

QUARTERLY REPORT
FIRST QUARTER 2014

HIGHLIGHTS

- Revenues in the first quarter were NOK 168 million, a 22 percent increase compared to the first quarter 2013
- Strong order intake of NOK 238 million, the highest since the second quarter 2012 and increasing the backlog to NOK 448 million
- Operating profit (EBIT) of NOK 1 million, compared to a loss of NOK 53 million in the corresponding quarter last year
- Sharply lower operating expenses due to cost savings and one-off costs related the Profit Improvement Program in the first quarter last year
- Further strengthened the Advanced Transportation Management Systems (ATMS) business through acquisitions of TDC Systems in the UK in March and Traffic Design in Slovenia in April
- Q-Free Strategy and Collaboration (QSC) project progressing as planned

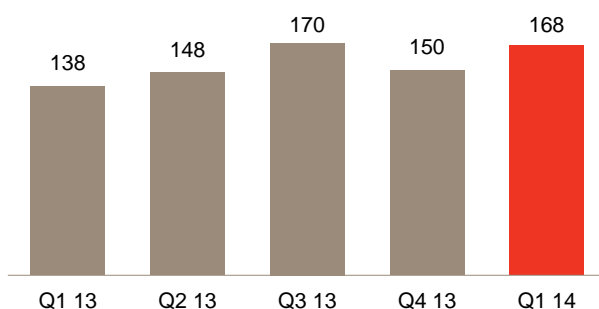
REVENUES Q1 2014
MNOK

168

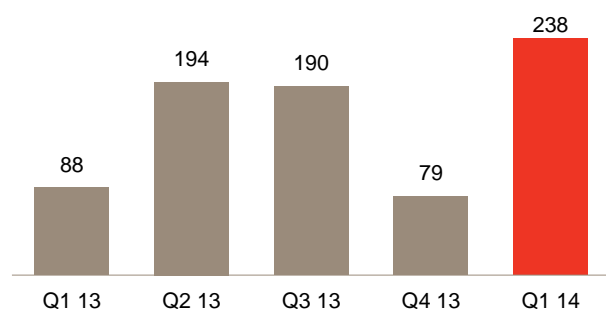
ORDER INTAKE Q1 2014
MNOK

238

REVENUES LAST 5 QUARTERS
MNOK



ORDER INTAKE LAST 5 QUARTERS
MNOK



COMMENTS TO THE FINANCIAL STATEMENTS

NOK 1.000	Q1 2014	Q1 2013	Q/Q-%	2013
Revenues	168 039	138 047	21.7 %	606 072
Gross profit	100 255	86 322	16.1 %	381 281
Gross margin - %	59.6 %	62.5 %		62.9 %
Operating expenses	82 523	124 113	-33.5 %	413 080
Operating profit - EBITDA	17 732	-37 791		-31 799
EBITDA margin	10.5 %	-27.4 %		-5.2 %
Depreciation, amortisation and impairment	16 759	15 577	7.6 %	62 914
Operating profit - EBIT	973	-53 368		-94 713
EBIT margin	0.6 %	-38.7 %		-15.6 %
Pretax profit	1 552	-55 269		-97 959
Profit margin	0.9 %	-40.0 %		-16.2 %
EPS	0.004	-0.62		-1.65

INCOME STATEMENT

REVENUES

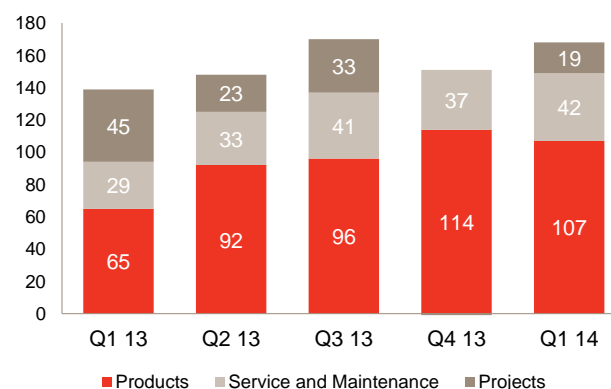
The Q-Free Group generated revenues of NOK 168 million in the first quarter 2014, an increase of 21.7 percent from NOK 138 million in the first quarter 2013. The revenue composition continued to reflect significant increases in product sales and lower project revenues.

Revenues from product sales increased 65 percent to NOK 107 million (64), including major tag deliveries to Brazil, Australia and Thailand in the quarter. Product revenues were on par with the fourth quarter, following six consecutive quarters of growth in product sales revenues.

Service & Maintenance revenues increased 45 percent to NOK 42 million in the first quarter 2014 (29). The increase reflects a higher activity level due to ongoing service and maintenance contracts in Portugal, Sweden and Norway in the quarter.

Reported project revenues were NOK 19 million in the first quarter (45), continuing the declining revenue trend seen in this business area in the last quarters. The inflow of new projects is weak and Q-Free focuses on generating more leads in the small and mid-sized segment of the RUC market in order to make the company less dependent on individual large projects.

REVENUES BUSINESS AREAS
MNOK



GROSS PROFIT

The revenue growth generated a 16 percent increase in gross profit to NOK 100 million in the first quarter 2014 (86). Gross margin was 59.6 percent, down from 62.5 percent in the first quarter 2013. The reduction in gross margin is explained by higher share of product sales in the quarter.

OPERATING EXPENSES

Operating expenses amounted to NOK 82 million in the first quarter. This is a decline from NOK 124 million in the first quarter 2013, when the Income Statement was charged with costs of NOK 25 million related to the Profit Improvement Program in 2013. The program was designed to reduce the annual cost base by NOK 40 million and has full effect in 2014.

The lower costs also reflect lower project activity compared to the first quarter last year. Costs related to changes in management of NOK 4 million were included in the operating expenses for the first quarter 2014.

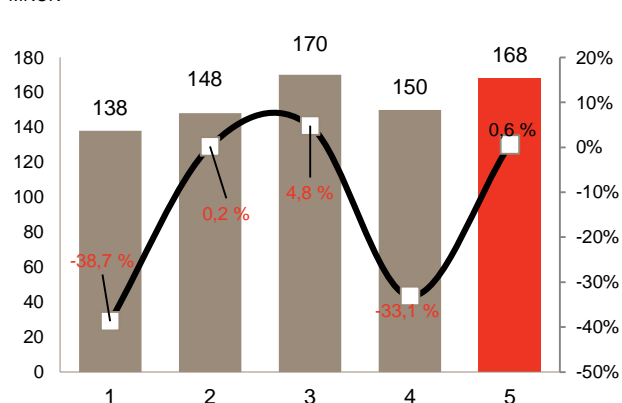
OPERATING PROFITS

Reported EBITDA thus improved substantially to NOK 17.7 million in the first quarter 2014, up from a negative NOK 37.8 million in the first quarter 2013.

Depreciations and amortization increased 8 percent to NOK 16.8 million (15.6), in reflection of the acquisition of Elcom in 2013 and commencement of depreciation of the new tag line in Singapore.

Operating profit (EBIT) was hence NOK 1 million, compared to an EBIT-loss of NOK 53 million in the first quarter 2013.

REVENUES AND EBIT-MARGIN



NET FINANCIAL ITEMS

Net financial items amounted to NOK 0.6 million in the first quarter, compared to a negative NOK 1.9 million in the first quarter 2013. The deviation mainly reflects currency fluctuations.

PROFITS

The reported pre-tax profit was NOK 1.5 million, compared to a pre-tax loss of NOK 55 million in the first quarter 2013.

Earnings per share was NOK 0.004 in the first quarter 2014, which compares to a negative NOK 0.62 in the corresponding quarter 2013.

CASH FLOW

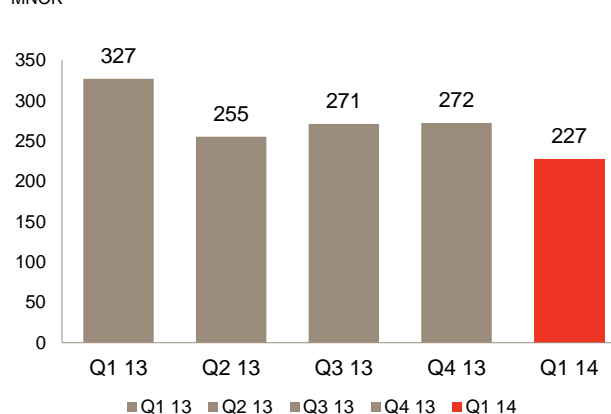
Net cash flow from operating activities was a positive NOK 18 million in the first quarter 2014. This compares with negative NOK 23 million in the first quarter 2013, with the change mainly reflecting improved profitability in the quarter.

Net cash flow from investing activities was NOK -63 million in the first quarter (-19), due to the acquisition of the ATMS company TDC Systems in the UK (-43), payment of earn out on the acquisition on TCS International (-7) and investments in new technology (-13).

Net cash flow from financing activities was NOK 0.4 million in the first quarter, compared to NOK 0.3 million in the first quarter 2013.

Overall, this generated a net change in cash of NOK -45 million in the first quarter 2014, and a cash closing balance of NOK 227 million at the end of the quarter.

CASH FUNDS



BALANCE SHEET

Total assets amounted to NOK 891 million at the end of the first quarter 2014 (890), slightly down from NOK 894 million at the end of 2013.

Equity was NOK 505 million at the end of the first quarter (585), unchanged from year-end 2013. The equity ratio was thus 56.7 percent (65.8), marginally up from 56.4 percent at the end of last year.

EQUITY RATIO OF 56.7%

NOK PER SHARE

7.43

Non-current liabilities stood at NOK 165 million (126), compared to NOK 119 million at the end of last year. The increase is due to accrual for estimated earn out on the acquisition of TDC Systems. Current liabilities amounted to NOK 221 million (178) at the end of the first quarter 2014, down from NOK 269 million at the end of 2013. This mainly reflects reduction in advance from customers and other current liabilities.

Defined as current assets (excluding cash) less current liabilities, the net working capital amounted to NOK 47 million at the end of the first quarter (50), corresponding to 7 percent of last 12 months revenues. Interest bearing debt was unchanged at NOK 100 million, and the debt has been refinanced in bank upon expiry of the loan agreement with Eksportfinans. The liquidity ratio was 2.2 at the end of the first quarter (3.1), unchanged from year- end 2013.

ORDER INTAKE AND BACKLOG

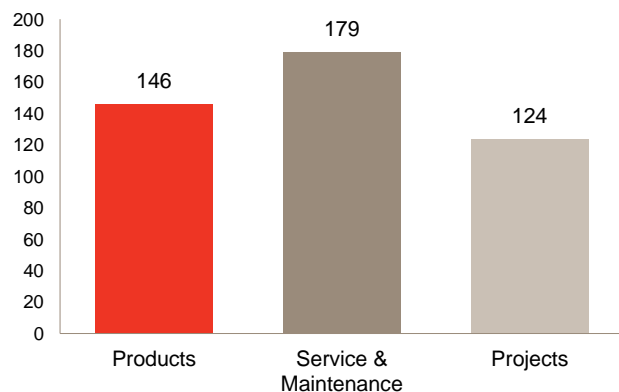
Order intake in the first quarter amounted to NOK 238 million (88), and was the highest reported since the second quarter 2012. The largest orders were a NOK 34 million tag order in Thailand, a NOK 15 million tag order in Australia, and a NOK 11 million service and maintenance order in Sweden. The company also secured NOK 48 million contracts for service and maintenance agreements, two new roadside deliveries and increased scope in the existing central systems agreement with the Norwegian Public Roads Administration.

Products accounted for NOK 147 million (62%) of the order intake, service and maintenance for NOK 67 million (28%), and projects for NOK 25 million (10%) of the order intake in the first quarter 2014.

The Group's order backlog was NOK 448 million at the end of the first quarter 2014 (387), an increase from NOK 379 million at the end of the fourth quarter 2013.

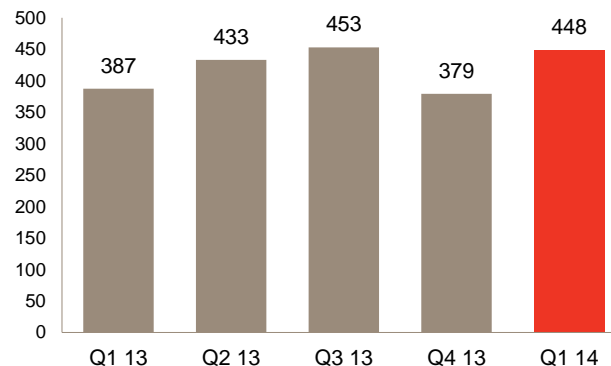
ORDER BACKLOG BUSINESS AREAS

MNOK



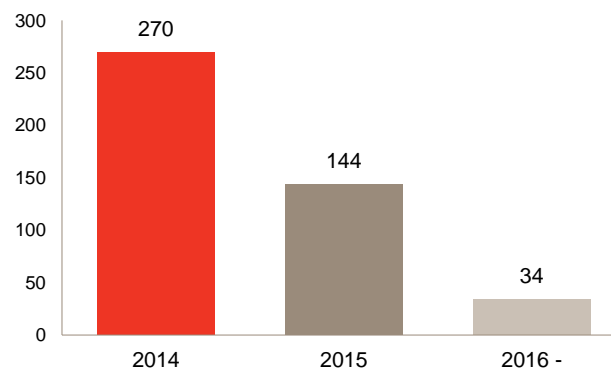
ORDER BACKLOG

MNOK



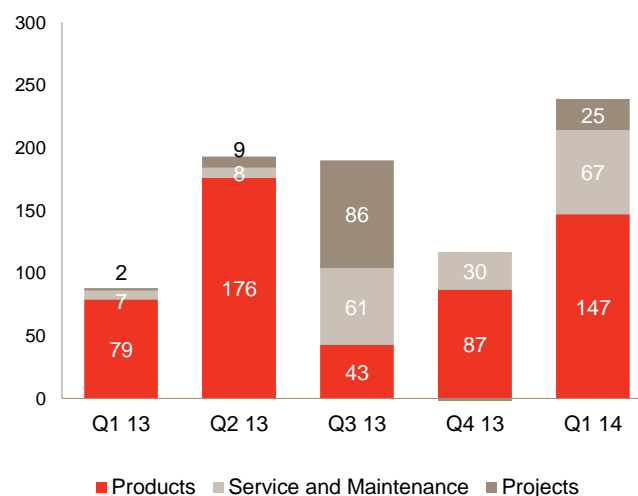
ORDER BACKLOG DISTRIBUTION

MNOK



ORDER INTAKE BUSINESS AREAS

MNOK



STRATEGIC DEVELOPMENTS

Q-Free has taken steps to improve the cost position and strengthen the platform for future revenue generation. The Profit Improvement Program initiated last year has significantly reduced the fixed cost base with limited adverse effects on operational capacity.

The management in January 2014 initiated an internal 'Q-Free Strategy and Collaboration project' (QSC) to increase customer focus, increase internal cooperation and efficiency, generate more leads in the small and mid-sized segment of the RUC market, and generally broaden the scope of business. This project is progressing according to plan.

The company has also expanded the platform for future revenue generation through further strengthening of its Advanced Transportation Management Systems (ATMS) business. Following the acquisitions of TCS International in the US, Elcom in Serbia, the 10 percent strategic investment in Intelight in the US, Q-Free acquired TDC Systems in the UK in March and Traffic Design in Slovenia in April this year.

TDC Systems is an industry leader in research, design, manufacture, installation and maintenance of Intelligent Transport Systems (ITS), including advanced weigh-in motion systems, traffic counters and classifiers, journey-time monitoring systems, air quality monitoring systems, and detection systems for pedestrians and cyclists. The company counts 50 employees running a 24/7 global operations with customers in 50 countries from its main offices in UK, Australia and Malaysia.

Traffic Design is the market leader in Slovenia, with nationwide traffic management systems, more than 60 parking systems, and operations of the entire tolling systems. The company has 14 employees and is located in Ljubljana.

These acquisitions are in line with the long-term strategy to build a strong position within the ATMS market. The acquired technologies, products and systems software solutions provide natural extensions of Q-Free's solutions portfolio, and

represent further important steps towards realizing these ambitions. Longer-term, Q-Free expects that the markets for ATMS and Road User Charging will converge into a joint market for Intelligent Transport Systems (ITS), both technically and commercially, and the acquisitions will strengthen Q-Free's position in such a market.

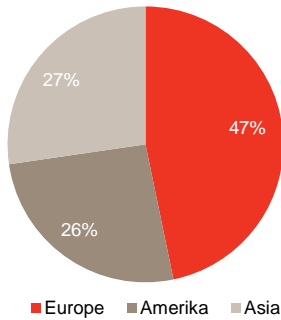
Financially, the acquisition of TDC Systems was based on enterprise value, net of debt and cash. Q-Free paid an initial consideration of GBP 5 million, of which GBP 4 million in cash and GBP 1 million through issuance of 704,037 new shares at NOK 14.22 per share. The company in 2013 generated revenues of GBP 4.7 million with an EBIT of NOK 0.7. Further consideration is estimated to GBP 5 million, assuming growth in EBIT to GBP 1.2 million in 2014 and GBP 2.0 million in 2015. This earn-component is capped at GBP 7.5 million, assuming growth in EBIT to GBP 1.8 million in 2014 and GBP 3.0 million in 2015. Please also see stock exchange notification on 27 march, 2014.

The acquisition of Traffic Design was also based on enterprise value, net of debt and cash. Q-Free paid an initial consideration of EUR 2.3 million, of which 91 percent in cash and 9 percent through issuance of 121,686 new shares in Q-Free at NOK 14 per share. The company in 2013 reported revenues of EUR 2.1 million and an EBIT of EUR 0.51 million. Further consideration is estimated to EUR 0.8 million, assuming growth in EBIT to EUR 0.66 million in 2014 and EUR 0.74 million in 2015. The earn-out component is capped at EUR 1.3 million, assuming growth in EBIT to EUR 1 million in 2014 and EUR 1.1 million in 2015. Please also see stock exchange notification on 23 April.

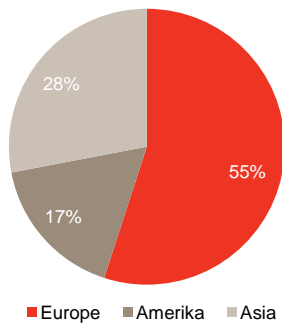
The ATMS division in Q-Free accounted for 7 percent of overall revenues in the first quarter 2014 and the share will grow with the consolidation of TDC Systems and Traffic Design from the second quarter. Q-Free will continue to seek complementary investment opportunities for further growth, in addition to organic growth in the ATMS business going forward.

MARKET UPDATE BY REGION

Q1 order intake



Q1 revenues



EUROPE, MIDDLE EAST AND AFRICA (EMEA)

Revenues in the EMEA region amounted to NOK 93 million in the first quarter, while order intake was NOK 111 million. The region hence accounted for 55 percent of overall revenues and 47 percent of total order intake. The region represented 65 percent of Group order backlog at the end of the first quarter.

The main orders announced in the region in the quarter were a NOK 11 million service and maintenance contract in Sweden and the company also secured NOK 48 million contracts for service and maintenance agreements, two new roadside deliveries and increased scope in the existing central systems agreement with the Norwegian Public Roads Administration.

ASIA-PACIFIC

Revenues in Asia-Pacific amounted to NOK 47 million in the first quarter, while order intake was NOK 65 million. The region hence accounted for 28 percent of overall revenues and 27 percent of total order intake. The region represented 12 percent of Group order backlog at the end of the first quarter.

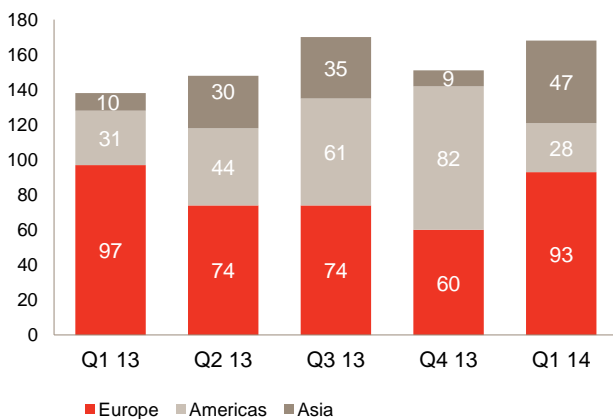
The company announced two tag orders in the region in the first quarter; a NOK 34 million order in Thailand, and a NOK 15 million contract from RMS in Australia for delivery in the first and second quarter 2014.

Q-Free is experiencing stable demand from Thailand, both within the RUC and the ATMS segment.

Project start-up of the Electronic Law Enforcement system in Jakarta is still pending an initial payment from the customer to Q-Free and release of the funding from Export Credit Norway. Q-Free is of the opinion that all involved parties are working with the same agenda of getting the project started. The funding commitment from Export Credit Norway is valid until July 1, 2014.

Q-Free and RMS in Australia have settled all issues related to the termination of a contract in the fourth quarter 2013. Q-Free had made provisions to account for the termination already in the Income Statement and Balance Sheet for 2013. This provision exceeded the final settlement amounts, and the Income Statement for the first quarter 2014 was positively affected by a reversal of provisions of NOK 4 million.

REVENUES GEOGRAPHICAL
MNOK



NORTH AMERICA AND LATIN AMERICA

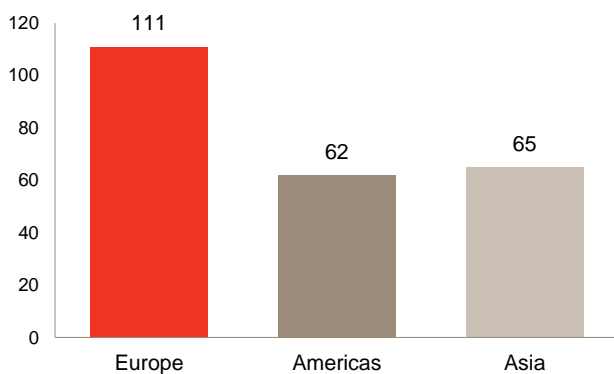
Revenues in the Americas amounted to NOK 28 million in the first quarter, while order intake was NOK 62million. The region hence accounted for 17 percent of overall revenues and 26 percent of total order inflow. The region represented 23 percent of Group order backlog at the end of the first quarter.

TCS International recorded all-time high order intake and deliveries in the fourth quarter 2013, and saw continued high demand in the first quarter 2014.

Q-Free has experienced higher-than-expected tag and reader demand in the Brazilian market, and is positioning itself for tender offers on several new multi-lane free-flow systems in Chile.

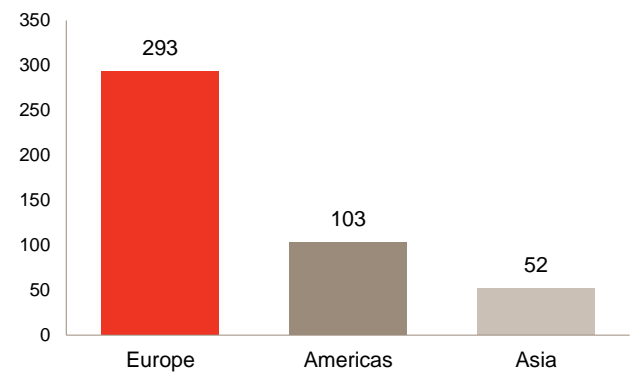
ORDER INTAKE GEOGRAPHICALLY

MNOK



ORDER BACKLOG GEOGRAPHICALLY

MNOK



OUTLOOK

Q-Free continues to see a large potential in the RUC market, as efficient electronic road pricing systems will play a key role in most markets in handling increasing challenges relating to traffic congestion and funding of infrastructure projects. The long-term industry outlook remains positive, with opportunities in all the main regions in EMEA, the Americas and Asia Pacific.

Q-Free has taken steps to improve its cost position and financial robustness to cope with project uncertainties and considerable revenue volatility in the RUC segment. The management in January 2014 initiated the 'Q-Free Strategy and Collaboration Project' (QSC). The project will seek a broadening of the revenue base in the RUC area and reduction of risk, as well as increased internal collaboration and efficiency.

The company strategy of building a new business line within Advanced Transportation Management Systems (ATMS) has continued at full force in 2014, with the acquisitions of TDC Systems in the UK and Traffic Design in Slovenia.

ATMS products and services add profitable revenue streams with less exposure to political risk and project uncertainties, and serve to optimise the company for future growth in a

broader Intelligent Traffic Systems (ITS) market. Q-Free will continue to develop the ATMS business both organically and through selective acquisitions.

Oslo, 29. April 2014

The Board of Directors and

Chief Executive Officer of Q-Free ASA

Terje Christoffersen	Chairman of the Board
Charlotte Brogren	Vice Chairman of the Board
Jan Pihl Grimnes	Member
Selma Kveim	Member
Sissel Lillevik Larsen	Employee elected member
Frank Aune	Employee elected member
Thomas Falck	CEO



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 1 – GENERAL

The consolidated condensed interim financial statements for the quarter ended 31 March 2014 was approved by the Board of Directors at its meeting on 29 April 2014.

Q-Free ASA is a limited liability company with 350 employees in 17 countries and is represented on all continents. Headquarters are located 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 a 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.

NOTE 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 quarter ended 31 March 2014, 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 2013. The consolidated financial statements for 2013 is available upon request from the company's registered office in Trondheim or at our website, www.q-free.com.

NOTE 3 – ACCOUNTING PRINCIPLES

The consolidated financial statements of the Q-Free Group for the first quarter 2014 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 2013.

NOTE 4 – USE OF ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

NOTE 5 – EVENTS AFTER THE BALANCE SHEET DATE

No significant events, which is not mentioned in this report, have occurred since the balance sheet date.

NOTE 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 section "Outlook" 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 have been expressed or implied in such statements. These factors include the risk factors described in a separate section in this report.

NOTE 7 – BUSINESS COMBINATIONS

The financial effects from the purchase of TDC Systems are consolidated in the Group's figures per 31 March 2014. Date of acquisition was 26 March 2013. TDC Systems comprises TDC Systems Ltd in the UK and its sister company TDC Systems Pty Ltd in Australia.

TDC Systems is an industry leader in research, design, manufacture, installation and maintenance of Intelligent Transport Systems (ITS), including advanced weigh-in-motion systems, traffic counters and classifiers, journey-time monitoring systems, air quality monitoring systems, and detection systems for pedestrians and cyclists.

TDC Systems holds advanced technologies, products, and systems software solutions for highways, roads, bridges, tunnel management and urban areas that provide a natural extension of Q-Free's solutions portfolio. This gives Q-Free

the opportunity to offer more traffic management solutions to our customers in international markets.

As of 26 March 2014 Q-Free ASA controls 100% of the TDC Systems shares, and has corresponding voting rights.

The SPA is based on enterprise value, net of debt and cash. Q-Free will pay an initial consideration of GBP 5 million of which GBP 4 million in cash and GBP 1 million through issuance of 704 037 new shares in Q-Free ASA at NOK 14,22 per share. Further consideration is tied to financial performance in 2014 and 2015. It is estimated to GBP 5 million, assuming significant revenue and earnings growth in both 2014 and 2015, and is capped to GBP 7.5 million. The earn-out component may comprise at least 50 percent cash and up to 50 percent new shares in Q-Free, payable in 2015 and 2016.

Since the issuance of new shares in accordance to the above mentioned was carried out at 4th April 2014 the equity-impact of the acquisition will be accounted in the second quarter 2014.

The current operations in TDC Systems are an important part of our ATMS business and will broaden our scope of business, reduce risk, and also prepare the company for convergence of markets into a wider Intelligent Traffic market

The fair value (TNOK) of the identifiable assets and liabilities of TDC Systems as at the date of acquisition were:

Assets	Book value	Adj.	Fair value
TNOK	31.03.14		31.03.14
Technology	3 311	13 834	17 145
Customer Relationships	0	9 189	9 189
Order Backlog	0	3 404	3 404
Goodwill	0	53 853	53 853
Machinery, fixtures	3 145		3 145
Total fixed assets	6 457	80 279	86 736
Inventories	13 447		13 447
Accounts receivables	12 074		12 074
Cash and equivalents	1 028		1 028
Current assets	26 548	0	26 548
Total assets	33 005	80 279	113 284

Liabilities and Equity	Book value	Adj.	Fair value
TNOK	31.03.14		31.03.14
Equity	21 633	18 631	40 264
Misc. long term liabilities	414	46 363	46 777
Deferred tax	0	5 285	5 285
Long term liabilities	414	51 648	52 062
Accounts payable	10 958	0	10 958
Debt to seller of TDC Ltd.	0	10 000	10 000
Short term liabilities	10 958	10 000	20 958
Total Equity & Liabilities	33 005	80 279	113 284

Three intangible assets are identified as follows:

Customer relationships, technology, and the value of existing order backlog. These three assets explain 33% of the total purchase price and the remaining value is allocated as goodwill.

Potential changes in the EBIT-assumption may change the fair value allocation and hence adjust the goodwill arising on acquisition. Goodwill is explained as the estimated value of the work force and the fact that the acquisition is an important transaction in order to position the Group in the ATMS market.

None of these elements complies with the control criteria in IAS 38 for capitalization of intangible assets and is hence included in goodwill.

FINANCIAL OVERVIEW

The condensed interim consolidated financial statements per 31.03.14 (unaudited):

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

INTERIM CONSOLIDATED INCOME STATEMENT

NOK 1.000	Q1 2014	Q1 2013	Q4 2013	Q3 2013	Q2 2013	31.12.2013
Revenues	168 339	138 047	150 352	169 782	147 892	606 072
Cost of goods sold	68 084	51 725	51 901	65 399	55 767	224 791
Payroll expenses	53 782	75 544	37 990	46 258	36 936	196 727
Other operating expenses	28 741	48 569	94 328	34 330	39 126	216 353
Total operating expenses	150 607	175 838	184 218	145 986	131 829	637 871
EBITDA	17 732	-37 791	-33 866	23 795	16 063	-31 799
Depreciation, amortisation and impairment	16 759	15 577	15 947	15 658	15 732	62 914
EBIT	973	-53 368	-49 814	8 138	330	-94 713
Financial income	7 241	3 620	11 373	6 531	2 664	24 188
Financial expenses	-6 662	-5 521	-9 243	-7 401	-5 270	-27 434
Net financial items	579	-1 901	2 130	-869	-2 605	-3 246
Profit before tax	1 552	-55 269	-47 684	7 268	-2 275	-97 959
Tax expenses	-898	13 563	-24 837	-1 948	411	-12 811
Profit for the period	654	-41 706	-72 521	5 320	-1 864	-110 770
Attributable to :						
Minority interests	377	344	-100	537	537	1 318
Equity holders of the parent	276	-42 050	-72 420	4 782	-2 401	-112 088
Profit	654	-41 706	-72 521	5 320	-1 864	-110 770
Number of employees	340	309	291	273	288	300
Gross margin	59,6 %	62,5 %	65,5 %	61,5 %	62,3 %	62,9 %
EBITDA margin	10,5 %	-27,4 %	-22,5 %	14,0 %	10,9 %	-5,2 %
EBIT margin	0,6 %	-38,7 %	-33,1 %	4,8 %	0,2 %	-15,6 %
Profit margin	0,9 %	-40,0 %	-31,7 %	4,3 %	-1,5 %	-16,2 %
EPS	0,004	-0,62	-1,07	0,07	-0,04	-1,65
EPS, diluted	0,004	-0,62	-1,06	0,07	-0,04	-1,64

**INTERIM CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

NOK 1.000	Q1 2014	Q1 2013	Q4 2013	Q3 2013	Q2 2013	31.12.2013
Profit for the period	654	-41 706	-72 521	5 320	-1 864	-110 770
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations	-23	-3 635	172	-3 615	-3 323	-10 401
Net (loss)/gain on available-for-sale financial assets			1 470			1 470
- Income tax effect			0			0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	-23	-3 635	1 642	-3 615	-3 323	-8 931
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Actuarial gains (losses) on defined benefit plans			-4 884			-4 884
- Income tax effect	0	0	1 382	0	0	1 382
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	0	0	-3 502	0	0	-3 502
Total comprehensive income for the period	631	-45 341	-74 381	1 705	-5 187	-123 203
Attributable to :						
Minority interests	377	344	-100	537	537	1 318
Equity holders of the parent	253	-45 685	-74 280	1 167	-5 724	-124 521
Total comprehensive income for the period	631	-45 341	-74 381	1 705	-5 187	-123 203

BALANCE SHEET - ASSETS

NOK 1.000	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Development	161 680	132 761	136 542	143 440	146 452
Goodwill	125 001	71 199	64 667	64 667	64 667
Deferred tax assets	28 860	32 319	43 322	43 095	41 976
Total intangible assets	315 541	236 279	244 530	251 202	253 094
Machinery, fixtures and fittings	63 252	63 071	64 136	67 503	69 765
Total fixed assets	63 252	63 071	64 136	67 503	69 765
Shares	14 809	15 317	13 623	6 994	7 182
Pension funds	0	0	0	0	0
Other long term receivables	2 323	5 064	5 495	4 353	4 203
Total financial fixed assets	17 132	20 381	19 118	11 346	11 385
Total non - current assets	395 925	319 731	327 784	330 051	334 243
Inventories	76 995	70 940	72 686	65 095	74 443
Total inventories	76 995	70 940	72 686	65 095	74 443
Accounts receivables	132 547	146 860	94 191	108 207	59 714
Work in progress	29 681	48 737	74 741	60 320	64 287
Other receivables	29 568	36 599	25 209	25 863	29 693
Total receivables	191 795	232 196	194 141	194 389	153 693
Cash	226 557	271 477	270 534	255 181	327 279
Total current assets	495 347	574 613	537 361	514 665	555 415
Total assets	891 272	894 344	865 145	844 715	889 659

BALANCE SHEET - EQUITY & DEBT

NOK 1.000	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Subscribed share capital	25 830	25 830	25 830	25 830	25 830
Share premium reserve	415 554	415 554	415 554	415 554	415 554
Other paid in capital	20 529	20 529	17 962	17 962	19 738
Total paid in capital	461 912	461 913	459 345	459 345	461 121
Other equity	22 079	21 824	98 629	95 118	99 787
Total retained equity	22 079	21 824	98 629	95 118	99 787
Non-controlling interests	21 166	20 789	23 990	25 095	24 660
Total equity	505 158	504 526	581 964	579 558	585 568
Pension liabilities	11 277	12 925	16 088	14 150	12 133
Deferred tax	0	0	0	0	0
Total liabilities	11 277	12 925	16 088	14 150	12 133
Debt to financial institutions	100 000	100 000	100 000	100 000	100 000
Other non-current liabilities	53 734	6 957	13 908	13 908	13 908
Total non-current liabilities	153 734	106 957	113 908	113 908	113 908
Accounts payable	80 781	74 933	43 571	47 867	55 467
Tax payable	6 472	9 590	2 801	2 043	1 633
Public duties payable	10 558	19 114	14 583	12 458	8 111
Advance payments customers	13 166	28 502	11 802	16 063	13 078
Other short term debt	110 127	137 797	80 428	58 669	99 761
Total short term debt	221 103	269 936	153 185	137 099	178 050
Total liabilities	386 114	389 818	283 181	265 157	304 090
Total equity and liabilities	891 272	894 344	865 145	844 715	889 659

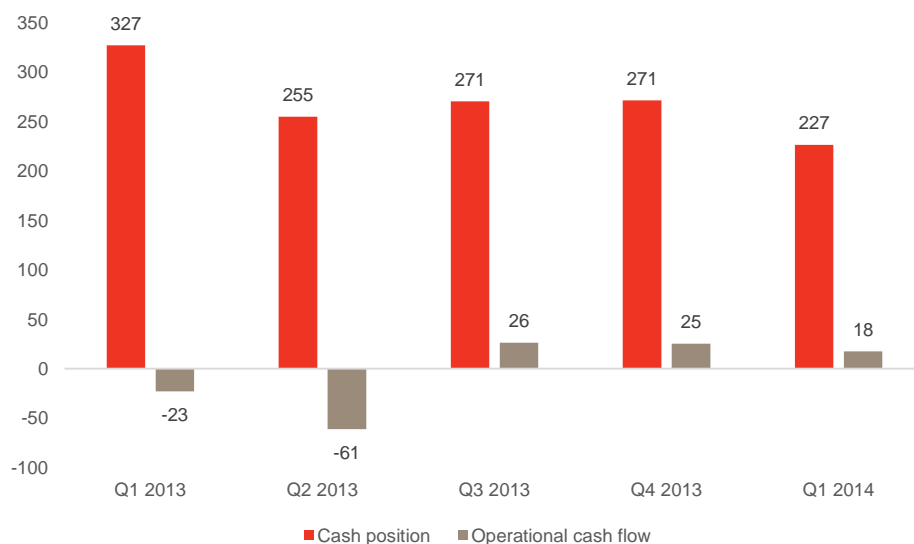
STATEMENT OF
CHANGES IN EQUITY

Equity attributable to equity holders of the parent

NOK 1.000	Sub- scribed share capital	Share premium reserves	Other paid in Capital	Other equity	Foreign currency translation reserve	Actuarial gains and losses	Available- for-sale reserve	Total	Non controlling interests	Total equity
Equity per 31.12.13	25 830	415 553	20 529	43 574	-21 907	-1 932	2 088	483 736	20 789	504 525
Total comprehensive income for the period				276	-23			253	377	631
Share issue arising from acquisitions										0
Equity per 31.03.14	25 830	415 553	20 529	43 851	-21 930	-1 932	2 088	483 990	21 166	505 158
Equity per 31.12.12	25 830	415 553	18 863	155 663	-11 505	1 570	618	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	113 613	-15 140	1 570	618	560 908	24 660	585 569

CASH FLOW STATEMENT

NOK in million	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Earnings before tax	1 552	-47 684	7 268	-2 275	-55 269
Taxes paid	-3 118	-1 566	-1 276	-696	-1 016
Depreciation / impairment	16 759	15 947	15 658	15 732	15 577
Other operational items	2 462	58 646	4 620	-73 970	17 737
Cash flow from operating activities	17 655	25 343	26 270	-61 209	-22 971
Investments intangible assets	-10 225	-7 371	-4 254	-8 146	-3 851
Investments tangible assets	-5 664	-3 730	-1 139	-2 308	-7 939
Acquisition of a subsidiary, net of cash acquired	-47 063	0	0	0	-7 107
Other investments	0	-9 445	-6 629	0	0
Cash flow from investment activities	-62 952	-20 546	-12 022	-10 454	-18 897
Proceeds from new loans	0	0	0	0	0
Down payments of debt to financial institutions	0	0	0	0	0
Share issue	0	0	0	0	0
Other financial items	377	-3 853	1 105	-435	-344
Cash flow from financing activities	377	-3 853	1 105	-435	-344
Net change in cash and cash equival.	-44 920	944	15 353	-72 098	-42 212
Cash and cash equivalents per 01.01.	271 477	270 534	255 181	327 279	369 491
CASH AND CASH EQUIVALENTS	226 557	271 477	270 534	255 181	327 279



KEY FIGURES

	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Operating profit / EBIT per share	0,0	-1,4	-0,8	-0,8	-0,8
Operating margin	0,0	-0,2	0,0	0,0	-0,4
EPS	0,0	-1,7	-0,6	-0,7	-0,6
EPS, diluted	0,0	-1,6	-0,6	-0,7	-0,6
Cash flow per share	0,3	-0,5	-0,9	-1,2	-0,3
Equity per share	7,4	7,4	8,5	8,5	8,6
Equity ratio	0,6	0,6	0,7	0,7	0,7
Liquidity ratio	2,2	2,1	3,5	3,8	3,1
Average number of shares	67 972 419	67 972 419	67 972 419	67 972 419	67 972 419
Average number of shares diluted	68 322 419	68 547 419	68 379 536	68 259 919	68 259 919
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Operating profit / EBIT per share	0,0	-0,7	0,1	0,0	-0,8
Operating margin	0,0	-0,3	0,0	0,0	-0,4
EPS	0,0	-1,1	0,1	0,0	-0,6
EPS, diluted	0,0	-1,1	0,1	0,0	-0,6
Cash flow per share	0,3	0,1	0,4	-0,9	-0,3
Average number of shares	67 972 419	67 972 419	67 972 419	67 972 419	67 972 419
Average number of shares diluted	68 322 419	68 547 419	68 379 536	68 259 919	68 259 919

RISK FACTORS

Q-Free is an international technology company exposed to a number of different risk factors. The following outlines the most prominent operational and financial risk factors and the main risk mitigation actions and measures.

PROJECT RISK

Q-Free's order backlog typically include a substantial element of demanding large-scale project deliveries, which may involve considerable risk in terms of timing and costs. Q-Free holds in-depth knowledge of customer requirements as well as the boundaries of its own project capabilities, and seeks to reduce risk to a minimum in contract negotiations. The company experienced termination of a large contract in 2013, and will seek to further strengthen the project risk management function going forward.

The main uncertainty pertaining to the near-term financial development of Q-Free relates to the start-up of the large Electronic Law Enforcement (ELE) project in Jakarta, Indonesia, which is outside of the company's control. Export Credit Norway in July 2013 signed a financing agreement with Q-Free's customer PT Rin in Indonesia. However, the release of the funds is pending an initial payment from the customer to Q-Free, which would also mark the start-up of the project and trigger order booking. Comprising project installations as well as product sales and a large service & maintenance contract, the ELE contract would potentially have a significant impact on revenues and earnings in subsequent periods.

POLITICAL RISK

Road User Charging (RUC) projects and some ATMS projects are normally directly or indirectly subject to governmental concessions, and the company is exposed to political risk from lead identification through contract awards to final project implementation. Political risk often correlates with the scope and size of the project, such that large projects hence entails relatively more risk than smaller projects. Q-Free will seek to mitigate this risk through a broadening of its scope of business in the RUC market, and also believes that its entry into the ATMS market will add new revenue streams that are less exposed to political risk.

TECHNOLOGY RISK

Q-Free is exposed to quality risk both related to the quality of own work and the quality of deliveries from subcontractors. Q-Free mitigates this risk through internal auditing and a non-conformance reporting system ensuring that employees carry out their work in accordance with well-defined processes. Q-Free clearly states its quality expectations in contracts with subcontractors and carry out regular quality reviews.

The Management and Board of Directors performs quarterly risk reviews on a Group level, and make the provisions regarded necessary to cater for possible financial implications of identified risks.

Financial risk factors and risk management

CURRENCY RISK

Q-Free reported revenues of NOK 606 million in 2013. NOK 462 million of this was generated outside of Norway, leaving Q-Free with a considerable foreign currency exposure. However, Q-Free also runs businesses outside of Norway, and buys a substantial share of required equipment abroad. This mitigated the Group's net foreign currency exposure to approximately 50 percent of this in 2013. The Group's most important trading currencies are NOK, USD, EURO and SEK.

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

CREDIT RISK

Risk related to customers' ability to fulfill their financial obligations is generally considered to be low, given that the Group's main customers are government controlled entities in Norway or abroad, or relatively large and solid private companies. The company has historically had a low bad debt to accounts receivables ratio.

Sovereign risk related to governments failing to honor their debt obligations may have increased in several markets, although Q-Free has to date not incurred any losses on debt to any government related entity in any market.

The Group only conducts business with parties with an acceptable credit record. The Group has guidelines to ensure that outstanding amounts are kept below given credit limits and that sales are made only to customers with no history for significant credit problems.

When Q-Free enters a new market, the credit risk will be assessed in each individual case and appropriate actions like letters of credit, Norwegian Export Credit Agency guarantees, advance payments, or other similar tools are being used in order to reduce credit risk.

The Group has no significant credit risk linked to any individual contracting party or to contracting parties that may be regarded as a group due to similarities in credit risk. The Group has not provided any guarantees for third parties' liabilities.

INTEREST RATE RISK

The interest level has significant influence on the consolidated profit. To ensure predictability the Group has preferred short-term interest rates (NIBOR 3 months plus a small markup) on its debt. Deposits are linked to the same underlying rate to mitigate the risk related to changes in the interest rate level.

The Group entered into a NOK 100 million loan agreement with Eksportfinans ASA during 2011. This loan matured in February 2014, and was refinanced with a three-year loan in Danske Bank on close to similar terms.

LIQUIDITY RISK

The Q-Free ASA Group's strategy is to hold sufficient cash, cash equivalents or credit facilities at any time to be able to finance its operations and planned investments over the next three years. Surplus cash funds are deposited in banks, or invested in money market funds, with the purpose of securing an acceptable, low-risk return on the invested capital.

The Board of Directors assesses the liquidity at the end of the first quarter 2014 to be sufficient to cover the company's planned operations and investment requirements.

KEY INFORMATION

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Organisation number: NO 935 487 242
Founded: 1984

HQ visitors address: Strindfjordvegen 1,
7053 Ranheim,
+Norway

FINANCIAL CALENDAR

First quarter 2014	30.04.2014
Annual General Meeting	22.05.2014
Second quarter 2014	14.08.2014
Third quarter 2014	30.10.2014
Fourth quarter 2014	12.02.2015

BOARD OF DIRECTORS

Terje Christoffersen	Chairman of the Board
Charlotte Brogren	Vice Chairman of the Board
Jan Pihl Grimnes	Board member
Selma Kveim	Board member
Sissel Lillevik Larsen	Employee elected Board member
Frank Aune	Employee elected Board member

MANAGEMENT

Thomas Falck	CEO
Roar Østbø	CFO
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 Transportation Management Systems
Morten Dammen	Acting VP R&D

INVESTOR RELATIONS

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