

FARA

FARA ASA

Presentation Q2, 2011

Jan P. Grimnes, Chairman
Ørjan Kirkefjord, CEO



Q2 Review Agenda



- Highlights
- Operational review
- Market update
- Financial Review
- Summary & outlook
- Q&A

- Closing down legacy products
 - Migration on track
 - Västerbotten and Västernorrland signed upgrades
- New organization to manage the now established integrated product line
 - Appointed Ørjan Kirkefjord as new CEO
 - Focusing on marketing and sales
 - Improving efficiency in the development department
- New products well received in the marked place
 - e.g. the new web shop solution

Q2 Review

Financial highlights



KNOK	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	26 917	29 438	49 279	63 971
EBITDA	-3 953	623	-9 627	866
Cashflow operations	-10 723	-5 130	38 283	48 093
Net order inflow	60	22	86	45
Order backlog	121	70	121	70

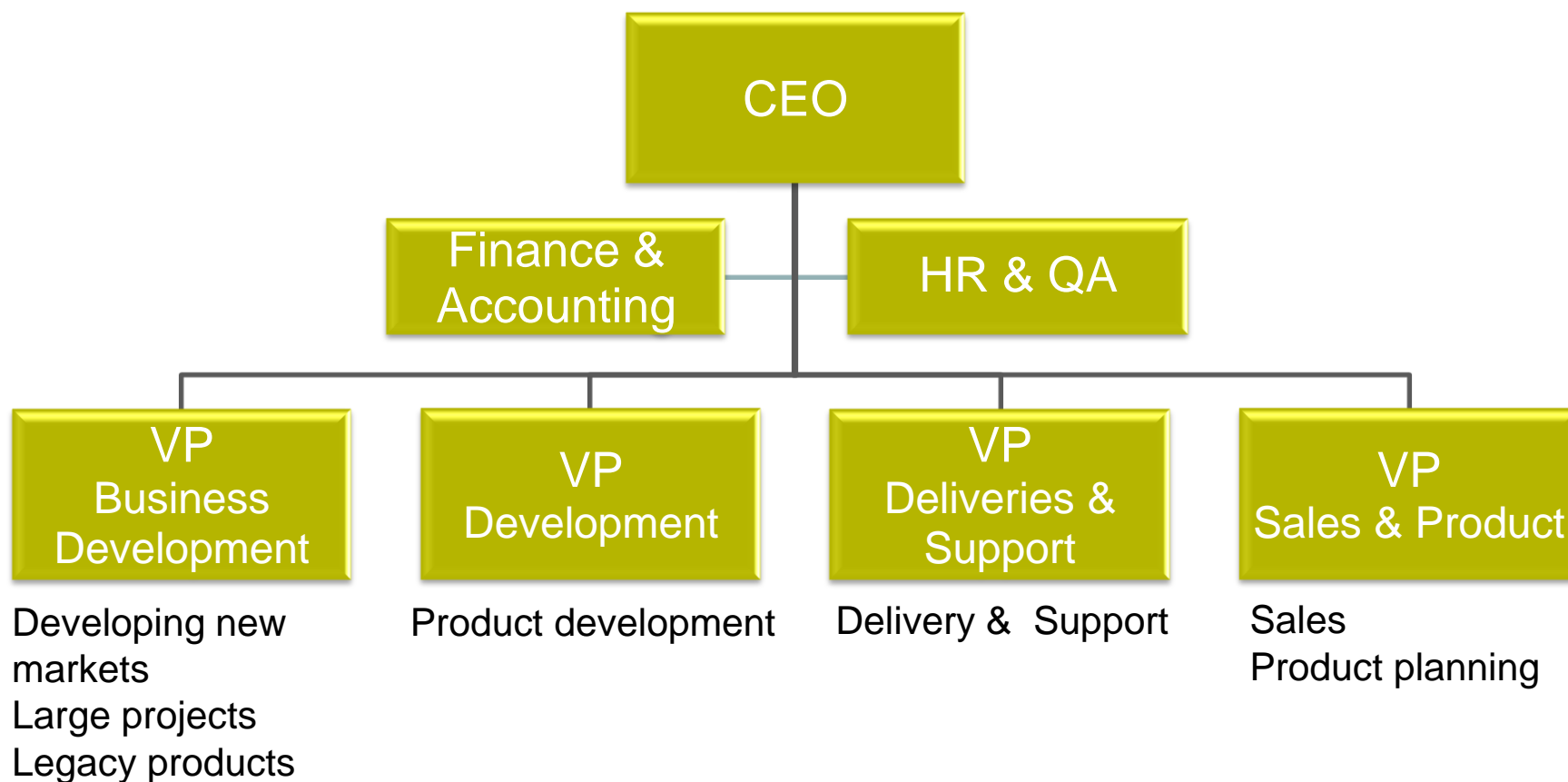
- Accumulated gross margin 76 % (77 %) 78% (75%)
- Development and introduction of the new product portfolio is on track – finalized during first half year 2011

Operational Review

JAN P. GRIMNES, CHAIRMAN

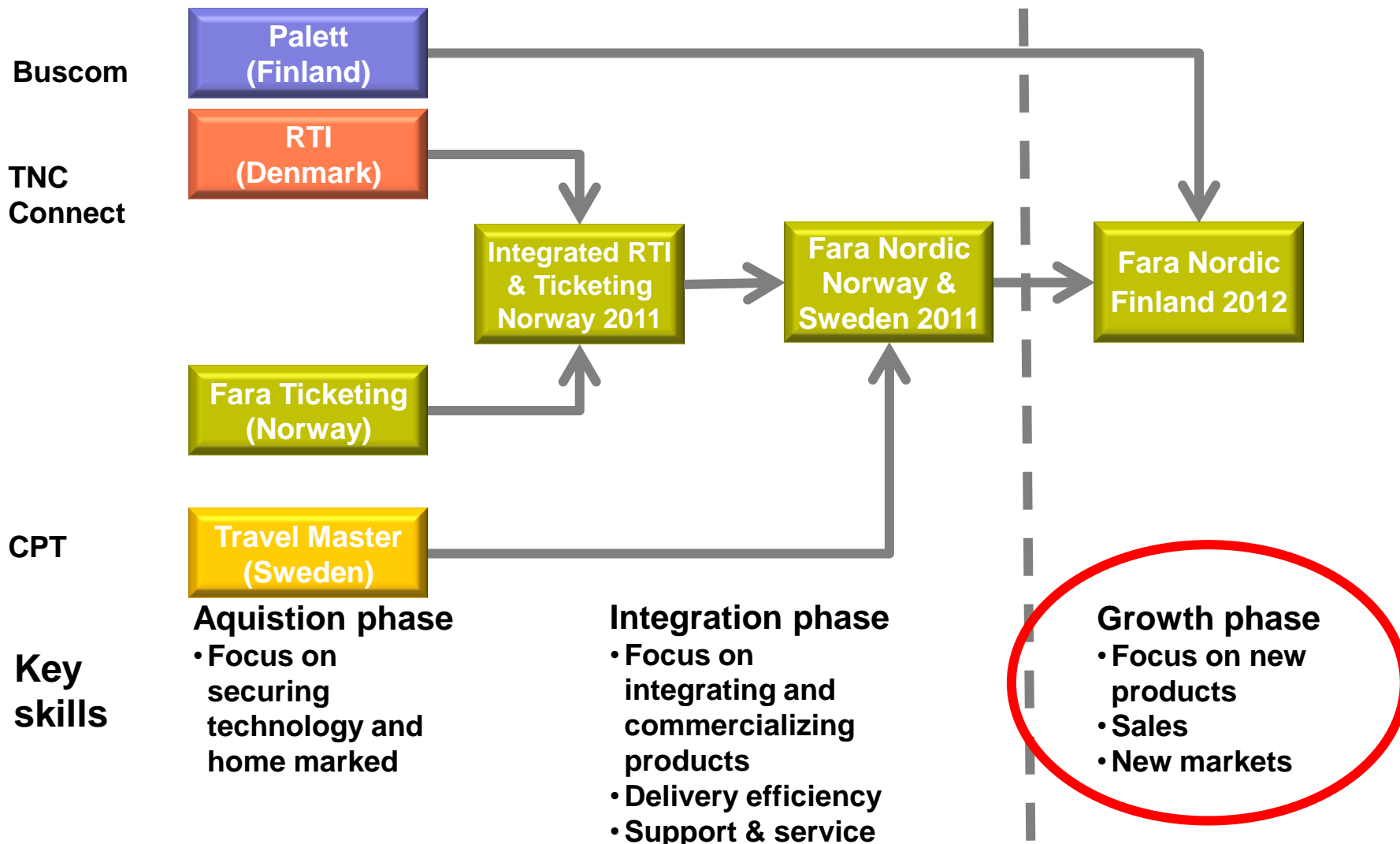
Operational review

The new FARA management team



Operational review

Organizational road map



- Working with our customers
 - Large demand for add-ons
- Build new solutions
 - Sell to the majority of our customers

Operational review

The Nordic migration



- Road maps defined for all customers
 - New solutions and Real Time Information (RTI) systems in Norway
 - RTI in Denmark
 - Ticketing and RTI in Sweden
 - Ticketing and RTI in Finland

Market update

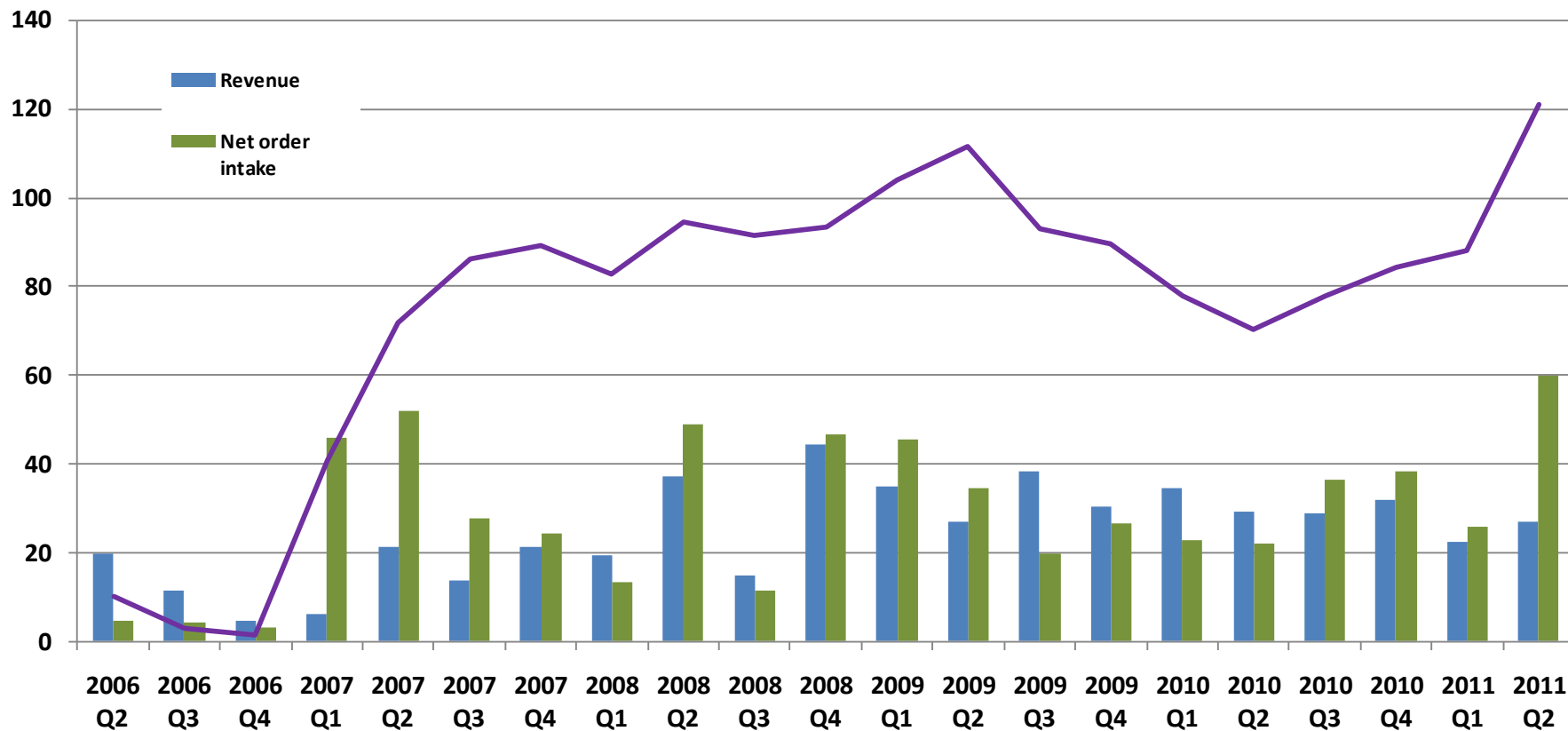
ØRJAN KIRKEFJORD, CEO

- High level of marketing activity
 - Promoting our solution in key markets
- Good feedback
 - Our track record for delivery of new installation is very good
 - Interesting opportunities opening up
- Backlog and order inflow at all time high
 - New sales in our home market
 - Add-on sales

- VP Business Development appointed
 - Identify new markets
 - Evaluate distribution channels
 - EOL products
 - Large tender processes
 - Identify third party solutions

Market update

Good order inflow & backlog



Only the value of one year of all service & maintenance contracts is included in the order backlog. Most customers have signed up for multiple years service & maintenance.

Financial Review

Financial review

Key figures



CEO Ørjan Kirkefjord

KNOK

Revenues

Sum operating expenses before depreciation

Profit after tax

Gross margin

Order backlog

Q2 2011	Q2 2010	YTD 2011	YTD 2010	31.12.2010
26 917	29 438	49 279	63 971	124 641
24 327	22 156	47 909	47 227	93 283
-6 517	-2 068	-14 696	-4 193	-8 659
76 %	77 %	78 %	75 %	76 %
121	70	121	70	84

Financial review

Profit & loss statement



KNOK	Q2 2011	Q2 2010	YTD 2011	YTD 2010	31.12.2010
Revenues	26 917	29 438	49 279	63 971	124 641
Cost of goods sold (COGS)	6 544	6 660	10 997	15 878	30 406
Gross margin	20 374	22 778	38 283	48 093	94 236
Payroll expenses	10 267	11 379	24 094	26 062	52 159
Other operating expenses	14 060	10 777	23 815	21 165	41 124
Sum operating expenses before depreciation	24 327	22 156	47 909	47 227	93 283
Operating result before depreciation EBITDA	-3 953	623	-9 627	866	953
Depreciation	2 203	2 096	4 399	4 192	8 423
Operating result EBIT	-6 156	-1 474	-14 026	-3 326	-7 470
Net financial items	361	591	671	854	1 189
Pretax profit	-6 517	-2 065	-14 696	-4 180	-8 659
Tax	0	3	0	13	
Profit after tax	-6 517	-2 068	-14 696	-4 193	-8 659
Gross margin	76 %	77 %	78 %	75 %	76 %
EBITDA margin	-15 %	2 %	-20 %	1 %	1 %
EBIT margin	-23 %	-5 %	-28 %	-5 %	-6 %
EBT margin	-24 %	-7 %	-30 %	-7 %	-7 %
Pretax EPS			-0,01		
Order inflow	60	22	86	45	119
Order backlog	121	70	121	70	84

Financial review

Balance sheet - assets



KNOK	30.06.2011	31.12.2010
<i>Capitalized development</i>	2 962	6 167
<i>Acquired R&D</i>	4 516	5 343
<i>Goodwill</i>	10 711	10 711
Intangible fixed assets	18 189	22 221
Machinery, fixtures, fittings	1 694	1 906
Fixed assets	1 694	1 906
Leasing	15	130
Financial fixed assets	15	130
Total fixed assets	19 898	24 257
Inventories	10 134	5 633
Accounts receivables	28 563	24 716
Work in progress	127	3 742
Other receivables	4 255	3 802
Receivables	32 945	32 260
Cash	0	0
Total current assets	43 079	37 893
Total assets	62 977	62 150

KNOK	30.06.2011	31.12.2010
<i>Subscribed share capital</i>	3 156	3 156
<i>Other paid in capital</i>	69 613	68 942
<i>Total paid in capital</i>	72 769	72 098
<i>Other equity</i>	-61 478	-46 520
<i>Total retained earnings</i>	-61 478	-46 520
Total equity	11 291	25 578
Pension provision	8	8
Total long term debt	8	8
Bank overdraft	18 715	7 834
Accounts payable	12 580	11 666
Public duties payable	7 023	4 757
Other short term liabilities	13 358	12 307
Total short term liabilities	51 677	36 564
Total liabilities	51 686	36 572
Total equity and liabilities	62 977	62 150

Financial review

Cash flow



KNOK

30.06.2011 30.06.2010

<i>Net cash flow from operations</i>	-10 723	-5 130
<i>Net cash flow from investments</i>	-158	-
<i>Net cash flow from financing</i>	-	-424
Net change in cash in the period	-10 881	-5 554
<i>Cash opening balance</i>	-7 834	-9 596
<i>Cash closing balance</i>	-18 715	-15 150
<i>Guarantees</i>	-11 575	-12 480
<i>Average revolving credit</i>	40 000	40 000
Total funds and revolving credit	9 710	12 370

Summary & Outlook

Summary & Outlook

Major shareholders



Number	Share Name
7 020 199	22,24 REDBACK AS
2 800 000	8,87 UBS (LUXEMBOURG) S.A ORDINARY ACCOUNT
2 578 426	8,17 SABARO INVESTMENTS L JOHN CASELY
1 990 400	6,31 RAMS AS
1 379 940	4,37 KLP AKSJE NORGE VPF
1 322 850	4,19 KOMMUNAL LANDSPENSJO
1 024 300	3,25 VPF NORDEA VEKST JPMORGAN EUROPE LTD,
848 000	2,69 MP PENSJON PK
744 600	2,36 WARRENWICKLUND NORGE
602 000	1,91 POLAR ELECTRO OT-PAL
600 000	1,9 DANSKE INVEST NORGE
528 697	1,68 VPF NORDEA SMB C/O JPMORGAN EUROPE
510 400	1,62 TERRA NORGE VPF
465 000	1,47 KIKUT AS ARNE NILSEN
400 000	1,27 HANDELSBANKEN MARKET MARKET-MAKING DERIVA
353 000	1,12 OLE JOHAN OLSEN INVE
350 000	1,11 LOGIKA AS
307 200	0,97 JPMBSA NORDEA LUX LENDING A
245 105	0,78 VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE
220 815	0,7 VPF NORDEA KAPITAL C/O JPMORGAN EUROPE
24.290.932	76,98

- New organization implemented
 - Changed areas of responsibilities
 - New hires and terminations
 - Increasing efficiency in Development
- Marketing focus
 - Good feedback on new products
 - Large demand for new solutions
 - Strengthening the foothold in our homemarket
 - Organic growth in Eastern Europe – focus on Poland & Hungary
 - Preparing to enter new markets

Summary & Outlook

Summary of events



- Sales and order backlog at all time high
- Closing down legacy products
- New organization to manage the growth of the now established integrated product line
- New products well received in the marked place



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ENJOY YOUR JOURNEY!

Q&A