



Presentation Q3 2005





Present from the company:

Geir Ove Kjesbu, CEO Q-Free ASA

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Highlights Q3 05

- **Revenues NOK 138.5 mill. (68 % growth Q3 2004), EBIT NOK 22.0 mill., profit before tax NOK 24.7 mill.**
- EBIT margin of 15.9% for the group. EBIT margin for Q-Free excluding Ticketing 22.2 % in Q3.
- Cash Flow from operation is NOK 60.0 mill. and cash funds is NOK 192.5 mill. at the end of Q3.
- Q-Free proposed a de-merger of the business unit Ticketing, this was approved by the general meeting 13 October. The company was named FARA ASA and to be listed in December 05.

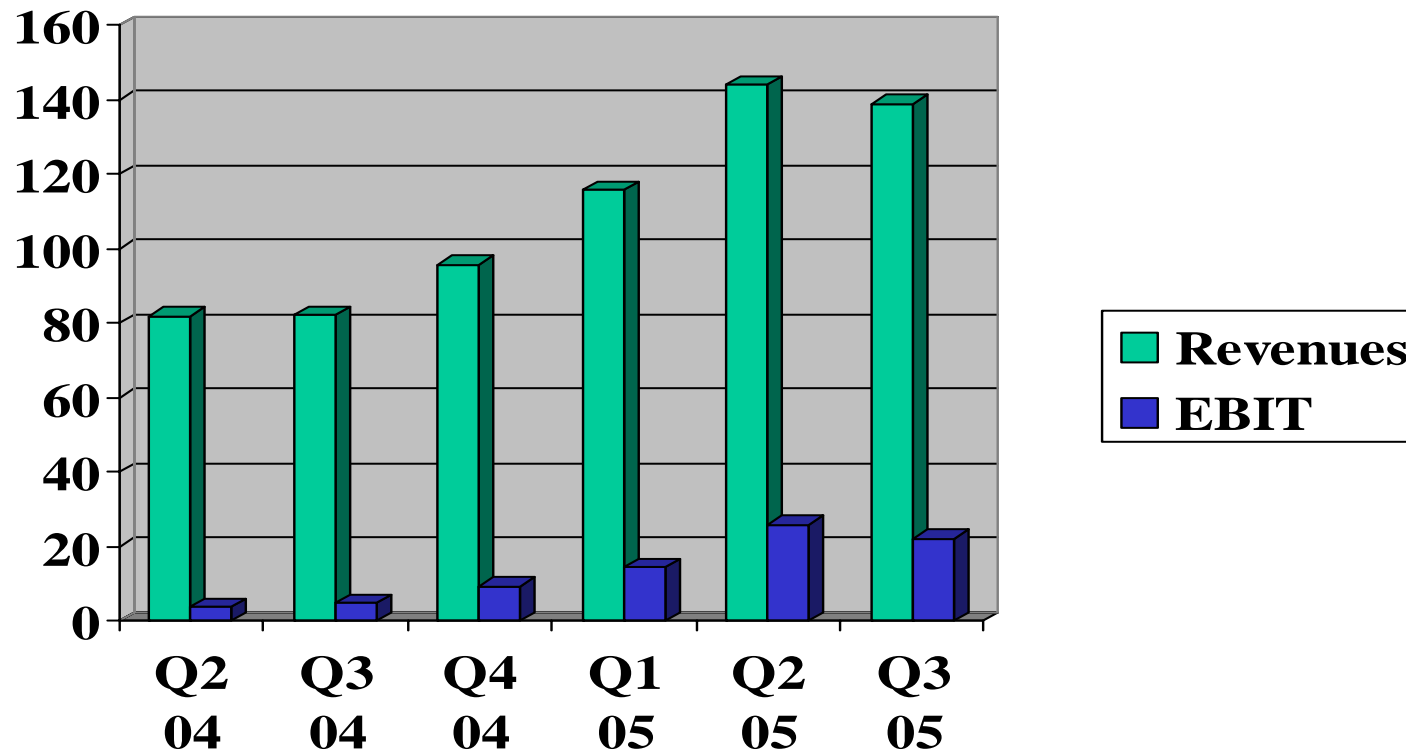


Profit & Loss 2004-2005 NOK Mill

	Pr.Q3 05	Q3 05	Q2 05	Q1 05	Q4 04	Q3 04	2004
Revenues	398,0	138,5	144,0	115,6	95,6	82,3	316,0
EBITDA	76,7	26,6	30,0	20,1	13,4	9,2	-58,9
EBIT	62,0	22,0	25,8	14,3	9,3	4,7	-76,7
Profit before tax	64,6	24,7	25,4	14,5	2,9	7,2	-86,3
Profit after tax	57,2	22,7	22,5	11,9	8,5	2,6	-88,3
EPS	1,11	0,36	0,46	0,29	0,17	0,05	-1,74
EBITDA-%	19,3	19,2	20,8	17,4	14,0	11,2	-18,6
EBIT-%	15,6	15,9	17,9	12,4	9,7	5,7	-24,3
Pretax profit-%	16,2	17,8	17,6	12,5	3,0	8,7	-27,3



Revenues & EBIT 2004-2005



P/L Q-Free excl. FARA

NOK Mill

	Pr.Q3 05	Q3 05	Q2 05	Q1 05	Q4 04	Q3 04	2004
Revenues	363,5	121,8	130,7	111,0	83,3	76,8	291,8
EBITDA	96,2	31,5	37,1	27,6	29,3	20,3	-2,1
EBIT	82,2	27,1	33,2	22,0	25,7	16,0	-18,9
Profit before tax	84,7	29,8	32,8	22,2	20,7	18,6	-25,9
Profit after tax	77,3	27,8	29,9	19,6	15,7	19,1	-88,3
EBITDA-%	26,5	25,9	28,4	24,9	35,2	26,4	-0,7
EBIT-%	22,6	22,2	25,4	19,8	30,9	20,8	-6,5
Pretax profit-%	23,3	24,5	25,1	20,0	24,8	24,2	-8,9



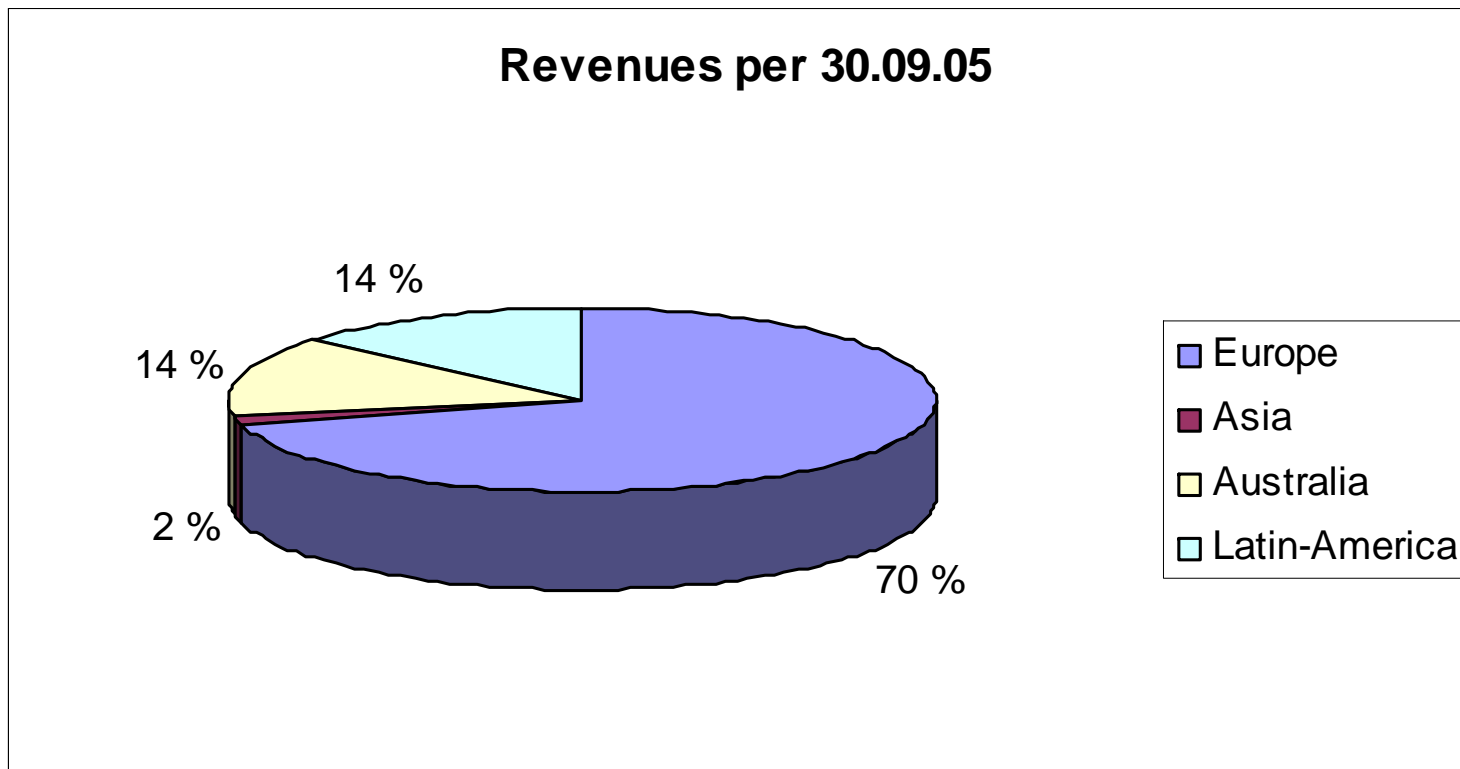
P/L FARA

NOK Mill

	Pr.Q3 05	Q3 05	Q2 05	Q1 05	Q4 04	Q3 04	2004
Revenues	34,6	16,7	13,3	4,5	12,3	5,4	24,2
EBITDA	-19,4	-4,9	-7,1	-7,5	-15,9	-11,0	-56,7
EBIT	-20,2	-5,1	-7,4	-7,8	-16,4	-11,3	-57,8
Profit before tax	-20,2	-5,1	-7,4	-7,7	-17,8	-11,4	-60,4
Profit after tax	-20,2	-5,1	-7,4	-7,7	-15,7	-11,4	-58,3
EBITDA-%	-56,1	-29,3	-53,4	-166,7	-129,3	-203,7	-234,3
EBIT-%	-58,4	-30,5	-55,6	-173,3	-133,3	-209,3	-238,8
Pretax profit-%	-58,4	-30,5	-55,6	-171,1	-144,7	-211,1	-249,6



Revenues geographical areas



Balance Sheet 2004-2005 (NOK mill.)

Pr.Q3 05 Pr.Q2 05 Pr.Q1 05 Pr.Q4 04 Pr.Q3 04

Fixed assets	74,5	62,4	57,8	57,0	56,3
Cash	192,5	144,7	143,7	130,4	83,7
Other current assets	184,1	220,9	190,8	157,9	173,4
Total assets	451,1	428,0	392,3	345,3	313,4
Equity	261,2	229,5	210,4	197,0	199,6
Liabilities	189,9	198,5	181,9	148,3	113,8
Total liabilities & Equity	451,1	428,0	392,3	345,3	313,4



Balance Sheet Items Q3 05

– Fixed assets

- Increase due to R&D activity of NOK 5 mill. and other investments of approx NOK 7 mill.

– Current assets

- Increased with NOK 11 mill. Mainly due to NOK 48 mill increase of cash in hand due to large payments from customers and increased accounts payables. Accounts receivables have been reduced NOK 24 mill.

–Equity

- Increase due to profits and some share options exercised.

– Long-term liabilities

- No major change in period

– Short-term liabilities

- Reduced with NOK 15 mill. mainly due to reduction of prepayment from customers while suppliers have increased.

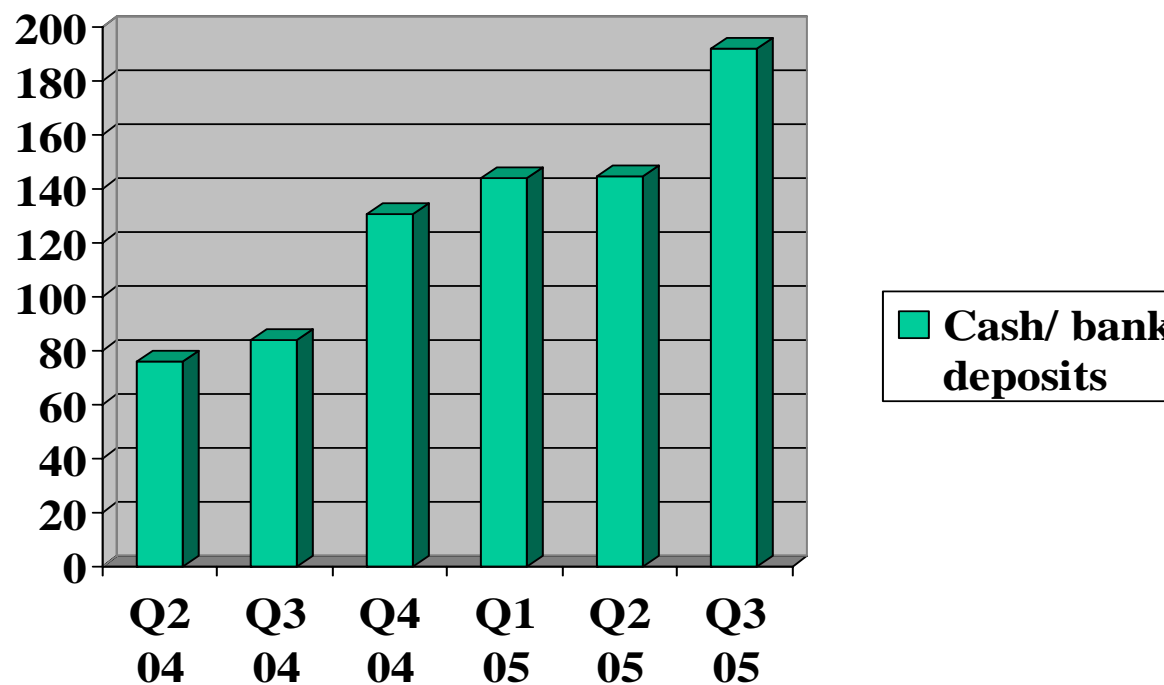


Cash Flow 2004-2005 (NOK mill.)

	Pr.Q3 05	Pr.Q2 05	Pr.Q1 05	Pr.Q4 04	Pr.Q3 04
CF from operations	90,2	30,2	20,1	39,2	-9,4
CF from investments	-29,0	-15,7	-7,3	-9,5	-10,2
CF from financing	1,0	-0,1	0,6	22,5	25,1
Net change in cash	62,2	14,4	13,4	52,2	5,5
Cash opening balance	130,3	130,3	130,3	78,1	78,1
Cash closing balance	192,5	144,7	143,7	130,3	83,6



Cash/bank deposits 2004-2005 (NOK mill.)



Order Backlog

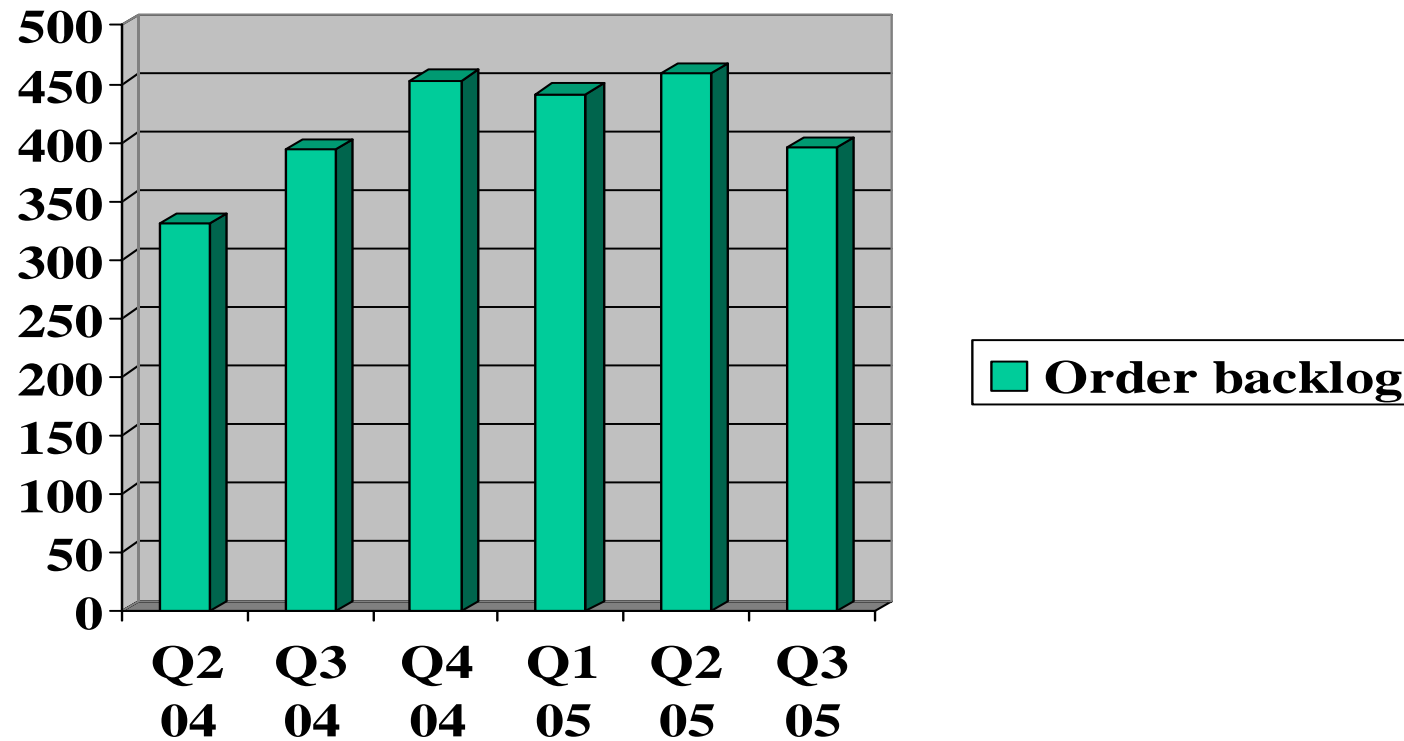
Order backlog 30.09.2005:

NOK 395 mill.

- Order backlog 31.06.2005: NOK 459 mill.
- Order backlog 31.03.2005: NOK 441 mill.
- Order backlog 31.12.2004: NOK 453 mill.



Order Backlog 2004-2005



Major Shareholders (58 % of shares)

ODIN NORGE	8,37
DECIBEL AS	5,55
STATE STREET BANK & CLIENT OMNIBUS D	4,37 NOM
HAUAN CONSULTING AS	4,14
JPMORGAN CHASE BANK CLIENTS TREATY ACCOU	3,40 NOM
HANDELSBANKEN MARKET Egenhandelskonto	3,63
SKAGEN VEKST	3,34
LARS ANDRESEN	3,21
JAN PIHL GRIMNES	2,80
KIKUT AS	2,31
TORE AKSEL VOLDBERG	2,60
WEGA AS	2,05
STOREBRAND LIVSFORSIKRING	1,74
STATOILS PENSJONSKASSE	1,74
ALDEN AS	1,67
NORDEA BANK DENMARK	1,62 NOM
DATUM AS	1,41
SAGA EQUITY FUND	1,47
NORDEA LIV	1,26
FIRST NORDIC NORGE	1,21
TOTAL	57,89



Market tolling

- A long term growing market
 - Market drivers are:
 - EU directive (2004/52/EC) for interoperability
 - Financing of new road infrastructure
 - Increase mobility in congested areas
 - Conversion from manual tolling to electronic tolling



Market tolling

- EU directive for interoperability
 - Opens for three technologies : Satellite positioning, Mobile communications GSM-GPRS, Microwave communication i.e. DSRC
 - So far all purchases in EU since the directive was deployed in 2004 have been based on DSRC technology
 - In longer term, satellite technology is expected to increase its market share and when that happens Q-Free will enable itself to provide leading edge satellite technology
- Financing of new road infrastructure
 - Sydney Cross City tunnel, a Multilane free flow system set into operation i Q3. Q-Free supplied 100k tags, 3 toll plazas and back office. The first and only tolling system inside a tunnel. Important reference for Asia as well as Australia.
 - Vespucio Sur in Santiago, a multilane free flow system build by Q-Free and Raytheon. To be in operation in Q4 05. Important reference for the South-America market.
 - Several new concessions are coming up in South America and Australia.



Market tolling

- Increase mobility in congested areas
 - Stockholm according to plan. The first commercial multilane free flow system in a congestion charging project in Europe. Outmost important reference world wide and for Europe in particular.
 - Asia; Three major cities are under evaluation to introduce a congestion charging scheme in medium term.
 - London; Q-Free and a competitor is testing its technology for a possible upgrade in London. The competitor was chosen for a more extensive test installation. London considering a public tender in 2006.
- Road charging of heavy goods vehicles
 - Design, build, finance and operate seems to be the trend. Austria, Germany and now the Czech Republic.
 - Due to this model the project values are huge. Bids for the Czech Republic in range NOK 4.000 – 9.000 mill.
 - The Czech Republic expected to announce a winner soon and closing of contract around new year. Q-Free positioning as technology supplier to tendering consortiums.
 - Slovakia, Hungary and then Poland is expected to follow soon.



Market tolling

- Conversion from manual tolling to electronic tolling
 - In markets like France, Spain, Greece, the Americas and Asia manual toll collection systems are still in majority. However ETC increases its market share.
 - In the US, toll collection is widely in use mainly based on manual toll collection.
 - However US is still the largest ETC market with approx 20-25 mill OBUs sold.
 - US ETC market is “controlled” by two domestic vendors with proprietary technology.
 - Due to requirements like interoperability between the different toll systems and more spread usage of ETC, a new US communication standard operating at 5.9 GHz might be approved in 2-3 years.
 - If such a standard is opened in the US, Q-Free technology is more suitable for the US market. European standard uses 5.8 GHz technology.



Future outlook

- Tolling business has proven scalable and healthy with solid margins.
- As the market grows and being more mature we see good possibilities for increased product sales.
- Q-Free focus to implement its business strategy in overseas markets starting with Asia.
- We expect to see new larger projects coming up in Europe and Asia in medium term.



FARA ASA

Supplier of products and
technology for Automatic Fare
Collection in Public
Transportation



AFC in Public Transport

Today:

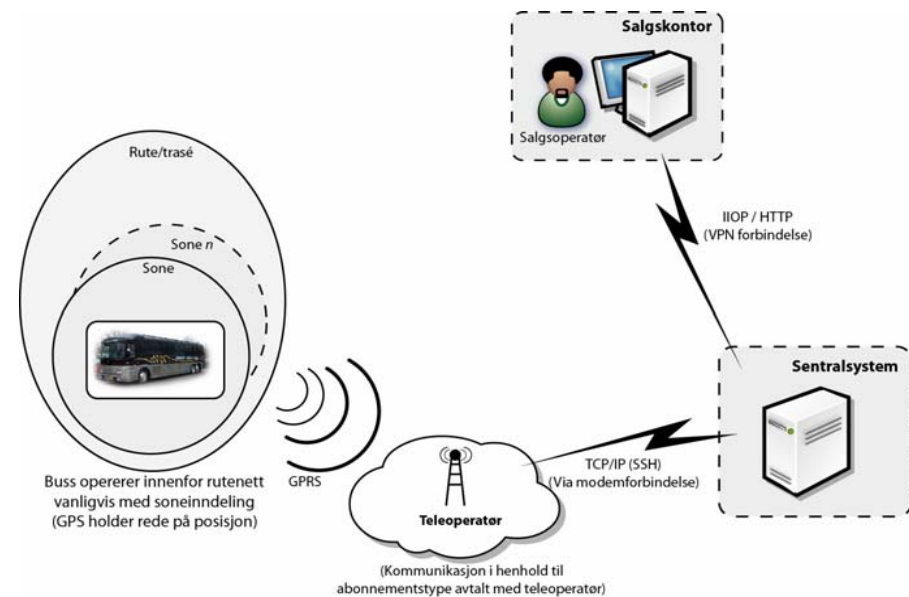
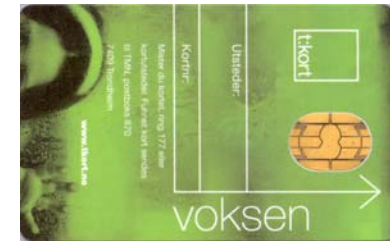
- Mechanical ticketing machine, manual process
- Inflexible tariff and service offering
- Operable within a zone/operator only
- Passenger limited choices
- Limited customer information



AFC in the future

Future:

- Vehicle computer; touch-screen; GPS/ GPRS; wireless
- Smartcard
- Flexible tariff; service development
- Inter-operable across zone & operators
- CRM



FARA has been in business since 1999

REFERENCES:

- Nera System-3, Norway
 - 1100 ticketing machines
- Trøndelag, Norway
 - Complete AFC system for 600 buses, boats and trains
- Telemark Norway
 - Complete AFC system for 100 buses
- Vestfold, Norway
 - Complete AFC system for 350 buses
- Airport Express Train, Oslo Norway
 - Platform validators
- CRSI Oslo
 - Specification of interoperable solution in the Oslo area

PROJECTS UNDER DELIVERY Q106→

- Rogaland, Norway
 - Complete AFC system for 400 buses
- Troms, Norway
 - Complete AFC system for 350 buses
- Hedmark & Oppland, Norway
 - Complete AFC system for 700 buses
- Umeå, Sweden
 - Complete AFC system for 50 buses
- Norrbotten, Sweden
 - Complete AFC system for 350 buses



Market size - Illustrations

- AFC investments in:
 - New vehicles
 - New AFC systems in existing vehicles
- Reinvestment rate new vehicles:
 - UN figures: 3 % p.a. (see table)
 - Large operators higher reinvestment rate; 8-9 %
- Investment in AFC system per bus:
 - Scandinavia: NOK 75 – 100 000 (source: basket of selected public tender awards)

	Buses	New bus registration p.a.
EU	750 000	34 000
EU applic.	400 000	200
Other EUR	70 000	3 000
TOTAL	1 200 000	37 000
Scandinavia	30 000	

Source: UN Economic Commission for Europe; 2002



Note: Industry statistics & reporting inconsistent hence should be read as indicative of range only

Why FARA

- Investment in next generation leading technology nearly done
 - Scalable (easily integrated & upgraded, modular)
 - Wireless communication, GPS/GPRS
 - Smartcard; compliant with national standards
 - Revenue increase and cost reduction for public transport operators
 - Applicable in Real Time Information systems and Fleet Management
- Roll-out of five projects early 2006 will establish reference projects
 - Proven technology as basis for expansion in Europe
- Scalable business model
- Experienced technology team
- De-merger & listing provides strong shareholder base & vehicle for growth

POSITIONED TO SUCCEED

