

BOARD OF DIRECTORS' REPORT

In 2013, Itera was merged into an integrated company. Former independent subsidiaries were integrated to form a Nordic communication and technology company. The company's strategic focus results in more extensive, long-term customer relationships, a wide range of services, improved scalability through use of resources located nearshore and a robust Nordic brand.

THE COMPANY

Itera is a communication and technology company that designs, develops and operates innovative digital solutions and services for Nordic companies and enterprises. The Group also has two niche companies: Cicero Consulting supplies advisory services and solutions to the banking and finance sector, while Compendia specializes in products and services in HR, quality and management.

Itera Norge AS was established in the third quarter through the merger of the Norwegian subsidiaries Itera Gazette, Itera Consulting and Itera Networks. The merger quickly resulted in increased efficiency throughout the organization in the form of simpler routines, coordinated working methods and an increased focus on corporate culture and organizational development. The simplification also contributed to improved clarity in both internal and external communication.

The business units in Norway, Sweden, Denmark and Ukraine now use Itera as their sole brand name and present themselves as unified and defined both internally and externally.

The Group's head office is in Oslo, and the Group also has offices in Bryne, Stockholm, Copenhagen, Kiev and Lviv.

MARKET CONDITIONS

The Group did well in the Norwegian and Danish markets, with growth throughout the year. The Swedish market was a little slow during the first six months, but showed signs of improvement during the final six months of the year.

During 2013, Itera continued to develop larger, long-term customer relationships where the Group can deliver a wide range of services and act as a close and strategic business partner. The client base consists of well-established companies in the Nordic countries, and many customers are entering into agreements for a wider range of products and services than previously.

More than half of the Group's income is derived from clients with more than 1,000 employees. The majority of the clients operate in many of the same countries as Itera, focus on innovation, operate in industries with a high rate of change where digitalization is a strong trend, and innovation is a clear competitive advantage. The majority of branches must take into account digitalization, an increase in consumer power, changes in purchasing habits and the emergence of new business models. The Group's customers emphasize that Itera's inclusive range of services in communication and technology provides them with the basis on which to exploit innovativeness and adapt well to market developments.

During 2013, the Group entered into contracts with clients such as Storebrand, KLP, If, Gjensidige, Santander, Nordea, DnB, Nets, the Norwegian Public Service Pension Fund, The Norwegian Environment Agency, The Norwegian Directorate of Health, The Union of Education Norway, NRK, Forsvarsbygg, Haavind, Schibsted, Reitan, NorgesGruppen, Tine and Eurosko.

The above serves to illustrate the sectors from which Itera generates the major part of its revenues: banking/financing/insurance, the public sector/health/organizations, the service industry sector and the retail sector.

The breadth of the assignments illustrates the extent of the Group's expertise in communication and technology: digital strategy development, communication strategy, service design, games development, project management, modernization of core systems, search solutions, web solutions, digital magazines, annual reports, test, information security, management/administration and operations.

During the course of the year, the Group has developed larger and more strategic customer relationships that serve to increase the Group's financial predictability. The growth related to the 30 largest companies was 38 percent for the year compared to 2012.

Nearshore activities have increased in volume, contributing to improvements in competitiveness and scalability. The percentage of capacity located nearshore was 32 percent at the close of 2013, compared to 22 percent at the close of 2012. The implementation of projects by teams composed of resources from across national boundaries works very well, and has been a delivery model for which demand has increased from customers as the year progressed.

RESULTS

In 2013, the Group generated revenues of MNOK 465.22 compared to MNOK 438.2 in 2012. This is an increase of 6 percent. Revenues in Norway were MNOK 357 compared to MNOK 331 in 2012, equal to a growth of 8 percent. Growth in Denmark was 19 percent, revenues in 2013 was MNOK 37 compared to MNOK 31 in 2012. The Swedish market showed a reduction of 7 percent, with revenues in 2013 of MNOK 71 compared to MNOK 76 in 2012.

Gross margin¹ was MNOK 374.6 compared to MNOK 358.0, an increase of 4.6 percent.

Operating results before depreciation were MNOK 43.9 compared to MNOK 25.9 in 2012. This is equivalent to a profit margin of 9.4 percent before depreciation, compared to 5.9 percent for the previous year. The Group's total depreciation and amortization for the period was MNOK 21.4, compared to MNOK 18.6 in 2012. Operating results were MNOK 22.5, compared to MNOK 7.3 in 2012. This is equivalent to an operating margin of 4.8 percent, compared to 1.7 percent for the previous year.

Personnel expenses for the year amounted to MNOK 279.4, a reduction of 0.9 percent. The decrease in personnel expenses is due to the rise in nearshore based resources in deliveries. Average personnel expenses per employee were reduced by 3 percent. Other operating expenses for the year amounted to MNOK 51.3 compared to 50.2 in 2012.

Net financial items amounted to MNOK -2.8 compared to MNOK -0.4 in 2012. Profit before tax was MNOK 20.4 compared to MNOK -6.81 in 2012.

Tax expenses for the year totaled MNOK 4.6, compared to MNOK 2.2 in 2012. Itera paid a total of MNOK 1.2 in 2013. The Group has a deferred tax advantage of MNOK, of which MNOK is recognized in the balance sheet. The Group has capitalized all deferred tax advantages.

Net income for the year was MNOK 15.8, compared to MNOK 4.6 in 2012.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the Group's activities in 2013, and the financial position at the end of the year.

RESEARCH AND DEVELOPMENT

In 2013, NOK 3.7 million was provided for development of new solutions compared to NOK 6.0 million in 2012. The amount was provided on a continuous basis, as the criteria for recognition are considered to be met. The solutions are mainly related to existing contracts with fixed future income.

CASH FLOW AND FINANCIAL POSITION

Itera had cash flow from operations amounting to NOK 57.7 compared to MNOK 6.0 in 2012. The Group paid dividends to shareholders

of NOK 5 million in 2013. No treasury shares were purchased. Itera's cash balance at the end of the year was NOK 68.0 million, compared to NOK 28.8 million in 2012. The difference between cash flow from operations and the Group's operating result is primarily due to write-off costs that have no cash effect, but also to some accrual differences in the accounting date for recognizing and the payment date.

In addition to research and development, investments of NOK 15.2 million were made for hardware, software and inventory, compared to NOK 11.7 million in 2012. The increase is related to the new and larger operations contracts entered into by the Group.

Itera held no treasury shares at the close of the year.

At the close of the year, equity was MNOK 86.9, compared to MNOK 72.4 for the previous year. This is equivalent to an equity percentage of 40 percent, compared to 41 percent the year before.

FINANCIAL RISK

The financial risk factors affecting the company include currency risk, liquidity risk and credit risk. The Management and Board of Directors monitor these factors closely and implement measures when necessary.

Itera's Scandinavian operations provide income and incur expenses in Norwegian, Danish and Swedish crowns. The changes in the exchange rate for Swedish and Danish crowns therefore affect the Group's results. This risk is mitigated as associated expenses are incurred in the same currencies. The Group is exposed to U.S. dollars through its nearshore activities in the Ukraine.

The Board considers the Group's liquidity to be satisfactory, and does not consider it necessary to implement further measures to reduce liquidity risk.

Historically, the Group has incurred very low losses on receivables. This trend continued in 2013.

BUSINESS RISK

Nearshore activities in Ukraine expose the Group to new risk factors, including country risk, data security and corruption. These are typical for new markets where the business climate, laws and society are less developed or unfamiliar to us. Violation of legal demands and our standards of business ethics could result in large fines, prevent us from doing business or cause damage to our reputation. Changes in legislation, taxation systems and regulations can also lead to significant changes in how we implement our services and solutions, or lead to increased costs that affect our profitability. Itera closely monitors country risk, has a zero tolerance policy with respect to corruption and does not carry out domestic activities where the problem of corruption is greatest. We have implemented best practices and controls for data security in the Group, as well as legal frameworks to safeguard data security and intellectual property across national borders.

ORGANIZATION

The number of employees at the end of the year was 460, compared to 428 in the previous year. The increase in the number of employees by 32 is an increase of 7 percent. For the year overall, there were 433 man years, compared to 428 in 2012. The majority of operations take place in Norway, where the Group has 233 (238) employees. The Group's Swedish operations include 68 (71), Danish operations 21 (20) and Ukrainian operations 155 (99) employees.

Absence due to illness for the period was 3.5 percent (2.7), which the Board considers to be satisfactory. No accidents or injuries were suffered during the year. The Board considers the work environment to be good. We regularly carry out environmental studies of the Group's work environment.

The Board wishes to thank all Group employees for their efforts in 2013.

SOCIETY

Itera recognizes its responsibilities for the society the Group is part of and wishes to contribute to positive development in the areas that are most relevant for the Group's activities.

The Group's ethical guidelines describe the standards that apply in the Group's relationships with its customers, suppliers, public authorities and employees.

The Itera Business Code of Ethics can be found on the company website (itera.no/investor-relations).

Corruption

Itera practices zero tolerance of all forms of corruption.

Nearshore activities in Ukraine expose the Group to a certain risk of corruption in that the country scores low on Transparency International's corruption index. Itera has therefore chosen to protect the Group against such risk by not supplying services to the public and private sectors in Ukraine where such problems have been identified, and restricts its activities to exporting to countries where western business standards are the norm.

The Group has also formulated guidelines for all employees concerning the acceptance of gifts, other benefits or advantages and/or other forms of gratuity. Refer also to the Group's Code of Ethics: (itera.no/investor-relations).

Data and information security

Itera has implemented good control routines and frameworks for data security in the Group across national borders. The Group's Information Security Management System (ISMS) is implemented throughout the Group and is based on the framework standard ISO27002.

Itera's nearshore activities are fully integrated with the Nordic activities. This means that all operations in the Group adhere to the same procedures and ethical standards. The IT infrastructure is common with all customer information stored on servers located in the Nordic Region. Financial processes are carried out as a central function and the Group's auditor is KPMG in all countries with the exception of Denmark. Random sampling is practiced, and any deviations are followed up and rectified.

All Ukrainian employees have signed agreements of confidentiality and commitment with regard to the handling and processing of data and other security arrangements.

The Group implements a leading judicial framework for the secure transfer of data and information across national borders called Binding Corporate Rules (BCR). This includes internal routines and rules covering the transfer of personal details from companies in the EU to the Group's activities outside the EU.

Integrity and general legislation

Itera adheres to national legislation in all countries in which the Group operates. All employees are encouraged to report internally if they have cause for concern with regard to the Group's integrity or observes transgressions or breaches of law and/or regulations. Reports can be submitted confidentially if so desired, and the whistle blower cannot be pursued with negative reactions, regardless of whether the content of the report shows to be a reality or not.

HUMAN RESOURCES

Equality

Itera places great importance on equality. Men and women should be given the same wage terms and opportunities for professional and personal development. The Group wishes to make it possible for employees of either gender to combine their work and private life, and therefore offers leave arrangements, home office solutions and part time positions to support this.

The proportion of women in the Group is 38 percent (28) in 2012. At the close of the year, the Group's management consists of five men and three women, while the Board of Directors is made up of two women and two men.

There are considerable differences between the Group's companies with respect to the proportion of women. The companies that are most technology focused have a lower proportion of women, whereas the parent company and subsidiaries that deliver services in communication and contents have around 43 percent women compared to 47 percent in 2012. Management positions are unevenly distributed between men and women. The Company has a goal of improving this balance in its various management Groups, although the required skills and expertise will be the overriding criterion.

Diversity

Itera places great importance on Group diversity, and will recruit, develop and keep its best employees regardless of gender, ethnicity and disability. See also itera.no/investor-relations.

Employee satisfaction

The Group monitors employee satisfaction twice annually with the main survey in September and a supplementary survey in April. The same survey is applied throughout the Group, which provides good indicators of general tendencies and local deviations. The survey measures important areas such as the perceived balance between work and leisure time, professional development, workload and degree of commitment and adherence to Itera's values.

The results are distributed to all employees. After the main survey, all employees are afforded the opportunity to participate in decisions concerning the areas to be given priority and measures and initiatives to be implemented during the time ahead to further improve results. Measures and initiatives that can be deemed to have a positive effect for several business areas shall be implemented under the auspices of the Group's HR function. Measures and initiatives that have a more local impact shall be implemented by the division or department in question under the guidance of the Manager. The supplementary survey in April monitors whether the measures / initiatives chosen have had the desired effect or whether adjustments must be introduced until the next main survey.

The survey carried out in 2013 showed a positive development in all the Group's divisions. Two of the Group's divisions were ranked amongst the best work places in Norway and Sweden respectively, while nearshore activities have previously been voted as the best employer in the Ukrainian IT industry.

Development of skills and expertise

A high standard of excellence in skills and expertise is a decisive factor for maintaining the Group's competitiveness. Itera has a strong and dedicated commitment to the development of skills and expertise of all employees in all professional disciplines including management. The educational and training programs are conducted under the auspices of 'Itera Academy', which is the Group's overlaying concept for all competence activities. Education courses and training available in Itera Academy are closely linked with the Group's strategy and the varying needs of the business areas, and encompass courses from the role of the consultant for newly-qualified staff through courses at several levels in project management, system development and user experience to management courses for both new and experienced leading staff.

EXTERNAL ENVIRONMENT

Pollution of the external environment as a result of Itera's operations is limited. The Group's environmental impact is for the most part linked to energy consumption, travel and waste from office activities.

One of the Group's environmental measures has been to locate all activities in Oslo in a single location. Transport to and from different office buildings has been eliminated and energy consumption is now limited to a single location.

Further, the Group has limited paper consumption through the introduction of printer systems where documents are not printed unless the requisitioner logs in when picking up the document.

The Group's environmental initiatives focus on using organized recycling schemes for obsolete IT equipment, reducing travel activities through the increased use of teleconferencing, and responsible waste management.

All employees have a mandatory obligation to consciously observe the environmental impact of work-related activities, and to select solutions, products and methods that have a minimum impact on the environment. This is described in the Group's Ethical Guidelines (itera.no/investor-relations).

SHARES AND SHAREHOLDERS

The share capital in Itera ASA is MNOK 24,655,987, divided into 82,186,624 shares at a value of MNOK 0.30 per share. During the year, the share capital was decreased by MNOK 226,117 through the withdrawal of 753,722 treasury shares.

At the close of the year, Itera holds no treasury shares. The Company has a continuous share option scheme, where the redemption price is significantly higher than current share prices.

At the close of the year, Itera ASA had 1,789 shareholders. The 20 largest shareholders held 46.7 million shares, equivalent to 56.8 percent of the share capital.

Dividends were paid out in 2013 of MNOK 5, equal to NOK 0.06 per share.

MANAGEMENT AND CORPORATE GOVERNANCE

Itera's management is based on the Accounting Act and Norwegian recommendations for corporate governance and management. Please see the separate section on how section 3-3 b 2nd article of the Accounting Act and the points in the recommendation are followed up. Itera ASA Board of Directors held twelve meetings in 2013. The Group's strategy and development were important items on the agenda of all the meetings.

The Board has two committees; an Audit Committee and a Compensation Committee. The Audit Committee consists of two board members, and held two meetings in 2013. The Remuneration Committee consists of two board members, and held two meetings in 2013. The Committee prepares and makes recommendations to the Board concerning remuneration to the CEO. The Committee also acts as the advisory body for the CEO for issues concerning remuneration and

other key personnel issues relating to the Group's management. Please refer to the separate section at the back of this report.

THE PARENT COMPANY

Internal support processes and joint solutions are structured as Group Functions in the parent company Itera ASA in areas where significant economies of scale and synergies can be realized. Group Functions are developed in line with the companies' needs and cover areas including accounting/finance, HR, information and communication and internal IT.

As an owner, the parent company receives Group contributions and dividends from the subsidiaries. In 2013, the Group received MNOK 9.3 in Group contributions. Book value of investments in subsidiaries is MNOK 110.0. The parent company administers the Group's Group Account arrangement. The positive cash flow in the Group is also shown as an increase in liquid assets in the parent company as this shows the total holdings in the Group Accounts arrangement. The parent company presents the subsidiaries' deposits in the arrangement as liabilities to Group companies. The Norwegian companies are also jointly registered for value added tax, and the parent company will be responsible for the payment of value added tax for all the said subsidiaries. The obligation is shown as a liability in the balance sheet, but is balanced in inter-company balances with the subsidiaries.

A number of long-term loans have been granted to some subsidiaries in 2013.

The number of employees at the end of the year was 17 (20), of whom 11 are female. Absence through illness for the year was 3.4 percent (4.0 percent), which the Board considers to be satisfactory. No acci-

dents or injuries were suffered during the year. The Board considers the work environment to be good.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the parent company's activities in 2013, and the financial position at the end of the year.

CONTINUED OPERATIONS

In accordance with Article 3-3 a of the Accounting Act, we confirm that the premises for continued operation are present, and forms the basis for the preparation of the annual accounts. The 2014 budget and the Group's equity and liquidity situation is the basis for this assessment.

PROFIT ALLOCATION

The Board proposes that this year's profits for the parent company, Itera ASA, amounting to TNOK 2 041, should be distributed as follows:


- TNOK 28 765 to dividends
- TNOK 26 724 from other equity.

The Board's proposal for the dividend corresponds to MNOK 0.35 per share.

PROSPECTS

Itera's strategy has solid foundation in all parts and at all levels of the Group, and our targeted work will continue. The overall strategy remains unchanged, with the development of large and long term customer relationships, higher operational efficiency and the use of delivery models that combine resources across the Nordic countries and nearshore. The Group experiences satisfactory activity in all markets in which it is present, and follows the development of market trends closely.

Oslo, 20 March 2014
The Board of Directors of Itera ASA




Ole Jørgen Fredriksen
Chairman



Mimi K. Berdal
Vice chairman



Jan Erik Karlsson
Board member



Trude S. Husebø
Board member



Arne Mjøs
CEO

STATEMENT OF COMPREHENSIVE INCOME

GROUP

NOK 1000	NOTE	2013	2012
Operating revenue			
Sales revenue		465 194	438 207
Total operating revenue	1	465 194	438 207
Operating expenses			
Cost of sales		90 630	80 221
Payroll and personell expenses	7,8,9,10	279 400	281 924
Depreciation	13	21 376	18 596
Other operating expenses		51 266	50 211
Total operating expenses		442 671	430 952
Operating profit		22 523	7 255
Other financial income	11	383	758
Other financial expenses	11	2 467	1 167
Net financial items		-2 084	-409
Profit before taxes		20 439	6 846
Income taxes	15	4 639	2 228
Profit for the year		15 800	4 618
Of which:			
Shareholders in the parent company		15 800	4 618
Earnings per share	3	0.19	0.06
Diluted earnings per share	3	0.19	0.06
Comprehensive income for the year			
Profit for the year		15 800	4 618
Other income and expenses, reversed through the income			
Currency translation differences		2 323	-899
Unrealized net gain/-loss on investment in foreign subsidiaries		1 622	-194
Tax effect on other income and expenses		-459	0
Total comprehensive income for the year		19 286	3 525
Attributable to:			
Parent company shareholders		19 286	3 525

STATEMENT OF FINANCIAL POSITION

GROUP

NOK1000	Note	2013	2012
ASSETES			
Fixed assets			
Intangible assets and deferred tax assets			
Deferred tax assets	15	9 146	12 903
Other intangible assets	13	17 216	20 423
Total intangible assets and deferred tax assets		26 362	33 326
Tangible fixed assets			
Machinery, equipment and software	13	27 858	26 603
Total tangible assets		27 858	26 603
Total fixed assets		54 221	59 929
Current assets			
Work in progress	2	15 657	5 892
Receivables			
Accounts receivable	12	69 682	74 176
Other receivables	4	12 573	8 537
Total receivables		97 912	88 606
Bank deposits	17	67 958	28 824
Total current assets		165 871	117 430
Total assets		220 092	177 359

STATEMENT OF FINANCIAL POSITION

GROUP

NOK 1000	Note	2013	2012
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital		24 656	24 656
Total paid-in capital		24 656	24 656
Retained earnings		62 279	47 787
Total retained earnings		62 279	47 787
Total equity		86 935	72 443
Liabilities			
Non-current liabilities			
Non-current interest bearing liabilities	14	15 827	11 889
Total non-current liabilities		15 827	11 889
Current liabilities			
Accounts payable		27 171	17 714
Payable tax		151	0
Public duties payable		24 576	25 978
Other current liabilities	5	65 431	49 335
Total current liabilities		117 330	93 027
Total liabilities		133 157	104 916
Total equity and liabilities		220 092	177 359

Oslo, 20 March 2014
The Board of Directors of Itera ASA


Ole Jørgen Fredriksen
Chairman


Mimi K. Berdal
Board member


Jan-Erik Karlsson
Board member


Trude S. Husebø
Board member


Arne Mjøs
CEO

STATEMENT OF CASH FLOW

GROUP

NOK 1000	Note	2013	2012
Cash flow from operating activities			
Profit before taxes		20 439	6 846
Taxes paid	15	-1152	-389
Profit/loss from fixed assets sales		0	-10
Depreciation	13	21 376	18 596
Change in work in progress		-9 765	-4 425
Change in accounts receivable	12	4 494	-2 207
Change in accounts payable		9 458	2 619
Change in other items		10 640	2 221
Effect of currency changes		2 236	-1158
Net cash flow from operating activities		57 726	22 092
Cash flow from investment activities			
Payment from sale of fixed assets		0	105
Investment in fixed assets	13	-5 146	-5 596
Investment in intangible fixed assets	13	-3 670	-6 066
Net cash flow from investment activities		-8 816	-11 557
Cash flow from financial activities			
Payment of long term debt	14	-6 131	-3 089
Dividend		-4 931	0
Net cash flow from financial activities		-11 062	-3 089
Currency effect on cash		1 286	-36
Net change in bank deposits		39 134	7 818
Bank deposits as of 1 January		28 824	21 006
Bank deposits as of 31 December		67 958	28 824

STATEMENT OF EQUITY

GROUP

NOK1000	Share capital	Own shares	Other deposit equity	Translation differences	Other equity	Total equity
Shareholders' equity as of 31 December 2011	24 882	-225	0	-3 532	47 795	68 920
Comprehensive income for the year	0	0	0	-1 093	4 618	3 525
Reduction of the share premium reserve	-225	225	0	0	0	0
Shareholders' equity as of 31 December 2012	24 656	0	0	-4 626	52 412	72 442
Comprehensive income for the year	0	0	0	3 486	15 800	19 286
Dividend	0	0	0	0	-4 931	-4 931
Cost effect Stock options	0	0	138	0	0	138
Shareholders' equity as of 31 December 2013	24 656	0	138	-1 140	63 281	86 935

NOTES GROUP

REPORTING ENTITY

Itera ASA (the company) is domiciled in Oslo, Norway. Itera's consolidated financial statements for the financial year 2013 covers the company and the subsidiaries Itera Norge AS, Cicero Consulting AS, Compendia AS, Itera Offshoring Services AS, Itera Sweden AB, Itera Consulting AB, Itera Networks AB, Objectware AB, Itera Consulting ApS and Itera Consulting Ukraine.

BASIS OF PREPARATION

Confirmation of financial framework

The consolidated financial statements are submitted in accordance with applicable EU-approved IFRS regulations and their interpretations as of 31 December 2013, as well as in line with additional Norwegian information requirements which follow from the Accounting Act as of 31 December 2013.

The proposed annual accounts were confirmed by the board and the CEO on 20 March 2014. The annual accounts will be considered at the ordinary general meeting on 22 May 2014. The board has the option of making changes to the annual accounts up until the time of final approval.

Basis of measurement

The consolidated financial statements have been prepared on the basis of historical costs except for the following items:

- Financial instruments at fair value in the profit and loss account, loans and receivables and other financial liabilities at amortized cost.

Functional and presentation currency

These consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. All financial information has been rounded to the nearest thousand. Balance sheet items of subsidiaries in other functional currencies are translated using the exchange rates prevailing on the balance sheet date, while profit and loss items are translated using the exchange rates on the transaction date. The average monthly exchange rate is used as an approximation of the exchange rate at the time of the transaction. Translation differences are recorded as other income and expenses.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant estimates requiring management judgment are the following:

- Projects in progress – see note 2
- Provision for losses on accounts receivable – see note 12
- Capitalized development costs (R&D) – see note 13
- Value of deferred tax asset – see note 15

Itera Norge AS leases operating equipment. The lease contracts have been evaluated based on the requirements stipulated in IAS 17, and it has been determined that these shall be posted as financial leasing. Reference is made to note 14.

In some cases, proceeds from sales will cover several deliveries. Itera will then distribute the proceeds among the various deliveries and record this income based on the time of delivery for the various deliveries.

IFRS 13 Fair Value Measurement applies as of 2013. The group has not selected policies where assets and liabilities may be recognized at fair value, or it does not have assets and liabilities which must be recognized at fair value. It has been determined that no financial instruments must be recognized at fair value.

ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods and by all group entities.

Basis of consolidation

Subsidiaries are entities controlled by the company. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that the control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealized losses are eliminated in the same manner, but only to the extent that there is no evidence of impairment.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rate at the

date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the balance sheet date. Exchange differences arising on translation are recognized in the profit and loss account, except that differences arising on translation of long-term receivables considered part of an investment, are recognized directly in equity.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value, are translated to NOK at the exchange rate at the date that the fair value was determined. Assets and liabilities for foreign subsidiaries, including goodwill and adjustments for fair value included in the consolidation, are translated into NOK using the exchange rate at the balance sheet date. Income and expenses for foreign subsidiaries are translated to NOK at the approximate exchange rate at the time of the transactions. Currency translation differences are posted as translation reserves included in the equity.

Share capital

Ordinary shares are classified as equity. Expenses directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Purchase of own shares (treasury shares)

When own shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a change in the equity. Treasury shares are presented as a deduction from the total equity net of any tax effects. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in the equity, and the resulting transaction surplus or deficit is transferred to/from retained earnings.

Cost of equity transactions

Transaction costs directly relating to an equity transaction are recognized against equity after deducting tax expenses.

Tangible fixed assets

Fixed assets are entered in the accounts at historical cost less accumulated depreciation and accumulated impairment losses. At the group's transition to IFRS on 1st January 2004, the fair value was assumed to be the estimated historical cost.

The acquisition cost includes expenditures directly attributable to the acquisition of the asset. The cost of self-developed assets includes the cost of direct labour, any other cost directly attributable to ensuring that the assets function as intended, and the cost of dismantling and removing the assets.

Gains and losses on disposal of tangible fixed assets constitute the difference between the sale proceeds from and the carrying amount of the assets, and are recognized net as other income in the profit and loss account.

Depreciation of fixed assets

Depreciation is recognized on a straight-line basis over the estimated useful life of each asset. Leased assets are depreciated over the shortest of either the lease period or the useful life unless it is reasonably certain that the group will obtain ownership by the end of the lease period.

The estimated useful lives for the current and comparable periods are as follows:

• Fixtures and fittings	5-10 years
• Software	3 years
• Machinery and equipment	3 years

Depreciation methods, useful lifetimes and residual values are reviewed at the balance sheet date.

Intangible assets

Intangible assets are recognized on the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company and its future recoverability can reasonably be established. Intangible assets are capitalized at cost. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price. The recoverable amount is calculated each year or if there are any indications of impairment. Intangible assets with a finite useful life are amortized and any need for impairment losses to be recognized is considered. Other intangible assets are amortized from the date they become available for use.

Expenses linked to the purchase of new software are recognized in the balance sheet as an intangible asset provided these expenses do not form part of the hardware acquisition cost. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expensed as incurred unless the changes in the software increase the future economic benefit from the software.

Research and development

Expenditures associated with research activities are recognized in the profit and loss account when incurred.

Development activities are related to significant new concepts or solutions. Development expenditures are capitalized only if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete the development and to use or sell the asset. The capitalized expenditures include the cost of materials, direct labour and directly attributable overhead costs. Other development expenditures are recognized as incurred.

NOTES

GROUP

Capitalized development expenditures are measured at cost less depreciation and impairment.

Amortization intangible assets

Intangible assets are depreciated using the straight-line method over the estimated useful lifetime from the time they become available for use. The estimated useful lives for the current and comparable periods are as follows:

- Capitalized development costs 3-5 years

Leasing

Lease agreements are classified as financial or operational according to the actual content of the agreements. If the greater part of the financial risk and control of the object of the leasing agreement is the responsibility of the lessee, the agreement is classified as a financial lease, and the associated assets and liabilities are capitalized. Other lease agreements are classified as operational leases and the lease fee is carried to expense as leasing costs.

Work in progress

Work in progress represents the accrued and not invoiced revenues deducted expected losses. Invoicing for the individual projects is based on contractual payment milestones.

Accounts receivable

Trade and other receivables are recognized at nominal value on the balance sheet deducted any foreseeable losses. The interest element is disregarded if insignificant. In case of objective evidence of any impairment, the difference between the posted value and the present value of future cash flows is recognized as a loss.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit and loss account. Impairment losses are reversed if such reversal may objectively be linked to an event which occurred after such losses were recognized.

Defined contribution pension schemes

The Itera group finances its pension scheme for the employees through collective defined contribution pension schemes. A defined contribution pension scheme is a plan under which an entity pays fixed contributions into a separate fund or pension fund and has no legal or constructive obligation to pay any further amounts. Contribution obligations are recognized as personnel expenses in the profit and loss account when due. Prepaid contributions are recognized as an asset to

the extent that these entail that cash refunds or reduced future payments become available.

Share-based payments

Employee stock options in the Group represent rights for the key employees included in the stock option programme to acquire shares in Itera ASA at a future point in time at a pre-determined price. As a general rule, such subscription is conditional upon attainment of specific targets and that the individual is still employed at the time of exercise.

The value of the options is recognized at fair value at the time of grant. The calculated value is posted as personnel expenses, with a cross entry in other called-up and fully paid share capital. The cost is distributed across the accrual period up until the employees gain an unconditional right to the options. The amount carried to expense is adjusted to reflect the actual number of stock options for which associated service and non-market conditions have been met.

The employer's national insurance contribution associated with the employees' taxable advantage is currently recognized over the accrual period, based on the accrual rate and value at the balance sheet date.

Provisions

A provision is recognized if, as a result of a past event, the group has a current legal or constructive obligation that can be estimated reliably, and it is probable that a payment or transfer of some other asset will be required to settle the obligation.

The calculated provisions constitute the present value of the expected future cash flow, discounted at a market-based discount rate before tax.

Operating revenues

Revenues from services rendered are recognized in the profit and loss account in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. Revenues related to subscriptions are recognized over the contract period. Revenues from long-term projects are recognized on the basis of the percentage of completion. The percentage of completion is calculated on cost of job to date divided on expected total cost. If the outcome of a long-term project cannot be estimated reliably, the contractual revenue is only recognized to the extent that it can be assumed that the accrued contractual costs will be covered by the customer. If the agreed compensation covers several products or services, the compensation is allocated among the various sub-deliveries. Recording of income takes place in line with delivery of the various products or services.

Revenues from subscriptions are distributed across the subscription period.

Expected losses associated with a contract are posted in the profit and

loss account when it is determined that the expected costs associated with the contract in question will exceed the anticipated revenues from said contract. Revenues from sale of goods are measured at the fair value of the compensation or claim and recognized in the profit and loss account when the risk has been transferred to the buyer.

Finance income and expenses

Finance income comprises interest income on financial investments. Interest income is recognized using the effective interest method. Dividends are recognized in the profit and loss account on the date they are decided by the general meeting of the companies distributing them. Financial expenses comprise interest expenses on borrowings and changes in the fair value of financial assets. All borrowing costs are recognized in the profit and loss account using the effective interest method.

Tax expenses

Tax expenses comprise current and deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences.

Deferred tax assets are recognized when it is probable that the individual company will have a sufficient profit for tax purposes to utilize the tax asset. The individual companies recognize formerly unrecognized deferred tax assets to the extent that it has become probable that the company may utilize the deferred tax asset. Similarly, the companies will reduce their deferred tax assets to the extent that it is no longer probable that the related tax benefit may be realized.

Statement of cash flow

The statement of cash flow has been prepared based on the indirect method. Cash and cash equivalents comprises cash and bank deposits and other short-term liquid investments.

Earnings per share

The basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. The diluted EPS is determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive effects, which comprise share options granted to employees.

Events after the balance sheet date

New information obtained after the balance sheet date on the group's financial position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the company's financial position at the balance sheet date, but will affect the company's financial position in the future, are recognized if significant.

IFRS standards which have not yet been implemented

Several new standards, amendments of standards and interpretations have not yet entered into force for the accounting year which ended on 31 December 2013, and have not been used for the consolidated financial statements. The most significant of these standards are:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amended IAS 27 Consolidated and Separate Financial Statements
- Amended IAS 28 Investments in Associates and Joint Ventures

It is not expected that any these standards will have any significant effect for the company accounts and the consolidated accounts.

As the company does not have any defined benefit pension schemes, the amended IAS 19 will not have any accounting effect.

NOTES

GROUP

1 OPERATING SEGMENTS

The operation in the Itera group consists of seven companies. Every company has a management team and a CEO who is responsible for the company's financial results. The internal structure for management, budgeting and financial reporting including reporting to the chief decision maker, the group CEO, is also based on every single company. The activities in the different subsidiaries are all related to delivering IT solutions to the customers and is considered to have similar economic characteristics. The group is then considered to be one segment.

Transactions and transfers between the companies are carried out on ordinary commercial terms, corresponding to the terms used for external parties.

Geographical areas

2013

NOK1000	Ukraine	Norway	Sweden	Denmark	Group
Sales revenue	2 357	413 727	73 710	39 524	529 319
Group eliminations	-2 357	-56 408	-3 181	-2 178	-64 124
Total revenue	0	357 319	70 529	37 346	465 195
Investments	1 008	17 571	140	166	18 885
Total assets	1 390	169 910	31 465	17 326	220 092
Total liabilities	-208	111 973	12 364	9 029	133 157

2012

NOK1000	Ukraine	Norway	Sweden	Denmark	Group
Sales revenue	1 015	390 228	77 991	31 426	500 659
Group eliminations	-1 015	-58 849	-2 300	-288	-62 452
Total revenue	0	331 379	75 691	31 138	438 207
Investments	0	15 383	1 740	300	17 424
Total assets	626	109 617	47 385	19 732	177 360
Total liabilities	0	56 366	42 294	6 256	104 916

2 WORK IN PROGRESS

Work in progress consist of earned, not invoiced revenue.

NOK1000	2013	2012
Gross work in progress	18 057	5 918
Provision for impairment	-2 400	-26
Net work in progress	15 657	5 892

Sales of services are entered as income on delivery. Customer projects are entered in the P&L accounts in accordance with percentage completion of the project. When the result of the transaction cannot be reliably estimated, only income equal to accrued project costs is recognised.

3 EARNINGS PER SHARE

NOK 1000	2013	2012
Profit for the year	15 800	4 618
Average number of outstanding shares	82 187	82 458
Outstanding options for employees	2 558	393
Average number of shares including dilution	82 187	82 458
EBITDA per share	0.53	0.31
Basic earnings per share	0.19	0.06
Diluted earnings per share	0.19	0.06
Average number of outstanding shares	82 187	82 458
Dilution of outstanding stock options	0	0
Average number of shares including dilution	82 187	82 458

In that the redemption rate of options is considerably higher than the current share price, the options have no diluting effect.

4 OTHER CURRENT RECEIVABLES

NOK 1000	2013	2012
Pension fund	282	40
Prepaid expenses	5 560	6 540
Other current receivables	6 731	1 957
Total	12 573	8 537

5 OTHER CURRENT LIABILITIES

NOK 1000	2013	2012
Holiday pay	16 367	16 200
Customer prepayments	23 738	21 469
Accrued wages and bonuses	16 012	9 568
Accrued other expenses	9 313	2 098
Total	65 431	49 335

NOTES

GROUP

6 FINANCIAL RISK MANAGEMENT

The Itera group is exposed to different financial risks such as; credit risk, liquidity risk, currency risk and interest rate risk. Overall, these risks are considered as low. The group has established guidelines to deal with these risks. The main principle is to minimize exposure to financial risks, and the group holds no financial assets or liabilities for speculative purposes. The nearshore operations in Ukraine expose the Group to new risks, such as country risk, IT security and corruption. Itera has zero tolerance for corruption and has no domestic business in countries which are exposed to the risk of corruption.

Credit risk

Credit risk is the risk of financial loss to the group's receivables from customers and other short term receivables. The group has established a credit policy under which each new customer is analysed individually for creditworthiness. The group's exposure to credit risk is not linked to the individual customer but customers as a group. Unless an agreement for delayed settlement has been made with a counterpart, a provision is made for all receivables older than 90 days and recognized in the financial statements. The group's exposure in accounts receivable is presented in note 12.

Liquidity risk

Liquidity risk is the risk that the group will be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputations. The group has established an overdraft facility with its banking partner, see note 17. In order to accommodate the growth in the group's companies, lease financing arrangements have been established for major investments in software and hardware.

Currency risk

The group is exposed to currency risk through its businesses in Sweden, Denmark and Ukraine. The exposure to currency risk is limited by the fact that the expenses are in the same currencies in Sweden and Denmark. Of the group's total revenue, 16 percent is in Swedish kroner (SEK) and 9 percent is in Danish kroner (DKK). A 10 percent change in the NOK value against SEK and DKK will affect the company's turnover with 2.5%.

In Ukraine the group operates in three different currencies, USD, Euro and Hryvnia. The main exposure is in USD. The company is working on a hedging strategy to reduce this exposure.

Interest rate risk

The group is exposed to interest risk related to bank deposits. The group is also exposed to connection with the lease financing agreements and when drawing against the overdraft facility. The group has no stocks, shares or other assets with an inherent interest rate risk.

Fair value

Itera does not have significant differences between fair value and book value in the financial instruments.

7 PAYROLL AND PERSONNEL EXPENSES

NOK1000	2013	2012
Salaries	233 002	233 599
National insurance contribution	33 479	35 139
Pension cost	8 906	8 560
Stock options	138	0
Other benefits	6 476	8 826
Capitalized payroll	-2 600	-4 200
Total payroll and personnel expenses	279 400	281 924
Average number of employees	456	445

8 SHARE-BASED PAYMENTS

As of 31 December 2013 Itera had 2 558 000 stock options that were outstanding to employees of which 726 000 to employees in the parent company. Itera has two current option programs.

- One was implemented in 2011 under which there are 393 000 options outstanding against employees as of 31.12.2013.
- A new options program was established in 2013. The program has 2 165 000 options outstanding. The redemption rate for the options is 2.95 (2011) and 2.30 (2013) respectively. The options are targeted at key personnel in the group. The options are conditioned on the achievement of defined targets, both financial and others. The options have a redemption period of 1 to 4 years.

The real worth of the options is calculated at the date of allocation and is charged as an expense over the accrual period of 1 to 4 years. A total cost of TNOK 162 incl. AGA is in 2013 (NOK 0) linked to the options programs. The real worth is calculated using the Black-Scholes-Merton option pricing model.

It is assumed that the historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on interest gleaned from Norges Bank for the same period as the life of the options.

For calculation purposes interest rates of between 1.57 % and 2.02 % are implemented in the 2013 program period. 4.25% is applied for the full period of the 2011 program.

An annual turnover of 10 % is estimated for both programs. As a calculation tool an estimated dividend of NOK 0.30 per annum was used.

Program	Number	Lapsed in 2013	Number as of 31 December 2013	Fair value	Exercise price ¹⁾	Share price ²⁾	Grant date	Exercise period
2011	393 000	-	393 000	NOK 0.11	NOK 2.95	NOK 2.95	18 July 2011	2014-2015
2013	2 165 000	-	2 165 000	NOK 0.15	NOK 2.30	NOK 2.30	22 Aug 2013	2014-2017

¹⁾ The redemption price is the average share price that applies during the last 30 days prior to the date of award.

²⁾ The share price is set at the market value on the date of award. The company is operating on the premise that the exercise price is the same as the price on the date of award and that the options do not have any intrinsic value on this date.

NOTES

GROUP

Program	Number	Interest rate	Volatility
2011	393 000	4.25%	40.0%
2013	2165 000	1.57% – 2.02%	43.5%
Total	2 558 000		

9 REMUNERATIONS

Pursuant to Section 6-16a of the Norwegian Public Limited Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"The Board of Directors' statement on the stipulation of salaries and other remunerations to executive employees

The Itera group's guidelines for determining remunerations to the chief executive officer (CEO) and executive employees, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The remunerations should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors (the Board) has passed no resolution entailing changes to the principles for the stipulation of remunerations compared with statements presented previously.

The total remuneration to the CEO consists of fixed salary, variable salary, pension, insurance schemes and other benefits. The CEO will also be included in the Group's stock options programs. The total remuneration is determined based on a total evaluation, and the variable part of the salary is primarily based on the Group's financial performance. The remuneration is subject to an annual evaluation and is determined by the Board.

The CEO determines the remunerations to executive employees in agreement with the Chairman of the Board. The total remuneration to executive employees consists of fixed salary, variable salary, pension, insurance schemes and other benefits. Executive employees will also be considered for inclusion in the Group's stock options programs. The total remuneration is determined based on the need to offer competitive terms. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration must neither pose a threat to Itera's reputation nor be market leading, but should ensure that Itera attracts and retains executive employees with the desired skills and experience.

The remuneration is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the IT industry.

Bonuses paid in 2013 are based on results achieved in own companies and personal performance achievements in 2012.

Benefits in kind can be offered to executive employees to the extent such benefits have a logical connection the employee's function or are in line with the market practice.

Executive employees are covered by the contributory pension schemes of the respective companies.

A stock option program for executive- and key employees was established in 2011 and a new share program was established in 2013. Each year the Board considers whether or not such options programs should continue. Any options will be allocated without an intrinsic value. Proposals relating to new stock options programs will be presented to the general meeting.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

The Board confirms that the payments to executive employees follows the guidelines set forth in the statement and presented for the Annual General Meeting of 23 May 2013. The guidelines remain unchanged from 2012 to 2013."

Compensation to the executive management

NOK 1000

Name	Position	Salary	Bonus	Other benefits	Total taxable remuneration	Pension benefit cost to company
Arne Mjøs	Chief Executive Officer	1932	0	107	2 039	67
Torunn Havre	Chief Financial Officer	1257	54	11	1322	67
Anders Lier	EVP Business Development	1844	0	10	1854	62
Kristian Enger	EVP Business Communication and Consulting	1308	200	9	1517	62
Niko Nyström	EVP Technology Consulting	1282	197	10	1489	62
Jon Erik Høgberg	EVP Managed Services	1302	0	9	1311	62
Ane Gjennestad	Chief Communications Officer	953	0	4	957	61
Merete Jordai	Chief Technical Officer	969	0	11	980	63
Total 2013		10 847	451	171	11 469	506

Name	Position	Salary	Bonus	Other benefits	Total taxable remuneration	Pension benefit cost to company
Arne Mjøs	Chief Executive Officer	1799	551	124	2 474	64
Torunn Havre	Chief Financial Officer from 20 August	468	0	4	472	25
Total 2012		2 267	551	128	2 946	89

The CEO and CFO have no termination payment agreements.

The operation in the group consists of seven companies. Every company has a management team and a CEO who is responsible for the company's financial results. The management of Itera ASA consist of the groups CEO, CFO, CTO and CCO in addition to the Executive Vice Presidents (EVP) for the business units.

NOTES

GROUP

Compensation to the Board of Directors

Name	Position	2013	2012
Ole Jørgen Fredriksen	Chairman	300	376
Mimi K. Berdal	Board member	190	240
Trude S. Husebø	Board member	190	190
Jan-Erik Karlsson	Board member	175	0
Johan Lindqvist	Board member	0	175
John M. Lervik	Board member	0	175
Total		855	1156

Payment was made in 2013 to J. E. Karlsson of TNOK 54 in addition to the stipulated Director's fees for additional work in connection with advisory and consulting services.

Included in remunerations to the Board of Directors are payments as follows:

- M. Berdal NOK 15 000 as leader of the Audit Committee, O.J. Fredriksen NOK 15 000 as member of the Audit Committee
- T. Husebø NOK 15 000 as leader of the Compensation Panel, J. E. Karlsson NOK 15 000 as member of the Compensation Panel

Compensation to the nomination committee

Name	Position	2013
Erik Sandersen	Leader	30
Gisle Evensen	Member	15
Olav W. Pedersen	Member	15
Total		60

Shares and stock options held by the Board as of 31 December 2013

Name	Position	Shares	Options
Ole Jørgen Fredriksen	Chairman	650 000	0
Mimi K. Berdal	Board member	83 000	0
Trude S. Husebø	Board member	0	0
Jan-Erik Karlsson	Board member	153 076	0
Total		886 076	0

Shares (directly or indirectly) and stock options held by the executive management as of 31 December 2013

Name	Position	Shares	Options
Arne Mjøs	Chief Executive Officer	15 018 298	480 000
Torunn Havre	Chief Financial Officer	0	150 000
Total		15 018 298	630 000

Arne Mjøs holds all stocks and options through Arne Mjøs Invest AS

Audit fees

NOK 1000	2013	2012
Audit fee for Itera ASA	381	196
Audit fee for the subsidiaries from KPMG Norway	421	391
Audit fee from KPMG abroad	153	155
Audit fee from KPMG	955	742
Other authorization statements from KPMG	81	48
Other services from KPMG	226	259
Audit fees from other audit companies	82	42
Other authorization statements from other audit companies	0	0
Other services from other audit companies	49	30

Costs of audit fees are exclusive VAT.

10 PENSION

All of the group's pension schemes are contributory schemes. Pension expenses correspond to the paid premiums and have been entered under payroll and personell expenses in the profit and loss account. The group's pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

Pension cost

NOK 1000	2013	2012
Norway	5 706	5 641
Sweden	2 055	1 726
Denmark	1 145	1 193
Total	8 906	8 560

NOTES

GROUP

11 NET FINANCIAL ITEMS

	2013	2012
Finance income	322	375
Net foreign exchange gain	0	173
Other	61	210
Total financial income	383	758
Finance expenses	546	1052
Net foreign exchange loss	1776	14
Other	145	101
Total financial expenses	2467	1167

12 ACCOUNTS RECEIVABLE

NOK 1000	2013	2012
Gross accounts receivable as of 31 December	69 939	74 553
Provision for bad debt	-257	-377
Net accounts receivable as of 31 December	69 682	74 176

Age distribution of accounts receivable	Total	Not due	0-30 days	30-60 days	60-90 days	> 90 days
As of 31 December 2013	69 939	50 978	17 518	79	420	944
As of 31 December 2012	74 553	47 714	24 603	746	1 491	0

Accounts receivable per country/currency

	2013	%	2012	%
Norway	48 211	69%	55 790	75%
Sweden	15 522	22%	11 919	16%
Denmark	6 206	9%	6 845	9%
Total	69 939	100%	74 553	100%

Losses on accounts receivable are classified as operating expenses in the income statement. Maximum credit risk is equal to the net accounts receivable above.

13 FIXED ASSETS

2013

NOK1000	Development cost	Software	Machinery & equipment	Fixtures & fittings	Leased IT-equipment	Total
Acquisition cost						
Accumulated as of 1 January	47 845	9 117	38 792	18 958	15 138	129 850
Additions during the year	3 670	2 007	2 650	489	10 069	18 885
Disposals during the year	0	0	0	-249	0	-249
Exchange differences	269	77	1 971	802	3 314	6 433
Accumulated as of 31 December	51 784	11 201	43 413	20 000	28 521	154 919
Depreciation						
Accumulated as of 1 January	27 421	7 293	34 730	9 758	3 620	82 822
Depreciation	6 861	1 266	4 233	2 802	6 214	21 376
Disposals during the year	0	0	0	-249	0	-249
Exchange differences	285	65	1 758	954	2 831	5 893
Accumulated as of 31 December	34 567	8 624	40 721	13 265	12 665	109 842
Carrying amounts						
As of 1 January	20 423	1 824	4 061	9 200	11 518	47 026
As of 31 December	17 216	2 577	2 691	6 735	15 856	45 075
Estimated useful lives	3-5 years	3-5 years	3 years	5-10 years	3-5 years	
Depreciation plan	linear	linear	linear	linear	linear	

NOTES

GROUP

2012

NOK 1000	Development cost	Software	Machinery & equipment	Furniture & fixtures	Leased IT-equipment	Total
Acquisition cost						
Accumulated as of 1 January	41 779	9 100	37 660	16 125	9 706	114 370
Additions during the year	6 066	17	2 384	3 829	5 432	17 727
Disposals during the year	0	0	-1 242	-994	0	-2 236
Exchange differences	0	0	-10	-2	0	-12
Accumulated as of 31 December	47 845	9 117	38 792	18 958	15 138	129 850
Depreciation						
Accumulated as of 1 January	20 554	6 014	30 198	8 573	1 060	66 399
Depreciation	6 870	1 280	4 848	2 189	3 410	18 596
Disposals during the year	0	0	-297	-994	-850	-2 141
Exchange differences	-3	-1	-20	-10	0	-33
Accumulated as of 31 December	27 421	7 293	34 730	9 758	3 620	82 822
Carrying amounts						
As of 1 January	21 225	3 086	7 462	7 552	8 646	47 971
As of 31 December	20 423	1 824	4 061	9 200	11 518	47 026
Estimated useful lives	3-5 years	3-5 years	3 years	5-10 years	3-5 years	
Depreciation plan	linear	linear	linear	linear	linear	

Intangible fixed assets (development cost) are primarily related to the development of new concepts. The concepts under development are primarily related to contracts entered into with fixed future income.

In 2013 NOK 3.6 million (NOK 6.0 million) was capitalized in connection with the development of concepts. Expenditure incurred in connection with developments is primarily related to the wages and salaries paid to employees who have participated in developing these concepts. As of 31 December 2013, NOK 17.2 million (NOK 20.4 million) was entered under intangible fixed assets.

The group does not have significant differences between net book value and fair value.

14 LEASING CONTRACTS

The group has entered into leasing contracts in connection with investments in IT equipments related to the major hosting agreements.

Assets leased under financial leasing contracts are as follows

NOK 1000	2013	2012
IT equipment	26 051	15 982
Accumulated depreciation	-10 677	-4 463
Net book value	15 374	11 519
Future minimum lease payments		
Up to 1 year	7 006	
1 to 5 years	9 751	
After 5 years	0	
Total future minimum lease payments	16 757	
Interest	930	
Present value of future minimum lease payments	15 827	
Of which		
- current liabilities	0	
- non current liabilities	15 827	

15 INCOME TAXES

Income taxes		
Tax payable	3 940	4 953
Change in deferred taxes	700	-2 726
Tax balancing in previous years	-1	0
Total	4 639	2 228
Tax payable		
Profit before taxes	20 441	-2 180
Permanent differences	380	689
Change in temporary differences	3 209	-2 060
Utilization of previously recognized tax losses	-9 400	-4 018
Total	14 630	-7 569

NOTES

GROUP

NOK 1000	2013	2012
Specification of the deferred tax		
Fixed assets	-2 729	217
Current assets	-148	-31
Other temporary differences	680	0
Losses carried forward	-33 913	-53 418
Total	-36 110	-53 232
Deferred tax assets	-9 146	-14 639
Recognized in the balance sheet	-9 146	-12 903
Recognized assets and liabilities related to deferred tax asset		
Fixed assets	-753	30
Current assets	-38	-9
Gain and loss account	184	0
Losses carried forward	-8 538	-12 924
Total	-9 146	-12 903
Changes in deferred tax asset		
Opening balance	-12 903	-14 191
Recognized in comprehensive income	700	-2 726
Calculation difference	-24	0
Tax effect of items entered against income and costs	459	0
Effects of group contribution	2 622	4 014
Closing balance	-9 146	-12 903
Tax rate reconciliation		
Profit before tax	20 441	6 846
Tax calculated at the domestic Corporate tax rate of 28%	5 723	1 917
Effects from changed tax rate	234	0
Different taxrate in subsidiaries	85	-78
Permanent differences	104	219
Unrecognized tax losses for the period	0	496
Recognized previously unrecognized tax losses	-1 507	-323
Income taxes in the consolidated income statement	4 639	2 228
Effective tax rate	22,7%	32,5%

NOTES

GROUP

NOK 1000	2013	2012
Losses carried forward	31 Dec	31 Dec
Norway	-21 543	-45 774
Sweden	-12 370	-7 644
Denmark	0	0
Total	-33 913	-53 418

Based on the Itera's losses to be carried forward as of 31 December 2013 has a deferred tax advantage of NOK 9.1 million of which NOK 9.1 million is recognized in the balance sheet. The deficits to be carried forward are not time-limited. The future utilization of the recognized deferred tax asset is likely, based on budgets and cash flow analyses.

NOTES

GROUP

16 FOREIGN CURRENCY

Information regarding exchange rates used in the Itera group for 2013.

	Exchange rate 1 Jan	Average	Exchange rate 31 Dec
SEK	0.8549	0.9020	0.9472
DKK	0.9840	1.0470	1.1237
EUR	7.3410	7.8087	8.3825
USD	5.5664	5.8768	6.0837
UAH	0.6935	0.7118	0.7291

17 CASH AND CASH EQUIVALENTS

	2013	2012
Cash and cash deposits	67 958	28 824
of which restricted (withheld tax)	-6 948	-7 346
Unrestricted cash and cash equivalents	61 011	21 478
Unused credit facilities	25 000	32 700
Cash reserve	86 011	54 178

The group has a cash-pool agreement so that the item "cash and bank deposits" is a net item and includes any draws against the overdraft facility.

The overdraft facility agreement with Danske Bank has the following loan premises:

- net interest bearing debt (NIBD)/EBITDA in the Itera group shall not be more than 2.5
- book equity in the Itera group excluding goodwill shall be minimum 30% of the total balance

Key annual figures shall be measured as of 31 December, at the latest 120 days after year's end.

The group is not in breach of the loan premises as 31 December 2013.

As surety for the operating credit drawn against the overdraft facility the bank has security in the receivables in the Norwegian subsidiaries.

18 CONTINGENCIES

As of 31 December 2013, the group had a total rent commitment amounting to NOK 24.8 million. The group's leases expire during the period 2014 to 2015, with the major lease contracts expiring in mid-2016.

19 SHAREHOLDERS

Share capital

As of 31 December 2012 Itera ASA had a share capital amounted to NOK 24 655 987 distributed among 82 186 624 shares, each with a face value of NOK 0.30 and fully paid.

Ownership structure

At the close of the year, Itera ASA had 1 789 (1 910) shareholders. At year-end 11% (5%) of the company's Share capital was owned by foreign investors. The company's 20 largest shareholders owned 57% (61%) of the company's shares.

Own shares

The Itera Group had no own shares at the start of the year, the group has not purchased any own shares during the course of 2013. The Itera Group had no own shares at the close of the year.

Shareholders as of 31 December 2013

The top 20 largest shareholders	Shares	%
Arne Mjøs Invest AS	15 718 298	19.1%
Assuranceforeningen SKULD	5 479 401	6.7%
OP Capital AS	3 465 000	4.2%
Verdipapirfondet DNB SMB	3 000 000	3.7%
Eikestad AS	2 925 000	3.6%
Jøsyra Invest AS	2 200 000	2.7%
Marxpist Invest AS	2 031 588	2.5%
Septim Consulting AS	1 830 600	2.2%
Bo Investering AS	1 705 828	2.1%
Gamst Invest AS	1 306 982	1.6%
Johs. Haugerudsvei AS	1 073 639	1.3%
GIP AS	1 000 000	1.2%
Aanestad Panagri AS	900 000	1.1%
Ole Jørgen Fredriksen	650 000	0.8%
Verdipapirfondet Storebrand Norge	627 398	0.8%
DNB NOR Bank ASA Egenhandelskonto	617 401	0.8%
Morten Johnsen Holding AS	600 000	0.7%
Jan Morten Måøy	569 212	0.7%
Jørund Arne Lie	500 000	0.6%
Fredrik Wiese	500 000	0.6%
Total	46 700 347	56.8%
Other shareholders	35 486 277	43.2%
Total number of shares	82 186 624	100.0%

NOTES

GROUP

20 TRANSACTIONS WITH CLOSE ASSOCIATES

There have been no material transactions with related parties in the period from 1 January to 31 December 2013.

21 EVENTS AFTER BALANCE SHEET DATE

There have been no material events after 31st of December 2013 of significance for the annual report.

STATEMENT OF INCOME

PARENT

NOK1000	NOTE	2013	2012
Operating revenue			
Sales revenue	14	19 367	18 082
Total operating revenue		19 367	18 082
Operating expenses			
Payroll and personell expenses	1,2,3	16 536	17 953
Depreciations	4	1 465	1 149
Other operating expenses	1	7 324	8 426
Total operating expenses		25 326	27 529
Operating profit		-5 959	-9 446
Financial items			
Income from investments in subsidiaries	10	9 363	14 258
Interest income from group companies		400	244
Other financial income		505	257
Interest paid to group companies		1 037	770
Other financial expenses	12	127	516
Net financial items		9 105	13 473
Profit before taxes		3 146	4 027
Income taxes	8	1 105	1 130
Profit/-loss of the year	9	2 041	2 897
Allocations and transfers			
To dividend		28 765	4 931
To/-from other reserves		-26 724	-2 034
Total allocations and transfers		2 041	2 897

STATEMENT OF FINANCIAL POSITION

PARENT

NOK1000	NOTE	2013	2012
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax asset	8	4 933	6 038
Total intangible assets		4 933	6 038
Tangible fixed assets			
Machinery, equipment and software	4	3 046	2 906
Total tangible assets		3 046	2 906
Financial fixed assets			
Investment in subsidiaries	5	109 953	109 953
Loan to group companies	7	28 955	16 536
Other financial assets		30	0
Total financial fixed assets		138 938	126 489
Total fixed assets		146 917	135 433
Current assets			
Receivables			
Intercompany receivables	10	10 868	26 467
Other receivables		2 194	390
Total receivables		13 062	26 857
Bank deposits	13	35 229	6 080
Total current assets		48 290	32 937
Total assets		195 207	168 370

STATEMENT OF FINANCIAL POSITION

PARENT

NOK1000	NOTE	2013	2012
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital		24 656	24 656
Other paid-in capital		2 028	1 890
Total paid-in capital		26 684	26 546
Retained earnings		56 332	83 056
Total retained earnings		56 332	83 056
Total equity	9	83 016	109 602
Liabilities			
Current liabilities			
Accounts payable		1 974	406
Public duties payable	15	11 204	1 832
Intercompany liabilities	11, 12	67 621	49 769
Provision for dividend	9	28 765	4 931
Other short term liabilities		2 626	1 830
Total current liabilities		112 191	58 768
Total liabilities		112 191	58 768
Total equity and liabilities		195 207	168 370

Oslo, 20 March 2014
The Board of Directors of Itera ASA


Ole Jørgen Fredriksen
Chairman


Mimi K. Berdal
Board member


Jan-Erik Karlsson
Board member


Trude S. Husebø
Board member


Arne Mjøs
CEO

STATEMENT OF CASH FLOW

PARENT

NOK 1000	2013	2012
Cash flow from operating activities		
Profit before taxes	3 146	4 027
Group contribution, not paid	-9 363	-14 258
Depreciation	1 465	1 149
Change in accounts payable	2 022	-558
Effect of currency changes	1 742	214
Change in other items	3 494	3 778
Net cash flow from operating activities	2 507	-5 649
Cash flow from investment activities		
Investment in fixed assets	-1 605	-1 246
Investment in shares	0	-950
Group contribution	14 258	8 500
Payment of intercompany borrowings	-5 232	0
Net cash flow from investment activities	7 421	6 304
Cash flow from financial activities		
Changes in cash-pool	24 150	6 260
Purchase own shares	0	-1 598
Dividend	-4 931	0
Net cash flow from financial activities	19 219	4 662
Net change in bank deposits	29 147	5 316
Bank deposits as of 1 January	6 080	764
Bank deposits as of 31 December	35 227	6 080

GENERAL

The financial statements consist of the profit and loss statement, balance sheet, cash flow statement and notes and have been prepared in accordance with the Public Limited Liability Companies Act, the Accounting Act and the Norwegian Generally Accepted Accounting Principles (NGAAP).

Basis of measurement

The company accounts have been prepared on the basis of historical costs.

Transactions are allocated to the value of the remuneration at the time of the transaction. Revenues are recognized in the financial statements when earned and expenses are matched with earned revenues.

Use of estimates and judgments

The preparation of financial statements in conformity with NGAAP requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Valuation of investments in subsidiaries

Investments in subsidiaries are valued at the historical cost reduced by any write-downs. The investments are written down to fair value unless the impairment is due to temporary circumstances. Impairment losses are reversed when the basis for impairment no longer is present.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are accrued in the subsidiary's accounts. If the distributions exceed the earned income after the acquisition date, this is considered as a repayment of the invested capital, and such distributions will reduce the book value of the investment.

Foreign currency transactions

Receivables and liabilities denominated in foreign currencies are translated to Norwegian kroner (NOK) at the exchange rate at the balance sheet date.

Share capital

Ordinary shares are classified as equity. Expenses directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Purchase of own shares (treasury shares)

When own shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a change in the equity. Treasury shares are presented as a deduction from the total equity net of any tax effects. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in the equity, and the resulting transaction surplus or deficit is transferred to/from retained earnings.

Intangible assets

Intangible assets are recognized on the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company and its future recoverability can reasonably be established. Intangible assets are capitalized at cost. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price.

Fixed assets

Fixed assets are entered in the accounts at historical cost, with deductions for accumulated depreciation and accumulated impairment losses. If the fair value of a fixed asset is lower than the book value, and the impairment is not temporary, the fixed asset will be written down to fair value.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit and loss account. Impairment losses are reversed if such reversal may objectively be linked to an event which occurred after such losses were recognized.

Subordinated loans and other long-term loans

The parent company has provided subordinated loans to several of its subsidiaries. For foreign subsidiaries, the loan is provided in the local currency of the subsidiary. The loans are recognized at the exchange rate at the reporting date. Any changes in value due to changes in the exchange rate are recognized under financial items.

Loans in NOK are recognized at the nominal value.

NOTES

PARENT

Accounts receivable

Trade and other receivables are recognized at nominal value on the balance sheet deducted any foreseeable losses. The interest element is disregarded if insignificant. In case of objective evidence of any impairment, the difference between the posted value and the present value of future cash flows is recognized as a loss.

Defined contribution pension scheme

The company finances its pension scheme for the employees through a collective defined contribution pension scheme. The pension cost corresponds to the premium paid.

Shared-based payments

Employee stock options in Itera represent a right for key employees to acquire shares in Itera ASA at a future point in time at a pre-determined price. As a general rule, such right is conditional upon attainment of specific targets and that the individual is still employed at the time of exercise.

The value of the options is calculated at the time of grant and recognized as payroll expenses over the accrual period. Options are normally assigned a subscription price that corresponds to the share price at the time of grant; i.e. without intrinsic value. The employer's national insurance contribution associated with the employees' taxable advantage is currently recognized over the accrual period, based on the accrual rate and value at the balance sheet date.

Operating revenues

The parent company's revenues are generated from delivery of common accounting/financial, HR, IT and information/ communication services under Group Functions. The parent company's revenues are based on a cost plus model. Revenue is recognized at the time of delivery of the services.

Finance income and expenses

Finance income comprises interest income on funds invested and group contributions or dividends from subsidiaries. Interest income is recognized using the effective interest method. Group contributions and dividends are recognized in the profit and loss account on the date allocated in the company from which they are distributed.

Financial expenses comprise interest expenses on borrowings and changes in the fair value of financial assets. All borrowing costs are recognized in the profit and loss account using the effective interest method.

Tax expenses

Tax expenses comprise current and deferred tax. Tax expenses are recognized in the profit and loss account. Deferred tax assets and liabilities are recognized using the liability method on a non-discounted basis, providing for any differences between the carrying amounts of

assets and liabilities for financial reporting purposes and the amounts used for taxation purposes as well as losses carried forward.

Statement of cash flow

The statement of cash flow is prepared using the indirect method. Cash and cash equivalents include cash and bank deposits.

1 PAYROLL AND PERSONNEL EXPENSES

NOK1000	2013	2012
Salaries	12 663	14 239
National insurance contribution	1 947	2 064
Pension cost	555	440
Other benefits	1 235	1 210
Total payroll and personell expenses	16 536	17 953
Average number of employees	18	17

For information regarding remuneration for senior management, see note 9 in the group section.

Audit fees	
Audit fees	381
Other authorization statements	0
Tax services	26
Other services	25
Total audit fees	433

2 SHARED BASED PAYMENTS

As of 31 December 2013 Itera had 2 558 000 stock options that were outstanding to employees of which 726 000 to employees in the parent company. Itera has two current option programs.

- One was implemented in 2011 under which there are 393 000 options outstanding against employees as of 31.12.2013.
- A new options program was established in 2013. The program has 2 165 000 options outstanding. The redemption rate for the options is 2.95 (2011) and 2.30 (2013) respectively. The options are targeted at key personnel in the group. The options are conditioned on the achievement of defined targets, both financial and otherwise. The options have a redemption period of 1 to 4 years.

The real worth of the options is calculated at the date of allocation and is charged as an expense over the accrual period of 1 to 4 years. A total cost of TNOK 162 incl. AGA is in 2013 (NOK 0) linked to the options programs. The real worth is calculated using the Black-Scholes-Merton option pricing model.

It is assumed that the historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on interest gleaned from Norges Bank for the same period as the life of the options.

For calculation purposes interest rates of between 1.57 % and 2.02 % are implemented in the 2013 program period. 4.25% is applied for the full period of the 2011 program.

An annual turnover of 10 % is estimated for both programs. As a calculation tool an estimated dividend of NOK 0.30 per annum was used.

NOTES

PARENT

Program	Number	Lapsed in 2013	Number as of 31. December 2013	Fair value	Exercise price ¹⁾	Share price ²⁾	Grant date	Exercise period
2011	393 000	-	393 000	NOK 0.11	NOK 2.95	NOK 2.95	18 July 2011	2014-2015
2013	2 165 000	-	2 165 000	NOK 0.15	NOK 2.30	NOK 2.30	22 Aug. 2013	2014-2017

¹⁾ The redemption price is the average share price that applies during the last 30 days prior to the date of award.

²⁾ The share price is set at the market value on the date of award. The company is operating on the premise that the exercise price is the same as the price on the date of award and that the options do not have any intrinsic value on this date.

Program	Number	Interest rate	Volatility
2011	393 000	4.25%	40.0%
2013	2 165 000	1.57% - 2.02%	43.5%
Total	2 558 000		

3 PENSIONS

Itera ASA has pension schemes organized through an insurance company. The company's pension scheme is a defined contribution plan and the cost correspond to the premium paid. Pension expense charged for 2013 amounts to NOK 555 thousand (NOK 440 thousand). The group's pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

4 FIXED ASSETS

	2013			2012		
NOK 1000	Machinery & equipment	Software	Total	Machinery & equipment	Software	Total
Acquisition cost						
Accumulated 1 January	3 949	4 304	8 253	2 538	4 468	7 006
Additions during the year	204	1 401	1 605	1 579	0	1 579
Disposals during the year	0	0	0	-168	-164	-332
Accumulated 31 December	4 153	5 705	9 858	3 949	4 304	8 253
Depreciation						
Accumulated 1 January	2 303	3 044	5 347	2 144	2 054	4 198
Depreciation	548	917	1 465	159	990	1 149
Disposals during the year	0	0	0	0	0	0
Accumulated 31 December	2 851	3 961	6 812	2 303	3 044	5 347
Carrying amounts						
As of 1 January	1 646	1 260	2 906	394	2 414	2 808
As of 31 December	1 302	1 744	3 046	1 646	1 260	2 906
Estimated useful lives	3-5 years	3-5 years		3-5 years	3-5 years	
Depreciation plan	linear	linear		linear	linear	

NOTES PARENT

5 SUBSIDIARIES

NOK1000	Registered office	Share capital*	Shareholding and voting interest	Book value 1 Jan	Changes	Book value 31 Dec	Profit and loss 2013	Equity 31 Dec
Itera Gazette AS	Oslo	500	100%	5 000	-5 000	0	0	0
Itera Consulting AS	Oslo	1 000	100%	16 630	-16 630	0	0	0
Itera Networks AS	Oslo	1 000	100%	28 100	-28 100	0	0	0
Itera Norge AS	Oslo	2 500	100%	0	49 730	49 730	10 814	39 378
Itera Offshoring Services AS	Oslo	200	100%	7 500	0	7 500	3 870	5 306
Cicero Consulting AS	Oslo	200	100%	21 438	0	21 438	40	9 226
Compendia AS	Bryne	182	100%	14 237	0	14 237	7 656	8 205
Itera Sweden AB	Stockholm	100	100%	0	0	0	-17	17 083
Itera Networks AB	Stockholm	4 400	100%	0	0	0	-3 857	2 212
Itera Consulting AB	Stockholm	111	100%	0	0	0	15	2 561
Objectware AB	Stockholm	100	100%	0	0	0	-2	3 748
Itera Consulting Denmark ApS	København	1 424	100%	16 559	0	16 559	4 960	19 445
Itera Consulting UA	Kiev	50	100%	489	0	489	826	1 598
Total				109 953	0	109 953		108 762

* The share capital is entered in local currency (thousand), for the Ukrainian company, the currency is Euro.

Itera Gazette AS, Itera Networks AS and Itera Consulting AS merged in 2013 as the entity Itera Norge AS.

Group contributions

Itera ASA has received NOK 9.3 million in group contributions from the Norwegian subsidiaries.

6 FOREIGN CURRENCY

Information regarding exchange rates used in Itera ASA for 2013.

	Exchange rate 1 Jan	Average	Exchange rate 31 Dec
SEK	0.8549	0.9020	0.9472
DKK	0.9840	1.0470	1.1237
EUR	7.3410	7.8087	8.3825
USD	5.5664	5.8768	6.0837
UAH	0.6935	0.7118	0.7291

NOTES

PARENT

7 LOANS TO GROUP COMPANIES

NOK 1000				
Company name	Loans	Subordinated loans	Total 2013	Total 2012
Itera Networks AS	83	0	83	4 000
Itera Offshoring Services AS	9 362	0	9 362	0
Itera Sweden AB	0	10 871	10 871	7 247
Itera Networks AB	8 639	0	8 639	5 289
Total	18 084	10 871	28 955	16 536

8 INCOME TAXES

NOK 1000	2013	2012
Income taxes		
Change in deferred taxes	1 105	1 130
Total	1 105	1 130
Tax payable		
Profit before taxes	3 146	4 027
Permanent differences	148	10
Change in temporary differences	363	7
Utilization of previously recognized tax losses	-3 658	-4 044
Total	0	0
Specification of deferred taxes		
Fixed assets	-562	-222
Provisions according to accounting practices	-24	0
Loss carried forward	-17 683	-21 341
Total	-18 269	-21 563
Deferred tax assets	-4 933	-6 038
Deferred tax recognized in the balance sheet	-4 933	-6 038

NOTES PARENT

NOK 1000	2013	2012
Tax rate reconciliation		
Profit before tax	3 146	4 027
Income taxes		
Tax calculated at the domestic Corporate tax rate of 28%	881	1 120
Effects from changed tax rate	183	0
Permanent differences	42	10
Income taxes in the statement of income	1 105	1 130
Effective tax rate	35.1%	28.1%

9 EQUITY

NOK 1000	Share capital	Other paid-in capital	Retained earnings	Total equity
Equity as of 31 December 2012	24 656	1 890	83 056	109 602
Profit for the year	0	0	2 041	2 041
Cost effect stock options	0	138	0	138
Dividend	0	0	-28 765	-28 765
Equity as of 31 December 2013	24 656	2 028	56 332	83 016

10 FINANCIAL ITEMS

Itera ASA has received NOK 9.3 million in group contribution from the Norwegian subsidiaries.

11 INTERCOMPANY LIABILITIES

NOK 1000	2013	2012
Company name		
Itera Consulting AS	17 076	4 045
Cicero Consulting AS	6 408	5 958
Compendia AS	14 412	13 942
Itera Networks AS	13 581	11 895
Itera Offshoring Services AS	150	105
Itera Consulting ApS	9 408	8 065
Itera Consulting AB	1 480	1 282
Total	67 621	49 769

NOTES

PARENT

12 CASH POOL

In the group accounts Itera ASA is responsible for their own and for the Norwegian subsidiary companies' deposits/withdrawals within the group accounts. The bank deposits for Itera AS as presented in the balances include deposits which the subsidiary companies have made within the group accounts and effected net against a withdrawal which the parent company has made in the accounts. The subsidiary companies' deposits into the accounts are presented as intercompany liabilities.

Please refer to note 11.

13 RESTRICTED CASH

Itera ASA has bank deposits and cash holdings of NOK 35.2 million of which NOK 0.6 million is restricted deposits.

14 RELATED PARTIES

Itera has organized joint solutions in accounting and finance, HR, IT and information/communication for Group Functions. These functions are organized in Itera ASA and work across all the subsidiaries. The parent company invoices the subsidiaries at cost plus model. A total of NOK 19.4 million (18.1) was invoiced in 2013 for the services.

15 CONTINGENCIES

The Norwegian companies have a common registration at the Norwegian Brønnøysund Register Centre. The public duties thus include the payable VAT for all the Norwegian companies of the group. The Parent reports the full payable VAT for the Norwegian companies and has a corresponding Intercompany receivable.



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To the Annual Shareholders' Meeting of Itera ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Itera ASA, which comprise the financial statements of the parent company Itera ASA and the consolidated financial statements of Itera ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2012, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2012, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Offices in

Oslo	Haugesund	Sandnessjøen
Alta	Knarvik	Stavanger
Arendal	Kristiansand	Stord
Bergen	Larvik	Straume
Bodo	Mo i Rana	Tromsø
Elverum	Molde	Trondheim
Finnsnes	Narvik	Tønsberg
Grimstad	Roros	Ålesund
Hamar	Sandefjord	

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Itera ASA as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Itera ASA and its subsidiaries as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report and Report on corporate governance*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and Report on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2013
KPMG AS

Gunnar Sotnakk
State Authorized Public Accountant

Translation has been made for information purposes only

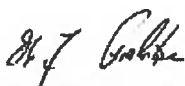
DIRECTORS' RESPONSIBILITY STATEMENT

On this date, the Board of Directors and the Chief Executive Officer have approved the annual report and annual accounts for the Itera group and the parent company for the 2013 calendar year as of 31 December 2013 (Annual Report 2013).

To the best of our knowledge:

- the consolidated financial statements have been prepared in accordance with IFRS and related interpretations as well as additional applicable Norwegian disclosure requirements under the Norwegian Accounting Act as of 31 December 2013
- the separate financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act and the Norwegian Generally Accepted Accounting Practice as of 31 December 2013
- the annual report for the group and parent company is prepared in accordance with the requirements in the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16 as of 31 December 2013
- the information in the financial statements provides an accurate view of the assets, liabilities, financial position and result as a whole as of 31 December 2013 for the group and parent company
- The annual report for the group and the parent company provides an accurate view of:
 - the development, result and position of the group and the parent company
 - the principal risks and uncertainties the group and the parent company are faced with

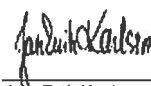
Oslo, 20 March 2014
The Board of Directors of Itera ASA



Ole Jørgen Fredriksen
Chairman



Mimi K. Berdal
Board member



Jan-Erik Karlsson
Board member



Trude S. Husebø
Board member



Arne Mjøs
CEO

SHARES AND

SHARE- HOLDERS

The objective of Itera ASA (the company) is to ensure its shareholders a competitive return in the form of dividends and higher share price in comparison with alternative investments.

Shareholder policy

Itera endeavours to ensure shareholders a competitive return on their investment in the form of a higher share price and dividends. The share price shall reflect the company's earnings and underlying values. Open communication and equally treatment of the shareholders shall contribute to increased shareholder values and trust among investors.

Investor information

Itera ASA was listed on the Oslo Stock Exchange (OSE) on 27 January 1999 under the ticker code ITE. The company shall treat all shareholders equally concerning information which may affect the market value of the shares. All information of relevance for the share price is published via the notification system of the Oslo Stock Exchange as well as on the company's website www.itera.no, to ensure such information is made available to all stakeholders simultaneously. The quarterly reports are also made available on Itera's website in the form of online webcasts. The shares have been assigned the ISIN NO 0010001118, and the company's organisation number at the Norwegian Brønnøysund Register Centre is NO 980 250 547.

Share capital

As of 31 December 2013, Itera ASA had a share capital of NOK 24 655 987 distributed among 82 186 624 shares, each with a face value of NOK 0.30.

All shares have the same voting rights at the General Meeting.

Shareholders

As of 31 December 2013, Itera had 1 789 (1 910) shareholders. At year-end, 11% (5%) of the company's shares were owned by foreign investors. The company's twenty largest investors owned 57% (61%) of the company's shares.

Dividend

During 2013, a dividend of NOK 0.06 (0.00) per share was paid, for a total of NOK 5 (0) million.

SHARES AND SHAREHOLDERS

Share price

The Itera share opened the year at NOK 2.19 and closed at NOK 2.78, corresponding to a change of 27% (-17%). The highest share price during the year was NOK 2.98 and the lowest price was NOK 1.55. Itera had a market value corresponding to NOK 228 (156) million at 31 December 2013.

Stock option schemes

The Company has established option schemes for key personnel. A new option scheme was implemented in 2013. There were 2,558,000 outstanding stock options at year-end. Reference is also made to Note 8.

Shareholders as of 31 December 2013

The top 20 largest shareholders	Shares	%
Arne Mjøs Invest AS	15 718 298	19.1%
Assuranceforeningen SKULD	5 479 401	6.7%
OP Capital AS	3 465 000	4.2%
Verdipapirfondet DNB SMB	3 000 000	3.7%
Eikestad AS	2 925 000	3.6%
Jøsyra Invest AS	2 200 000	2.7%
Marxpist Invest AS	2 031 588	2.5%
Septim Consulting AS	1 830 600	2.2%
Bo Investering AS	1 705 828	2.1%
Gamst Invest AS	1 306 982	1.6%
Johs. Haugerudsvei AS	1 073 639	1.3%
GIP AS	1 000 000	1.2%
Aanestad Panagri AS	900 000	1.1%
Ole Jørgen Fredriksen	650 000	0.8%
Verdipapirfondet Storebrand Norge	627 398	0.8%
DNB NOR Bank ASA Egenhandelskonto	617 401	0.8%
Morten Johnsen Holding AS	600 000	0.7%
Jan Morten Måøy	569 212	0.7%
Jørund Arne Lie	500 000	0.6%
Fredrik Wiese	500 000	0.6%
Total	46 700 347	56.8%
Other shareholders	35 486 277	43.2%
Total number of shares	82 186 624	100.0%