

# Q1 Q2 Q3 Q4

1 OCTOBER – 31 DECEMBER

## INTERIM REPORT 4/2009

- The dark clouds looming over the IT services industry are lifting but there is still weakness ahead in Denmark. Strong flow of new deals and framework agreements.
- Full-year sales revenue of NOK 411 million, down by 8 %.
- Full-year EBITDA of NOK 40 (57) million and 9.7 % (12.6 %) margin.
- Full-year EBIT of NOK 27 (44) million and 6.4 % (9.8 %) margin.
- Full-year cash-flow from operation of NOK 47 (58) million.
- Bank deposits of NOK 72 million after NOK 20 million in dividend payments and buyback of own shares in 2009.
- Fostering the Itera-brand in all countries and increasing offshoring in deliverables.
- The Board is proposing a dividend to the Annual General Meeting of NOK 0.20 per share.

### Highlights

#### Itera Consulting Group

	2009	2008	change	2009	2008	change
<i>(All figures in NOK million)</i>	1-12	1-12	%	10-12	10-12	%
<b>Sales revenue</b>	<b>411.1</b>	448.9	-8	<b>99.5</b>	117.0	-15
<b>Gross profit</b>	<b>344.0</b>	373.9	-8	<b>84.3</b>	99.2	-15
<b>EBITDA</b>	<b>39.7</b>	56.5	-30	<b>8.6</b>	14.6	-41
<b>EBITDA margin</b>	<b>9.7 %</b>	12.6 %	-23	<b>8.6 %</b>	12.5 %	-31
<b>EBIT</b>	<b>26.5</b>	44.2	-40	<b>5.5</b>	11.4	-52
<b>EBIT margin</b>	<b>6.4 %</b>	9.8 %	-3	<b>5.5 %</b>	9.7 %	-4
<b>Profit before tax</b>	<b>27.2</b>	46.4	-41	<b>5.8</b>	12.3	-53
<b>Profit margin</b>	<b>6.6 %</b>	10.3 %	-3.7	<b>5.8 %</b>	10.5 %	-4.7
<b>Employees</b>	<b>370</b>	391	-5	<b>370</b>	391	-5

ITERA CONSULTING  
GROUP

### ▶ MARKET

The financial crisis in 2008-2009 witnessed the most severe economic recession in generations, and the IT industry suffered an even greater decline than it did during 2001, following the dot-com bubble. At the end of third quarter statistics were confirming the recovery of the overall economy. However, the pick-up activity for IT translated to growth with less speed in the fourth quarter. There is still weakness ahead in some markets, especially in Denmark, but overall the recovering economy is started.

The 2009 recession led to customers in the Nordic IT services market pressing prices, reducing their number of suppliers, and postponing closing deals. We carried out various activities during the year to adapt the group to the prevailing economic situation, temporarily postponing our expansive plans.

In general, the economic slowdown shifted the growth dynamics from private industry to government. The Itera Consulting Group increased its focus on the public sector during the year.

However what is constant is that technology is a key component to an organization's success. Customers' investments in the second Internet generation (web 2.0) such as social networking to improve business processes and workforce effectiveness opened new business opportunities. The Itera Consulting Group is at the forefront of this development.

Price pressure remained hard during the fourth quarter. The labour market has settled down, the attrition rate is lowered and the salary level is flattened. Customers are displaying a clear tendency to search for partners who can support their business through offshoring. This benefits Itera Consulting Group because the group's world class global sourcing capability provides cost-effective deliveries with healthy profitability.

### ▶ PLATFORM, PARTNERS AND DELIVERY

The Itera Consulting Group designs, builds and manages next generation digital solutions and services to Nordic based entities where smart use of information technology is a key driver to achieve business goals. Especially, we provide next generation solutions driving rapid conversion of business opportunities for web-centric businesses and the information worker society.

Itera Consulting Group is stronger now than a year ago. During a year of tough market conditions, we intensified our sales activities and made breakthrough with new customers. We implemented our integrated offshoring model for future competitiveness and improved our effectiveness. We consolidated our hosting units into a strong Pan-Nordic unit branded as Itera Networks. We continued the transformation of our communication

company to become a leader in digital communication branded as Itera Gazette.

All in all, the Itera Consulting Group offers a flexible delivery model through our world class seamless nearshoring capability. We offer specialist expertise for projects on the customer's site, in our own facilities and via our development center in Ukraine. The Itera way of offshoring, called Seamless Nearshoring, is implemented across the Group with several projects running as billable hours. We focus on sourcing for value with small teams of premium resources to be differentiated from sourcing for volume with large teams of high spread in the resource pyramid.

The Itera Consulting Group's next generation solutions, increasingly delivered via a flexible Software-as-a-Service (SaaS) model and a hosted subscription service, continues to increase the scalability of the group. One example is Itera Networks signing a next generation hosting agreement with Banqsoft located in four countries valued to NOK 6 million. During the fourth quarter the Itera Consulting Group signed several framework agreements with customers such as Nordea, Oslo Kommune, Government Administration Services, Botkyrka Kommun, totally estimated to around NOK 30 million.

In 2010, the group will continue to drive its structural improvements of a focused company towards the long-term ONE Billion company with a seamless integrated offshoring capability. After the end of the period we fostered the ITERA brand architecture with the Itera Consulting as the aggregator for large full-life cycle deliverables of next generation digital solutions. Anders H. Lier is appointed as the new CEO of Itera Consulting from the 1<sup>st</sup> March to focus on large project deliverables with seamless nearshoring. Before joining Itera, Mr. Lier was Vice President in Capgemini Norway where he has 10+ years experience in various management and sales positions.

### ▶ ACCOUNTING PRINCIPLES

The consolidated interim report includes Itera Consulting Group ASA together with subsidiaries. The consolidated interim report has been prepared in accordance with the Norwegian Securities Trading Act and IAS 34 Interim Financial Reporting. The interim report does not include all information required for a complete annual report.

### ▶ REVENUES AND PROFITABILITY

The decline in overall demand for IT services has led to lower business volumes in 2009 compared to 2008 which in turn had a negative impact on the Group's growth and profitability.

Itera Consulting Group has implemented a number of streamlining actions to adjust our cost base to the current

market situations. Cost reductions balance some of the changes in the demand. At the same time we are putting a lot of effort into our sales activities.

Operating revenues amounted to NOK 411.1 (448.9) million for the full year and NOK 99.5 (117.0) million in the fourth quarter. The organic growth was -8 % (7 %) for the full year and -15 % (-3 %) in the fourth quarter.

The gross profit was down 8 % compared to 2008.

The operating revenues are substantially down in 2009 in the operations in Denmark and Sweden, 24 respectively 10 % compared with 2008.

Personnel expenses amounted to NOK 269.0 (273.7) million for the full year and NOK 65.3 (73.6) million in the fourth quarter. This is a decrease of 2 respectively 11 %.

Other operating expenses amounted to NOK 35.2 (43.7) million for the full year and NOK 10.5 (10.9) million in the fourth quarter, corresponding to a decrease of 19 respectively 4 %. The decrease is due to the cost reduction program that was initiated in the fourth quarter 2008.

Operating profit before depreciation and amortization (EBITDA) for the full year amounted to NOK 39.8 (56.5) million, corresponding to a margin of 9.7 % (12.6 %). EBITDA in the fourth quarter amounted to NOK 8.6 (14.6) million, corresponding to a margin of 8.6 % (12.5 %).

Operating profit (EBIT) for the full year amounted to NOK 26.5 (44.2) million, corresponding to a margin of 6.4 % (9.8 %). EBIT in the fourth quarter amounted to NOK 5.5 (11.4) million, corresponding to a margin of 5.5 % (9.7 %).

Itera Consulting Group Denmark has charged the the operating profit by MNOK 2.9, of which MNOK 1.1 in the fourth quarter. In Sweden Itera Networks and Objectware have charged the operating profit by MNOK 4.8, of which 1.0 in the fourth quarter. Due to the losses the Objectware operation in Sweden will be shutted down.

Bad debt is slightly increased due to some bankruptcies within the SMB-market. The operating profit (EBIT) for the full year is charged by NOK 1.5 million related to loss in accounts receivable.

The start-up in Ukraine has charged the operating profit by NOK 3 million in 2009, of which NOK 0.5 million in the fourth quarter.

Net financial items amounted to NOK 0.8 (2.9) million for the full year and NOK 0.3 (0.9) million in the fourth quarter.

Estimated income tax for the full year amounted to NOK 7.6 (12.9) million, of which NOK 0 (1.5) million is payable. The Itera Consulting Group has NOK 18.1 million in total deferred tax assets, of which NOK 13.1 million is recognized in the balance sheet. Based on the deferred

tax assets, the Itera Consulting Group will most likely not generate corporate tax until 2011.

Profit after tax for the full year amounted to NOK 19.6 (33.9) million and NOK 9.4 (12.4) million in the fourth quarter.

Revenue per employee was KNOK 1 080 (1 178) for the full year and KNOK 264 (302) in the fourth quarter.

EBITDA per share amounted to NOK 0.48 (0.67) for the full year and NOK 0.10 (0.17) in the fourth quarter.

Earnings per share (EPS) amounted to NOK 0.24 (0.40) for the full year and NOK 0.05 (0.11) in the fourth quarter.

### ➤ PERSONNEL

The number of employees at the year end was 370 (391).

The operation in Denmark has scaled down the number of employees by 10, due to the market situation. In Sweden, the number of employees are reduced by 18, due to the new organisation of the networks companies, and the lay-off in Objectware AB.

The other group companies have adjusted the number employees slightly.

The offshore operation in Ukraine has increased to 28 employees during the year.

The average number of employees in 2009 was 381 (381) and 377 (387) in the fourth quarter.

### ➤ CASH AND EQUITY

Cash flow from operations amounted to NOK 47.0 (58.0) million for the full year and NOK 25.0 (24.7) million in the fourth quarter.

Bank deposits amounted to NOK 71.7 (60.3) million at the year-end.

During the year dividend amounted to NOK 16.7 (42.3) million has been paid to the shareholders.

The Itera Consulting Group re-purchased 1.1 (2.9) million own shares amounted to NOK 3.4 (12.4) million equal to an average price of NOK 3.04 per share.

The Itera Consulting Group owns the total of 2.7 (1.6) million own shares at the end of the year. The value of own shares was NOK 12.3 (6.4) million.

The group has no interest-bearing debt.

The equity at the year-end was NOK 84.4 (87.2) million, corresponding to an equity ratio of 49.5 % (48.8 %).

### ➤ INVESTMENTS

Total investments amounted to NOK 14.9 (22.5) million for the full year and NOK 5.5 (5.9) million in the fourth quarter.

Investments in SaaS-offerings with subscription based fixed income amounted to NOK 3.9 (3.3) million for the full year and NOK 1.9 (1.0) million in the fourth quarter.

Investments in hardware, software and office equipment amounted to NOK 10.8 (17.8) for the full year, mostly related to our increasing hosting business in Norway and Sweden, together with the start-up in Ukraine.

In fourth quarter investments in new premises in Stavanger amounted to MNOK 0.2 million.

### ➤ DEPRECIATIONS

Depreciations amounted to NOK 13.3 (12.3) million for the full year and NOK 3.1 (3.3) million in the fourth quarter.

### ➤ DIVIDEND

The Board for Directors is proposing a dividend to the Annual General Meeting of NOK 0.20 per share. The Annual General Meeting will take place on the 29<sup>th</sup> April 2010.

### ➤ OUTLOOK

According to several the IT research companies such as Gartner a normalized macroeconomic environment in

This report is not reviewed by the Itera Consulting Group's auditor.

### ➤ RESPONSIBILITY STATEMENT

The Board of Directors and the CEO confirm that, to the best of our knowledge, the condensed set of preliminary financial statements of 2009, which has been prepared in accordance with IAS 34 Interim Financial Reporting gives a true and fair view of the Itera Consulting Group's consolidated assets, liabilities, financial position and results of operations, and that The interim report includes a fair view of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 16 February 2010

The Board of Directors of Itera Consulting Group ASA

Gunnar Gjørtz  
*Chairman*

Brita Eilertsen  
*Board member*

Arne Mjøs  
*CEO*

2010 should support a return to modest growth in IT spending.

The Group is resuming recruitment in Norway and Sweden, in addition to growing our offshoring footprint, because we anticipate a better market in 2010.

Quality, profits and growth will be prioritized in that order.

The Itera Consulting Group does not give any forecasts.

### ➤ SIGNIFICANT RISKS AND UNCERTAINTIES

The Itera Consulting Group's business is affected by a number of different factors, some of which are within the company's control while others are beyond our control.

For a consulting firm, the business is affected by business-related risks such as competition and price pressure, recruitment, our customer's development and bad debts. Market risks include risks related to the business cycle. Financial risks include interest risks and exchange risks.

### ➤ INTERIM REPORT 1/2010

The Interim Report for the first quarter of 2010 will be presented 20 April 2010.

Mimi K. Berdal  
*Vice chairman*

John Markus Lervik  
*Board member*

## Profit & Loss accounts

### Itera Consulting Group

	2009	2008	change	2009	2008	change
<i>(All figures in NOK 1000)</i>	1-12	1-12	%	10-12	10-12	%
Sales revenue	411 096	448 850	-8	99 542	116 996	-15
Cost of sales	67 049	74 942	-11	15 222	17 761	-14
<b>Gross profit</b>	<b>344 047</b>	<b>373 908</b>	-8	<b>84 320</b>	<b>99 235</b>	-15
Personnel expenses	269 098	273 734	-2	65 258	73 645	-11
Other operating expenses	35 199	43 669	-19	10 451	10 943	-4
<b>Operating profit before depr. (EBITDA)</b>	<b>39 749</b>	<b>56 505</b>	-30	<b>8 610</b>	<b>14 646</b>	-41
EBITDA margin	9.7 %	12.6 %	-2.9	8.6 %	12.5 %	-3.9
Depreciation	13 296	12 320	8	3 134	3 256	-4
<b>Operating profit (EBIT)</b>	<b>26 453</b>	<b>44 185</b>	-40	<b>5 476</b>	<b>11 390</b>	-52
EBIT margin	6.4 %	9.8 %	-3.4	5.5 %	9.7 %	-4.2
Net financial items	768	2 254	-66	306	916	-67
<b>Profit before taxes (EBT)</b>	<b>27 221</b>	<b>46 439</b>	-41	<b>5 782</b>	<b>12 306</b>	-53
Income tax	7 622	12 504	-39	1 619	2 948	-45
<b>Profit for the period</b>	<b>19 599</b>	<b>33 935</b>	-42	<b>4 163</b>	<b>9 358</b>	-56

## Balance sheet

### Itera Consulting Group

	2009	2008	change
<i>(All figures in NOK 1000)</i>	31 Dec	31 Dec	%
<b>Fixed assets</b>			
Deferred tax assets	13 029	20 445	-36
Other fixed assets	33 711	32 016	5
<b>Total fixed assets</b>	<b>46 740</b>	<b>52 461</b>	-11
<b>Current assets</b>			
Work in progress	4 323	4 892	-12
Accounts receivable	41 201	52 449	-21
Other receivables	6 574	8 858	-26
Bank deposits	71 672	60 267	19
<b>Total current assets</b>	<b>123 770</b>	<b>126 466</b>	-2
<b>Total assets</b>	<b>170 510</b>	<b>178 927</b>	-5
<b>Equity</b>			
Share capital	25 602	25 601	0
Other equity	39 242	61 643	-36
Net profit for the period	19 599	0	
<b>Total equity</b>	<b>84 443</b>	<b>87 244</b>	-3
<b>Current liabilities</b>			
Accounts payable	15 300	13 478	14
Tax payable	0	0	
Public duties payable	26 593	34 998	-24
Other short term liabilities	44 174	43 208	2
<b>Total current liabilities</b>	<b>86 067</b>	<b>91 683</b>	-6
<b>Total equity and liabilities</b>	<b>170 510</b>	<b>178 927</b>	-5

## 6 Financial Figures

### Cash flow

#### Itera Consulting Group

	2009 1-12	2008 1-12	change %	2009 10-12	2008 10-12	change %
<i>(All figures in NOK 1000)</i>						
<b>Cash flow from operating activities</b>						
Cash flow from operations (EBITDA)	39 749	56 505	-30	8 610	14 646	-41
Change in balance sheet items	6 817	1 507	352	16 633	10 036	66
<b>Net cash flow from operating activities</b>	<b>46 566</b>	<b>58 012</b>	<b>-20</b>	<b>25 243</b>	<b>24 682</b>	<b>2</b>
<b>Cash flow from investment activities</b>						
Investment in tangible fixed assets	-14 991	-22 836	34	-5 530	-5 851	5
<b>Net cash flow from investment activities</b>	<b>-14 991</b>	<b>-22 836</b>	<b>34</b>	<b>-5 530</b>	<b>-5 851</b>	<b>5</b>
<b>Cash flow from financing activities</b>						
Purchase of own shares	-3 422	-12 439	72	-997	-849	-17
Exercise of stock option programs	0	4 574	-100	0	0	
External dividend paid	-16 748	-42 287	60	0	0	
<b>Net cash flow from financing activities</b>	<b>-20 170</b>	<b>-50 152</b>	<b>60</b>	<b>-997</b>	<b>-849</b>	<b>-17</b>
<b>Net change in bank deposits and cash</b>	<b>11 405</b>	<b>-14 976</b>	<b>176</b>	<b>18 716</b>	<b>17 982</b>	<b>4</b>
<b>Bank deposits at the end of the period</b>	<b>71 672</b>	<b>60 267</b>	<b>19</b>	<b>71 672</b>	<b>60 267</b>	<b>19</b>

### Statement of changes in equity

#### Itera Consulting Group

	Share capital	Own shares	Other equity	Total equity
<i>(All figures in NOK 1000)</i>				
Shareholders' equity as of 31 December 2007	26 802	-1 157	76 392	102 037
<b>Profit and loss items recognized directly against equity</b>				
Currency translation differences	0	0	2 455	2 455
Unrealized net loss on investment in foreign subsidiaries	0	0	-1 776	-1 776
Profit for the period	0	0	34 090	34 090
<b>Total recognized against equity</b>	<b>0</b>	<b>0</b>	<b>34 769</b>	<b>34 769</b>
<b>Equity transactions</b>				
Share-based payments	0	0	590	590
Sale of own shares	0	355	4 219	4 574
Purchase of own shares	0	-865	-11 574	-12 439
Reduction of the shares premium reserve	-1 200	1 200	0	0
Share capital pay back	0	0	-42 287	-42 287
<b>Shareholders' equity as of 31 December 2008</b>	<b>25 602</b>	<b>-467</b>	<b>62 109</b>	<b>87 244</b>
<b>Profit and loss items recognized directly against equity</b>				
Currency translation differences	0	0	-2 230	-2 230
Profit for the period	0	0	19 599	19 599
<b>Total recognized against equity</b>	<b>0</b>	<b>0</b>	<b>17 369</b>	<b>17 369</b>
<b>Equity transactions</b>				
Purchase of own shares	0	-337	-3 085	-3 422
Dividend paid	0	0	-16 748	-16 748
<b>Shareholders' equity as of 31 December 2009</b>	<b>25 602</b>	<b>-804</b>	<b>59 645</b>	<b>84 443</b>

## Key figures

### Itera Consulting Group

	2009 1-12	2008 1-12	change %	2009 10-12	2008 10-12	change %
<b>Per share, NOK</b>						
Earnings per share <sup>1)</sup>	0.24	0.40	-41	0.05	0.11	-55
Fully diluted earnings per share <sup>2)</sup>	0.24	0.40	-41	0.05	0.11	-54
EBITDA per share <sup>3)</sup>	0.48	0.67	-29	0.10	0.17	-40
Equity per share <sup>4)</sup>	0.99	1.02	-3	0.99	1.02	-3
<b>Equity ratio, %</b>	<b>49.5</b>	48.8	2	<b>49.5</b>	48.8	2
<b>Personnel</b>						
Number of employees at end of period	370	391	-5	370	391	-5
Average number of employees	381	381	0	377	387	-3
<b>Per employee, NOK 1000</b>						
Sales revenue per employee	1 080	1 178	-8	264	302	-13
Net sales per employee	904	981	-8	224	256	-13
Personnel expenses per employee	707	718	-2	173	190	-9
Other operating exp. per employee	93	115	-19	28	28	-2
EBITDA per employee	104	148	-30	23	38	-40
EBIT per employee	70	116	-40	15	29	-51

1) Profit after tax divided by average number of shares.

2) Profit after tax divided by average fully diluted number of shares.

3) (Profit after tax + depreciation + amortisation of goodwill) divided by average number of shares.

4) Total equity at end of period divided by number of shares at the end of period.

## Shares and options

### Itera Consulting Group

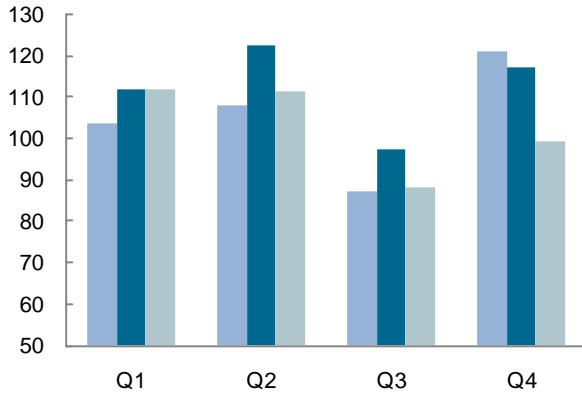
	2009 1-12	2008 1-12	change %
Average number of outstanding shares	83 395 215	84 541 038	-1
Average number of shares diluted	83 395 218	84 541 038	-1
End of period number of shares	85 340 346	85 340 346	0
End of period number of shares diluted	82 657 462	85 139 587	-3
End of period number of own shares	2 682 884	1 588 884	69
End of period number of stock options	0	1 388 125	-100

## 8 Development 2007-2009 by Quarters

### Revenues

NOKmillion

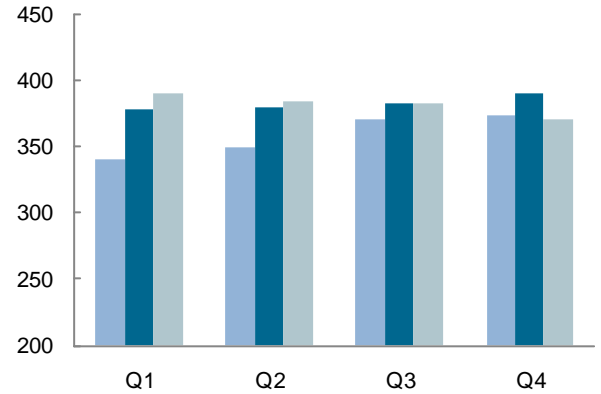
■ 2007 ■ 2008 ■ 2009



### Employees

End of period

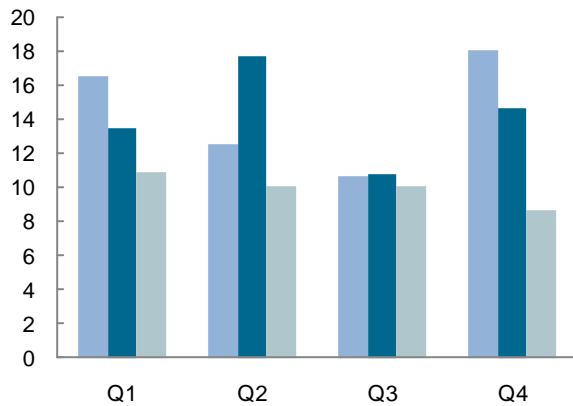
■ 2007 ■ 2008 ■ 2009



### EBITDA

NOKmillion

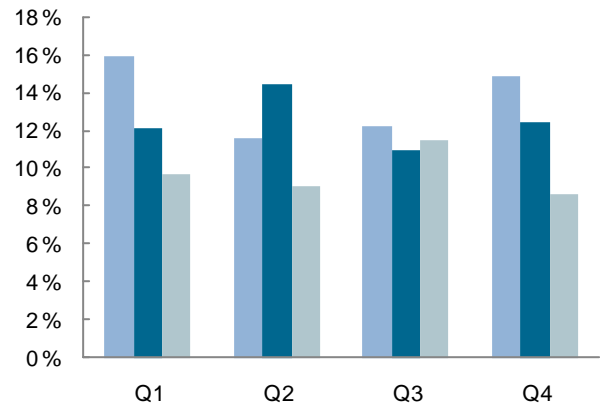
■ 2007 ■ 2008 ■ 2009



### EBITDA margin

%

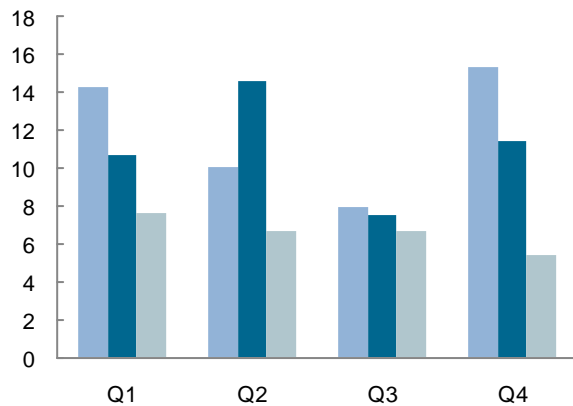
■ 2007 ■ 2008 ■ 2009



### EBIT

NOKmillion

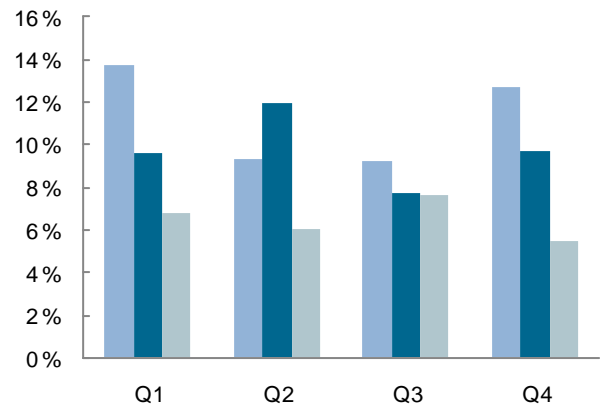
■ 2007 ■ 2008 ■ 2009



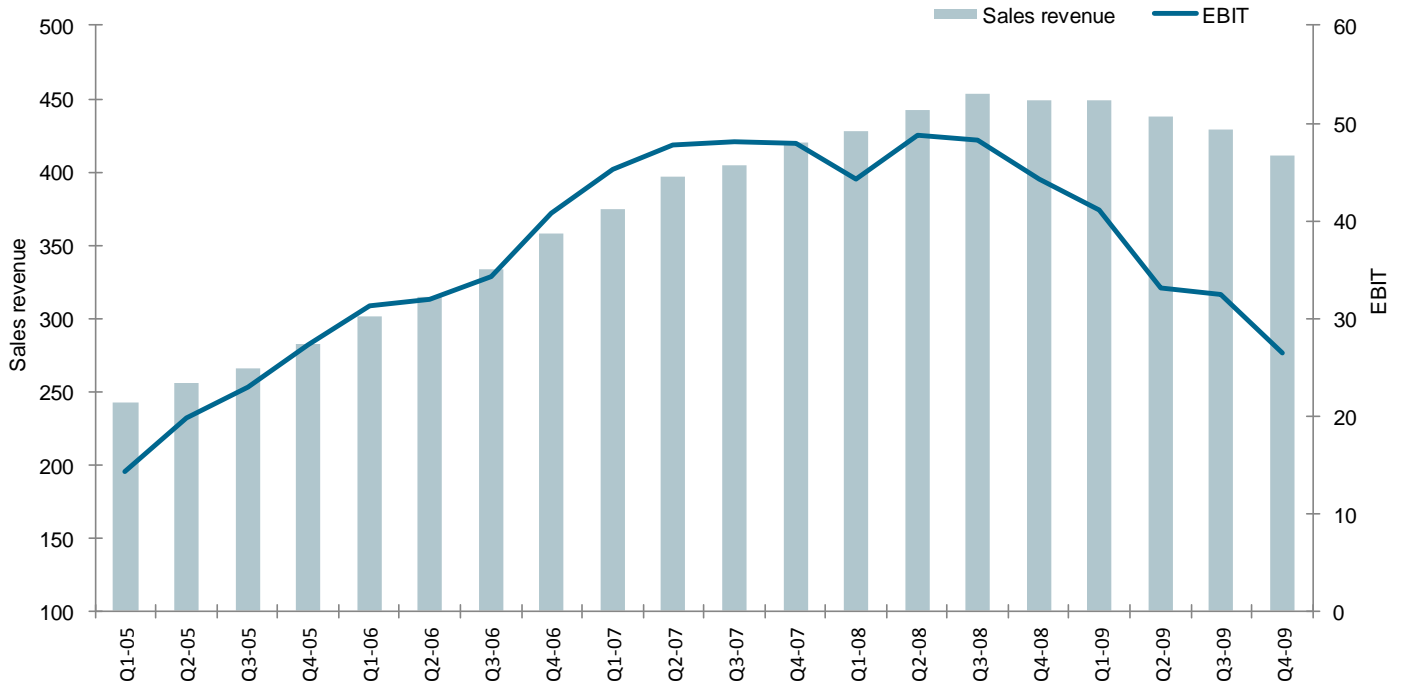
### EBIT margin

%

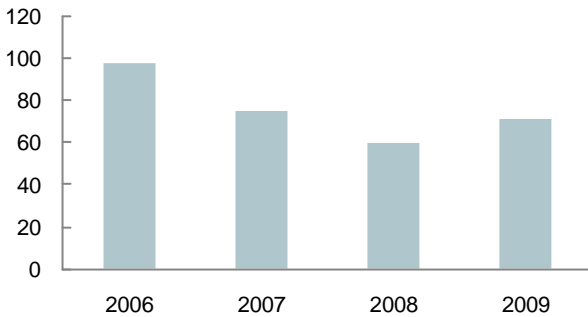
■ 2007 ■ 2008 ■ 2009



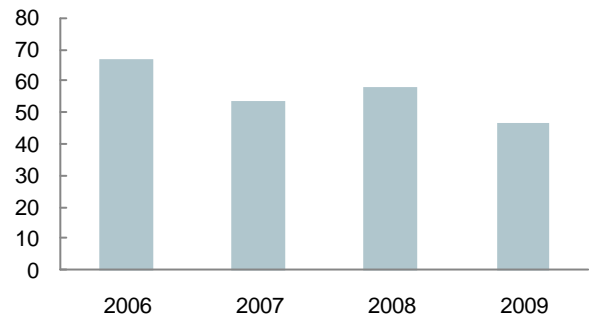
**Rolling 12-month (RTM)**  
NOK million



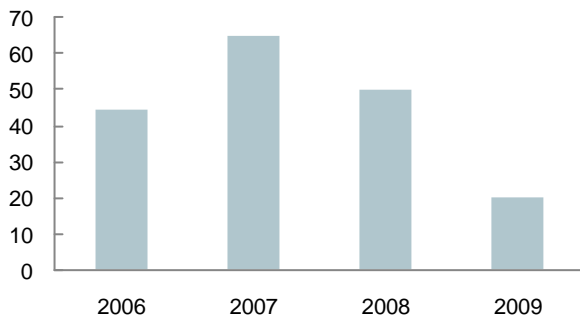
**Bank deposits**  
NOK million



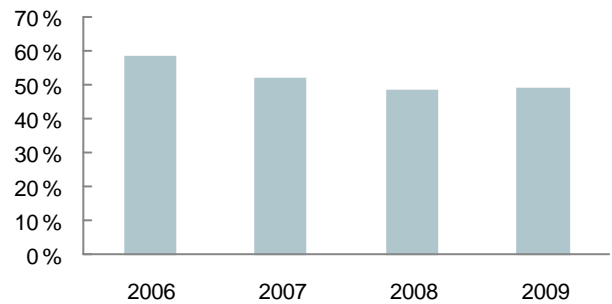
**Cash flow from operations**  
NOK million

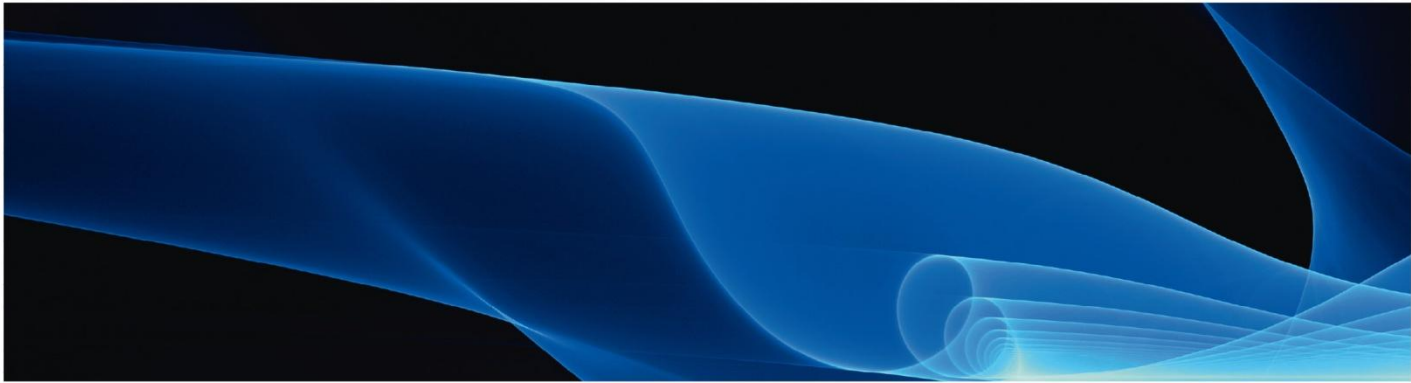


**Dividends and share buy backs**  
NOK million



**Equity ratio**  
%





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