



## FIRST QUARTER 2010

REACHING FURTHER THROUGH PEOPLE AND INNOVATION



## REPORT FOR FIRST QUARTER OF 2010

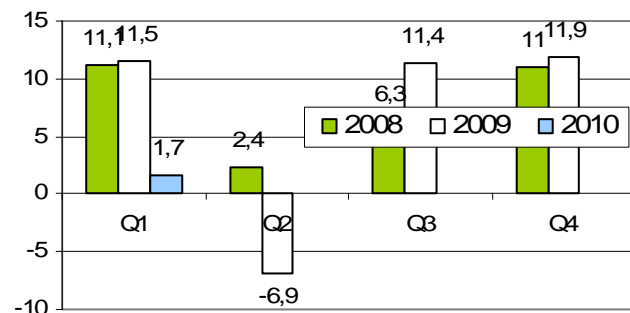
Highlights since Q4 reporting:

- Strategic first order for the new Band IV antenna
- Comrod AS receives order for delivery to the Middle East
- Lower revenues but still positive EBIT
- New Corporate Board elected

Operating revenues - Group (NOK Mill)



Operating Profit (EBIT) Group (NOK Mill)



## THE GROUP

Comrod Communication Group's revenues had, as expected, a slow start in Q1 2010. The financial performance was not satisfactory in Q1. However, the results are as expected. Timing of contracts and delays of orders caused a weak Q1, but activity has spilled over to Q2 and the Group expects the first 6 months to be in line with previous expectations. Despite low revenue in Q1, all business areas returned positive EBIT-figures..

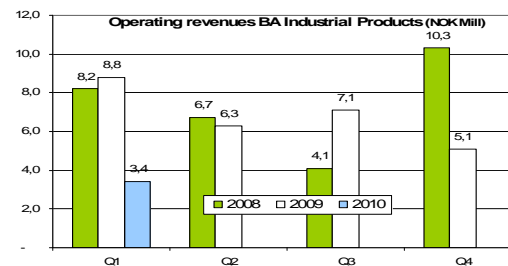
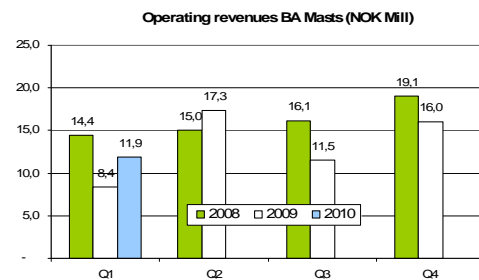
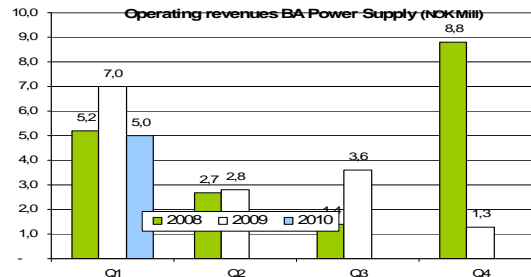
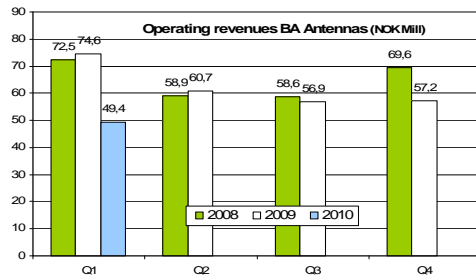
During the quarter, the company experienced an increased level of activities within its business areas. In the same period, Comrod received its first strategic order for the brand new point-to-point Band IV antenna. This is yet another confirmation of the importance of having full focus on Research & Development for future-oriented products and market expectations.

Revenues in Q1 2010 were MNOK 69.7 (MNOK 98.8). (Figures for the corresponding period in 2009 are shown in brackets).

Operating profit (EBIT) for Q1 2010 was MNOK 1.7 (MNOK 11.5).

The financial results confirm that the Group has the necessary efficiency and flexibility to achieve positive contributions even at lower revenue levels.

## BUSINESS AREAS



## ANTENNAS

### Sales and market

Revenues in Q1 2010 were MNOK 49.4 (MNOK 74.6) which is substantially lower than in recent periods.

In Q1 2010, Comrod in Norway received an order from the Middle East. This region is becoming increasingly important for the Group.

### Production and results

Operating Profit (EBIT) for Q1 2010 was MNOK 3.2 (MNOK 13.8). The low operating profit compared with the corresponding period in 2009 was due to lower revenues.

Comrod experiences a high level of market activity and expects the revenue level to recover already in the next quarter.

## MASTS

### Sales and market

Revenues for Q1 2010 were MNOK 11.9 (MNOK 8.4).

During Q1 2010, the business area continued the development of the new IDTM Telescopic mast series, which is expected to be completed in Q2/Q3 2010.

### Production and results

Operating profit (EBIT) for Q1 2010 was MNOK 0.2 (minus MNOK 0.6).

## INDUSTRIAL PRODUCTS

### **Sales and market**

Revenues in Q1 2010 were MNOK 3.4 (MNOK 8.8). The lower level of revenues, compared with 2009, is due to terminating the activities for insulator products.

### **Production and results**

Operating profit (EBIT) for Q1 2010 was MNOK 0.3 (MNOK 0.2).

## POWER SUPPLY

### **Sales and market**

Revenues in Q1 2010 were MNOK 5.0 (MNOK 7.0).

After launching the power supply type ComPact 2400 AC/DC, the market has responded positively, generating several new enquiries.

### **Production and results**

Operating profit EBIT for Q1 2010 was MNOK 0.1 (MNOK 0.9).

## PARENT COMPANY

The parent company's operating costs amounted to MNOK 1.9 (MNOK 2.5).

## GROUP

Total assets at the end of March 2010 amounted to MNOK 326.1 (MNOK 339.8), and the equity ratio was 44.2% (33.4%). Group liquidity remains strong.

The Group fulfils financial covenants related to external financing.

## OUTLOOK

Q1 is not financially at an acceptable level, but the Board of Directors recognizes the volatility of Comrods market and feels confident that Q2 will compensate for a weak Q1. The activities in both existing and new markets are increasing and the receipt of Comrods products is encouraging.

## Comrod Communication Group - Condensed interim financial information

(All figures in NOK 1,000)

CONSOLIDATED INCOME STATEMENT	Q1 2010	Q1 2009	Year
	Unaudited	Unaudited	2009 Audited
Operating revenues	69 676	98 766	344 183
Cost of materials	23 188	35 279	127 330
Payroll expenses	29 567	32 478	115 221
Other operating expenses	11 377	15 302	45 589
<b>Operating profit before depreciation (EBITDA)</b>	<b>5 544</b>	<b>15 707</b>	<b>56 044</b>
<i>EBITDA-margin</i>	<i>8,0 %</i>	<i>15,9 %</i>	<i>16,3 %</i>
Depreciation	3 871	4 161	28 088
<b>Operating profit (EBIT)</b>	<b>1 674</b>	<b>11 546</b>	<b>27 956</b>
<i>EBIT-margin</i>	<i>2,4 %</i>	<i>11,7 %</i>	<i>8,1 %</i>
Net financial items	-1 605	2 264	3 500
Profit/loss before tax	69	13 810	31 456
Tax	-334	-3 953	-10 645
<b>Profit/(loss)</b>	<b>-264</b>	<b>9 858</b>	<b>20 812</b>
Attributable to:			
Equity holders of the parent	-264	9 858	20 812
Non-controlling interests	0	0	0

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Profit/(loss)</b>	<b>-264</b>	<b>9 858</b>	<b>20 812</b>
Change in actuarial gain/(loss) (Net of tax)	0	0	-3 170
Change in gain/(loss) on hedge of net investment (Net of tax)	1 572	5 629	9 879
Change in gain/(loss) on cash flow hedges (Net of tax)	0	0	0
Exchange differences on translation of foreign operations	-3 712	-11 700	-19 851
<b>Other comprehensive income/(loss) for the period (Net of tax)</b>	<b>-2 139</b>	<b>-6 071</b>	<b>-13 142</b>
<b>Total comprehensive income/(loss) for the period (Net of tax)</b>	<b>-2 403</b>	<b>3 787</b>	<b>7 670</b>
Attributable to:			
Equity holders of the parent	-2 403	3 787	7 670
Non-controlling interests	0	0	0

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Intangible assets	74 328	85 632	75 392
Tangible fixed assets	79 609	85 609	82 101
Financial fixed assets	0	67	0
Inventories	55 918	76 248	53 522
Receivables	87 080	90 728	92 998
Bank deposits and cash	29 131	1 528	19 874
<b>Total assets</b>	<b>326 065</b>	<b>339 813</b>	<b>323 887</b>
Paid-in capital	99 245	70 254	99 228
Other equity	44 776	43 495	47 179
Non-controlling interests	0	-199	0
Provisions	20 457	20 358	20 845
Interest-bearing long-term liabilities	77 225	84 302	72 336
Interest-bearing current liabilities	22 946	38 060	20 682
Other current liabilities	61 416	83 543	63 616
<b>Total liabilities and equity</b>	<b>326 065</b>	<b>339 813</b>	<b>323 887</b>

### CONSOLIDATED STATEMENT OF CASH FLOW

Profit before tax	69	13 810	31 456
Depreciation and write-downs	3 871	4 161	28 088
Other Non cash elements	-514	-2 694	4 106
Change in net working capital	-242	3 093	-9 954
<b>Net cash flow from operating activities</b>	<b>3 184</b>	<b>18 371</b>	<b>53 696</b>
Net cash flow from investment activities	-2 889	-8 124	-23 624
Net cash flow from financing activities	8 962	-17 700	-19 179
<b>Net change in cash and cash equivalents</b>	<b>9 256</b>	<b>-7 453</b>	<b>10 893</b>
Cash and cash equivalents at start of period	19 874	8 981	8 981
<b>Cash and cash equivalents at end of period</b>	<b>29 130</b>	<b>1 528</b>	<b>19 874</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity at start of period	146 407	109 725	109 725
Profit/loss in period	-264	9 858	20 812
Other comprehensive income/(loss)	-2 139	-6 071	-13 142
Share based payment	17	38	96
Capital increase (Net of tax)	0	0	28 916
Dividends paid	0	0	0
<b>Equity at end of period</b>	<b>144 020</b>	<b>113 550</b>	<b>146 407</b>

### KEY FIGURES

Equity ratio	44,2 %	33,4 %	45,2 %
Liquidity ratio I	2,0	1,4	2,0
Return on equity (annualised)	-0,7 %	35,3 %	16,3 %
Total return (annualised)	0,5 %	12,9 %	7,5 %
Earnings per share	-0,01	0,58	1,21
Diluted earnings per share	-0,01	0,58	1,21
Cash flow from operations per share	0,16	1,08	3,13
Equity per share	7,37	6,70	8,53
Net interest-bearing liabilities	71 040	120 834	73 144

## Comrod Communication Group - Condensed interim financial information

(All figures in NOK 1.000)

INFORMATION ON OPERATING SEGMENTS		Q1 2010 Unaudited	Q1 2009 Unaudited	Year 2009 Audited
<b>Antennas:</b>				
	Operating revenues	49 405	74 613	249 432
	Operating profit before depreciation (EBITDA)	5 478	15 871	53 031
	<i>EBITDA-margin</i>	11,1 %	21,3 %	21,3 %
	Operating profit (EBIT)	3 244	13 816	44 763
	<i>EBIT-margin</i>	6,6 %	18,5 %	17,9 %
<b>Mast:</b>				
	Operating revenues	11 936	8 448	53 227
	Operating profit before depreciation (EBITDA)	1 066	94	8 372
	<i>EBITDA-margin</i>	8,9 %	1,1 %	15,7 %
	Operating profit (EBIT)	208	-619	4 881
	<i>EBIT-margin</i>	1,7 %	-7,3 %	9,2 %
<b>Industrial Products:</b>				
	Operating revenues	3 379	8 787	27 293
	Operating profit before depreciation (EBITDA)	536	1 018	2 359
	<i>EBITDA-margin</i>	15,9 %	11,6 %	8,6 %
	Operating profit (EBIT)	293	165	152
	<i>EBIT-margin</i>	8,7 %	1,9 %	0,6 %
<b>Power Supply:</b>				
	Operating revenues	5 043	6 952	14 659
	Operating profit before depreciation (EBITDA)	654	1 427	1 174
	<i>EBITDA-margin</i>	13,0 %	20,5 %	8,0 %
	Operating profit (EBIT)	123	892	-945
	<i>EBIT-margin</i>	2,4 %	12,8 %	-6,4 %

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 31 March 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. 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.