FIRST HALF AND SECOND QUARTER 2010

REACHING FURTHER THROUGH PEOPLE AND INNOVATION

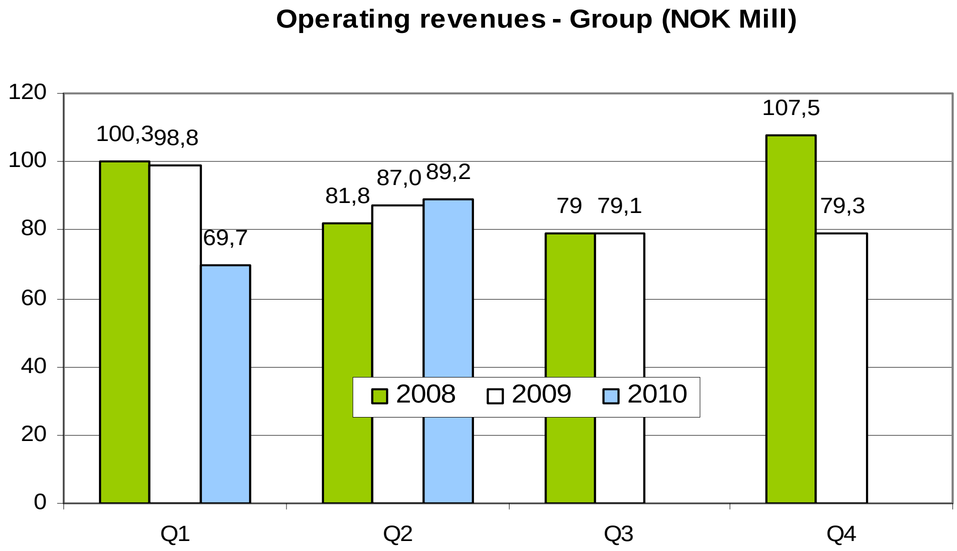
COMROD

COMROD COMMUNICATION GROUP

REPORT FOR FIRST HALF AND SECOND QUARTER OF 2010

Highlights since Q1 reporting:

- Improved revenue from Q1 and best ever EBIT margin
- Strong development in both operating business units
- Changes in segment reporting structure
- Received new order for the Middle East



In the first half of 2010, Comrod Communication Group maintained its position in its niche global markets. As expected, Q2 came in stronger then Q1 and delivered the best ever EBIT margin.

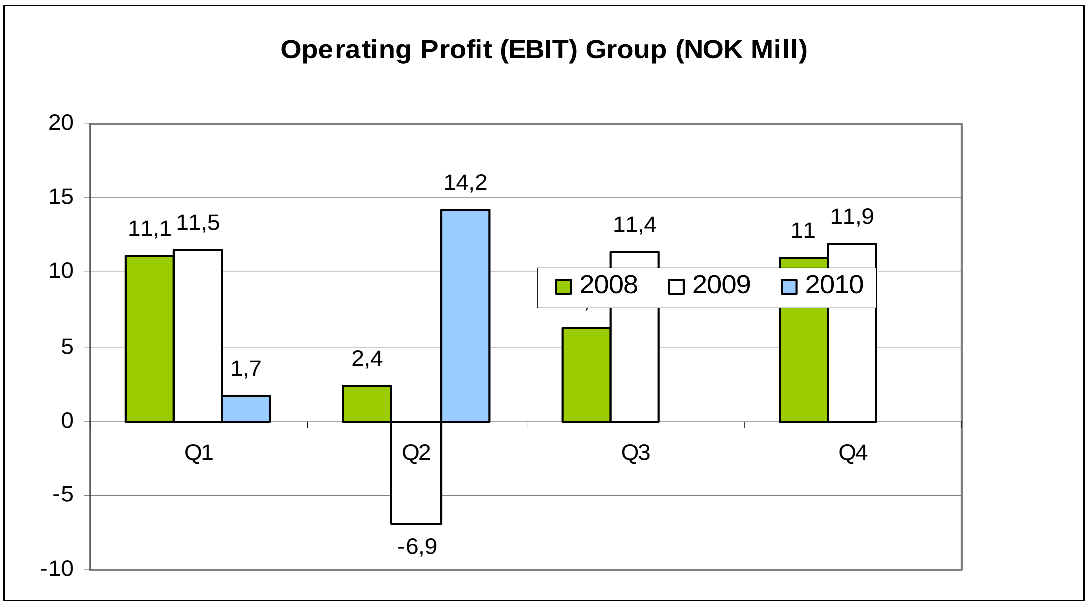
Main market drivers are the new strategies for defence customers, with high mobility forces and increasing use of advanced information technology equipment. This, combined with the introduction of several new products to the market, indicates that the Group is well positioned to meet the demanding customer requirements.

During the first half of the year, the company received two new strategic orders: one from the Middle East, which is becoming an important region for the Group. The second is for the brand new point-to-point Band IV antenna. This product is suitable for both the retrofit market and new international programs.

The unique HF loop antenna is now fully tested and qualified. The Company expects this core product to make a positive contribution in the future.

As per Q2 2010, the newly elected Board of Directors decided to amend the composition of the Group's segments with the objective to obtain full focus on the Group's operational business units. From Q2 2010, the reported segment information will consist of the units in Norway and France. Figures for corresponding periods have been restated accordingly.

Revenues for first half of 2010 were MNOK 158.9 compared with MNOK 185.8 in 2009. (Figures for corresponding period of 2009 are shown in parentheses). Revenues for Q2 2010 totalled MNOK 89.2 (MNOK 87.0).

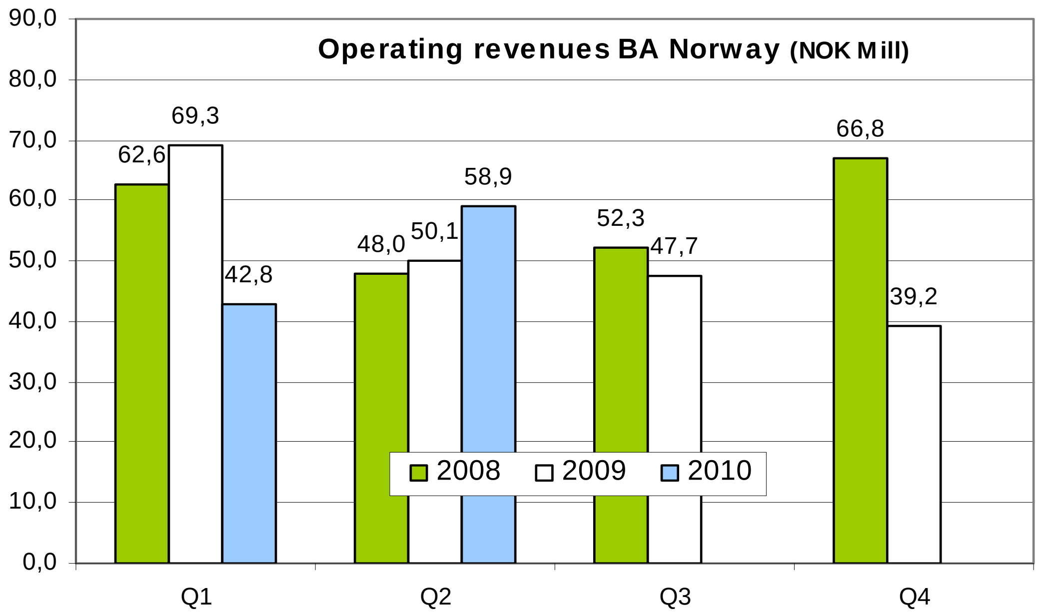


Operating profit (EBIT) in Q2 2010 was MNOK 14.2 (minus MNOK 6.9). Non-recurring items aggregating MNOK 12 due to writing off Unmanned Systems Norway AS negatively affected last year's Q2 EBIT.
Operating profit (EBIT) for first half of 2010 amounted to MNOK 15.9 (MNOK 4.7).

The revenue and EBIT-margin for the first half reflects the fluctuations in delivery schedules between the different quarters.

OPERATING BUSINESS UNITS

BUSINESS UNIT NORWAY



Sales and market
Revenues for first half of 2010 totalled MNOK 101.7 (MNOK 119.4).
Revenues for Q2 2010 totalled MNOK 58.9 (MNOK 50.1).

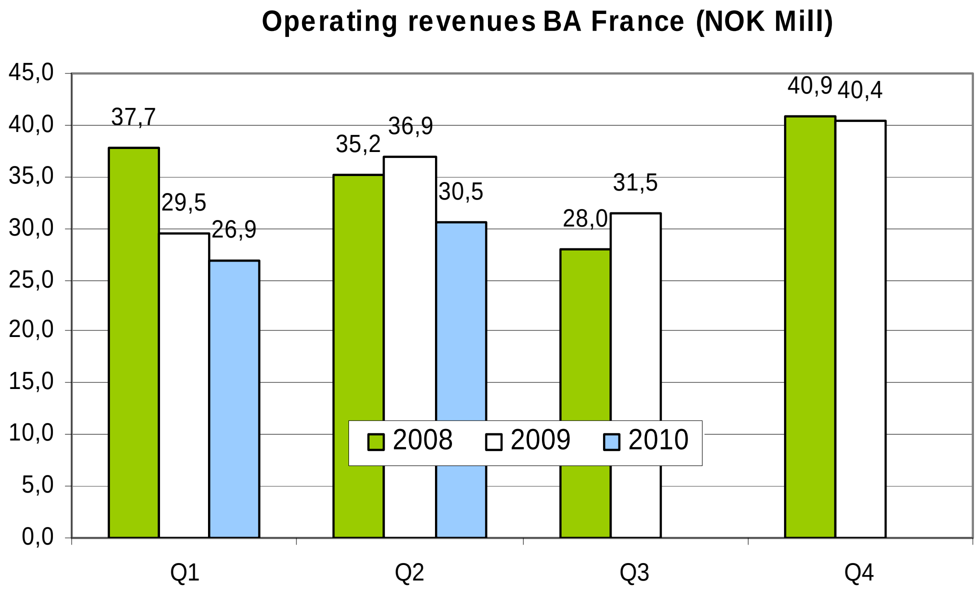
The Norwegian business unit continues its solid performance in both revenues and EBIT.
In Q2 2010, the company received a new order from the Middle East.

The new type of ComPact power supply continues to generate enquires and the initial market feedback is positive.

Production and results
Operating profit (EBIT) for the first half of 2010 amounted to MNOK 13.5 (MNOK 19.7). EBIT-margin was 13.3 % (16.5 %). EBIT for Q2 2010 was MNOK 8.8 (MNOK 6.2).

The new production facilities at Tau are planned to be completed during the second half of 2010.

BUSINESS UNIT FRANCE



Sales and market
Revenues for the first half of 2010 totalled MNOK 57.4 (MNOK 66.4).
Revenues for Q2 2010 totalled MNOK 30.5 (MNOK 36.9).

The business unit received its first strategic order for the new Band IV antenna.

The lower level of revenues compared with 2009, are due to the termination of the insulator product activities.

Production and results
Operating profit (EBIT) for first half of 2010 amounted to MNOK 6.5 (MNOK 3.4). EBIT-margin was 11.4 % (5.1 %). EBIT for Q2 2010 amounted to MNOK 6.7 (MNOK 2.5).

The high EBIT for Q2 2010 is the result of a favourable product mix.

OTHER UNITS AND ELIMINATIONS

This includes the cost of the parent company Comrod Communication ASA, Comrod UK, Comrod Hungary and group eliminations.
Operating profit (EBIT) for the first half of 2010 was minus MNOK 4.1 (minus MNOK 18.4). The high negative amount last year was due to writing off Unmanned Systems Norway AS in the amount of MNOK 12.

PARENT COMPANY
The operating costs of the parent company amounted to MNOK 3.7 (MNOK 4.9) for the first half year of 2010 and MNOK 1.8 (MNOK 2.4) for Q2.

GROUP
Net finance items for first half of 2010 are minus MNOK 6.4 (MNOK +3.5) and for Q2 2010 minus MNOK 4.8 (MNOK +1.2).

Inventories are MNOK 1.4 higher than at the beginning of the quarter. Current receivables have increased by MNOK 13.9 and current payables have increased by MNOK 1.1 in the quarter. Compared with end of June 2009, the inventories have been reduced by 19.9%. At end of June 2010, the total working capital was 1.1% higher than at the end of June 2009.

At the end of June 2010, total assets were MNOK 332.9 (MNOK 331.3) and the equity ratio was 45.1 % (33.3%). Group liquidity remains strong.

The Group fulfils financial covenants related to external financing.

Cash flow from operations was MNOK 1.3 for the first half of 2010 (MNOK 16.7). The reduction from 2009 is due to a slow start in Q1 and a strong Q2, with a high amount invoiced towards the end of the period. Also 2009 was affected with positive net financial items.

Research & Development
Comrod Communication Group has a long track record of developing new, cutting 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 launching. Among these are:

- The ComPact power supply family
- Various antenna control systems
- HF loop for navy applications

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 its 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 the Board of Director report in the 2009 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 related to the main shareholders. For further information about "Transactions with related parties", we refer to Note 28 to the Annual Report 2009. There are no significant other related party transactions in 2010.

OUTLOOK

As expected, the financial results of Q2 2010 came in stronger than Q1 and the Board is satisfied with the development in both operating business units. Comrod has experienced a slightly increased activity in its main markets; however, continued volatility in the market must be recognized. The outlook for the second half of the year is considered to be satisfactory.

Comrod Communication Group - Condensed interim financial information

2nd quarter		(All figures in NOK 1.000)	1st half year		Year
2010	2009	**CONSOLIDATED INCOME STATEMENT**	2010	2009	2009
Unaudited	Unaudited		Unaudited	Unaudited	Audited
89 231	87 027	Operating revenues	158 907	185 793	344 183
30 167	36 103	Cost of materials	53 355	71 383	127 330
28 661	30 265	Payroll expenses	58 228	62 743	115 221
11 895	11 347	Other operating expenses	23 272	26 649	45 589
18 508	**9 312**	**Operating profit before depreciation (EBITDA)**	**24 052**	**25 019**	**56 044**
20,7 %	*10,7 %*	*EBITDA-margin*	*15,1 %*	*13,5 %*	*16,3 %*
4 290	16 192	Depreciation	8 160	20 353	28 088
14 218	**-6 880**	**Operating profit (EBIT)**	**15 892**	**4 665**	**27 956**
15,9 %	*-7,9 %*	*EBIT-margin*	*10,0 %*	*2,5 %*	*8,1 %*
-4 837	1 206	Net financial items	-6 442	3 471	3 500
9 381	-5 674	Profit/loss before tax	9 450	8 136	31 456
-2 921	1 543	Tax	-3 255	-2 409	-10 645
6 460	**-4 130**	**Profit/(loss)**	**6 195**	**5 727**	**20 812**
		Attributable to:			
6 460	-4 130	Equity holders of the parent	6 195	5 727	20 812
0	0	Non-controlling interests	0	0	0

		CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
6 460	**-4 130**	**Profit/(loss)**	**6 195**	**5 727**	**20 812**
0	0	Change in actuarial gain/(loss) (Net of tax)	0	0	-3 170
314	-814	Change in gain/(loss) on hedge of net investment (Net of tax)	1 886	4 815	9 879
0	0	Change in gain/(loss) on cash flow hedges (Net of tax)	0	0	0
-676	1 670	Exchange differences on translation of foreign operations	-4 387	-10 030	-19 851
-362	**856**	**Other comprehensive income/(loss) for the period (Net of tax)**	**-2 501**	**-5 215**	**-13 142**
6 098	**-3 274**	**Total comprehensive income/(loss) for the period (Net of tax)**	**3 694**	**512**	**7 670**
		Attributable to:			
6 098	-3 274	Equity holders of the parent	3 694	512	7 670
0	0	Non-controlling interests	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Intangible assets	75 379	75 971	75 392
Tangible fixed assets	77 165	89 074	82 101
Financial fixed assets	0	0	0
Inventories	57 335	71 600	53 522
Receivables	100 948	89 145	92 998
Bank deposits and cash	22 060	5 547	19 874
Total assets	**332 887**	**331 337**	**323 887**
Paid-in capital	99 251	70 278	99 228
Other equity	50 874	40 021	47 179
Non-controlling interests	0	0	0
Provisions	21 749	18 127	20 845
Interest-bearing long-term liabilities	70 792	79 824	72 336
Interest-bearing current liabilities	27 662	57 019	20 682
Other current liabilities	62 559	66 068	63 616
Total liabilities and equity	**332 887**	**331 337**	**323 887**

CONSOLIDATED STATEMENT OF CASH FLOW			
Profit before tax	9 450	8 136	31 456
Depreciation and write-downs	8 160	20 353	28 088
Other Non cash elements	-29	-3 549	4 106
Change in net working capital	-16 249	-8 274	-9 954
Net cash flow from operating activities	**1 333**	**16 668**	**53 696**
Net cash flow from investment activities	-6 121	-16 925	-23 624
Net cash flow from financing activities	6 974	-3 177	-19 179
Net change in cash and cash equivalents	**2 186**	**-3 434**	**10 893**
Cash and cash equivalents at start of period	19 874	8 981	8 981
Cash and cash equivalents at end of period	**22 060**	**5 547**	**19 874**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
Equity at start of period	146 407	109 725	109 725
Profit/loss in period	6 195	5 727	20 812
Other comprehensive income/(loss)	-2 501	-5 215	-13 142
Share based payment	23	62	96
Capital increase (Net of tax)	0	0	28 916
Dividends paid	0	0	0
Equity at end of period	**150 124**	**110 299**	**146 407**

KEY FIGURES			
Equity ratio	45,1 %	33,3 %	45,2 %
Liquidity ratio I	2,0	1,4	2,0
Return on equity (annualised)	8,4 %	10,4 %	16,3 %
Total return (annualised)	4,7 %	4,9 %	7,5 %
Earnings per share	0,32	0,34	1,21
Diluted earnings per share	0,32	0,34	1,21
Cash flow from operations per share	0,07	0,98	3,13
Equity per share	7,68	6,51	8,53
Net interest-bearing liabilities	76 394	131 296	73 144

Comrod Communication Group - Condensed interim financial information

2nd quarter 2010 Unaudited	2nd quarter 2009 Unaudited	(All figures in NOK 1.000) INFORMATION ON BUSINESS OPERATING UNITS	1st half year 2010 Unaudited	1st half year 2009 Unaudited	Year 2009 Audited
		France:			
30 510	36 908	Operating revenues	57 443	66 424	138 262
7 756	3 875	Operating profit before depreciation (EBITDA)	8 725	6 020	22 323
25,4 %	*10,5 %*	*EBITDA-margin*	*15,2 %*	*9,1 %*	*16,1 %*
6 672	2 546	Operating profit (EBIT)	6 531	3 363	17 659
21,9 %	*6,9 %*	*EBIT-margin*	*11,4 %*	*5,1 %*	*12,8 %*
6 561	2 389	Pretax income	6 330	3 037	17 058
		Norway:			
58 883	50 143	Operating revenues	101 714	119 426	206 348
11 108	8 049	Operating profit before depreciation (EBITDA)	17 646	23 402	41 165
18,9 %	*16,1 %*	*EBITDA-margin*	*17,3 %*	*19,6 %*	*19,9 %*
8 803	6 163	Operating profit (EBIT)	13 503	19 685	33 675
15,0 %	*12,3 %*	*EBIT-margin*	*13,3 %*	*16,5 %*	*16,3 %*
5 056	6 838	Pretax income	8 967	25 246	42 414
		Other, adjustments and eliminations:			
-161	-24	Operating revenues	-249	-57	-427
-356	-2 612	Operating profit before depreciation (EBITDA)	-2 319	-4 402	-7 444
-1 257	-15 589	Operating profit (EBIT)	-4 142	-18 382	-23 379
-2 235	-14 901	Pretax income	-5 846	-20 147	-28 016
		Group:			
89 231	87 027	Operating revenues	158 907	185 793	344 183
18 508	9 312	Operating profit before depreciation (EBITDA)	24 052	25 019	56 044
20,7 %	*10,7 %*	*EBITDA-margin*	*15,1 %*	*13,5 %*	*16,3 %*
14 218	-6 880	Operating profit (EBIT)	15 892	4 666	27 956
15,9 %	*-7,9 %*	*EBIT-margin*	*10,0 %*	*2,5 %*	*8,1 %*
9 381	-5 674	Pretax income	9 450	8 136	31 456

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

NOTE 1: REPORTING ENTITY
Comrod Communication ASA is a company domiciled in Norway. The interim financial statements ending on 30 June 2010 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 2009. As per Q2 2010 the newly elected Board of Directors decided to amend the composition of the Groups segments with the objective to obtain full focus on the Groups operational units. From Q2 2010, the reported segment information will consist of the operating units in Norway and France. The segment category Other, adjustments and eliminations includes the parent company Comrod Communication ASA, Comrod UK, Comrod Hungary and group eliminations. Figures for corresponding periods have been restated accordingly. 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 2009 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 2009.

RESPONSIBILITY STATEMENT
We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2010 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.

Tananger, 19. August 2010

Sturla Sand Sign Chairman of the Board	Merete Haugli Sign Vice-chairman of the Board	Alf C. Thorkildsen Sign Member of the Board
Merete Alnes Mostue Sign Member of the Board	Morten Bjørnsen Sign Member of the Board	Niklas Hermansson Sign Group President & CEO