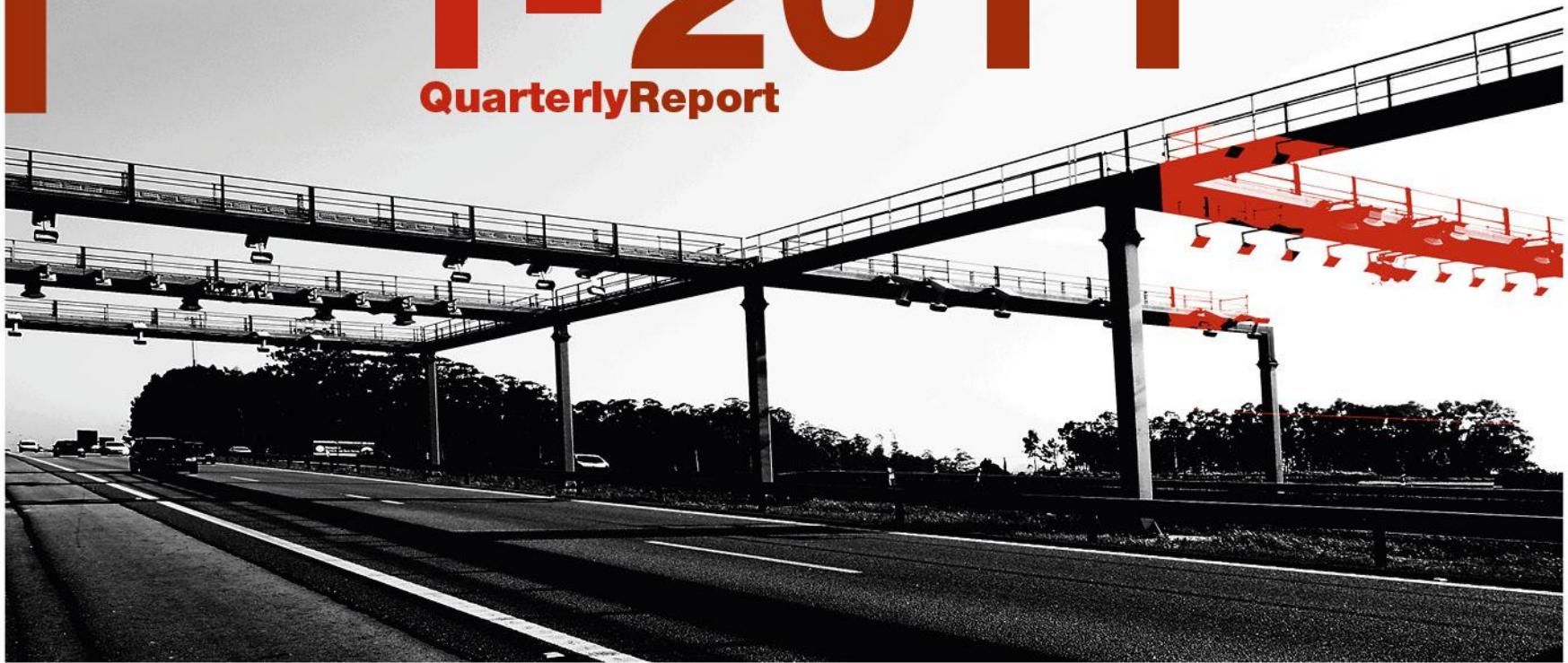


# 1-2011

Quarterly Report



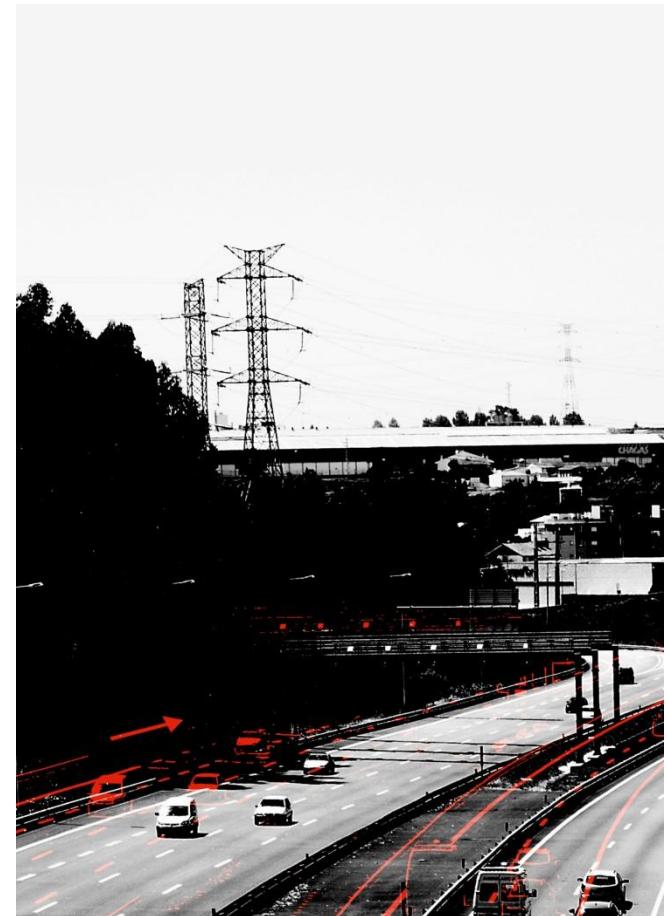
**Presented by CEO Øyvind Isaksen and CFO Roar Østbø**

# Agenda

- Q1-11 Highlights
- Key Figures
- Regional market update
- Financial review
- Outlook
- Q&A

# Q1-2011 Highlights

- Improvements continues
  - Increased revenues and backlog
  - Improved profitability
  - Good news flow
- Important orders during the quarter
  - 154 MNOK MLFF contract from Ascendi (Portugal)
  - 38 MNOK tag contract from CGMP (Brazil) - call off from frame agreement
  - 27 MNOK tag contract from ETC/Sanral in South Africa
- Slovakia settlement agreement signed



# Key figures

Revenues	170 MNOK
Operating profit	5 MNOK
Order intake	237 MNOK
Order backlog	642 MNOK

# Market update – Europe, M-East & Africa

- Continuing high market activity
  - Sweden, Portugal, France, Greece and South Africa
  - Product sales, infrastructure projects, central system, service and maintenance activities
- Portugal
  - New award in Q1-2011 related to conversion from shadow tolling to real tolling worth 154 MNOK
  - Political situation will delay further awards until new government is in place – summer 2011
  - New sales opportunities related to shadow tolling, new concessions, tags and service activity is however expected to materialise within 2011
- Sweden – New market developing
  - Congestion charging in Gothenburg, - Q-Free in position to sign contract of 100 MNOK+, - awaiting outcome of a complaint process
  - Expect to see an increase in use of Road User Charging (RUC) in Sweden for financing and congestion management

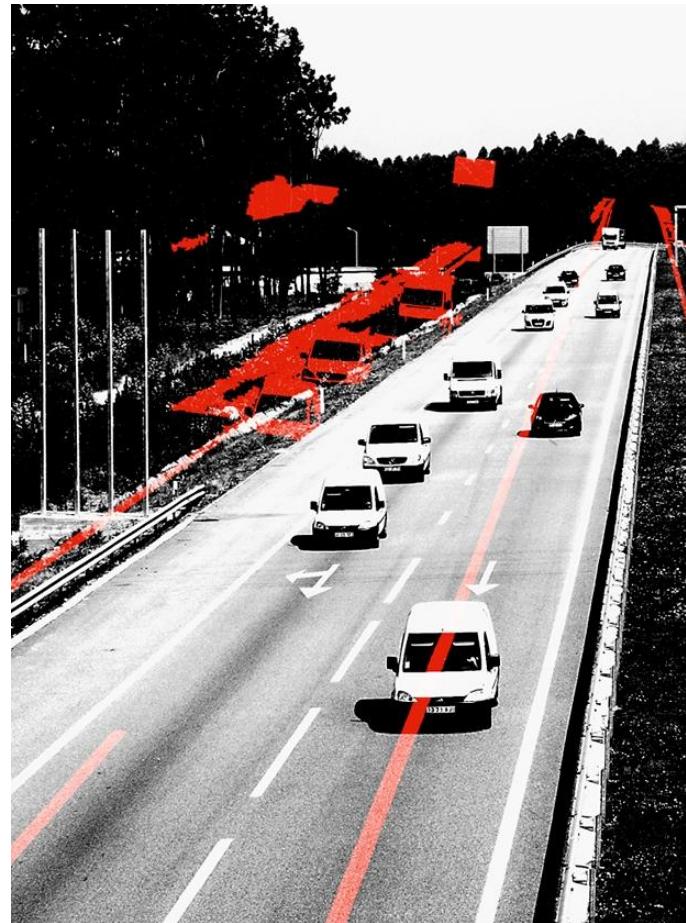
# Market update – Europe, M-East & Africa

cont.

- Major infrastructure possibility in Greece
  - Q-Free will participate in a consortium
  - Scope for Q-Free could be road side infrastructure as well as operational back office
- Projects related to truck tolling in Europe
  - New projects will materialise; France, Slovenia, Belgium, Denmark and others
  - Scope could comprise GNSS OBU, back office, enforcement and services
  - Each of these cases represents an opportunity of several hundred MNOK
  - Projects will probably materialise from 2011 and onwards
- South Africa
  - Awarded first tag contract from ETC/Sanral during Q1 worth 27 MNOK
  - Repeat order received beginning Q2 worth 19 MNOK
  - Possibilities for further tag awards
  - Longer term new ETC infrastructure projects will materialise

# Market update - Asia Pacific

- Bangkok
  - Increased ETC penetration implies a potential attractive tag market going forward
  - New infrastructure projects identified
- Tag activity in Australia continues to develop positively
- Indonesia may show opportunities in 2011
- Also exploring new cases in Taiwan, Malaysia and India
- The Asian region has a high potential, but will take time to mature



## Market update - North and Latin America

- Brazil, Chile, Columbia and Ecuador main areas of activity in South America
  - Tag demand in Brazil continues to be high
  - Second call-off of 38 MNOK from frame agreement received during the quarter
  - Important breakthrough in Chile and deliveries successfully started
- Good activity related to ALPR (software) solution in US
  - High focus on video based solutions
  - The company's ALPR solution has a strong position

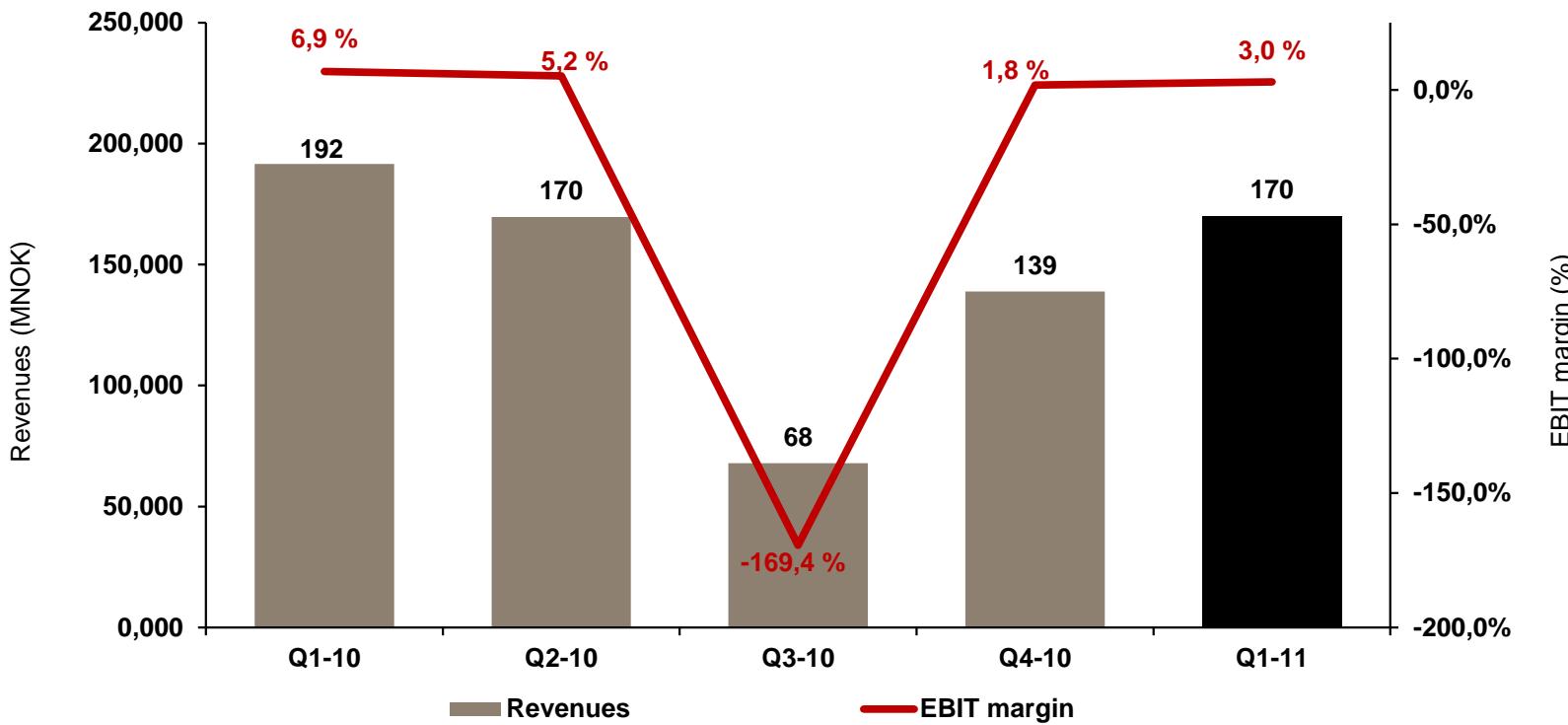


# Financial review Q1-2011

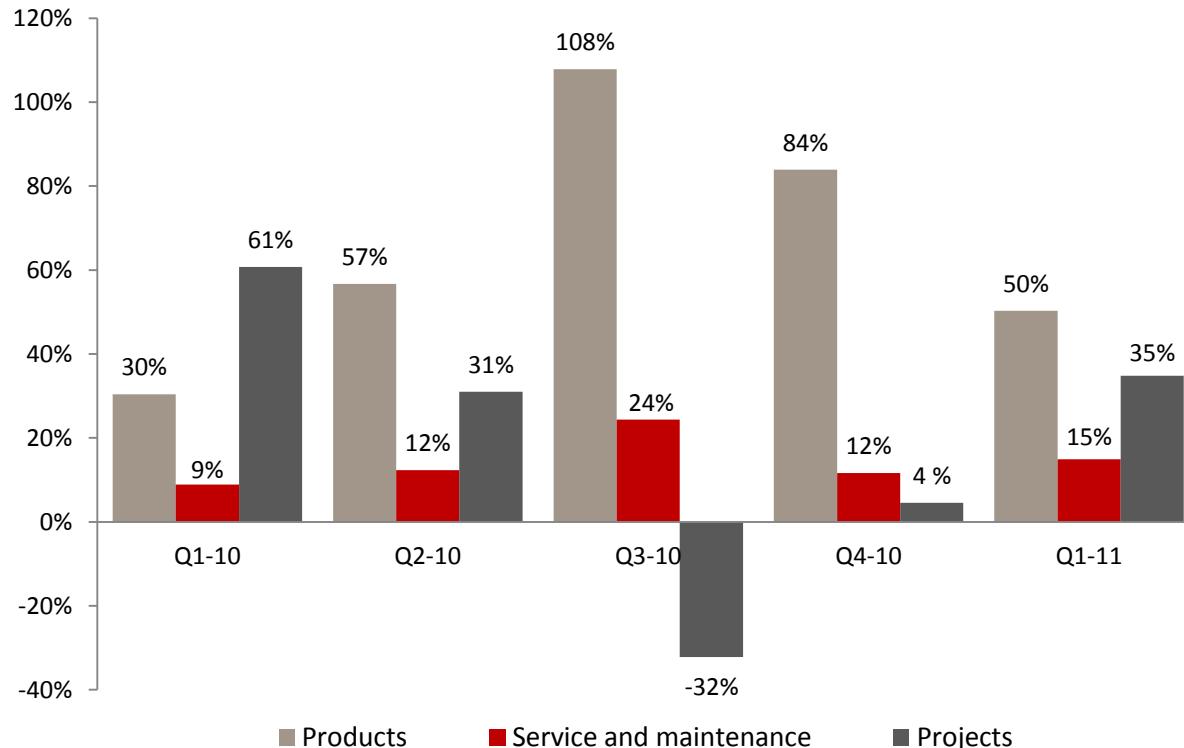
Q-Free  
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2011

Presented by CFO Roar Østbø

## Revenues and EBIT margin – Quarterly 2010-2011



# Revenues per Business Areas

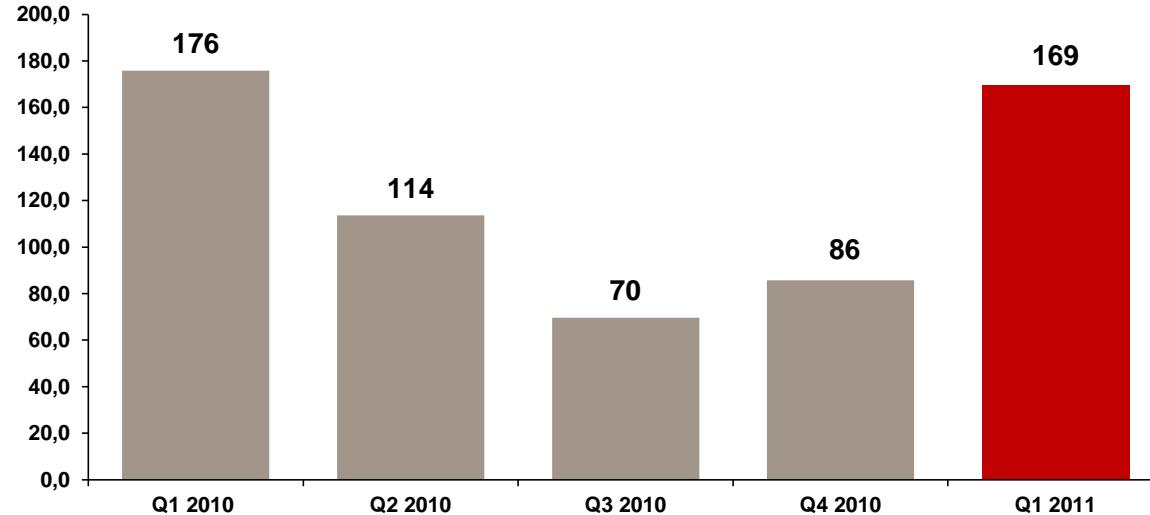


MNOK	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11
<b>Products</b>	58,3	96,2	73,2	116,5	85,5
<b>Service and Maintenance</b>	17,0	20,9	16,5	16,1	25,4
<b>Projects</b>	116,3	52,6	-21,8	6,3	59,2
<b>TOTAL</b>	191,6	169,6	67,8	138,9	170,1

# Profit and Loss statement

NOK 1.000	Q1 2011	Q1 2010	Q2 2010	Q3 2010	Q4 2010	31.12.2010
<b>Revenues</b>	<b>170 142</b>	191 646	169 647	67 846	138 906	<b>568 044</b>
<b>Gross profit</b>	<b>80 585</b>	127 386	94 568	1 317	76 541	<b>299 812</b>
<b>Gross margin - %</b>	<b>47,4 %</b>	66,5 %	55,7 %	1,9 %	55,1 %	<b>52,8 %</b>
<b>Operating expenses</b>	<b>64 617</b>	105 800	74 930	86 401	62 100	<b>329 231</b>
<b>Operating profit - EBITDA</b>	<b>15 967</b>	21 587	19 638	-85 084	14 441	<b>-29 419</b>
<b>EBITDA margin</b>	<b>9,4 %</b>	11,3 %	11,6 %	-125,4 %	10,4 %	<b>-5,2 %</b>
<b>Depreciation, amortisation and impairment</b>	<b>10 848</b>	8 349	10 813	29 879	11 913	<b>60 954</b>
<b>Operating profit - EBIT</b>	<b>5 119</b>	13 238	8 825	-114 963	2 528	<b>-90 373</b>
<b>EBIT margin</b>	<b>3,0 %</b>	6,9 %	5,2 %	-169,4 %	1,8 %	<b>-15,9 %</b>
<b>Pretax profit</b>	<b>4 033</b>	14 837	7 592	-110 163	8 142	<b>-79 593</b>
<b>Profit margin</b>	<b>2,4 %</b>	7,7 %	4,5 %	-162,4 %	5,9 %	<b>-14,0 %</b>
<b>EPS</b>	<b>0,04</b>	0,18	0,09	-1,32	0,11	<b>-0,94</b>

# Cash flow statement

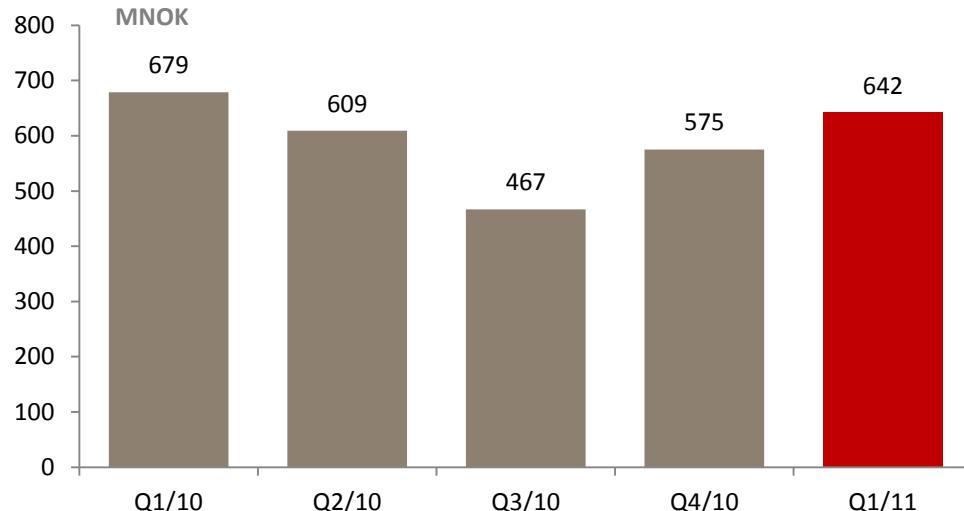


NOK 1.000	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Net cash flow from operations	-81 839	-37 756	-30 964	29 710	-8 629
Net cash flow from investments	-16 975	-24 800	-12 927	-12 294	-7 850
Net cash flow from financing	36	304	-49	-1 336	100 242
Net change in cash in the period	-98 779	-62 252	-43 940	16 080	83 763
Cash opening balance	274 615	175 836	113 584	69 644	85 724
Cash closing balance	175 836	113 584	69 644	85 724	169 487

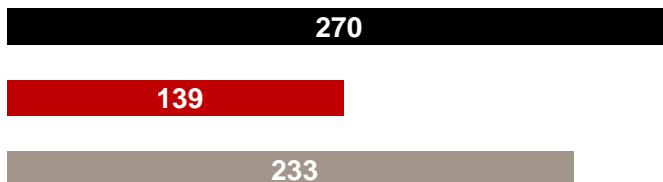
# Balance sheet

NOK 1.000	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010
Total intangible assets	183 730	186 897	171 083	181 544	162 865
Non current assets	65 847	71 526	76 275	84 124	82 352
Cash & Cash equivalents	169 487	85 724	69 644	113 584	175 836
Other current assets	367 641	343 568	324 616	375 260	353 091
<b>TOTAL ASSETS</b>	<b>786 706</b>	<b>687 715</b>	<b>641 618</b>	<b>754 511</b>	<b>774 145</b>
Total Equity	506 287	499 418	480 415	564 682	557 236
Liabilities	280 418	188 297	161 203	189 829	216 908
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>786 706</b>	<b>687 715</b>	<b>641 618</b>	<b>754 511</b>	<b>774 145</b>
Equity ratio	64,4 %	72,6 %	74,9 %	74,8 %	72,0 %

# Order Backlog



■ Products ■ Service & Maintenance ■ Projects



## Outlook

Q-Free  
Quarterly Report  
2011

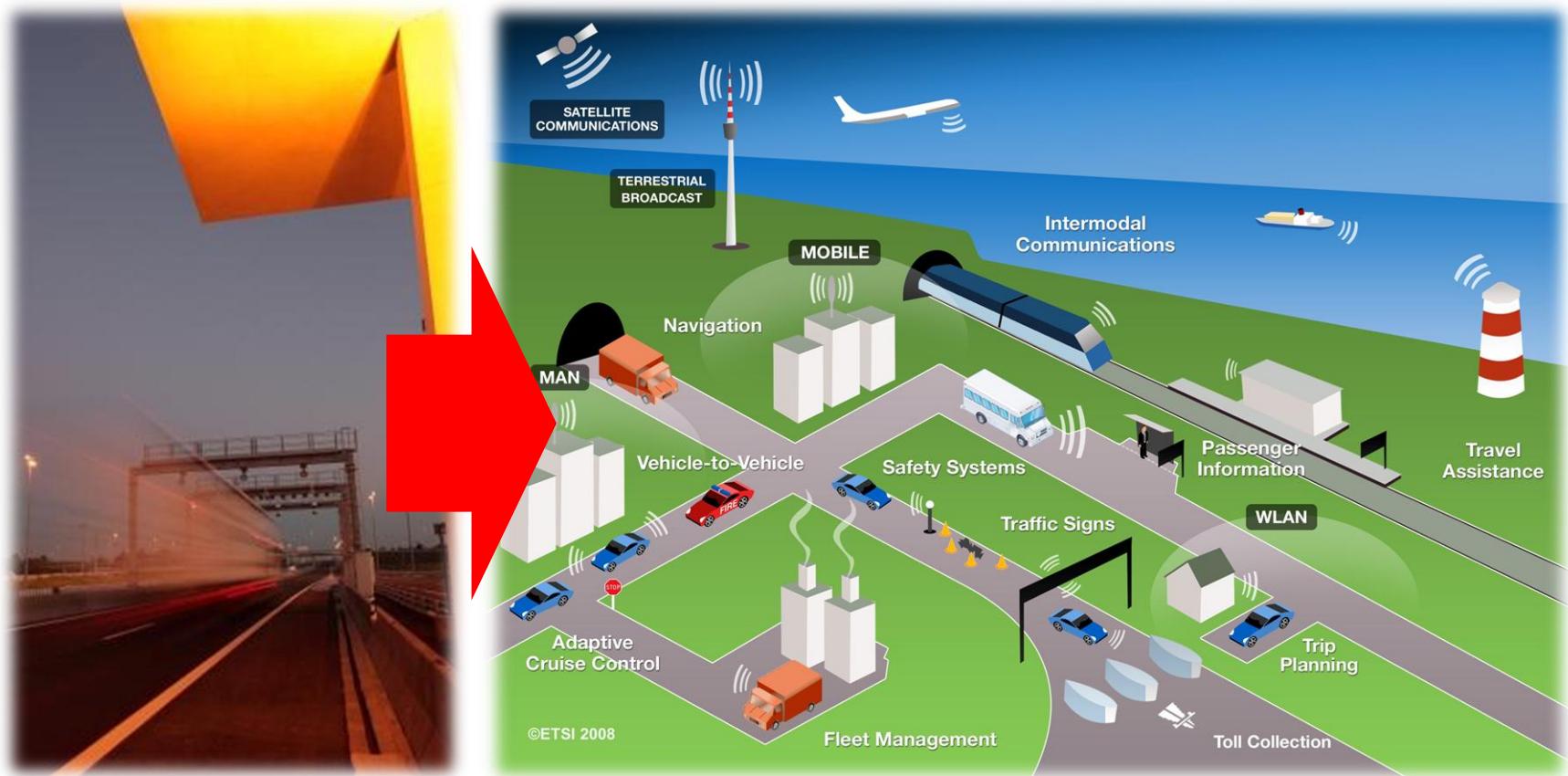


Presented by CEO Øyvind Isaksen

# Outlook

- 2011 will get us "back on track"
- The global Road User Charging market is expected to grow considerably over the next years
  - Traffic is causing congestion problems implying environmental challenges and time inefficiency
  - Need for financing to build and maintain infrastructure is evident
  - Macro trend is becoming more and more visible
- Q-Free is continuously improving its competitive position
- It is all about positioning Q-Free for long term growth

# The near/medium term future is exciting - but this is only the start of a new industry





# Major shareholders

SHAREHOLDER as at 270411	SHAREHOLDING %
ERSTE BANK DER OESTE SPARKASSEN	16,49
ODIN NORGE	8,87
SKAGEN VEKST	4,81
DNB NOR	3,77
JP MORGAN CHASE BANK	3,28
KIKUT	2,75
HOLBERG NORGE	2,74
ANDRESEN LARS	2,71
REDBACK AS	2,48
VITAL FORSIKRING ASA	2,32
BANK AUSTRIA	1,97
SABARO INVESTMENTS	1,86
VPF NORDEA KAPITAL	1,79
MONS HOLDING AS	1,73
SANDNES INVESTERING	1,43
VPF NORDEA AVKASTNING	1,29
DEUTCH BANK	1,24
DNB NOR	1,23
WARREN WICKLUND NORGE	1,22
VPF NORDEA SMB	1,04
<b>TOTAL</b>	<b>65,02 %</b>