Q1

Quarterly report

CEO Øyvind Isaksen and CFO Roar Østbø

First Quarter 2013

CEO CORNER

The first quarter was coloured by low revenues due to pending project decisions and continued low product sales. Results were further negatively affected by restructuring costs related to the launch of an extensive Profit Improvement Program.

As I have earlier pointed out, we mainly operate within Road User Charging (RUC) today. This is still an immature market, which on one hand means that there is a lot of untapped business potential but on the other hand implies political risk and dependency on large individual projects. This generates volatility in revenues and activity levels, as the development over the last few quarters clearly illustrates.

We are working along two main lines to improve our ability to handle the challenges this poses; Firstly, we will seek to broaden our revenue sources, and build new recurring revenue streams through expanding our activity within Advanced Transportation Management Systems (ATMS). This will over time generate new revenue streams and reduce risk. Secondly, we need to cost optimize the RUC business to improve our financial results and build robustness against the revenue fluctuations.

We have been working for some time now to identify how we best can cost optimize our RUC activities without jeopardising the company's unique position and growth potential. Our R&D investments have been high for several years, as we have developed a complete new offering within DSRC, Imaging and Systems. As a result, Q-Free can now offer products and solutions that few, if any, of our competitors can match. We can therefore afford to scale down our R&D activities from the level we have had for some years. New work processes and our new portfolio will also serve as a platform for cost optimizing our delivery process. Furthermore, we are converting fixed cost to variable cost and generally reduce administration cost.

When fully implemented, these actions will imply a reduction in annual costs and capital investment spending of NOK 60 million and significantly improve our financial robustness. This goes to show that we are ready to take the actions needed to improve the current situation, while protecting and developing our strong position in an exciting long-term mega trend.

Thanks to all customers, employees, partners and shareholders for your continued strong commitment to Q-Free.

– Our current results are unacceptable but improvement measures are being taken to cut costs while keeping our unique market position and growth potential intact.

Øyvind Isaksen
President and CEO

Highlights

- Revenues of NOK 138 million, a 14**%** increase compared to Q1-12
- EBITDA of NOK -12.8 million and operating profit (EBIT) of NOK -28.4 million before restructuring costs
- Launching extensive Profit Improvement Program, targeting reduction in annual cost and capital investment spending of NOK 60 million
- NOK 25 million accrual for restructuring costs
- EBITDA of NOK -37.8 million and operating profit (EBIT) of NOK -53.4 million including restructuring costs
- Pre-tax loss of NOK 55.3 million
- Cash position of NOK 327 million
- Order intake of NOK 89 million, mainly reflecting tag orders in Brazil and Chile
- Order backlog of NOK 385 million, of which NOK 221 million for delivery in 2013
- Awaiting start-up of major Electronic Law Enforcement (ELE) contract in Jakarta, which will significantly increase order backlog

NOK 1.000	Q1 2013	Q1 2012	Q/Q-%	2012
Revenues	138 047	120 760	14.3 %	597 532
Gross profit	86 323	77 637	11.2 %	370 442
Gross margin - %	62.5 %	64.3 %		62.0 %
Operating expenses	124 113	75 452		376 434
Operating profit - EBITDA	-37 791	2 185	n.m.	-5 991
EBITDA margin	-27.4 %	1.8 %		-1.0 %
Depreciation. amortisation and impairment	15 577	12 027		49 315
Operating profit - EBIT	-53 368	-9 842	n.m.	-55 306
EBIT margin	-38.7 %	-8.2 %		-9.3 %
Pretax profit	-55 269	-8 355	n.m.	-44 623
Profit margin	-40.0 %	-6.9 %	n.m.	-7.5 %
EPS	-0.62	-0.09	n.m.	-0.51

Comments to the financial statements

Income Statement

The Q-Free Group generated revenues of NOK 138 million in the first quarter 2013, an increase of 14% from the first quarter 2013 (121). This was a significant decline from the previous quarter (209), when revenue was boosted by the delivery of the Gothenburg congestion charging project.

Project revenues represent the main swing factor. These increased to NOK 45 million from NOK 21 million in the first quarter 2012. Product revenues declined to NOK 64 million from NOK 71 million, and service & maintenance revenues were stable at NOK 29 million (28).

Revenues in different business areas entail widely varying cost of goods, and changing revenue composition is the main explanation for a decline in gross margin to 62.5 % (64.3). Gross profit hence increased by 11 % to NOK 86.3 (77.5).

Operating expenses amounted to NOK 99.1 million (75.5), excluding a NOK 25 million accrual for restructuring costs. The increase from the first quarter 2012 mainly reflecting higher project activity, project ramp-up in Jakarta, and less capitalisation of technology projects. The cost level also reflects increased activity within the ATMS area, including the recently acquired TCS International. The fixed cost base was unchanged compared to the fourth quarter 2012.

Depreciation and amortisation were NOK 15.6 million (12.0), with the increase mainly reflecting start- up of depreciation of the single gantry solution, and amortisation of intangible assets from the acquisition of TCS International.

The current revenue level is insufficient to carry the current cost base, and Group operating profit declined to a negative NOK 28.4 million (-9.8) before restructuring costs. In response to this, Q-Free is launching an extensive Profit Improvement Program, targeting a reduction in annual costs and capitalised investment spending of NOK 60 million. The Income Statement for the first quarter has been charged with a provision of NOK 25 million to cover estimated restructuring costs, mainly relating to severance pay and other personnel related cost of NOK 18 million.

Operating profit (EBIT) was thus NOK -53.4 million in the first quarter 2013 (-9.8), and NOK -28.4 million excluding restructuring costs.

Net financial items amounted to a negative NOK 1.9 million in the first quarter, compared to a positive NOK 1.5 million in the fourth quarter 2011. The deviations mainly reflect currency fluctuations and effects of a decreased cash flow in the quarter.

Loss before tax was thus NOK 55.3 million in the first quarter, down from a loss of NOK 8.4 million in the first quarter 2012.

Earnings per share were NOK -0.77 in the first quarter, compared to NOK -0.09 in the first quarter 2012.

Cash flow

Net cash flow from operating activities was a negative NOK 23.0 million in the first quarter 2013 (-49.3), with the improvement mainly reflecting lower net working capital compared to the same period last year.

Net cash flow from investing activities was NOK -18.9 million in the first quarter (-9.7), of which NOK 7 million related to the acquisition of TCS international which was carried out in the fourth quarter 2012.

Net cash flow from financing activities was a slightly negative NOK 0.3 million (-0.6). Net change in cash was thus a negative NOK 42.2 million in the first quarter 2013 (-59.6), bringing the cash closing balance to NOK 327 million.

Balance sheet

Total assets stood at NOK 890 million at the end of the first quarter 2013 (861), a decline from NOK 942 million at the end of 2012.

The decline during the quarter mainly reflects lower working capital and cash holdings.

Equity stood at NOK 585 million (631), with the decline from NOK 631 million at the end of 2012 explained by the negative earnings. The equity ratio was 65.8% (73.4%), down from 67.0% at the end of last year.

Non-current liabilities were NOK 126 million (107), broadly unchanged from NOK 124 million at the end of 2012.

Current liabilities was NOK 178 million (122), down from NOK 187 million at the end of 2012.

Defined as current assets (excluding cash) less current liabilities, the net working capital amounted to NOK 50 million (109), corresponding to 8% of last 12 months revenues (17%). However, it should be noted that this number is positively influenced by the non-recurring accrual for restructuring of NOK 25 million. At the end of 2012, net working capital stood at NOK 64 million, or 11% of revenues in 2012.

Net interest bearing debt amounted to NOK 100 million at the end of the first quarter 2013 (100), the same amount as at the end of 2012.

The liquidity ratio was 3.1 at the end of the first quarter (5.0), compared to 3.3 at the end of last year.

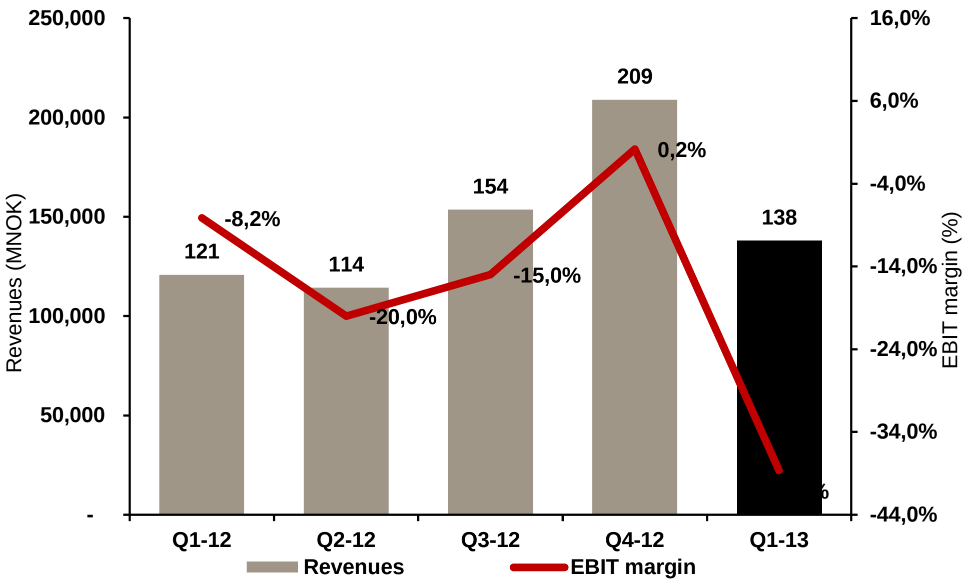
Order inflow and backlog

The Group's order backlog was NOK 387 million at the end of the first quarter (595), a decline of 12 % from the end of 2012. NOK 217 million (56%) of this is for delivery in 2013.

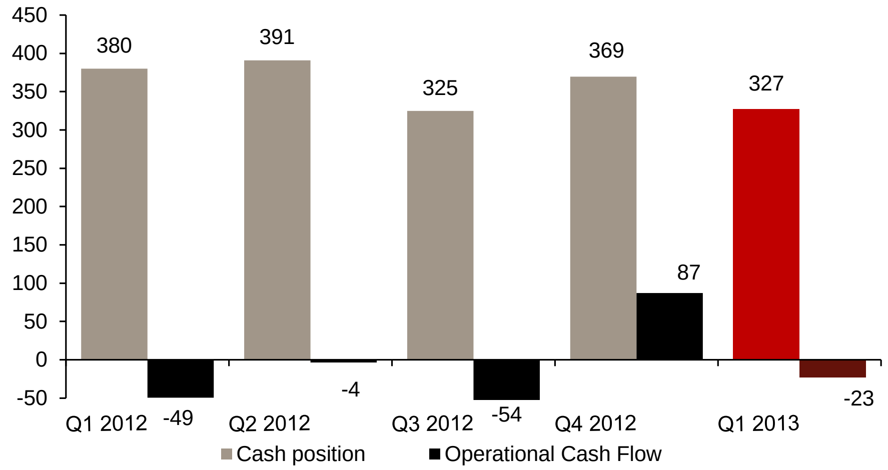
Order intake in the first quarter was NOK 89 million (254), mainly relating to tag orders in Brazil and Chile.

Graphs

REVENUES AND EBIT MARGIN QUARTERLY

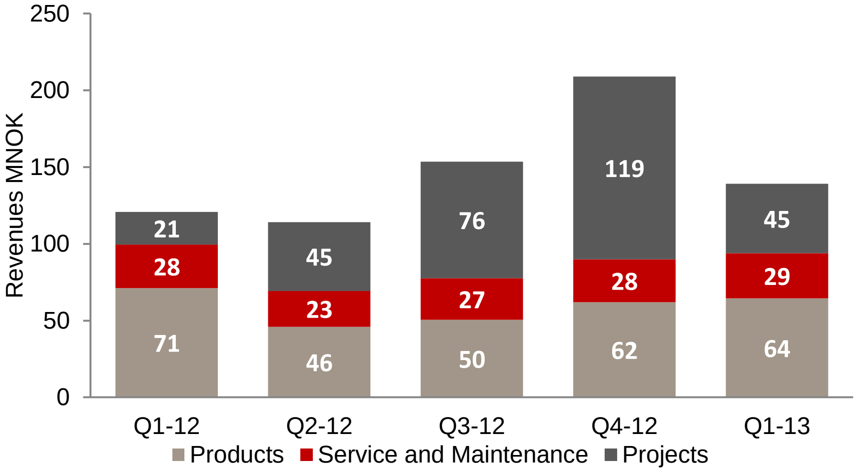


CASH FUNDS



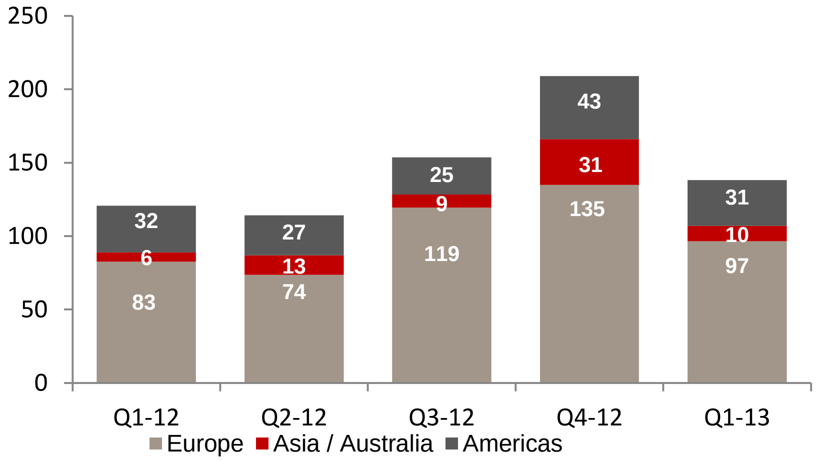
Graphs

REVENUES BUSINESS AREAS MNOK



MNOK	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13
Products	71	46	50	62	64
Service and Maintenance	28	23	27	28	29
Projects	21	45	76	119	45
TOTAL	**121**	**114**	**154**	**209**	**138**

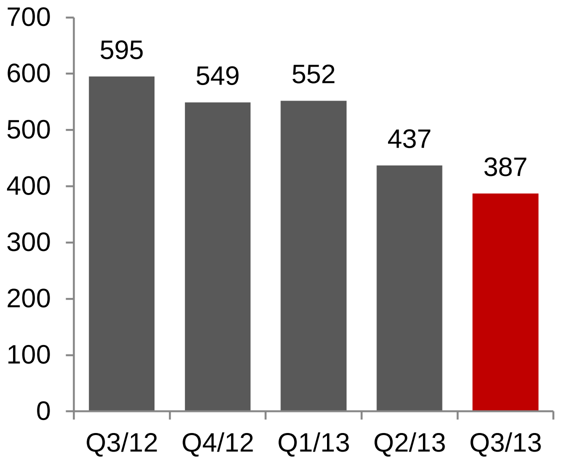
REVENUES GEOGRAPHICAL MNOK



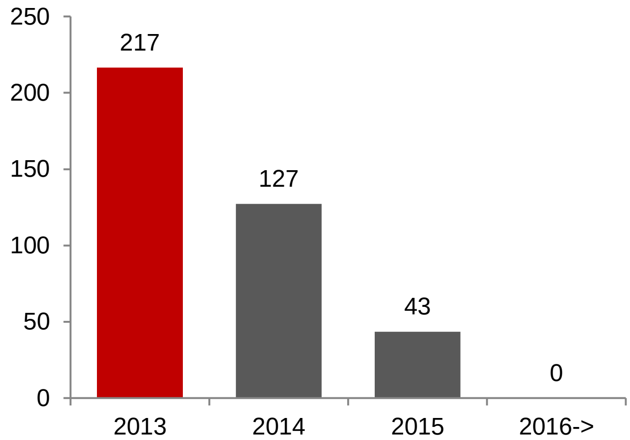
MNOK	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13
Europe	83	74	119	135	97
Asia / Australia	6	13	9	31	10
Americas	32	27	25	43	31
TOTAL	**121**	**114**	**154**	**209**	**138**

Graphs

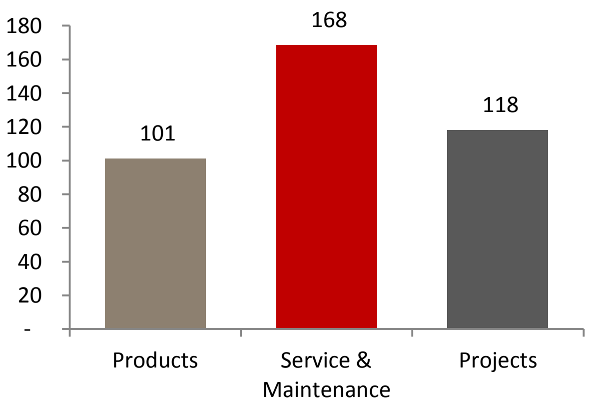
ORDER BACKLOG MNOK



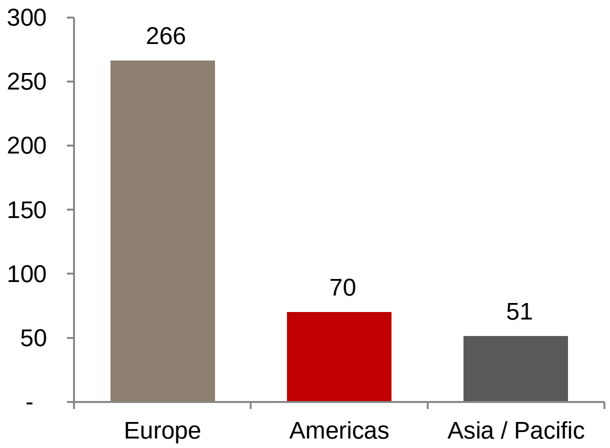
ORDER BACKLOG DISTRIBUTION MNOK



ORDER BACKLOG BUSINESS AREAS MNOK

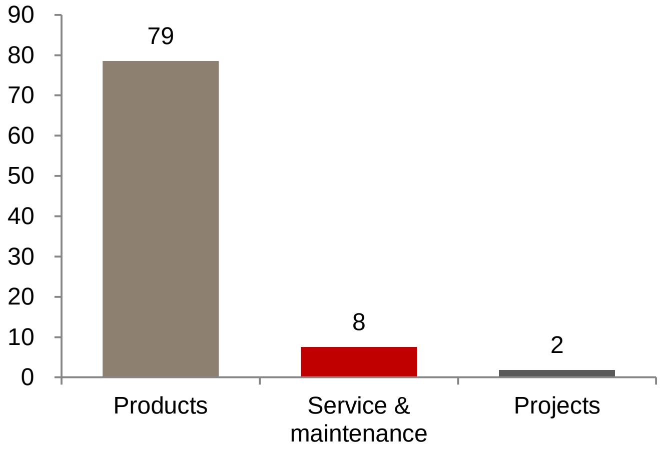


ORDER BACKLOG GEOGRAPHICAL MNOK

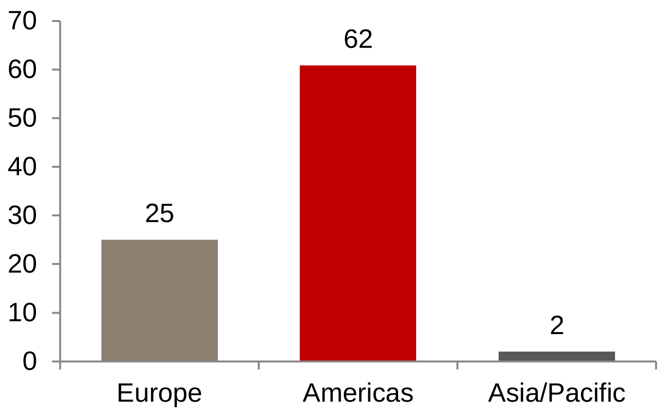


Graphs

ORDER INTAKE BUSINESS AREAS Q1-13



ORDER INTAKE GEOGRAPHICALLY Q1-13



Strategic developments

Q-Free's legacy business in Road User Charging (RUC) systems operates in an immature market. On one hand this means that this market offers a large untapped business potential but on the other hand implies a political risk, dependency on individual projects, and revenue volatility.

Q-Free remains confident in the large long-term potential in the RUC market but acknowledge the need to reduce risk and cut costs in the current market environment. Low and uncertain economic growth are creating project delays in several important markets, in particular in Europe.

Strategically, Q-Free addresses this challenge along two main axes - through cost optimization of the RUC business, and through the broadening of its business scope into Advanced Transportation Management Systems (ATMS).

The management and Board of Q-Free has developed and resolved an extensive profit improvement program, designed to reduce annual operating costs by NOK 40 million and the annual capital investment level by NOK 20 million.

NOK 22 million relates to reduced spending on technology development, following several years of high spending to establish the current state-of-the art product portfolio. NOK 24 million relates to cost optimization of operations both in Norway and internationally, enabled by new working processes, the company's new product portfolio and new assessments of in-house capacity versus outsourcing possibilities. Furthermore, general administration and support function costs will be reduced by NOK 14 million on a full-year basis. The restructuring process will affect in excess of 10% of the workforce, or approximately 30 employees.

When fully implemented, the profit improvement program will significantly lower revenue break-even and thereby reduce the financial risk associated with the currently inherent fluctuations in revenue from the RUC market. In designing the program, the company has taken care to avoid affecting future growth possibilities or execution capabilities with respect to existing projects or imminent major projects such as the Electronic Law Enforcement project in Jakarta.

The profit improvement program will have a gradually increasing effect through 2013 and 2014, with estimated cost savings of NOK 18 million and a NOK 20 million reduction of capital investments for the financial year 2013. The company has provided for restructuring costs of NOK 25 million, which has been accounted for in the income statement for the first quarter 2013.

The other improvement axis relates to the broadening of the business scope into the ATMS market. This will over time build new recurring revenue streams in a market with considerable market and technology synergies with the RUC market but generally lower political risk and less dependency on large, individual projects. The acquisition of the parking guidance company TCS International in the fourth quarter 2012 was one step in the direction Q-Free intends to follow going forward.

Market update by region

EMEA

The EMEA market accounted for 70% of revenues in the first quarter, 28% of orders received, and 69% of Group order backlog at the end of Q1-2013.

Generally speaking, Q-Free sees few projects firming into final investment decisions in the near future. The financial and political situation is difficult in some countries, e.g. Portugal, Spain, Greece, Denmark, and Slovenia, and more acute challenges seems to have taking priority over introduction/expansion of use of tolling. This causes delays in the decision processes. However, tolling solutions may actually contribute to solving the various Governments' fundamental challenge with regards to funding of new infrastructure projects. Sooner or later a sense of urgency should develop and dictate more aggressive expansion/implementation of various tolling solutions.

Order intake in this region was NOK 29 million in the first quarter, comprising smaller contracts in Norway, Sweden, Russia, Italy and Slovakia.

Operationally, the main focus has been on putting the congestion charging system in Gothenburg into production. Remaining outstanding functionality will be delivered during the second quarter. Q-Free expects to see more business opportunities in *Sweden*, although not of the size of the large Gothenburg project.

In *Norway*, the Norwegian Public Road Administration is planning to acquire a new back-office solution as the current application service provider (ASP) solution delivered by Q-Free expires in November 2014. Q-Free is one of four qualified bidders, and the contract award is expected by the end of this year. Q-Free believes its experience and track record offers a competitive advantage, although several national and international players are participating in the tender process and Q-Free hence needs to be prepared for tough competition. The Norwegian market will continue to offer other business opportunities in the RUC market -including infrastructure, tags, service and maintenance- as well as in the ATMS market.

In *Spain*, the relevant authorities need new financing solutions for road construction and maintenance. Modern electronic tolling systems are being considered, which offers a potentially huge market with respect to infrastructure and tag supply. Although the topic is on the agenda, the progress is slow at the moment and there were no major new developments during the first quarter.

The same goes for *Portugal*, where the market focus is on service and maintenance after some years of deployment of new tolling infrastructure. However, Q-Free is exploring a few infrastructure opportunities and further tag sales opportunities. Longer-term, Portugal may offer several infrastructure projects involving expanded use of electronic tolling systems.

In *Denmark* the Government cancelled the planned truck-tolling scheme due to; i) the cost of implementing and managing the system, ii) heavy resistance from the transport sector, and, iii) limited positive environmental impact.

Belgium is still planning to introduce a nationwide truck-tolling scheme. The solution design is currently undergoing an approval process in the various regions, and a procurement process is expected to be initiated during the third quarter of 2013.

Russia is also planning to introduce a nationwide truck-tolling scheme. The tender process is still unclear but the prequalification tender is expected to be out relatively soon. The project has the potential to become the biggest truck-tolling scheme ever, and may thus offer Q-Free a major future business opportunity. The truck tolling bid process in Slovenia has recently been restarted. Submission deadline is planned for April, although this might be delayed.

More truck tolling schemes may be deployed in Central Europe over the next few years, in countries such as *Bulgaria and Ukraine*.

Q-Free has so far delivered tags at a value of NOK 50 million in *South Africa* and still see a similar-sized opportunity to come in the same project. However, the tolling system delivered in 2011 has not yet been put into operation, and further tag orders are unlikely before the system has gone live. The 'go-live' date has been postponed several times but current expectations are for the system to go live in mid- 2013.

Q-Free is currently exploring a few organic ATMS cases in the region.

Market update by region

ASIA- PACIFIC

The Asia-Pacific market accounted for 23% of revenues in the first quarter, 2% of orders received and 13% of the Group's order backlog at the end of the first quarter 2013. The Asia-Pacific region comprises several emerging markets holding major project opportunities, most notably in Indonesia, Thailand, Taiwan and Australia. The company will continue its efforts to build a strong market presence and pipeline in this region.

In terms of operations, the main focus has been on deployment of the Single Gantry multilane free flow project for the Sydney Harbour Bridge in *Australia,* which will represent another unique reference for the company. Elsewhere in the region, activity has mainly been concentrated on maintenance of already deployed tolling infrastructure in *Thailand*. Q-Free has delivered two turn-key systems combining manual and electronic single lane systems in Bangkok, and approximately 250,000 tags. Activity has recently picked up in this market. Electronic tolling is still in its early days and acceptance of tag-based tolling solutions is on the increase, and the systems deployed by Q-Free are recognized as the best performing in the market. New market opportunities are expected to materialise for both tag supplies and infrastructure projects over the next few years, some potentially coming already in 2013.

Q-Free still awaits project start-up for the Electronic Law Enforcement system in Jakarta. – A project promising to be a true "company changer" for Q-Free and significantly increase the order backlog. Furthermore, the company is exploring market opportunities in Indonesia related to Electronic Road Pricing / Congestion Charging.

NORTH AMERICA AND LATIN AMERICA

The markets in North America and Latin-America accounted for 23% of revenues in the fourth quarter, 70% of orders received, and 18% of the order backlog at the end of the year.

The company announced two new contracts during the quarter; tag contracts in Brazil and Chile worth NOK 23 million and NOK 19 million, respectively.

In terms of operations, the main activities have been related to product supply in *Brazil* and Chile. Deployment of tags in the Brazilian market has been significantly reduced as a result of the planned technology shift in Sao Paulo. Q-Free still expects to sell more 5.8 GHz tags in Brazil this year but a new portfolio will be needed to address this market as these sales eventually will disappear or be significantly further reduced.

The company is currently considering a few alternative approaches for this market.

In *Chile*, the company is currently bidding for further tag contracts, and also expect to see some interesting infrastructure opportunities materialising in 2013 and 2014. The advanced and very professional Chilean market has responded positively to the company's new single gantry solution after visits to review the installations in Gothenburg and Stockholm.

Q-Free is also exploring business opportunities in Ecuador and Columbia, although these markets are still in an early phase.

In *North America* the company is continuing to supply the ALPR solutions to various system integrators. Q-Free has also made its entry into ATMS in North America, with the recent acquisition of TCS International.

Outlook

Q-Free continues to see a positive long-term outlook, with great opportunities in Indonesia and a strong pipeline in several other markets. However, a tough economic climate generates political and financial challenges for decision makers in some important markets at the moment, causing project delays and increased uncertainty about the near- and mid-term development.

In this market climate, Q-Free responds with firm measures to optimise its cost position in the Road User Charging (RUC) business and strategic moves to broaden the scope of business into Advanced Transport Management (ATMS) systems.

The profit improvement program is expected to improve financial robustness and reduce risk in terms of earnings volatility. The broadening of the business scope will reduce political risks and dependency on large individual projects, and develop a strong platform for Q-Free's growth in the wider area of Intelligent Traffic Management.

When fully implemented in 2014, the profit improvement program is expected to have lowered the annual operational costs and capital investment level by NOK 60 million on a full-year basis.

The company still awaits start-up of the major Electronic Law Enforcement project in Jakarta, which will significantly increase the order backlog.

Risk situation

An international technology company such as Q-Free is destined to be exposed to a number of different risks.

Political risk
RUC projects are normally directly or indirectly subject to governmental concessions, and the Company is exposed to political risk related to the time period from identification of a sales lead to award of a contract, and implementation of the project. The fact that more projects are being planned and that there is an increasing need for financing to maintain and construct road infrastructure will over time reduce the political risk. Also, Q-Free's entry into the ATMS market will add different revenue streams that are less exposed to political risk.

Currency risk
Q-Free has considerable foreign currency exposure, given that the Group earns between 70-80% of its revenues abroad. Q-Free also buys a substantial share of its needed equipment and services abroad and runs businesses outside Norway. This mitigates the Group's net foreign currency exposure by 30-50%. The Group's most important trading currencies except for NOK are USD, SEK and EURO.

Q-Free's policy is to limit currency risk while actively assessing various currencies' importance as competitive parameters. The Group strategy is to combine estimated future sales and purchases and hedge the net cash flow in the foreign currency by using forward / future contracts.

Credit risk
The Group is only conducting business with parties with an acceptable credit record. To the extent the credit rate is questionable, payment guarantees, letter of credit or advance payments will be considered.

The Group has no significant credit risk linked to an individual contracting party or several other contracting parties that can be regarded as a group due to similarities in the credit risk. The Group has guidelines for ensuring that sales are only made to customers that have not experienced any significant credit problems, and that outstanding amounts do not exceed given credit limits. The Group has not provided any guarantees for third parties' liabilities.

The Group is exposed to risk involved in customers not having the ability to fulfil their financial obligations. However, this risk is considered to be low since the Group's customers are solid private companies, and governmental controlled entities in Norway and abroad. This is documented by a historically low bad debt ratio on accounts receivables.

When Q-Free enters a new market, the credit risk will be assessed in each individual case and appropriate actions like utilising letter of credits, using the Norwegian Export Credit Agency, and other similar tools, will be used in order to reduce credit risk.

Interest rate risk
The Group entered into a loan agreement with Eksportfinans ASA during 2011. The Group focuses on predictability at all times and since changes in the interest level has a significant influence on the consolidated profit, the agreement is therefore based on the NIBOR 3 month rate with a small margin. This means that corresponding deposits also will be linked to the NIBOR 3 month rate to mitigate the risk of changes in the NIBOR rate.

Liquidity risk
The Q-Free ASA Group's strategy is to have sufficient cash, cash equivalents or credit facilities at any time to be able to finance its operations and investments over the next three years, as these are estimated in the company's strategy plan for the same period. Surplus cash funds are either deposited in banks or invested in money market funds, with the purpose of obtaining an acceptable return on invested capital combined with a low risk.

The Board of Directors assesses the liquidity at the end of the period to be within the strategy limits.

Technology risk
The Group is exposed to quality issues both related to the quality of own work and the quality of deliveries from subcontractors. Q-Free mitigates these risk by clearly stating our quality expectations and by carrying out quality reviews of subcontractors, carrying out internal audits and maintaining a non-conformance reporting system ensuring that our employees work according to defined processes.

Furthermore, the Management and Board carry out a quarterly risk review on a Group level, and make the provisions regarded necessary to cater for possible financial implications of the above described risks.

Project risk
Q-Free's revenues normally include a substantial element of large-scale project deliveries that demands in-depth knowledge about Q-Free's solutions and markets. After many years of operation Q-Free has established extensive international experience, and has implemented plans to handle the project risks that may arise.

Notes to the condensed interim financial statements

1. General

The consolidated condensed interim financial statements for the period ended 31 March 2013 were approved by the Board of Directors at its meeting on 24 April 2013.

Q-Free ASA is a limited liability company with 309 employees in 13 countries and representatives in 4 other countries. The Headquarter is based in Trondheim, Norway. Q-Free is listed on the Oslo Stock Exchange with the ticker QFR.

Q-Free is a leading global supplier of solutions and products for Road User Charging and Advanced Transportation Management Systems having applications mainly within electronic toll collection for road financing, congestion charging, truck-tolling, law enforcement and parking/access control. Q-Free offers solutions and products based on state of the art technology, and is the leading supplier within DSRC (tag and reader) - ALPR (Automatic License Plate Recognition) and GNSS (Global Navigation Satellite System) based solutions, with deliveries in Europe, Asia-Pacific, Africa, Middle East and North- and South America.

2. Statement of compliance

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with the regulations of the Oslo Stock Exchange and the requirements in IAS 34. These condensed consolidated interim financial statements for the period ended 31 March 2013, have not been audited or subject to review by the Group's auditor. The financial statements do not include all of the information required for a full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2012. The consolidated financial statements for 2012 are available upon request from the company's registered office in Trondheim or at our website, www.q-free.com.

3. Accounting principles

The consolidated financial statements of the Q-Free Group for the period ended 31 March 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The Group has used the same accounting policies and standards as in the consolidated financial statements as at 31 December 2012.

4. Use of estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates can result in outcome that requires a material adjustment to the carrying amount of the assets or liability affected in future periods.

5. Events after the balance sheet date

No significant events have occurred since the balance sheet date.

6. Forward looking statements

This report contains statements regarding the future in connection with Q-Free's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the sections "CEO comments", and "Outlook and strategic positioning" contains forward looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profit and development deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors described in a separate section in this report.

Oslo, 24 April 2013.

The Board of Directors and

Chief Executive Officer of Q-Free ASA

Ole Jørgen Fredriksen	Chairman of the Board
Jan Pihl Grimnes	Member
Terje Christoffersen	Member
Charlotte Brogren	Member
Mimi Kristine Berdal	Member
Sissel Lillevik Larsen	Employee elected member
Frank Aune	Employee elected member
Øyvind Isaksen	CEO

Financials

The condensed interim consolidated financial statements per 31.03.13 (unaudited):

- Interim consolidated income statement
- Interim consolidated statement of comprehensive income
- Revenue specification
- Balance sheet
- Statement of changes in equity
- Cash Flow Statement
- Key figures

INTERIM CONSOLIDATED INCOME STATEMENT

NOK 1.000	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	31.12.2012
Revenues	**138 047**	**120 760**	114 230	153 614	208 927	**597 532**
Cost of goods sold	**51 725**	**43 123**	46 462	61 993	75 513	**227 090**
Payroll expenses	**75 544**	**45 450**	40 704	43 988	51 685	**181 827**
Other operating expenses	**48 569**	**30 002**	37 384	57 733	69 488	**194 607**
Total operating expenses	**175 838**	**118 575**	124 549	163 714	196 685	**603 524**
EBITDA	**-37 791**	**2 185**	-10 319	-10 099	12 242	**-5 991**
Depreciation, amortisation and impairment	**15 577**	**12 027**	12 495	12 900	11 893	**49 315**
EBIT	**-53 368**	**-9 842**	-22 814	-23 000	350	**-55 306**
Financial income	**3 620**	**5 245**	4 917	4 605	11 519	**26 286**
Financial expenses	**-5 521**	**-3 758**	-5 641	-3 402	-2 801	**-15 602**
Net financial items	**-1 901**	**1 488**	-724	1 203	8 718	**10 684**
Profit before tax	**-55 269**	**-8 355**	-23 538	-21 797	9 067	**-44 623**
Tax expenses	**13 563**	**3 130**	3 205	4 264	2 044	**12 644**
Profit for the period	**-41 706**	**-5 225**	-20 333	-17 533	11 111	**-31 979**
Attributal to :						
Minority interests	**344**	**565**	394	1 476	126	**2 561**
Equity holders of the parent	**-42 050**	**-5 790**	-20 727	-19 009	10 985	**-34 540**
Profit	**-41 706**	**-5 225**	-20 333	-17 533	11 111	**-31 979**
Number of employees	**309**	**280**	280	282	305	**310**
Gross margin	**62,5 %**	**64,3 %**	59,3 %	59,6 %	63,9 %	**62,0 %**
EBITDA margin	**-27,4 %**	**1,8 %**	-9,0 %	-6,6 %	5,9 %	**-1,0 %**
EBIT margin	**-38,7 %**	**-8,2 %**	-20,0 %	-15,0 %	0,2 %	**-9,3 %**
Profit margin	**-40,0 %**	**-6,9 %**	-20,6 %	-14,2 %	4,3 %	**-7,5 %**
EPS	**-0,62**	**-0,09**	-0,31	-0,28	0,16	**-0,51**
EPS, diluted	**-0,61**	**-0,09**	-0,31	-0,28	0,16	**-0,51**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1.000	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	31.12.2012
Profit for the period	**-41 706**	**-5 225**	-20 333	-17 533	11 111	**-31 979**
Actuarial gains (losses) on defined benefit plans		**0**	0	0	17 445	**34 890**
Income tax effect	**0**	**0**	0	0	-4 885	**-9 769**
Exchange differences on translation of foreign operations	**-3 635**	**-88**	-3 274	-567	-3 453	**-7 474**
Total comprehensive income for the period	**-45 341**	**-5 313**	-23 607	-18 100	20 218	**-14 332**
Attributal to :	**-**					
Minority interests	**344**	**565**	394	1 476	126	**2 561**
Equity holders of the parent	**-45 685**	**-5 878**	-24 001	-19 576	20 092	**-16 893**
Total comprehensive income for the period	**-45 341**	**-5 313**	-23 607	-18 100	20 218	**-14 332**

BALANCE SHEET – ASSETS

NOK 1.000	31.03.2013	31.12.2012	30.09.2012	30.06.2012	31.03.2012
Development	146 452	153 682	131 364	135 306	140 776
Goodwill	64 667	64 667	29 544	29 544	29 544
Deferred tax assets	41 976	26 039	24 321	16 919	12 585
Total intangible assets	**253 094**	**244 387**	**185 229**	**181 769**	**182 905**
Machinery, fixtures and fittings	69 765	66 320	64 946	62 976	54 070
Total fixed assets	**69 765**	**66 320**	**64 946**	**62 976**	**54 070**
Shares	7 182	7 182	6 240	6 233	6 431
Other long term receivables	4 203	3 760	3 712	3 424	6 118
Total financial fixed assets	**11 385**	**10 941**	**9 951**	**9 657**	**12 549**
Total fixed assets	**334 243**	**321 648**	**260 127**	**254 402**	**249 524**
Inventories	74 443	79 330	82 370	76 003	67 636
Total inventories	**74 443**	**79 330**	**82 370**	**76 003**	**67 636**
Accounts receivables	59 714	95 956	94 913	50 884	79 332
Work in progress	64 287	39 864	60 856	63 657	48 894
Other receivables	29 693	35 412	57 295	44 136	35 240
Total receivables	**153 693**	**171 231**	**213 064**	**158 677**	**163 465**
Cash	**327 279**	**369 491**	**324 665**	**390 758**	**380 165**
Total current assets	**555 415**	**620 051**	**620 100**	**625 439**	**611 266**
Total assets	**889 659**	**941 699**	**880 227**	**879 840**	**860 790**

Financials

BALANCE SHEET – EQUITY & DEBT

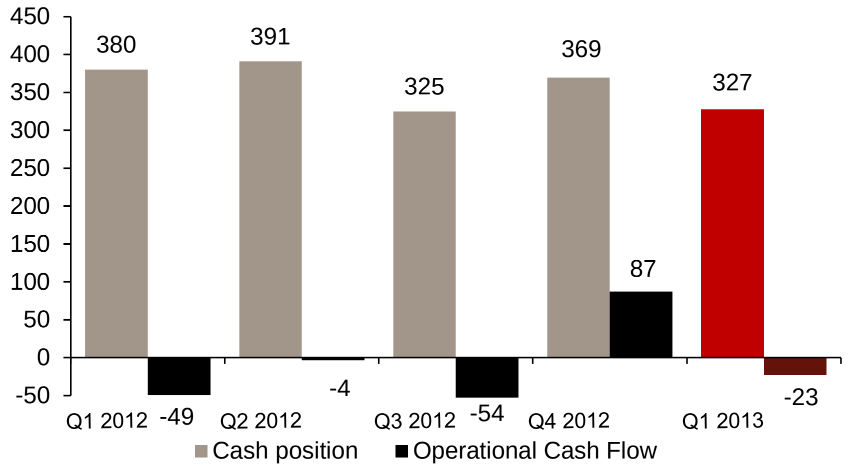
NOK 1.000	31.12.2012	31.12.2012	30.09.2012	30.06.2012	31.03.2012
Subscribed share capital	25 830	25 830	25 830	25 830	25 176
Share premium reserve	415 554	415 554	415 554	415 554	386 177
Other paid in capital	19 738	18 863	16 939	16 939	16 939
Total paid in capital	**461 121**	**460 246**	**458 322**	**458 322**	**428 292**
Other equity	99 787	146 346	137 346	156 922	180 923
Total retained equity	**99 787**	**146 346**	**137 346**	**156 922**	**180 923**
Minority interests	**24 660**	**24 316**	**24 088**	**22 612**	**22 218**
Total equity	**585 568**	**630 908**	**619 756**	**637 857**	**631 434**
Pension liabilities	12 133	10 379	11 692	10 217	7 483
Total liabilities	**12 133**	**10 379**	**11 692**	**10 217**	**7 483**
Debt to financial institutions	100 000	100 000	100 000	100 000	100 000
Other non-current liabilities	13 908	13 908	0	0	0
Total long term debt	**113 908**	**113 908**	**100 000**	**100 000**	**100 000**
Accounts payable	55 467	67 984	49 738	30 275	31 538
Tax payable	1 633	5 658	1 572	1 523	211
Public duties payable	8 111	30 966	19 741	11 177	7 703
Advance payments customers	13 078	22 423	13 678	23 422	10 612
Other short term debt	99 761	59 474	64 050	65 370	71 809
Total short term debt	**178 050**	**186 504**	**148 779**	**131 767**	**121 873**
Total liabilities	**304 090**	**310 791**	**260 470**	**241 984**	**229 356**
Total equity and liabilities	**889 659**	**941 699**	**880 227**	**879 840**	**860 790**

STATEMENT OF CHANGES IN EQUITY

NOK 1.000	Equity attributable to equity holders of the parent: Sub-scribed share capital	Share premium reserves	Other paid in Capital	Other equity	Foreign currency translation reserve	Total	Non controlling interests	Total equity
Equity per 31.12.11	25 176	386 177	16 939	190 923	-4 124	615 092	21 653	636 746
Total comprehensive income for the period				-5 790	-88	-5 878	565	-5 312
Equity per 31.03.12	**25 176**	**386 177**	**16 939**	**185 133**	**-4 212**	**609 214**	**22 218**	**631 434**

NOK 1.000	Equity attributable to equity holders of the parent: Sub-scribed share capital	Share premium reserves	Other paid in Capital	Other equity	Foreign currency translation reserve	Total	Non controlling interests	Total equity
Equity per 31.12.12	25 830	415 553	18 863	157 851	-11 505	606 593	24 316	630 909
Total comprehensive income for the period				-42 050	-3 635	-45 685	344	-45 340
Equity per 31.03.13	**25 830**	**415 553**	**18 863**	**115 802**	**-15 140**	**560 908**	**24 660**	**585 569**

CASH FLOW STATEMENT



NOK 1.000	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	31.12.2012
Earnings before tax	-55 269	-8 355	-23 538	-21 798	9 067	-44 623
Taxes paid	-1 016	-1 793	-1 095	-2 796	715	-4 969
Depreciation / impairment	15 577	12 026	12 495	12 900	11 893	49 314
Other operational items	17 738	-51 205	8 507	-41 995	65 513	-19 179
Cash flow from operating activities	**-22 970**	**-49 327**	**-3 631**	**-53 689**	**87 188**	**-19 457**
Investments intangible assets	-3 851	-3 730	-2 326	-3 798	-12 479	-22 333
Investments tangible assets	-7 939	-6 000	-13 605	-7 131	-5 526	-32 262
Acquisition of a subsidiary, net of cash acquired	-7 107	0	0	0	-25 034	-25 034
Other investments	0	0	0	0	0	
Cash flow from investment activities	**-18 897**	**-9 730**	**-15 931**	**-10 929**	**-43 039**	**-79 629**
Proceeds from new loans	0	0	0	0	0	0
Down payments of debt to financial institutions	0	0	0	0	0	0
Share issue	0	0	30 002	0	0	30 002
Other financial items	-344	-565	153	-1 476	677	-1 211
Cash flow from financing activities	**-344**	**-565**	**30 155**	**-1 476**	**677**	**28 791**
Net change in cash and cash equival.	**-42 211**	**-59 622**	**10 593**	**-66 094**	**44 826**	**-70 295**
Cash and cash equivalents per 01.01.	369 491	439 788	380 165	390 758	324 665	439 788
CASH AND CASH EQUIVALENTS	**327 279**	**380 165**	**390 758**	**324 665**	**369 491**	**369 491**

Financials

KEY FIGURES

	31.03.2013	31.12.2012	30.09.2012	30.06.2012	31.03.2012
Operating profit / EBIT per share	**-0,79**	-0,82	-0,84	-0,54	-0,15
Operating margin	**-38,7 %**	-9,3 %	-14,3 %	-13,9 %	-8,2 %
EPS	**-0,62**	-0,51	-0,68	-0,40	-0,09
EPS, diluted	**-0,61**	-0,51	-0,68	-0,40	-0,09
Cash flow per share	**-0,34**	1,29	-0,81	-0,06	-0,74
Equity per share	**8,61**	9,32	9,31	7,73	9,61
Equity ratio	**65,8 %**	67,0 %	72,5 %	72,5 %	73,4 %
Liquidity ratio	3,1	3,3	4,2	4,7	5,0
Average number of shares	**67 972 419**	67 725 111	67 216 375	67 112 419	66 252 419
Average number of shares diluted	**68 547 419**	67 354 159	66 957 857	66 551 563	67 112 419

	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Operating profit / EBIT per share	**-0,79**	0,01	-0,34	-0,34	-0,15
Operating margin	**-38,7 %**	0,2 %	-15,0 %	-20,0 %	-8,2 %
EPS	**-0,62**	0,16	-0,28	-0,31	-0,09
EPS, diluted	**-0,61**	0,16	-0,28	-0,31	-0,09
Cash flow per share	**-0,34**	1,26	-0,80	-0,05	-0,74
Average number of shares	**67 972 419**	68 832 419	67 216 375	67 112 419	66 252 419
Average number of shares diluted	**68 547 419**	68 832 419	68 832 419	67 216 375	67 112 419

Key information

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Board of directors

Ole Jørgen Fredriksen	Chairman of the Board
Terje Christoffersen	Board member
Charlotte Brogren	Board member
Mimi Berdal	Board member
Jan Pihl Grimnes	Board member
Sissel Lillevik Larsen	Employee elected board member
Frank Aune	Employee elected board member

Management

Øyvind Isaksen	President & CEO
Roar Østbø	CFO
Jos Nijhuis	VP R&D
Per Fredrik Ecker	VP Sales
Marianne Sandal	VP Operations
Henrik Stoltenberg	VP Business Development and M&A
Stein-Tore Nybrodahl	HR Manager
Morten Andersson	VP Advanced Traffic Management Systems

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