

FARA ASA REPORT

Q2 2010

HIGHLIGHTS FOR Q2 2010

- EBITDA of MNOK 0,6 (- 3,5)
- Revenue of MNOK 29,4 (26,9)
- Accumulated gross margin 75,5% (62,4%)
- New contracts announced for both ticketing and RTI/infotainment
- Development and introduction of the new product portfolio on track

Figures in brackets are Q2 2009 numbers

REVENUE

The FARA Group generated revenue of MNOK 29,4 in Q2 2010 compared with MNOK 26,9 for the same period in 2009. Accumulated 1H 2010 revenue amounted to MNOK 63,9 compared MNOK 29,4 MNOK 62,1 for the same period in 2009. Order intake in Q2 2010 amounted to MNOK 22,0 compared with MNOK 34,0 in Q2 2009.

OPERATING RESULT - EBITDA

EBITDA ended positive in Q2 2010 with MNOK 0,6 compared with a negative result of MNOK 3,5 in Q2 2009.

Accumulated EBITDA in Q2 2010 was MNOK 0,9 compared with minus MNOK 2,9 for the same period in 2009.

Gross margin YTD 30.06.2010 was 75,2% compared with 62,4% per 30.06.2009.

FARA continues to invest in the development of a new product platform which integrates and extends all existing systems. This investment is done mainly by in-house resources. These investments have been expensed in the operating result.

CASH FLOW AND FUNDS

Accumulated net cash flow from operations at the end of first half 2010 was minus MNOK 5,1 compared Q2 2010 minus MNOK 19,6 for the same period in 2009.

FARA is comfortable with the current cash position and that the net cash flow from operations has improved with MNOK 15 compared with same period in 2009. FARA continues to focus on reducing capital employed and increasing the efficiency of liquidity.

The order backlog was MNOK 70,0 compared with 78,0 at Q1 2010. New sales in Q2 2010 added up with MNOK 22,0 compared to MNOK 34,0 in Q2 2009. Order intake first half year 2010 was MNOK 45 compared with MNOK 80,0 for the same period in 2009.

FARA's release of the next generation ticketing system and development of an integrated product portfolio, has already given sales opportunities.

For Service & Maintenance contracts, only the value of the first year is included in the order backlog. Most customers have signed up for service and maintenance for multiple years.

OUTLOOK

The development of FARA's new common ticketing system is progressing as planned. This system will replace the four existing ticketing systems. The new solution is expected to be finished by the end of 2010, and most customers should be upgraded by the end of 2011.

FARA is also working on an even tighter integration of the RTI/Infotainment system and the ticketing system. By the end of 2010 the counties of Hedmark and Oppland will be the first customers to implement the new integrated solution. Kristiansand will follow early in 2011.

FARA's sales pipeline has increased due to higher market activity.

In Norway there are several opportunities within Real Time Information (RTI), Infotainment, Data Warehouse and EMV (Payment terminals with chip).

There is an even greater demand for EMV in the Swedish market than in Norway. Even more interesting in this market is the upgrade of customers from the current Swedish ticketing solution to FARA's new common solution. FARA has already held several workshops to plan this migration, and it is expected that the first customers will sign migration contracts during the second half of 2010.

In Denmark there are RTI/Infotainment opportunities coming up.

In Finland the focus is mainly on the forthcoming Helsinki regional transport authority tender, where FARA is participating with Accenture, and on possible Ticketing contracts with other bus operators.

In Central and Eastern Europe FARA will focus on bids due to come up in Estonia and Poland.

FARA's market strategy in the Nordic region is to sell directly to the customers, and to be the dominating vendor.

In addition FARA is working towards Central and Eastern Europe, primarily Poland and Hungary. In this region FARA has established partnerships with larger local integrators. FARA has already won several contracts in this region and expects to win even more the next few months.

financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 13 July 2010

The Board of Directors in FARA ASA

DECLARATION FROM THE BOARD OF DIRECTORS;

We confirm that, to the best of our knowledge, the condensed set of financial statements for the accumulated Q2 of 2010 which has been prepared in accordance with IAS 34 Interim

For further information, please contact:

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PROFIT AND LOSS STATEMENT

KNOK	Q2 2010	Q2 2009	YTD 2010	YTD 2009
Revenues	29 438	26 986	63 971	62 074
Cost of goods sold COGS	6 660	11 997	15 878	23 365
Gross margin	22 778	14 989	48 093	38 709
Payroll expenses	11 379	10 948	26 062	25 503
Other operating expenses	10 777	7 511	21 165	16 072
Sum operating expenses before depreciation	22 156	18 459	47 227	41 575
Operating result before depreciation EBITDA	623	-3 471	866	-2 866
Depreciation	2 096	1 474	4 192	4 069
Operating result EBIT	-1 474	-4 945	-3 326	-6 935
Net financial items	591	238	854	448
Pretax profit	-2 065	-5 183	-4 180	-7 383
Tax	3	0	13	0
Profit after tax	-2 068	-5 183	-4 193	-7 383
Gross margin	77%	56%	75%	62%
EBITDA margin	2%	-13%	1%	-5%
EBIT margin	-5%	-18%	-5%	-11%
EBT margin	-7%	-19%	-7%	-12%
Order inflow	22	34	45	80
Order backlog	70	111	70	111

All figures are in accordance with IFRS. The company uses the same principles in reporting throughout the year as the financial statements at year end. The interim reports are in accordance with IAS 34.

RECONCILIATION EQUITY

	Subscr. share capital	Share prem. Reserve	Other paid in capital	Other equity	Omregnings-differanse	Total
1/1/2010	3 156	63 719	3 787	-36 102	-1 383	33 177
Share issues/conversion of debt						0
Cost for share-based payment			0	717		717
Conversion difference					-253	-253
Profits				-4 193		-4 193
6/30/2010	3 156	63 719	3 787	-39 578	-1 636	29 448

BALANCE SHEET ASSETS

KNOK	30/06/2010	30/06/2009	31/12/2009
Capitalized development	7 210	13 341	10 262
Acquired R&D	6 171	7 827	6 999
Goodwill	10 711	10 711	10 711
Intangible fixed assets	24 092	31 879	27 972
Machinery, fixtures, fittings	1 950	1 920	2 268
Fixed assets	1 950	1 920	2 268
Leasing	15	155	73
Financial fixed assets	15	155	73
Total fixed assets	26 057	33 954	30 314
Inventories	7 226	14 354	8 079
Accounts receivables	35 987	21 878	30 749
Work in progress	11 216	0	14 260
Other receivables	154	2 939	5 229
Receivables	47 357	24 818	50 238
Cash	0	22 362	0
Total current assets	54 583	61 534	58 317
Total assets	80 640	95 488	88 630

BALANCE SHEET EQUITY & DEBT

KNOK	30/06/2010	30/06/2009	31/12/2009
Subscribed share capital	3 156	3 156	3 156
Other paid in capital	55 972	68 347	67 503
Total paid in capital	59 128	71 503	70 659
Other equity	-29 680	-5 851	-37 483
Total retained earnings	-29 680	-5 851	-37 483
Total equity	29 448	65 651	33 176
Loans from financial inst			424
Pension provision	8	8	8
Total long term debt	8	8	433
Bank overdraft	15 150	0	9 596
Other short term debt	0		3 600
Accounts payable	11 251	1 586	11 709
Public duties payable	4 746	5 912	4 092
Other short term liabilities	20 037	22 329	26 022
Total short term liabilities	51 184	29 828	55 021
Total liabilities	51 192	29 837	55 454
Total equity and liabilities	80 640	95 488	88 630

CASH FLOW STATEMENT

NOK 1.000	FARA GROUP 01.01-30.06.10	FARA GROUP 01.01-30.06.09
Net cash flow from operations	-5 130	-19 616
Net cash flow from investments	0	-290
Net cash flow from financing	-424	54 356
Net change in cash in the period	-5 554	34 450
Cash opening balance 31.12.09	-9 596	-12 087
Cash closing balance	-15 150	22 363
Guarantees	-12 480	-5 262
Average revolving credit	40 000	40 000
Total funds and revolving credit	12 370	57 101