will continue to focus on follow-up of the product ranges related to the defence and offshore applications.

**POWER SUPPLY****Sales and market**

Revenues for Q4 of 2009 were MNOK 1.3 (MNOK 8.8).

Revenues for the full year of 2009 totalled MNOK 14.7 (MNOK 18.1).

Focus in Q4 has been on finalising the new power supply ComPact 2400 AC/DC. The product development is now fully completed and is expected to be an important future contributor to this business area.

**Production and results**

Operating profit EBIT for Q4 was minus MNOK 1.0 (minus MNOK 0.4). EBIT for full year came in at minus MNOK 1.0 (minus MNOK 0.7).

**PARENT COMPANY**

The operating costs of the parent company amounted to MNOK 2.5 (MNOK 1.8) in Q4 and MNOK 8.8 (MNOK 10.6) for the full year.

**GROUP**

Net finance cost for the quarter totalled MNOK 1.1 (MNOK 7.4), and was for the full year positive with MNOK 3.5 (cost MNOK 15.7).

Tax costs for the year was MNOK 10.7 (MNOK 4.6).

Inventories are decreased by MNOK 8.0 during the quarter and MNOK 17.5 during the year. Current receivables are decreased by MNOK 4.7 in the quarter and MNOK 9.4 during the year. Current liabilities are increased by MNOK 3.2 in Q4 and decreased by MNOK 17.5

during the year. Total working capital is thus decreased by MNOK 15.9 in the quarter and MNOK 9.4 during the year.

Net interest bearing debt is decreased by MNOK 46.7 to MNOK 73.1 during the quarter and MNOK 68.6 during the year. Of this decrease, MNOK 11.9 is reduction of the NOK value of loans denominated in euro, recorded as net investment hedge against the investment in Lerc.

Total balance sheet at end of December was MNOK 323.9, and the equity ratio was 45.2% (30.6%). Group liquidity remains satisfactory.

The Group fulfils financial covenants related to external financing.

### **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 the strategy for future growth, several products are in the phase of being tested and/or launched.

Among these are;

- Jamming antennas
- New telescopic mast range
- HF antenna for navy applications
- Various antenna control systems (ACS)

### **OUTLOOK**

The Board is very satisfied with the Q4 financial results, especially within the main business area antennas.

The Board expects that Comrod will continue to expand its business within the global defence communication market. However, activity fluctuations are expected from quarter to quarter also in 2010.

Comrod Communication Group - Condensed interim financial information

4th quarter		(All figures in NOK 1.000)	Year	
2009	2008	CONSOLIDATED INCOME STATEMENT	2009	2008
Unaudited	Unaudited		Unaudited	Audited
79 319	107 493	Operating revenues	344 183	368 631
27 250	43 264	Cost of materials	127 330	143 700
28 891	37 608	Payroll expenses	115 221	128 161
7 317	11 825	Other operating expenses	45 589	52 417
<b>15 861</b>	<b>14 796</b>	<b>Operating profit before depreciation (EBITDA)</b>	<b>56 044</b>	<b>44 353</b>
20,0 %	13,8 %	<i>EBITDA-margin</i>	16,3 %	12,0 %
3 985	3 777	Depreciation	28 088	13 610
<b>11 876</b>	<b>11 019</b>	<b>Operating profit (EBIT)</b>	<b>27 956</b>	<b>30 743</b>
15,0 %	10,3 %	<i>EBIT-margin</i>	8,1 %	8,3 %
-1 062	-7 446	Net financial items	3 500	-15 682
10 814	3 574	Profit/loss before tax	31 456	15 061
-4 114	-619	Tax	-10 645	-4 604
<b>6 700</b>	<b>2 954</b>	<b>Profit/(loss)</b>	<b>20 812</b>	<b>10 457</b>
Attributable to:				
6 850	3 051	Equity holders of the parent	21 769	10 812
-150	-97	Minority interests	-957	-355

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
2009	2008		
Unaudited	Unaudited		
<b>6 700</b>	<b>2 954</b>	<b>Profit/(loss)</b>	<b>20 812</b>
-3 170	1 624	Change in actuarial gain/(loss) (Net of tax)	-3 170
818	-9 596	Change in gain/(loss) on hedge of net investment (Net of tax)	9 879
0	74	Change in gain/(loss) on cash flow hedges (Net of tax)	0
-1 828	18 781	Exchange differences on translation of foreign operations	-19 851
<b>-4 180</b>	<b>10 883</b>	<b>Other comprehensive income/(loss) for the period (Net of tax)</b>	<b>-13 142</b>
<b>2 520</b>	<b>13 837</b>	<b>Total comprehensive income/(loss) for the period (Net of tax)</b>	<b>7 670</b>
Attributable to:			
2 670	13 934	Equity holders of the parent	8 627
-150	-97	Minority interests	-957

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Intangible assets	75 392	90 362
Tangible fixed assets	82 101	85 652
Financial fixed assets	0	74
Inventories	53 522	71 040
Receivables	92 998	102 382
Bank deposits and cash	19 874	8 981
<b>Total assets</b>	<b>323 887</b>	<b>358 492</b>
Paid-in capital	99 228	70 216
Other equity	47 179	39 510
Minority interests	0	0
Provisions	20 845	16 914
Interest-bearing long-term liabilities	72 336	94 124
Interest-bearing current liabilities	20 682	56 568
Other current liabilities	63 616	81 161
<b>Total liabilities and equity</b>	<b>323 887</b>	<b>358 492</b>

CONSOLIDATED STATEMENT OF CASH FLOW

Profit before tax	31 456	15 061
Depreciation and write-downs	28 088	13 610
Other Non cash elements	4 106	16 451
Change in net working capital	-9 954	3 346
<b>Net cash flow from operating activities</b>	<b>53 696</b>	<b>48 468</b>
Net cash flow from investment activities	-23 624	-27 846
Net cash flow from financing activities	-19 179	-20 954
<b>Net change in cash and cash equivalents</b>	<b>10 893</b>	<b>-333</b>
Cash and cash equivalents at start of period	8 981	9 314
<b>Cash and cash equivalents at end of period</b>	<b>19 874</b>	<b>8 981</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity at start of period	109 725	95 045
Profit/loss in period	20 812	10 457
Other comprehensive income/(loss)	-13 142	13 917
Share based payment	96	306
Capital increase (Net of tax)	28 916	0
Dividends paid	0	-10 000
<b>Equity at end of period</b>	<b>146 406</b>	<b>109 725</b>

KEY FIGURES

Equity ratio	45,2 %	30,6 %
Liquidity ratio I	2,0	1,3
Return on equity (annualised)	16,3 %	10,2 %
Total return (annualised)	7,5 %	5,8 %
Earnings per share	1,06	0,62
Diluted earnings per share	1,06	0,62
Cash flow from operations per share	2,75	2,86
Equity per share	7,49	6,48
Net interest-bearing liabilities	73 144	141 711

## Comrod Communication Group - Condensed interim financial information

4th quarter		(All figures in NOK 1.000)		Year	
2009	2008	INFORMATION ON OPERATING SEGMENTS		2009	2008
Unaudited	Unaudited			Unaudited	Audited
		<b>Antennas:</b>			
57 206	69 568	Operating revenues		249 432	259 601
15 259	11 830	Operating profit before depreciation (EBITDA)		53 031	41 687
26,7 %	17,0 %	<i>EBITDA-margin</i>		21,3 %	16,1 %
13 159	10 180	Operating profit (EBIT)		44 763	35 389
23,0 %	14,6 %	<i>EBIT-margin</i>		17,9 %	13,6 %
		<b>Mast:</b>			
15 981	19 127	Operating revenues		53 227	64 650
3 212	4 774	Operating profit before depreciation (EBITDA)		8 372	12 319
20,1 %	25,0 %	<i>EBITDA-margin</i>		15,7 %	19,1 %
1 898	4 018	Operating profit (EBIT)		4 881	9 531
11,9 %	21,0 %	<i>EBIT-margin</i>		9,2 %	14,7 %
		<b>Industrial Products:</b>			
5 107	10 290	Operating revenues		27 293	29 277
309	430	Operating profit before depreciation (EBITDA)		2 359	1 320
6,0 %	4,2 %	<i>EBITDA-margin</i>		8,6 %	4,5 %
275	-276	Operating profit (EBIT)		152	-1 173
5,4 %	-2,7 %	<i>EBIT-margin</i>		0,6 %	-4,0 %
		<b>Power Supply:</b>			
1 284	8 763	Operating revenues		14 659	18 062
-511	28	Operating profit before depreciation (EBITDA)		1 174	1 067
-39,8 %	0,3 %	<i>EBITDA-margin</i>		8,0 %	5,9 %
-1 042	-442	Operating profit (EBIT)		-945	-693
-81,2 %	-5,0 %	<i>EBIT-margin</i>		-6,4 %	-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

#### NOTE 1: REPORTING ENTITY

Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 31st December 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.