



iteraism

/i'terəɪzm/



Line breaks: itera|ism

Pronunciation: /i'terəɪzm/

Definition of iteraism in English:
noun

[mass noun]

- 1 Pursuing solutions that **make a difference**
- 2 Powerful potion of technology and communication, garnished with passion, innovation and skills
- 3 Continuously enabling improvement
- 4 The art of humanizing technology
- 5 People to grow with

MORE EXAMPLE SENTENCES

SYNONYMS

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ITERA IS A COMMUNICATION & TECHNOLOGY COMPANY

We solve the challenges differently because we unify our multidisciplinary strengths to gain deeper insight and explore new opportunities. The result of what we create shall make a difference for businesses and people.

CEO COMMENT

IN 2014, WE ENHANCED OUR CAPABILITIES, MADE OUR BUSINESS IN SWEDEN MORE FOCUSED AND MADE PROGRESS TOWARDS OUR STRATEGIC GOALS:

We deliver projects [in multidisciplinary teams](#). In 2014, I attended meetings with customers who know us well and also with new customers and prospects. What they tell us is that Itera is at its best when it delivers projects in multidisciplinary teams that bring together communication and technology skills and services. I also contributed to some projects so that I could experience our value proposition myself. When we use the diversity of our expertise to its full potential, special things happen! We help our customers harness social, mobile, big data and cloud technologies, as well as the Internet of things, and in so doing increase their ability to compete, innovate and grow.

We build [long-lasting relationships with customers](#) where we can be a strategic partner. We built relationships with the top management of several organizations in 2014. Our customers invite us into their boardrooms and their executive meetings because they value our contribution. They see that their industries are changing radically and that this change is principally being driven by digitalization, disruptive innovation and new business models. In addition, our customers' customers expect consistent communication and a high-quality user experience across all channels. The demand for integrated deliveries involving both communication and technology services demonstrates how these two previously separate professional fields are now "alloyed" and increasingly interdependent. In 2014, we delivered digital strategy and innovation projects to numerous businesses across a range of industries, such as the Eika Alliance in the finance industry. These projects were demanding, challenging and enlightening, and we received very good feedback from our customers.

We [are delivering a wider range of services](#) to an increasingly large number of customers. Simply put, our approach is not to deliver only one service or product to many customers, but to focus on delivering a full range of services to specific and strategically targeted customers, where both parties gain maximum benefit from the collaboration. We offer complete, integrated communication and technology services that redefine how businesses and governments serve their customers, citizens, employees and partners across all channels. Our strategy led to new and wide-ranging delivery contracts throughout 2014, including with large, demanding businesses, such as KLP and the Norwegian Defence Estates Agency. Almost half our revenue now comes from our 10 largest customers. Four years ago, this figure was approximately 20%. This is truly a move in the right direction.

[Our nearshore delivery model](#) adds value for our customers. We are able to offer a high degree of capacity as well as very talented teams regardless of geographical location. 2014 was a challenging year for our colleagues in Ukraine due to the unstable political situation. I was impressed by their calmness and their ability to deliver on time and with the level of quality required. We have six years' experience of using the nearshore model, and it has always been part of our plan to expand to other locations. We accelerated this plan in the first half of 2014 by opening a new nearshore development centre (NDC) in Bratislava in the EU. We now have a presence in five countries, with nearshore development centres both in the EU and in Ukraine. The first customer agreements using services provided by Bratislava were entered into in 2014, and we are entering 2015 with the revenue generated by our fifth country growing.

I am impressed with and very proud of my talented colleagues and our wide range of expertise. We were right to position Itera as a communication and technology company and to regard communication and technology not as separate disciplines but as an "alloy", as a brand new material.

[Thank you](#)

I would like to take this opportunity to express my gratitude to all my colleagues at Itera. You really take pride in going the extra mile, both for our customers and for each other. You deliver the best advice, solutions and services possible because you know that it is our job to help our customers succeed in serving their customers.

I have a special message for our Ukrainian colleagues. In spite of a challenging 2014, you all did your utmost to ensure our deliveries were on time and of the quality required. I enjoy being part of a strong corporate culture that extends across borders, and where you are all making a difference.

alloy

/ˈalɔɪ/

SHARE THIS ENTRY



Line breaks: alloy

Pronunciation: /ˈalɔɪ/

Definition of alloy in English:

noun

1 Alloys are usually designed to bring out characteristics that are more favourable to a given purpose than each element alone.

*Definition from Wikipedia

OUR ALLOY

AN ALLOY OF COMMUNICATION AND TECHNOLOGY

Itera is an alloy in the sense that it merges communication and technology. Creating this alloy is our strategic vision. Combined with our determination to make a difference, this forms the concept we have chosen to call "Iteraism" in this report. Iteraism is our attempt to sum up what Itera is all about in a single word: how we do things, how we act, what we believe in and what you can expect from us.



PROSPECTS FOR 2015

Itera is entering 2015 with an action plan to return to positive growth. The actions due to be carried out will ensure Itera is positioned to deliver profitable growth and good cash flow in 2015. The actions are solely intended to improve profitability and will not lead to a change in strategy. This remains unchanged, and is about developing large long-term customer relationships, increasing the number of

project deliveries involving the full range of the service spectrum, increasing the use of nearshore resources and improving efficiency in the organisation.

Itera is developing its range of services to meet customers' requirements. The service spectrum is based on combining communication and technology.

KEY FACTS



ESTABLISHED
IN 1989



447
EMPLOYEES



LISTED ON THE OSLO STOCK
EXCHANGE UNDER

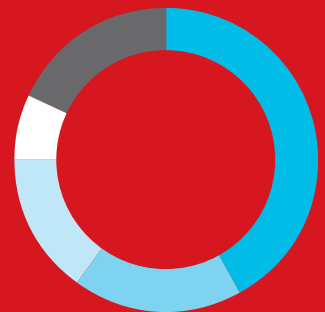
THE
TICKER ITE



OPERATIONS IN
NORWAY
SWEDEN
DENMARK
UKRAINE
SLOVAKIA

OPERATING REVENUES (MNOK)

440



REVENUES BY INDUSTRY

Bank, finance, insurance	42%
Professional services	17%
Public, healthcare, org.	15%
Retail	8%
Other	18%

2014 IN BRIEF

Despite the fact that the geopolitical tensions in Ukraine affected Itera's results, particularly in the first half, 2014 showed positive development in several areas of strategic importance:

- A new development center in Bratislava was fully established. This gives the Group the opportunity to distribute tasks between the Nordic countries, EU and Ukraine in a seamless manner.
- Increased efficiency in the organization through common systems and routines.
- Strengthened position in strategic areas, such as digitalization, mobility, cloud, security, service design and social media.
- The employee satisfaction developed positively in the entire group.
- Efforts in the public sector are paying off, resulting in a large number of new contracts with both new and existing customers.
- Building a strong market position as a communication and technology company through project deliveries in multidisciplinary teams.

Q1

The geopolitical tensions in Ukraine affected the activity level, causing delayed startup of some planned projects. Itera decided to accelerate the planned next step in the nearshore strategy by establishing a new development center inside EU.

Q2

The activity level in the second quarter was still somewhat affected, but the slowdown from the first quarter was stabilized. The market responded positively to the establishment of the new development center in Bratislava, and Itera experienced a strong order intake at the end of the quarter, particularly in the public sector.

Q3

The third quarter revenue showed growth compared to the first two quarters, adjusted for seasonal variations.

The strategic development of larger, long-term customer relations continued. In the third quarter, the 10 largest customers accounted for 42 percent of the total revenues, up from 39 percent in the corresponding period last year.

Q4

The revenue generated by Itera's consultants grew in the fourth quarter. The first agreements in Bratislava were signed, and the revenue generated by the center grew at the end of the quarter. However, lower volumes in the operations activities as well as high restructuring costs, especially in Sweden, led to a decision to carry out the actions needed to counteract the negative earnings growth, including selling the IT hosting business in Sweden.



Microsoft's ambition is to be the leading supplier of productivity and infrastructure in a more mobile era with protruding use of cloud services. With a service delivery model that comprises development and test of applications, safety evaluations, 24/7 IT outsourcing, and more, Itera is a valuable partner who will contribute to realizing Microsoft's ambitions. Itera's ability to integrate cloud services and on premise data processing centers, provides important freedom of choice for enterprises. Together, Microsoft and Itera possess a unique combination of solutions and competence to enable companies to use flexible and modern cloud services, both for development, test and management of solutions.

MICHAEL JACOBS

Country Manager, Microsoft Norway

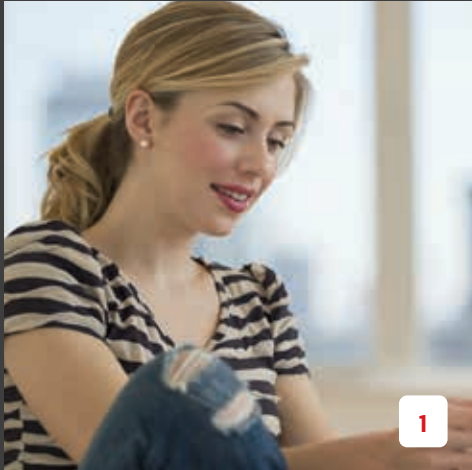
THEY SAY

Itera is able to combine **visionary thinking** with a **practical** and **commercial approach**. The company recently facilitated an innovation process in Gjensidige and together we have identified new, exciting business opportunities for our general insurance operations in Norway.

HELGE LEIRO BAASTAD
CEO, Gjensidige

Itera's enthusiastic consultants offer a **unique methodic** and **professional competence**. This helps KLP to better understand the new customer expectations in the digital transformation process we are in the midst of. In our experience, **Itera's holistic way** to approach the customer journey, independently from digital and traditional media, is very important in KLP's highly prioritized projects for improved customer communication.

METTE-JORUNN MEISLAND
EVP Market and Business Development, KLP



THE STORIES

ABOUT SOLVING CHALLENGES

Our customers have different challenges. Big or small. We tailor the solutions in close co-operation with them.

1 NETS

Recurring card payments with Nets

2 HAAVIND

Agile and stable solutions with a high level of availability

3 STATSBYGG

New, prize-winning website creates pride

4 EIKA

Ready for a digital future

5 REITAN

Improved franchising with IBM Netezza

6 SANTANDER

First to sell new cars online



Photo: Eika Gruppen (4), Trond Isaksen and Statsbygg (3)





NETS

RECURRING CARD PAYMENTS WITH NETS

CHALLENGE

The BetalingsService system offered by Nets allows bank customers in Denmark to ensure their bills and subscriptions are paid by having recurring payments taken from their bank accounts. Nets realized that many of these recurring payments were simply credit card payments.

Nets wanted a share of the recurring card payments market, and asked Itera to help them create a system that would allow them to do so. Nets' requirements: low development costs, short time-to-market and a high degree of agility in the development process.

SOLUTION

Itera proposed a project model whereby most of the development would take place in Itera's Ukrainian office, while the Danish office would have the responsibility for ensuring continuous close dialogue with Nets. The solution brings together systems and units that are well-known at Nets, namely NetAxept, which actually carries out the credit card transactions, BetalingsService, which processes recurring bank account payments, E-Boks, which processes email notifications sent to users, and Nets Creditor Administration systems.

The interfaces between the systems are REST, Web Services and DB2 database tables. Itera developed the solution in accordance with Nets' standards, using Java with an Oracle database. Nets' requirements were that the solution needed to be stable, well-tested, flexible and scalable. Itera built it according to this specification under Nets' supervision, and subsequently tested and deployed it in collaboration with Nets.

RESULT

Nets' new solution for processing recurring credit card payments brings together its existing Line of Business solutions in a new and innovative way, and gives the company new, additional functions. Itera developed the solution on time, according to specification and in an agile way. Itera worked closely with Nets throughout the process, from specification through to deployment and testing.



It was a very positive experience and great to work with such dedicated people who were really focused on the product and on understanding our needs," comments **FABIAN SCARANO**, *Test Manager at Nets*.

I want to thank the entire team at Itera in both Ukraine and Denmark for such good collaboration on this project, and for your flexibility and enthusiasm," comments **KRISTIAN FRISK**, *Project Manager at Nets*.



Nets specializes in managing digital values through delivery of strategic consulting and IT solutions.





HAAVIND

AGILE AND STABLE SOLUTIONS WITH A HIGH LEVEL OF AVAILABILITY

CHALLENGE

Haavind wanted all its critical systems to be available – always! This level of availability is important as it is essential to Haavind's ability to meet its customers' expectations for the quality of its solutions and projects and their delivery time. Haavind wanted an IT partner capable of delivering a platform on which all its applications would operate reliably and managing the platform in an agile and stable manner over time.

SOLUTION

Itera built a brand new technical platform with a simple user interface and infrastructure that has a high degree of built-in redundancy. In addition to redundant application servers, the solution includes an emergency location that takes over execution of all core applications within four hours after any critical error in the main location. The combination of a terminal server solution with the option to connect directly from remote locations via a laptop allows users to be mobile. The infrastructure is located in Itera's datacenter. Redundant, high-capacity links between the customer location and the data center ensure stable access to applications and databases.

As Haavind's IT provider, Itera also has extensive responsibility for applications operations. A comprehensive testing program based on Itera's TAAS concept (Testing as a Service) was conducted to ensure the new IT solution would be successful from the start.

RESULT

Haavind's new solution is stable and agile and meets users' expectations for availability and stability.



Haavind is the result of a merger between four law firms. They specialize in corporate law, dispute resolution, employment and pension, and intellectual property rights.





STATSBYGG

NEW, PRIZE-WINNING WEBSITE CREATES PRIDE

CHALLENGE

Statsbygg is the Norwegian government's key adviser on construction and property matters, and acts as the government's building commissioner, property manager and property developer. It manages approximately 2.6 million square meters of real estate. Statsbygg announced in 2012 that it was looking for help to develop a new website. It wanted to increase the accessibility and user-friendliness of its site, and to improve and renew the site experience.

SOLUTION

Itera's work on the new website was a full-service delivery involving concept development, user testing, design, content development, search engine optimization, project management, consulting and documentation. This was all delivered using Itera's own project methodology, "The Itera Method". The goal was to improve the visual look of the site through redesign, and to improve the user experience by simplifying the structure, improving the content and ensuring the site was developed according to universal design principles and that it was responsive.

Itera also improved the site's functionality, particularly the map and search functions. The way in which Statsbygg's real estate portfolio and its projects were presented was modernised and expanded in order to better reflect the value of what Statsbygg delivers to its customers. The new design was implemented in HTML5/CSS3/JavaScript/Query with the Foundation grid system used for responsiveness, and the site is in EPiServer 7 CMS. It has been integrated with the internal professional systems used at Statsbygg as well as with Webcruiter, the solution Statsbygg uses to advertise job opportunities.

RESULT

The new site looks modern and appealing and is user-friendly. It clearly presents what Statsbygg does as well as the nature of their unique expertise. The perception of Statsbygg as a unique real estate business is created through extensive use of high quality photos. The new site is also easier for Statsbygg's employees to work with and is easy for journalists and clients to navigate around. The site was launched in June 2014, and Itera has since then operated and managed the solution as a supplier to Statsbygg.

Visit the site at www.statsbygg.no



Statsbygg is the Norwegian government's key advisor in construction and property affairs, building commissioner, property manager and property developer.



EIKA

READY FOR A DIGITAL FUTURE

CHALLENGE

Digitalization is transforming the banking sector. The Eika Alliance wanted a digital strategy in order to support and strengthen its market position and core business. The strategy was intended to generate increased sales as well as higher customer satisfaction by increasing the level of service offered via Eika's digital channels.

The Eika Alliance is owned in part by nearly 80 local banks. Although the Board of Directors is officially Eika's decision-making body, prioritized initiatives need to be extensively supported by the whole organization if they are to be implemented efficiently. A high degree of involvement with all levels of the organization was therefore required for the project to be a success. An additional challenge was the time frame: the strategy had to be ready and presented to the Board within a period of only six weeks.

SOLUTION

Itera set up a team of five specialists. In order to gather as much relevant information as possible, 20 representatives from all parts of Eika were included in a working group. In addition, a reference group was engaged to ensure regional input. Three members from the group management team and two bank executives formed the steering committee.

After six intense weeks, the team presented an extensive report to the management and Board. Its conclusions were based on data gathered from interviews and workshops, on customer insight and on project report certificates from Eika. The team also drew on Itera's insight into digital trends and its expectations of how these will have developed by 2020, and on a detailed analysis of the Norwegian banking market completed by Itera's niche company Cicero Consulting.

RESULT

The Eika Alliance now has a distinct vision of how to use digitalization as a tool to achieve business goals. The digital strategy provides a direction, priorities and initiatives, over both the short and the long term. In order to support the digital strategy, Eika has implemented a new executive model for digital development. In addition, the project kick-started efforts to build digital expertise and has increased motivation internally. A large number of Eika employees are now ready and willing to be the catalysts for making Eika a digital leader.



The Eika Alliance comprises the Eika Banks, Eika Gruppen and Eika Boligkreditt. It ranks as one of the largest players in the Norwegian financial market.





REITAN

IMPROVED FRANCHISING WITH IBM NETEZZA

CHALLENGE

Reitan Convenience Sweden needed to have greater control and oversight both within the company and at the regional, district and store level. An efficient and secure solution for storing and managing company data was needed in order to achieve this.

SOLUTION

After a number of different solutions had been considered, the IBM Netezza data warehouse system was chosen. This tool is a platform that combines software and hardware into a single unit, and is specially designed for companies that handle extremely large amounts of data. The solution makes collecting and analyzing sales patterns and business data quick and easy.

RESULT

Netezza has increased the level of control the Reitan Group has over its business and has made analyzing and following up on data a much quicker process, which is also advantageous from a cost perspective. The solution has also made Reitan Convenience more able to focus on their stores and customer satisfaction.



The ability to collect and link relevant information and to do this quickly is of utmost importance to our company. For example, we need to be able to link what merchandise we present in our stores with the current weather or with what is forecast. Additionally, we want to see how “soft factors”, such as a store’s management standards and whether a franchisee has had personal meetings in the store, affect how the store performs. Netezza makes it easy for us to aggregate sales patterns from our stores and to make decisions accordingly.

EMIL NILSSON, *Business Analyst, Reitan Convenience*



Reitan Convenience is a part of The Reitan Group (Reitangruppen), one of the largest companies in Norway. In addition to Reitan Convenience, it comprises REMA 1000, Reitan Real Estate and the Uno-X Group.





SANTANDER

FIRST TO SELL NEW CARS ONLINE

CHALLENGE

Santander came up with an idea for a solution that would allow car dealers to sell cars with financing online. They did not know what the solution would look like or how it would work, but they were certain that they wanted to be the first to market with this concept. Santander understood that the solution would not be 100% complete when first launched, and that it would therefore be a “to be continued” solution. The most important requirement on this project was for Santander to be the first!

SOLUTION

Itera’s team developed the solution using the Lean Startup methodology. This meant short sprints and user testing every week. The sprints were each based on one set of hypotheses which were defined at the very start of the project and on feedback received from the test crew. User testing was supplemented with technical testing which was carried out by Itera’s nearshore staff in Ukraine.

The solution is now implemented at www.rsabil.no and allows customers to select the car and additional equipment they wish to purchase and choose whether to pick up the car or have it delivered. The site also offers car financing from Santander and helps customers to calculate the loan required and how much initial deposit they need, and to create a repayment plan.

TECHNOLOGY

Front-end: Backbone.js, Marionette.js, RequireJS, Jasmine, Karma.

Back-end: SharePoint, SQL, NServiceBus.

Deployment and Build: TeamCity.

RESULT

After eight weeks Itera delivered a solution that was operational. Santander’s wish to offer new cars and car financing online was met. User documentation and technical documentation was also included in the delivery. The solution is now available on www.rsabil.no, and anyone can use the site which is the first to give people the option of buying a new car online. The team is now working on further developing the solution on the basis of the feedback it has received and is continually seeking to optimize it for extended use.



We have run and are currently running a number of projects at Santander, but I think many people from Santander would agree that this has been one of the most efficient and successful projects we have carried out.

CAMILLA JØRGENSEN, Region Director East, Santander Consumer Bank



Santander Consumer Bank AS is part of Banco Santander, one of the largest financial groups in the world.

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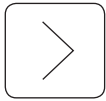
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BOARD OF DIRECTORS' REPORT 2014

THE COMPANY

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

The Group has its head office in Oslo as well as offices in Bryne, Stockholm, Copenhagen, Kiev, Lviv and Bratislava.

MARKET CONDITIONS

The market for Itera's communication and technology services was generally good in 2014 in Norway, Sweden and Denmark. Demand for the Group's services was strong, particularly from Itera's largest customers, who are readily entering into contracts for an increasingly complete range of the services the Group offers.

Despite the Group's activities being affected by the situation in Ukraine, positive growth was seen in 2014 in a number of strategically important areas. A new development centre was set up in the EU, specifically in Bratislava in Slovakia. This allows the company to be flexible when distributing tasks and projects between Norway, Ukraine and the EU. The Group also completed strategically important customer projects that strengthen the Group's position in growth areas such as digitalisation, customer orientation, mobility, cloud services, service design and social business.

More than half the Group's revenue is derived from customers that have more than 1,000 employees. Many of these customers operate in the same countries as Itera, and belong to rapidly changing industries in which digitalisation is a driving force and innovation brings clear competitive advantages. The majority of industries need to respond to digitalisation, greater emphasis on customer orientation, changes in consumer behaviour and the emergence of new business models. The Group's customers see Itera's comprehensive range of communication and technology services as a way for them to be innovative and to adapt successfully to market developments.

Digitalisation of the public sector was defined as a new focus area for Itera in 2014. The public sector is facing a major transformation through its ambition to make digital communication its primary means

of interaction with citizens. The decision to focus on this area resulted in new contracts with organisations such as the City of Oslo, NRK, the Norwegian Environment Agency, Statsbygg (public sector construction and property management agency), the Norwegian Defence Estates Agency, the Norwegian National Police Immigration Service, the Norwegian Directorate of Customs and Excise, the Norwegian Directorate of Health, the Flytoget Airport Express train, the Norwegian Public Service Pension Fund, the Union of Education Norway, the Language Council of Norway and the Norwegian Agriculture Agency.

In addition to working in a targeted way on the public sector, Itera continued in 2014 to develop larger, long-term customer relationships that allow the Group to deliver a wide range of services and to be a close and strategic business partner. 2014 saw Itera enter into contracts with customers such as Storebrand, KLP, If, Gjensidige, Santander, DNB, Nets, Aktiv Kapital/PRA Group, home.dk, Advokatfirmaet Haavind, Schibsted, Reitan, NorgesGruppen, Tine and Eurosko.

The breadth of Itera's contracts with both public and private sector customers illustrates the extent and range of the Group's expertise in communication and technology, including digital strategy development, communication strategy, service design, project and test management, systems development, portal solutions, core system modernisation, digital magazines and annual reports, test automation, cloud services, information security, management and IT hosting services.

In 2014 the Group developed larger and more strategic relationships with customers that serve to increase the predictability of the Group's financial performance. The 10 largest customers accounted for 42 percent of the Group's operating revenue in 2014, and the operating revenue derived from the 10 largest customers was 4 percent higher in 2014 relative to 2013.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 29 percent at the end of 2014 as compared to 32 percent at the end of 2013. Having increased by 10 percentage points in 2013, the nearshore ratio decreased by 3 percentage points in 2014. The new development centre in Bratislava provides the company with greater flexibility with regard to meeting its strategic target of achieving a nearshore ratio of 50 percent over the long term.

FINANCIAL RESULTS

The Group generated operating revenue in 2014 of NOK 440 million as compared to NOK 465 million in 2013, representing a decrease of 5 percent. Revenue from the Group's nearshore activities was lower throughout 2014 due to the situation in Ukraine. In addition, revenue from onward invoicing on behalf of subcontractors was lower, and volumes in the IT hosting business were somewhat lower. Operating revenue in Norway was NOK 348 million as compared to NOK 357 million in 2013, representing a decrease of 2.5 percent. Revenue in Denmark decreased by 17.2 percent and was strongly affected by the decrease in nearshore activities, and totalled NOK 31 million in 2014 as compared to NOK 37 million in 2013. The revenue generated by the Group's activities in Sweden decreased by 14.4 percent to NOK 60 million from NOK 70 million in 2013.

"Gross profit 1" was NOK 364 million as compared to NOK 375 million, representing a decrease of 3 percent.

The Group's operating profit before depreciation and non-recurring items was NOK 25.2 million as compared to NOK 43.9 million in 2013. This represents a profit margin before depreciation of 5.7 percent as compared to 9.4 percent in 2013. Total depreciation and amortisation for the period was NOK 21.4 million, which is unchanged from 2013. The Group's operating profit before non-recurring items for 2014 was NOK 3.8 million as compared to NOK 22.5 million in 2013. Non-recurring costs totalling NOK 3.7 million were recognised in 2014, which in part related to property lease obligations and restructuring. No non-recurring costs were incurred in 2013. The Group's operating profit in 2014 was NOK 0.2 million as compared to NOK 22.5 million in 2013.

Personnel costs were NOK 289.4 million in 2014, which represents an increase of 3.6 percent from last year and is a result of the average number of employees increasing by an equivalent amount. Other operating costs were NOK 49.3 million as compared to NOK 51.3 million in 2013.

Net financial items were negative by NOK 1.7 million while in 2013 they were negative by NOK 2.1 million. The Group's result before tax was a loss of NOK 1.6 million as compared to a profit of NOK 20.4 million in 2013.

Tax expense totalled NOK 3.3 million in 2014 as compared to NOK 4.6 million in 2013. Tax paid in 2014 was NOK 0.8 million. Itera has deferred tax assets of NOK 9.6 million, NOK 5.8 of which is capitalised on the balance sheet.

The result for the year was a loss of NOK 4.9 million as compared to a profit of NOK 15.8 million in 2013.

The Board of Directors is not satisfied with the Group's results this year, and has decided to carry out actions to strengthen profitability. It has been decided that the Swedish IT hosting business will be sold, and that an unprofitable department in the IT hosting business in Norway will be closed down. Non-recurring costs of approximately NOK 2 million will be recognised as a result of the latter of these decisions in the first quarter of 2015.

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 2014 and its financial position at the end of the year.

RESEARCH AND DEVELOPMENT

Expenditure of NOK 5.6 million relating to the development of new solutions was capitalised in 2014 as compared to NOK 3.7 million in 2013. This expenditure was capitalised as it was incurred since it was considered that the requirements for capitalisation were met. The solutions principally relate to contracts entered into that have fixed future revenue associated with them.

CASH FLOW AND FINANCIAL POSITION

Itera generated cash flow from operations of NOK 45.8 million in 2014 as compared to NOK 57.7 million in 2013. The Group paid shareholders a dividend in 2014 totalling NOK 28.8 million. At 31 December 2014, Itera had a cash balance of NOK 67.2 million as compared to NOK 68 million at 31 December 2013. The difference between cash flow from operations and the Group's operating result is primarily due to depreciation costs that have no effect on cash flow, but also reflects positive effects from a reduction in working capital.

In addition to the investment made in research and development, NOK 13.4 million was invested in 2014 in hardware, software and fixtures etc, as compared to NOK 15.2 million in 2013. This includes

capitalisation of operational equipment that is classified as financial leasing for accounting purposes.

Itera held none of its own shares at the end of 2014.

The Group's equity at 31 December 2014 was NOK 53.9 million as compared to NOK 86.9 million at the same point last year. This represents an equity ratio of 26 percent as compared to 39 percent at the same point last year.

FINANCIAL RISK

In terms of financial risk, the Group is exposed to currency risk, liquidity risk and credit risk. Executive management and the Board of Directors monitor these risk factors continually and take action as required.

The revenues and expenses associated with Itera's activities in the Nordic region are denominated in Norwegian krone (NOK), Danish krone (DKK), and Swedish krona (SEK). Changes in the exchange rate of the Norwegian krone against the Danish krone and the Swedish krona therefore affect the Group's results. This risk is limited by the fact that associated expenses are also incurred in these currencies. The Group is also exposed through its nearshoring activities in Ukraine and Slovakia to the American dollar (USD) and the Euro (EUR).

The Board of Directors considers the Group's liquidity situation to be satisfactory and does not regard it as necessary to take measures to reduce the Group's liquidity risk.

The Group has historically incurred very low losses on receivables. This trend continued in 2014.

BUSINESS RISK

The Group's nearshoring activities in Ukraine and Slovakia mean it is exposed to risk factors such as country risk, data security and corruption. This is typical for new markets in which the business climate, laws and society are less developed or less familiar to us. Breaches of legal requirements or of our business ethics standards can significantly harm the Group, hinder our ability to do business and damage our reputation. Changes to legislation, tax systems and other regulations can also lead to significant changes in how we implement our services and solutions and to higher costs that would affect our profitability. Itera closely monitors country risk, and has a zero-tolerance policy on corruption. It does not carry out any domestic activities in countries where the problem of corruption is at its greatest. Best practice data security procedures and checks have been implemented at the Group, as has a legal framework that safeguards data security and intellectual property across national borders.

ORGANISATION

The Group's headcount at 31 December 2014 was 447 as compared to 460 at the end of 2013, which represents a decrease of 3 percent. The total working hours in the company in 2014 were equivalent to

458 full-time positions, as compared to 443 in 2013. The majority of the Group's activities take place in Norway where in 2014 it had 236 employees as compared to 233 in 2013. The Group's Swedish activities had 62 employees in 2014 as compared to 68 in 2013, while the Danish activities had 18 employees in 2014 as compared to 21 in 2013. The Group's activities in Ukraine and Slovakia had 131 employees in 2014 as compared to 155 in 2013.

Absence due to sickness in 2014 was 4 percent as compared with 3.5 percent in 2013, which the Board considers satisfactory. No accidents or injuries occurred during the course of the year. The Board considers the working environment to be good. Regular environmental studies of the Group's working environment are carried out.

The Board wishes to thank all the Group's employees for their efforts in 2014.

SOCIAL RESPONSIBILITY

Itera recognises that it has a responsibility to the society of which it is part, and seeks to contribute to the positive development of those areas of society which are most related to its activities.

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

Further information on Itera's ethical guidelines/The Itera Business Code of Ethics is available on itera.no/investor-relations.

CORRUPTION

Itera does not tolerate any form of corruption.

The Group is exposed through its nearshoring activities in Ukraine to a certain level of corruption risk as the country has a low score on the Transparency International Corruption Index. Itera has therefore decided to protect the Group from this risk by not delivering services to the public or private sector in Ukraine where the problem of corruption is principally found, and by only exporting its services to countries where western business standards are the norm.

In addition, the Group has produced guidelines for all employees concerning the acceptance of gifts, other benefits or advantages and/or other forms of gratuity. Further information on the Group's ethical guidelines is available on itera.no/investor-relations

DATA SECURITY

Itera has good control routines and frameworks for data security at the Group that operate across national borders. The Group's Information Security Management System (ISMS) is used by the entire Group, and is based on the ISO 27002 framework.

Itera's nearshoring activities are fully integrated with its Nordic activ-

ities, and the entire Group therefore follows the same procedures and ethical standards. The Group operates a common IT infrastructure with all customer data stored on servers located in the Nordic region. Financial processes are carried out by a central function, and the Group's auditor is KPMG in all countries. Random sampling is practiced, and any exceptions are followed up and rectified.

All employees that are part of the Group's nearshoring activities have signed confidentiality agreements that include undertakings in respect of data processing and other security arrangements.

The Group has implemented Binding Corporate Rules (BCR), a leading legal framework designed to ensure secure data transfer across national borders. BCR includes internal routines and rules in respect of transferring personal details from companies in the EU to the Group's activities outside the EU.

Integrity and general legislation

Itera complies with the national legislation of all the countries in which it operates. All its employees are encouraged to disclose internally any cases in which they have concerns with regard to the Group's integrity or where they are aware that laws or regulations are being breached. Employees can make such disclosures confidentially if they so wish, and the Group will not take adverse action against whistle-blowers, regardless of whether the content of the disclosure is found to be true or false.

HUMAN RESOURCES

Equality

Itera regards equality as important. It believes that women and men should be given the same remuneration and the same personal and professional development opportunities. The Group seeks to ensure employees of both genders are able to combine their work and private lives, and therefore offers maternity and paternity leave arrangements, home office solutions, and part-time positions to support this.

34 percent of the Group's employees in 2014 were women as compared to 38 percent in 2013. The Group's executive management consists of five men and three women. The shareholder-elected Board members are two women and two men, while the employee-elected representatives and observers are one woman and three men.

There are large differences in the proportion of women employed in the Group's various areas of expertise. There is a lower proportion of women in technology-focused areas, while the proportion of women in areas that are more specialised in communication and content is higher. More than half the parent company's employees are women. There is an uneven distribution of men and women in management positions. The Group has a goal of improving this balance in its various management groups, although the required expertise will be the overriding criterion.

Diversity

Itera regards diversity at the Group as important, and seeks to recruit, develop and retain the best employees regardless of gender, ethnicity or disability. The Group's ethical guidelines also serve to promote diversity and prevent discrimination. For more information, see itera.no/investor-relations

Human rights

Itera is committed to ensuring internationally recognised human rights, such as those defined in the United Nation's Universal Declaration of Human Rights and other UN conventions, are respected. No-one shall in any way contribute to an individual's human rights being breached or circumvented. The Group places special emphasis on ensuring that employees' fundamental rights are respected. Itera has operations in countries outside Scandinavia, such as in Ukraine and Slovakia, and considers that the establishment of these workplaces has contributed to increasing the living standards of its employees in these countries.

Employee satisfaction

The Group measures employee satisfaction twice a year, with the main survey taking place in September and a supplementary survey taking place in April. The same survey is used throughout the Group, which affords a good overview of general trends and local differences. The survey measures important areas such as work-life balance, professional development, workload and adherence to Itera's values.

The results of the survey are shared with all the Group's employees. After the main survey, all employees are able to participate in deciding which areas should be prioritised and what should be implemented the following year in order to improve the results further. Measures that are considered likely to benefit more than one business area are implemented under the direction of the Group's HR function. Measures that are more locally targeted are carried out by the department or division in question under the direction of the relevant manager. The supplementary survey in April assesses whether the measures that were selected are having the desired effect, or whether changes should be made ahead of the next main survey.

The 2014 employee satisfaction survey showed that employees find Itera an enjoyable place to work.

Skills and expertise development

A high level of skills and expertise is crucial to the Group's competitiveness. Itera works in a targeted way to develop the skills and expertise of all its employees with regard to both specific technical disciplines and management. The skills and expertise programs run at Itera together constitute the "Itera Academy", which is the overall structure for all training. The training available through the "Itera Academy" is closely linked with the Group's strategy and with the various requirements of the business areas, and ranges from courses

on the role of the consultant for new graduates, through courses of varying levels on project management, system development and user experience, to management skills training for both new and experienced managers.

ENVIRONMENT

Itera's activities only pollute the external environment to a limited extent. The Group's environmental impact is principally a result of its use of energy, business travel and the waste created by its office activities. One of the Group's environmental measures has been to locate all of its activities in Oslo in a single location. The need to travel between different office buildings has thus been eliminated, and energy usage now only occurs in a single location. In addition, the Group has limited the amount of paper it uses by introducing a printing system whereby documents are only printed if the user logs in when picking up the document.

There are other environmental initiatives that seek to promote the use of organised recycling schemes for obsolete IT equipment, to reduce travel by ensuring video meetings are used as effectively as possible and to encourage responsible waste management.

All employees are committed to considering the environmental impact of work-related activities and to preferring solutions, products and methods that impact the environment as little as possible. Details of this can be found in the Group's ethical guidelines (itera.no/investor-relations).

Itera has started the process of becoming Eco-Lighthouse certified.

SHARES AND SHAREHOLDER RELATIONS

The share capital of Itera ASA is NOK 24,655,987 divided into 82,186,624 shares each with a face value of NOK 0.30 per share.

Itera did not hold any of its own shares at the end of 2014. The Group has two ongoing share option programs, one of which has a redemption price that is significantly higher than the share price at the end of 2014.

At the close of 2014, Itera had 1,737 shareholders. The 20 largest shareholders own 55.6 million shares, which represents 67.7 percent of the share capital.

A dividend of NOK 28.8 million was paid in 2014, which is equivalent to NOK 0.35 per share.

CORPORATE GOVERNANCE

Itera applies corporate governance that is based on the requirements of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The separate section on corporate governance provides more information on how Itera complies with Section 3-3(b) paragraph 2 of the Norwegian Accounting Act and the provisions of the Norwegian Code of Practice for Corporate Govern-

ance. The Board of Directors of Itera ASA held twelve board meetings in 2014. The Group's strategy and performance were the most important items on the agenda at all meetings.

The Board of Directors has two subcommittees, namely the Audit Committee and the Compensation Committee. The Audit Committee consists of two board members and held three meetings in 2014. The Compensation Committee consists of two board members and held two meetings in 2014. The Compensation Committee prepares and makes recommendations to the Board regarding the CEO's remuneration. The Compensation Committee acts as an advisory body for the CEO on compensation-related issues and other significant personnel questions related to the executive management.

Further information on this area is provided in a separate section at the end of the report.

THE PARENT COMPANY

Internal support processes and shared solutions are structured as Group Functions in the parent company Itera ASA in areas where this facilitates significant economies of scale and synergies. The scope of Group Functions is managed in line with the Group's requirements, and covers areas such as accounting/finance, HR, information and communication and internal IT.

As the owner, the parent company receives group contributions and dividends from the subsidiary companies. In 2014, the parent company received group contributions totalling NOK 17.9 million. The book value of the parent company's investments in the subsidiary companies is NOK 109.9 million. The parent company administers the group bank account system. The Group's positive cash flow also appears as an increase in the liquid assets held by the parent company as this shows the combined bank deposits held in the group bank account system. The parent company reports the bank deposits held by the subsidiary companies in the group bank account system as liabilities to Group companies. The Norwegian companies are also jointly VAT registered, and the parent company is responsible for paying VAT on behalf of all these companies. The total VAT liability is reported as a liability on the parent company balance sheet, but is offset by intragroup receivables due from subsidiaries.

A number of long-term loans were made to some of the subsidiary companies in 2014.

The parent company's headcount at the end of 2014 was 21 as compared to 17 at the end of 2013. 14 of the 21 employees are women. Absence due to sickness in 2014 was 12.1 percent as compared to 3.4 percent in 2013. This increase relates to long-term sick leave. No accidents or injuries occurred during the course of the year. The Board considers the working 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 2014 and its financial position at the end of the year.

GOING CONCERN ASSUMPTION

In accordance with Section 3-3 of the Norwegian Accounting Act, it is confirmed that the going concern assumption is applicable and that the annual accounts have been prepared on this basis. The budgets for 2015 and the Group's equity situation and liquidity situation provide the basis for the going concern assumption.

PROFIT ALLOCATION

The Board of Directors proposes that the profit of NOK 19,055k recorded by the parent company Itera ASA is allocated as follows:

NOK 19,055k to other equity.

OUTLOOK

Itera has a well-founded strategy for all parts and levels of the Group and continues to work in a targeted way. Its overall strategy of developing larger, long-term customer relationships, achieving greater operational efficiency and using delivery models that combine resources from across the Nordic region and nearshore locations remains unchanged. The Group is seeing satisfactory levels of activity in all the markets in which it is represented, and is keeping a close watch on how market trends are developing.

Oslo, 23 March 2015
The Board of Directors of Itera ASA



Morten Thorkildsen
Chairman



Mimi K. Berdal
Board Member



Jan Erik Karlsson
Board member



Wenche Holen
Board Member



Karl-August Brunstad
Board Member



Jorunn Aarskog
Board Member



Arne Mjøs
CEO



OPERATING REVENUES (MNOK)

440

TOP 10 CUSTOMER SHARE OF REVENUES

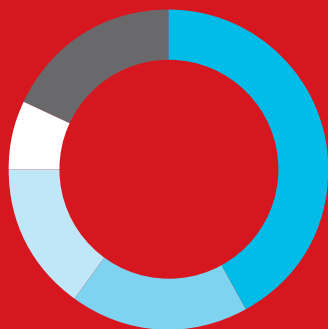
42%

EMPLOYEES

447

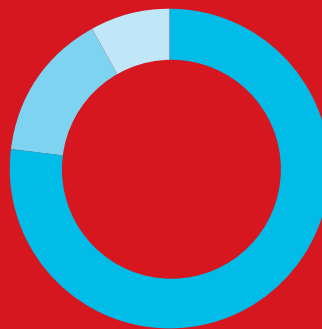
NET OPERATIONAL CASHFLOW (MNOK)

46



REVENUES BY INDUSTRY

■ Banking, finance, insurance	42%
■ Professional services	17%
■ Public, healthcare, organisations	15%
■ Retail	8%
■ Other	18%



REVENUES BY COUNTRY

■ Norway	79%
■ Sweden	14%
■ Denmark	7%

KEY FIGURES

	Definitions	2014	2013
Profit and loss			
Operating revenue		439 845	465 194
EBITDA		25 233	43 899
EBIT		3 826	22 523
Profit before taxes		-1 554	20 439
Result for the year		-4 876	15 800
Financial position			
Total fixed assets		48 603	54 221
Total bank deposits		67 189	67 958
Total current assets		158 267	165 871
Total assets		203 870	220 092
Shareholder's equity		53 867	86 935
Total current liabilities		153 003	133 157
Equity ratio	1	26 %	40 %
Current ratio	2	1.03	1.25
Share information			
Number of shares		82 186 624	82 186 624
Average number of outstanding shares		82 186 624	82 186 624
Equity per share	3	0.66	1.06
EBITDA per share	4	0.26	0.53
Earnings per share	5	-0.06	0.19
Dividend per share	6	0.35	0.06
Employees			
Number of employees at year end		447	460
Average number of employees		460	433

Definitions

1. Share equity divided by total assets
2. Most liquid assets and short-term receivables divided by current liabilities
3. Equity divided by number of shares
4. Profit/loss before tax plus depreciation divided by average number of outstanding shares
5. Net profit/loss for the year divided by average number of outstanding shares
6. Dividend divided by average number of outstanding shares

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STATEMENT OF COMPREHENSIVE INCOME

GROUP

NOK 1000	NOTE	2014	2013
Operating revenue			
Sales revenue		439 845	465 194
Total operating revenue	1, 21	439 845	465 194
Operating expenses			
Cost of sales		75 926	90 630
Payroll and personell expenses	7,8,9,10,21	289 394	279 400
Depreciation	13	21 407	21 376
Other operating expenses	21	49 292	51 266
Total operating expenses		436 019	442 671
Operating profit before non-recurring items		3 826	22 523
Non-recurring items	21	3 668	0
Operating profit		158	22 523
Other financial income	11	1 462	383
Other financial expense	11	3 174	2 467
Net financial items		-1 712	-2 084
Ordinary profit before tax		-1 554	20 439
Tax on ordinary profit	15	3 322	4 639
Profit for the year		-4 876	15 800
Attributable to:			
Parent company shareholders		-4 876	15 800
Earnings per share	3	-0.06	0.19
Diluted earnings per share	3	-0.06	0.19
Profit for the year		-4 876	15 800
Items reclassified to profit or loss:			
Currency translation differences in respect of subsidiaries		266	2 323
Unrealised currency effects on investments in subsidiaries		279	1 622
Tax effect of other income and costs		72	-459
Comprehensive income for the year		-4 259	19 286
Attributable to:			
Parent company shareholders		-4 259	19 286

STATEMENT OF FINANCIAL POSITION

GROUP

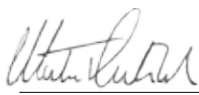
NOK 1000	NOTE	2014	2013
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets	15	5 810	9 146
Other intangible assets	13	15 871	17 216
Total intangible assets and deferred tax assets		21 681	26 362
Tangible fixed assets			
Office machinery, fixtures, fittings etc.	13	26 922	27 858
Total tangible fixed assets		26 922	27 858
Total fixed assets		48 603	54 221
Current assets			
Work in progress	2	12 228	15 657
Receivables			
Accounts receivable	12	61 627	69 682
Other current receivables	4	17 221	12 573
Total receivables		91 077	97 912
Bank deposits	17	67 189	67 958
Total current assets		158 267	165 871
Total assets		206 870	220 092

STATEMENT OF FINANCIAL POSITION


GROUP

NOK 1000	NOTE	2014	2013
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital		24 656	24 656
Total paid-in capital		24 656	24 656
Retained earnings/other equity		29 211	62 279
Total retained earnings/other equity		29 211	62 279
Total equity		53 867	86 935
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	14	16 032	15 827
Total non-current liabilities		16 032	15 827
Current liabilities			
Accounts payable		27 245	27 171
Tax payable	15	5	151
Public duties payable		30 801	24 576
Other current liabilities	5	78 920	65 431
Total current liabilities		136 971	117 330
Total liabilities		153 003	133 157
Total equity and liabilities		206 870	220 092

Oslo, 23 March 2015
The Board of Directors of Itera ASA



Morten Thorkildsen
Chairman of the board


Mimi K. Berdal
Board member


Jan-Erik Karlsson
Board member


Wenche Holen
Board member


Karl-August Brunstad
Board member


Jorunn Aarskog
Board member


Arne Mjøs
Chief Executive Officer

STATEMENT OF CASH FLOW

GROUP

NOK 1000	NOTE	2014	2013
Cash flow from operating activities			
Profit before tax		-1 554	20 439
Tax paid	15	-749	-1 152
Depreciation	13	21 407	21 376
Change in work in progress		3 429	-9 765
Change in accounts receivable	12	9 990	4 494
Change in accounts payable		73	9 458
Change in other accruals		13 745	10 640
Effect of changes in exchange rates		-496	2 236
Net cash flow from operating activities		45 846	57 726
Cash flow from investment activities			
Purchases of tangible fixed assets	13	-6 063	-5 146
Investment in development costs	13	-5 589	-3 670
Net cash flow from investment activities		-11 652	-8 816
Cash flow from financing activities			
Purchase of own shares		-67	0
Repayment of borrowings	14	-7 215	-6 131
Dividend paid		-28 765	-4 931
Net cash flow from financing activities		-36 047	-11 062
Effect of changes in exchange rates on cash		1 084	1 286
Net change in bank deposits		-769	39 134
Bank deposits at 1 January		67 958	28 824
Bank deposits at 31 December		67 189	67 958

STATEMENT OF EQUITY

GROUP

NOK 1000	Share capital	Own shares	Other paid-in share capital	Translation differences	Other equity	Total equity
Shareholders' equity at 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
Option costs	0	0	138	0	0	138
Shareholders' equity at 31 December 2013	24 656	0	138	-1 140	63 281	86 935
Comprehensive income for the year	0	0	0	545	-4 947	-4 402
Sale of own shares	0	32	0	0	216	248
Purchase of own shares	0	-32	0	0	-283	-315
Dividend	0	0	0	0	-28 765	-28 765
Option costs	0	0	167	0	0	167
Shareholders' equity at 31 December 2014	24 656	0	305	-595	29 501	53 867

NOTES

GROUP

COMPANY INFORMATION

Itera ASA ('the Company') is registered in Oslo, Norway. Itera's consolidated accounts for the 2014 accounting year cover the Company and the subsidiary companies 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

Financial framework statement

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations as approved by the EU and in effect at 31 December 2014, and with all additional disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2014.

The proposed financial accounts were approved by the Board of Directors and the CEO on 23 March 2015 and will be considered at the Annual General Meeting on 21 May 2015.

Measurement basis

The consolidated accounts have been prepared on the historical cost basis with the exception of the following items:

- Financial instruments, which are measured at fair value through profit and loss
- Loans, receivables and other financial liabilities, which are measured at amortised cost.

Functional and presentation currency

The Group presents its accounts in Norwegian kroner (NOK), which is the parent company's functional currency. The figures presented in the annual accounts are rounded to the nearest thousand. Figures for subsidiary companies whose functional currency is not the Norwegian krone are translated using the exchange rate at the date of the balance sheet for balance sheet items, while for profit and loss items the exchange rate at the transaction date is used. An average exchange rate for the month is used as an approximation for the exchange rate at the transaction date. Translation differences are recognised through other comprehensive income.

Estimates and judgment

Preparing accounts in accordance with IFRS involves management making judgments, estimates and assumptions that influence the accounting principles that are applied and the amounts that are reported for assets, liabilities, revenue and costs. Actual amounts may vary from the estimates. The estimates and underlying assumptions used are kept under constant review. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods that are affected by the changes.

The most significant estimates that depend on the judgment of the Company's management are:

- Projects in progress – see Note 2
- Provision for losses on accounts receivable – see Note 12
- Capitalised development costs (R&D) – see Note 13
- Valuation of deferred tax assets – see Note 15

Itera Norge AS has entered into leasing contracts for operational equipment. The leasing contracts have been assessed in relation to the requirements of IAS 17, and it was concluded that they should be treated as finance leases. More information is provided in Note 14.

In some instances, the proceeds of a sale will be for multiple deliveries. In such cases, Itera assigns a value to each delivery and records the revenue associated with each delivery when it is made.

IFRS 13 Fair Value Measurement came into effect on 1 January 2013. The Group has not elected to use principles whereby assets and liabilities can be recognised at fair value, or it does not have assets and liabilities for which fair value recognition is permitted. It has been determined that Itera does not hold financial instruments that must be recognised at fair value.

ACCOUNTING PRINCIPLES

The accounting principles detailed below are applied consistently to all the companies in the Group in all accounting periods.

Consolidation

Subsidiary companies are companies that are controlled by the Company. Control exists when the Group has the power to govern the financial and operating principles of a company so as to obtain benefits from the company's activities. In considering whether the Group has control over a company, the potential voting rights that are currently exercisable are taken into account. Subsidiary companies are included in the consolidated accounts from the date the Group obtains control of them until the date when it ceases to control them. The subsidiary companies' accounting principles have been changed where necessary to align them with the principles adopted by the Group.

Transactions eliminated on consolidation

Intra-group accounts receivable and transactions as well as any unrealised revenue and costs arising from intra-group transactions are eliminated in the consolidated accounts. Unrealised gains on transactions with companies that are accounted for using the equity method are offset against the investment in accordance with the Group's ownership interest. Unrealised losses are offset in the same way, but only to the extent that there is no evidence of impairment.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the companies in the Group using the exchange rate at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the appropriate functional currency using the exchange rate on the balance sheet date. Exchange differences that arise as a result of translation are charged to profit and loss. Exchange differences arising from the translation of long-term receivables due from subsidiary companies that are considered part of a net investment are recognised directly through other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried at fair value are translated into Norwegian kroner using the exchange rate when the fair value of the asset was determined. The assets and liabilities of foreign units at the time of consolidation are translated into Norwegian kroner using the exchange rate on the balance sheet date. The revenue and expenses of foreign units are translated into Norwegian kroner using the approximate exchange rate at the time of the transactions. Exchange differences arising from translation are posted as translation reserves in shareholders' equity.

Share capital

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

Purchase of own shares

Where the Company's own shares are purchased, the consideration paid, including any directly attributable costs, is recognised as a change in equity. Own shares are presented as a reduction in equity, net of any tax effects. When the Company's own shares are sold or reissued, the consideration received is recognised as an increase in equity, and gains or losses arising from such transactions are included in equity.

Cost of equity transactions

Transaction costs directly related to equity transactions are recognised against equity, minus any tax expenses.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost, less accumulated depreciation and accumulated impairment losses.

Acquisition cost includes expenses directly attributable to purchasing the asset. Acquisition cost for self-developed assets includes direct salary costs, other costs directly attributable to ensuring that the assets function as intended, and costs of dismantling and removing the assets.

Gains and losses on the sale of tangible fixed assets are the difference between the consideration received and the carrying value of the asset, and the net amount is recognised as other income in the profit and loss account.

Depreciation of tangible fixed assets

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and estimated useful life, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparison periods are:

- | | |
|-----------------------------|------------|
| • Fixtures and fittings | 5-10 years |
| • Software and IT equipment | 3 years |
| • Other fixed assets | 3 years |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Intangible assets are recognised on the balance sheet if it can be shown to be likely that there will be future economic benefits attributable to the assets and their cost price can be estimated reliably. Intangible assets are carried at cost price. Intangible assets that have unlimited economic life are not amortised, but are written down if their recoverable amount is lower than their cost price. Recoverable amounts are calculated annually and also if there are indications that an asset is impaired. Intangible assets of limited life are amortised and the need for write-downs is considered. Other intangible assets are amortised from the date they become available for use.

Expenses incurred when purchasing new software are capitalised on the balance sheet as intangible assets provided the expenses are not part of the acquisition cost of hardware. Expenses incurred to maintain or extend the future usefulness of software are directly expensed unless the changes to the software increase its future economic usefulness.

Research and development

Costs related to research activities are expensed as incurred.

Development activities are related to significant new concepts and solutions. Development costs are capitalised only to the extent that they can be measured reliably, the product or process is technically or commercially viable, the future economic benefits are likely, and the Group intends and has resources sufficient to complete its development as well as to sell or make use of it. Capitalised expenses include costs for materials, direct salary costs, and directly attributable overhead costs. Other development costs are expensed as incurred.

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Capitalised development expenditure is carried at cost minus amortisation and impairment.

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful life from the date they become available for use. The estimated useful lives for the current and comparison periods are:

- Capitalised development costs 3-5 years

Leases

Leases are classified as either finance leases or operating leases at the time they are entered into on the basis of their content. If substantially all the financial risks and control of the underlying lease object is transferred to the lessee, the lease is classified as a finance lease, and the related assets and liabilities are capitalised on the balance sheet. Other leases are classified as operating leases with the annual leasing fees expensed as leasing costs.

Work in progress

Work in progress consists of earned but unbilled revenue, less a deduction for expected losses. Billing for individual projects is carried out on the basis of contractual payment milestones.

Accounts receivable

Accounts receivable are recognised in the balance sheet at their nominal value, less a provision for expected losses. The interest element is disregarded if it is not material. If there is objective evidence of impairment, the difference between the book value and the present value of future cash flows is recognised as a loss.

Impairment

At each balance sheet date the Group assesses whether there are objective indications that financial assets may be impaired. Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively or in groups of assets that share similar credit risk characteristics.

All impairment losses are charged to profit and loss. Impairment losses are reversed if the reversal can be objectively linked to an event that occurs after the loss was recognised.

Defined contribution pension scheme

The Itera Group finances its pension arrangements for employees through collective defined contribution based 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 recognised as personnel expenses in the profit and loss account when due. Prepaid contributions are recognised as an asset to the extent that they entail cash refunds or that future payments to the scheme are reduced.

Share-based remuneration

Employee share options at the Itera Group give employees the right to subscribe for shares in Itera ASA at a future point at a predetermined price (exercise right). This right as a rule is dependent on the employee achieving concrete targets and still being employed at the time of exercise.

Employee share options are valued at fair value on the grant date. Their calculated value is recognised as a personnel expense, with a counter-entry to other paid-in equity. The cost of share options is divided over the period until the employee becomes unconditionally entitled to exercise the options. The expensed amounts are adjusted to reflect the actual amount of stock options exercised if the associated service and non-market conditions are met.

The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Provisions

Provisions are recognised when the Group has incurred a legal or constructive obligation as a result of a previous event and it is likely that this will lead to it making a payment or transferring other assets in order to settle the obligation, and the size of the obligation can be measured reliably.

Provisions are measured at the present value of the expected future cash flows, discounted using a market-based discount rate before tax.

Operating revenue

Revenue from delivering services is recognised in accordance with the stage of completion of the transaction at the balance sheet date. Stage of completion is assessed on the basis of the work that has been carried out. Revenue arising from subscriptions is recognised over the course of the contract period. Revenue arising from long-term projects is recognised on the basis of the current consideration payable due to the stage of completion. Stage of completion is assessed on the basis of the work that has been carried out. If the outcome of a long-term project cannot be estimated reliably, contract revenue can only be recognised to the extent that contract costs incurred are expected to be covered by the customer. To the extent that the consideration agreed with the customer is for more than one product or service, the consideration is allocated to the different subdeliveries. Revenue is recognised as the different products and services are delivered.

Revenue from subscriptions is recognised over the period of the subscription.

Expected losses on contracts are recognised when it is established that the expected costs of the contract will exceed the expected revenue from the contract. Revenue from the sale of goods is measured

at the fair value of the consideration received or the receivable and is recognised once the risk has transferred to the buyer.

Revenue where the consideration covers multiple subdeliveries is broken down by the Group and recognised when the various different components are delivered.

Financial income and financial expense

Financial income comprises interest income from financial investments. Interest income is recognised using the effective interest rate method. Dividends are recognised when they are approved by the annual general meeting of the company from which they will be received. Financial expense comprises interest expense on borrowings and changes in the fair value of financial assets. All borrowing costs are recognised to profit and loss using the effective interest rate method.

Tax expense

Tax expense comprises both tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between the accounting values and tax values of assets and liabilities.

Deferred tax assets are capitalised on the balance sheet when it is likely that the individual company will have sufficient taxable profits in subsequent periods to be able to use the tax asset. The individual companies recognise previously non-capitalised tax assets to the extent that it has become likely that they will make use of them. Likewise, the individual companies reduce the value of their deferred tax assets to the extent that they no longer regard it as likely that they will be able to make use of their deferred tax assets.

Statement of cash flow

The statement of cash flow has been prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss and the weighted average number of ordinary shares outstanding for all potentially dilutive effects. Dilutive effects occur due to 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 reported if they are significant.

IFRS standards which have not yet been implemented

A number of new standards, amendments to standards and interpretations have not yet come into force for the Group for the accounting year ending 31 December 2014, and have consequently not been applied when preparing the consolidated accounts. The most significant of these standards are:

IFRS 9 Financial Instruments will be obligatory for the Group's 2018 accounting year subject to EU approval. This new standard may change the way in which financial assets are classified and measured. The Group is not planning to adopt the standard early and the scope of its effects has not yet been determined.

IFRS 14 Regulatory Deferral Accounts will be obligatory for the Group's 2016 accounting year. This new standard is not expected to have any significant effect on the consolidated accounts.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. This standard will apply from January 2017 subject to EU approval. The new standard is expected to affect the Itera Group's annual accounts. The Group has begun working on this, but this is not complete, and the Group does not yet have a full overview of the consequences of the new standard.

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1 SEGMENT REPORTING

The business activities of the Itera group are carried out by seven operational companies. Each company has its own management team and a CEO who is responsible for the company's financial results. Each company also has its own internal structure for management, budgeting and financial reporting, including reporting to the group CEO. The activities carried out by all the subsidiaries are for all practical purposes related to delivering IT solutions to customers, and these activities are considered to have similar financial characteristics. On this basis, the Itera group is considered to be a single reporting segment.

Transactions and transfers between the companies are carried out on normal commercial terms that are equivalent to the terms for transactions with external parties.

Geographical areas

2014

NOK 1000	Ukraine	Norway	Sweden	Denmark	Group
Sales revenue	2 480	402 757	62 465	31 276	498 978
Intragroup eliminations	-2 480	-54 193	-2 103	-357	-59 133
Total revenue	0	348 564	60 362	30 919	439 845
Investment	771	17 513	426	362	19 072
Total assets	1 326	162 214	28 296	15 034	206 870
Total liabilities	719	130 005	15 458	6 821	153 003

2013

NOK 1000	Ukraine	Norway	Sweden	Denmark	Group
Sales revenue	2 357	413 727	73 710	39 524	529 319
Intragroup eliminations	-2 357	-56 408	-3 181	-2 178	-64 124
Total revenue	0	357 319	70 529	37 346	465 194
Investment	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

2 WORK IN PROGRESS

Work in progress comprises earned revenue that has not yet been invoiced.

NOK 1000	2014	2013
Gross work in progress	12 396	18 057
Provision for impairment	-168	-2 400
Net work in progress	12 228	15 657

The revenue from sales of services is recognised when the services are delivered. Revenue from customer projects is recognised in accordance with percentage completion of the project. When the outcome of a transaction cannot be reliably estimated, revenue can only be recognised to the extent of the project costs incurred.

3 EARNINGS PER SHARE

NOK 1000	2014	2013
Profit for the year	-4 876	15 800
Average number of outstanding shares	82 187	82 187
Outstanding employee share options	1 705	2 558
Average number of shares including dilution	82 574	82 187
EBITDA per share	0.26	0.53
Undiluted earnings per share	-0.06	0.19
Diluted earnings per share	-0.06	0.19
Average number of outstanding shares	82 187	82 187
Dilution effect of outstanding share options	387	0
Average number of shares including dilution	82 574	82 187

The average share price for 2014 calculated on the basis of the market closing price for the Itera share on each trading day (except for days when no shares were traded when the bid price has been used) was NOK 2.97. The dilution effect is calculated when the average market price for the period is higher than the share option exercise prices. The share option exercise prices are NOK 2.30 and NOK 2.95 respectively.

4 OTHER CURRENT RECEIVABLES

NOK 1000	2014	2013
Pension fund	254	282
Prepaid expenses	9 162	5 560
Other current receivables	7 806	6 731
Total	17 221	12 573

5 OTHER CURRENT LIABILITIES

NOK 1000	2014	2013
Holiday pay	20 081	16 367
Customer prepayments	37 385	23 738
Accrued wages and bonuses	14 716	16 012
Accrued other expenses	4 803	9 313
Total	76 985	65 431

6 FINANCIAL RISK MANAGEMENT

The Itera group is exposed to financial risks such as: credit risk, liquidity risk, currency risk and interest rate risk. The group's exposure to these risks is considered to be low. The group has established guidelines to manage its exposure to these risks. The main principle is to minimize exposure to financial risks, and the group accordingly 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 risks and the risk of corruption. Itera has zero tolerance policy on corruption, and does not carry out any 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 due from customers and other short term receivables. In order to manage this risk, the group has established credit approval procedures to evaluate the creditworthiness of all material counterparties. The group's exposure to credit risk is not dependent on individual customers but customers as a group. Unless an agreement for delayed settlement has been made with a counterparty, an accounting provision is made for all receivables older than 90 days. Information on group's risk exposure in respect of accounts receivable is provided in note 12.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group manages its liquidity in such a way as to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the group's reputation. The group has established an overdraft facility with its banking partner, see note 17.

In order to accommodate growth in the group's operational companies, lease financing contracts have been entered into 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 businesses in Sweden and Denmark have revenue and costs in the same currency, and in addition most borrowing is arranged within the group. Of the group's total revenue, 14% is in Swedish kroner (SEK) and 7% is in Danish kroner (DKK). A 10% change in the NOK exchange rate against SEK and DKK would have a 2.1% effect on the group's revenue.

In Ukraine the group operates in three different currencies, USD, Euro and Hryvna. 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 rate risk in relation to its bank deposits. The group is also exposed in connection with lease financing contracts and when drawing against the overdraft facility. The group does not hold any financial securities or other assets that have an inherent interest rate risk.

Fair value

Itera does not have significant differences between fair value and book value in respect of financial instruments, which for all practical purposes comprise accounts receivable and accounts payable, other current receivables and current liabilities.

7 PAYROLL AND PERSONNEL EXPENSES

NOK 1000	2014	2013
Salaries	240 656	233 002
Share option costs	170	138
National insurance contributions	34 292	33 479
Pension costs	11 391	8 906
Other benefits	3 756	6 476
Payroll and personnel expenses capitalised	-871	-2 600
Total payroll and personnel expenses	289 394	279 400
Average number of employees	458	443

8 SHARE-BASED REMUNERATION

The Itera Group currently has two share option programs for its employees, and at 31 December 2014 there were 2 434 000 employee share options outstanding, of which 726 000 were held by employees of the parent company.

The first program was implemented in 2011, and 393 000 options granted under this program were outstanding at 31 December 2014.

A new share option program was established in 2013. The program granted 2 165 000 options, of which 124 000 options were exercised in 2014. The exercise prices for the two programs are NOK 2.95 (2011) and NOK 2.30 (2013) respectively. The options are targeted at key employees of the group. The options are conditional on achieving defined targets, both financial and non-financial. The options are for periods of between one and four years. 80% of the options can be exercised between 2014 and 2017 with 25% of these options available for exercise each year. The remaining 20% can be exercised in 2017, and the only condition for exercise of these options is continuing service.

The fair value of the options was calculated at the date they were granted and is charged as an expense over the accrual period of 1 to 4 years. A total cost for both option programs of NOK 194k (including employer's social security contributions) was recognised in 2014 (NOK 162k in 2013). Fair value is calculated using the Black-Scholes-Merton option pricing model.

The calculation of fair value assumes that historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on rates obtained from Norges Bank for the same period as the life of the options. For the 2013 program, interest rates of between 1.57% and 2.02% are applied over the life of the options. For the 2011 program, an interest rate of 4.25% is applied over the entire life of the options.

An assumption that annual staff turnover will be 10% is applied for both programs. For calculation purposes, an annual dividend of NOK 0.30 is forecast for both programs.

Program	Number	Expired in 2014	Exercised in 2014	Outstanding at 31/12/2014	Fair value	Exercise price ¹⁾	Share price when issued ²⁾	Date of issue	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	330 000	124 000	1 711 000	NOK 0.15	NOK 2.30	NOK 2.30	22 August 2013	2014-2017

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¹⁾ The exercise price is the average share price over the 30 days prior to the date the option is granted.

²⁾ The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted 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	1 711 000	1.57% -2.02%	43.5 %
Total	2 104 000		

9 REMUNERATION OF SENIOR EMPLOYEES

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

“The Board of Directors’ statement on the remuneration of senior employees

The objective for the Itera group’s guidelines for the remuneration of the chief executive officer (CEO), senior employees and other key employees is to support the group’s strategy and corporate values and to promote the achievement of the group’s objectives. The purpose of remuneration is to encourage conduct that builds the desired corporate culture in terms of performance and focus on profitability. In preparing this statement, the Board has not found it necessary to make any changes to its earlier statements on the principles for the remuneration of senior employees.

The CEO’s total remuneration is made up of a fixed salary, normal employment benefits, and bonus, together with pension and insurance benefits. The CEO will also participate in the Group’s share option programs. The CEO’s total remuneration will be determined on the basis of a comprehensive evaluation, with the variable element of remuneration primarily based on the group’s financial performance. The CEO’s remuneration is subject to annual evaluation, and is determined by the Board.

The CEO determines the remuneration of senior employees in collaboration with the Board. The Board has set up a separate subcommittee to advise on the guidelines for the remuneration of senior employees and other key employees. The total remuneration of senior employees is made up of a fixed salary, normal employment benefits and bonus, together with pension and insurance benefits. Senior employees will also be considered for inclusion in the group’s share option programs. The total remuneration of senior employees is determined on the basis of the the need to offer competitive terms. It is intended that the level of remuneration should ensure that the group is competitive in the relevant labour market, and should promote the group’s profitability, taking into account the desired trend in income and costs. However, the level of total remuneration must not be such as to damage the group’s reputation or to be market leading, but should be sufficient to ensure that Itera attracts and retains senior employees with the desired expertise and experience.

Remuneration is subject to annual evaluation and will be determined on the basis of general salary levels in the labour market in general and the IT industry in particular.

Bonuses paid in 2014 were based on results achieved by the companies for which senior employees were responsible, together with their performance relative to their personal targets for 2013. Senior employees may also be eligible for normal employment benefits to the extent that such benefits are relevant in relation to the employee’s function or are in line with market practice.

Senior employees are members of the defined contribution pension schemes of the respective companies.

The company established a share option program in 2011, and a new share option program was established in 2013.

The company did not establish a new share option program in 2014. Each year the Board considers whether or not to continue with a new share option program. When share options are approved, they will be granted with an exercise price set at the current market share price. Proposals for new share option programs will be submitted for approval by the Annual General Meeting.

As a general rule, the group will not enter into termination payment agreements with employees. However, the Group will honour existing agreements.

The Board confirms that the remuneration of senior employees in 2014 was in accordance with the statement on the remuneration of senior employees submitted to the Annual General Meeting held on 22 May 2014. The guidelines for the remuneration of senior employees were unchanged from 2013 to 2014.”

Executive management remuneration

NOK 1000

Name	Position	Salary	Bonus	Other benefits	Total taxable remuneration	Pension cost to the company	Options granted
Arne Mjøs	Chief Executive Officer	1922	0	95	2017	68	
Torunn Havre	Chief Financial Officer	1364	0	10	1374	67	
Ane Gjennestad	Chief Communications Officer	970	55	10	1035	61	
Merete Jordal	Chief Technical Officer	989	50	10	1049	63	
Niko Nyström	EVP Technology Services	1350	207	10	1567	63	10
Jon Erik Høgberg	EVP Managed Services	1323	11	163	1497	63	
Kristian Enger	EVP Business Consulting and Communications	1430	300	7	1737	63	17
Anders Lier	EVP Business Development	1864	0	10	1874	63	21
Total 2014		11 212	623	316	12 151	512	48

Name	Position	Salary	Bonus	Other benefits	Total taxable remuneration	Pension cost to the company
Arne Mjøs	Chief Executive Officer	1932	398	107	2 437	67
Torunn Havre	Chief Financial Officer	1257	170	11	1 438	67
Ane Gjennestad	Chief Communications Officer	953	62	4	1 019	61
Merete Jordal	Chief Technical Officer	969	63	11	1 043	63
Niko Nyström	EVP Technology Services	1 282	244	10	1 536	62
Jon Erik Høgberg	EVP Managed Services	1 302	114	9	1 425	62
Kristian Enger	EVP Business Consulting and Communications	1 308	414	9	1 731	62
Anders Lier	EVP Business Development	1 844	260	10	2 114	62
Total 2013		10 847	1 725	171	12 743	506

The company has not entered into agreements with any members of the executive management on termination payments or any other form of compensation upon termination of employment.

The business activities of the Itera group are carried out by seven operational companies. Each company has its own management team and a CEO who is responsible for the company's financial results. In addition to the Chief Executive Officer and the Chief Financial Officer, the executive management of Itera ASA is made up of the heads of the individual Business Units, together with the group's Chief Technical Officer and the Chief Communications Officer.

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Board of Directors remuneration

Name	Position	2014	2013
Morten Thorkildsen	Chair of the Board	150	0
Wenche Holen	Board member	88	0
Mimi K. Berdal	Board member	190	190
Trude S. Husebø	Board member	190	190
Jan Erik Karlsson	Board member	175	175
Ole Jørgen Fredriksen	Chair of the Board	305	300
Total		1098	855

Remuneration paid to the members of the Board of Directors includes the following:

- M. Berdal NOK 15 000 as Chair of the Audit Committee
- T. Husebø NOK 15 000 as Chair of the Compensation Committee

Election Committee remuneration

Name	Position	2014
Erik Sandersen	Chair	30
Gisle Evensen	Member	15
Olav W. Pedersen	Member	15
Total		60

Shares and share options held by members of the Board at 31 December 2014

Name	Position	Shares	Options
Mimi K. Berdal	Deputy Chair	83 000	0
Jan Erik Karlsson	Board Member	153 076	0
Total		236 076	0

Shares (held directly or indirectly) and share options held by members of Executive Management at 31 December 2014

Name	Position	Shares	Options
Arne Mjøs	CEO	15 018 298	480 000
Torunn Havre	CFO	0	150 000
Total		15 018 298	630 000

Arne Mjøs holds all his interest in shares through Arne Mjøs Invest AS.

Audit fees

NOK 1000	2014	2013
Statutory audit of Itera ASA	397	381
Statutory audit of subsidiaries by KPMG Norway	272	421
Statutory audit carried out by international offices of KPMG	308	153
KPMG audit fees	977	955

Audit fees

NOK 1000	2014	2013
Fees for other certification services by KPMG	0	81
Other services provided by KPMG	115	226
Statutory audits carried out by other accounting firms	19	82
Audit fees for other accounting firms	19	82
Fees for other certification services by other accounting firms	0	0
Other services provided by other accounting firms	53	49

The figures reported for audit fees exclude value added tax.

10 PENSION

All of the group's pension schemes are defined contribution schemes. The company's pension expense is represented by the premiums paid, and is included in payroll and personnel expenses in the Statement of Income. The group's pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

Pension cost

NOK 1000	2014	2013
Norway	6 534	5 706
Sweden	2 986	2 055
Denmark	1 872	1 145
Total	11 391	8 906

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GROUP

11 FINANCIAL ITEMS

	2014	2013
Interest income	492	322
Foreign exchange gains	964	0
Other financial income	6	61
Total financial income	1 462	383
Interest expense	951	546
Foreign exchange losses	2 099	1 776
Other financial expense	124	145
Total financial expense	3 174	2 467

12 ACCOUNTS RECEIVABLE

NOK 1000	2014	2013
Gross accounts receivable at 31.12	62 191	69 939
Provision for bad debts	-564	-257
Net accounts receivable at 31.12	61 627	69 682

Ageing of receivables	Total	Not due	< 30 days	30-60 days	60-90 days	> 90 days
Accounts receivable 2014	62 191	40 081	12 059	10 051	0	0
Accounts receivable 2013	69 939	50 978	17 518	79	420	944

Analysis of customer receivables by country/currency

	2014	%	2013	%
Norway	46 218	74%	48 211	69%
Sweden	10 688	17%	15 522	22%
Denmark	5 285	8%	6 206	9%
Total	62 191	100%	69 939	100%

Losses on accounts receivable are classified as operating expenses in the Statement of Income. Maximum credit risk is equivalent to the figure for net accounts receivable shown in the table above.

13 TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

2014

NOK 1000	Development costs	Software	Office machinery & equipment	Fixtures & fittings	Leased office machinery	Total
Acquisition cost						
Accumulated at 1 January	51 784	11 201	43 413	20 000	28 521	154 919
Additions during the year	5 589	1 373	4 267	423	7 420	19 072
Disposals during the year			-54	-58		-112
Currency differences	56	101	642	456		1 255
Accumulated at 31 December	57 428	12 676	48 268	20 821	35 941	175 134
Depreciation						
Accumulated at 1 January	34 567	8 624	40 721	13 265	12 665	109 842
Depreciation for the year	6 863	2 269	1 919	2 283	8 073	21 407
Depreciation on disposals in the year			-54	-58		-112
Currency differences	127	33	687	356		1 204
Accumulated at 31 December	41 557	10 926	43 274	15 847	20 738	132 341
Book value						
Book value at 1 January	17 216	2 577	2 691	6 735	15 856	45 075
Book value at 31 December	15 871	1 750	4 994	4 975	15 203	42 793
Estimated useful life	3-5 years	3-5 years	3 years	5-10 years	3 years	
Depreciation plan	linear	linear	linear	linear	linear	

Intangible assets (capitalised development costs) are primarily related to the development of new concepts. These concepts are primarily related to contracts entered into with fixed future income.

In 2014, costs of NOK 5.6 million (NOK 3.6 million) incurred in connection with the development of concepts were capitalised. Expenditure incurred in connection with development work relates principally to the salaries and personnel costs of the employees involved in developing the concepts. As at 31 December 2014, intangible assets totalled NOK 15.8 million (NOK 17.2 million).

There are no significant differences between the book values recorded in Itera's accounts and fair value.

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2013

NOK 1000	Development costs	Software	Office machinery & equipment	Fixtures & fittings	Leased office machinery	Total
Acquisition cost						
Accumulated at 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
Currency differences	269	77	1 971	802	3 314	6 433
Accumulated at 31 December	51 784	11 201	43 413	20 000	28 521	154 919
Depreciation						
Accumulated at 1 January	27 421	7 293	34 730	9 758	3 620	82 822
Depreciation for the year	6 861	1 266	4 233	2 802	6 214	21 376
Depreciation on disposals in the year	0	0	0	-249	0	-249
Currency differences	285	65	1 758	954	2 831	5 893
Accumulated at 31 December	34 567	8 624	40 721	13 265	12 665	109 842
Book value						
Book value at 1 January	20 423	1 824	4 061	9 200	11 518	47 026
Book value at 31 December	17 216	2 577	2 691	6 735	15 856	45 075
Estimated useful life	3-5 years	3-5 years	3 years	5-10 years	3 years	
Depreciation plan	linear	linear	linear	linear	linear	

14 LEASING CONTRACTS

The group has entered into leasing contracts in connection with investments in IT equipment related to its major IT hosting contracts.

Assets leased on finance lease contracts are as follows:

NOK 1000	2014	2013
IT	35 941	28 521
Accumulated depreciation	-20 738	-12 665
Book value at 31 December	15 203	15 856
Future minimum lease payments:		
Up to 1 year	6 891	
1 to 5 years	9 460	
Over 5 years	0	
Future minimum lease payments	16 351	
Interest	319	
Discounted present value of future minimum lease payments	16 032	
Of which		
- current liabilities	0	
- non-current liabilities	16 032	

15 TAX

NOK 1000	2014	2013
Tax cost for the year		
Tax payable	4 845	3 940
Change in deferred tax	-1 523	700
Balancing payments for previous years	0	-1
Total	3 322	4 639
Tax payable in the balance sheet:		
Tax payable recognised to profit and loss	4 845	3 940
Tax in relation to group contribution	-4 845	-2 636
Tax paid in advance	-606	-1 153
Tax payable at 31.12	-606	151

The credit balance for tax payable at 31.12.2014 is included in other current receivables.

NOTES

GROUP

NOK 1000	2014	2013
Specification of the basis for deferred tax		
Fixed assets	-7 245	-2 729
Current assets	-605	-148
Other temporary differences	-1 594	680
Losses carried forward	-30 798	-33 913
Total	-40 242	-36 110
Deferred tax assets	-9 182	-9 146
Deferred tax assets recognised in the balance sheet	-5 810	-9 146
Assets and liabilities associated with deferred tax assets		
Fixed assets	-1 918	-753
Current assets	-164	-38
Other temporary differences	-430	184
Losses carried forward	-3 299	-8 538
Total	-5 810	-9 146
Change in deferred tax assets		
Opening balance	-9 146	-12 903
Change for the year recognised to comprehensive income	-1 523	700
Calculation difference	-58	-24
Tax effect of items applied against other income and costs	71	459
Effects of group contributions	4 845	2 622
Closing balance	-5 810	-9 146
Reconciliation of tax rate		
Profit before tax	-1 544	20 441
Tax calculated at the nominal corporation tax rate of 27% (28%)	-417	5 723
Effect of change in the tax rate	13	234
Effect of differing tax rates for foreign subsidiaries	570	85
Effect of permanent differences	-498	104
Effect of deferred tax asset for the period not recognised	1 717	0
Effect of deferred tax asset for earlier periods not recognised	1 936	-1 507
Tax charge in the statement of income	3 322	4 639
Effective tax rate	215.2%	22.7%

NOK 1000	2014	2013
Losses carried forward	31/12/2014	31/12/2013
Norway	-6 295	-21 543
Sweden	-21 485	-12 370
Denmark	-3 017	0
Total	-30 797	-33 913

Based on the losses carried forward as of 31 December 2014, Itera has deferred tax assets of NOK 9.1 million of which NOK 5.8 million is recognized in the balance sheet. The losses carried forward are not time-limited. It is considered likely, based on budgets and cash flow analyses, that it will be possible to make use of the tax losses in the future.

16 FOREIGN CURRENCY

Information on the exchange rates applied by the Itera group in 2014.

	Exchange rate 1 Jan.	Average	Exchange rate 31 Dec.
SEK	0.9472	0.9184	0.9597
DKK	1.1237	1.1206	1.2136
EUR	8.3825	8.3534	9.0365
USD	6.0837	6.3019	7.4332
UAH	0.7291	0.5312	0.4620

17 CASH AND CASH EQUIVALENTS

	2014	2013
Cash and bank deposits	67 189	67 958
Of which blocked deposits	-7 928	-6 948
Unrestricted cash and cash equivalent assets	59 261	61 011
Undrawn credit facilities	25 000	25 000
Cash reserve	84 261	86 011

The group has a cash-pool agreement, and accordingly the item 'cash and bank deposits' is a net item and includes any drawings from the overdraft facility.

The overdraft facility agreement with Danske Bank has the following financial covenants:

- The Itera group's net interest bearing debt ratio (NIBD)/EBITDA shall not be more than 2.5
- The Itera group's book equity (excluding goodwill) shall be at least 30% of total assets

These key ratios are assessed as at 31 December each year, and at the latest 120 days after year end. The group was in breach of the loan covenants as at 31 December 2014 because its equity ratio was 26%. Itera did not draw upon the overdraft facility in 2014, and had no borrowings from Danske Bank at 31 December 2014. Danske Bank has agreed a temporary waiver of the financial covenants, which will next be assessed at 31 December 2015.

The bank has a charge over the accounts receivable of the group's Norwegian subsidiaries as collateral for the overdraft facility.

18 LIABILITIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

The group had a liability for premises rent totalling NOK 28.1 million at 31 December 2014. The group's premises lease contracts expire between 2015 and 2020, with the major lease contracts expiring in mid-2016.

19 SHAREHOLDERS

Share capital

Itera ASA's share capital at 31 December 2014 was NOK 24 655 987 made up of 82 186 624 fully paid shares each with nominal value of NOK 0.30.

Ownership structure

At the close of 2014, Itera ASA had 1737 (1910) shareholders. Of these 12% (11%) were foreign shareholders. The company's 20 largest shareholders owned 68 % (64%) of the company's shares at year-end.

Holdings of own shares

The Itera group held no own shares at the start of 2014. The group purchased own shares in 2014, but these were used for the settlement of employee share options that were exercised during the year.

20 largest shareholders in Itera ASA at 31 December 2014

	Shares	%
Arne Mjøs Invest AS	15 018 298	18.3 %
Storebrand Vekst	6 066 575	7.4 %
Midelfart Invest AS	5 242 206	6.4 %
OP Capital AS	4 007 320	4.9 %
Verdipapirfondet DNB SMB	3 275 250	4.0 %
Eikestad AS	3 000 000	3.7 %
Bo Investering AS	2 240 698	2.7 %
Jøsyra Invest AS	2 200 000	2.7 %
Septim Consulting AS	2 150 000	2.6 %
Marxpist Invest AS	2 031 588	2.5 %
Gamst Invest AS	1 928 587	2.3 %
Storebrand Norge I	1 920 028	2.3 %
GIP AS	1 445 700	1.8 %
Framar Invest AS	1 000 000	1.2 %
Johs. Haugerudsvei AS	988 338	1.2 %
Aanestad Panagri AS	900 000	1.1 %
DNB Markets	617 400	0.8 %
Morten Johnsen Holding AS	600 000	0.7 %
Jørund Arne Lie	500 000	0.6 %
Fredrik Wiese	500 000	0.6 %
Total 20 largest	55 631 988	67.7 %
Other shareholders	26 554 636	32.3 %
Total number of shares	82 186 624	100.0 %

20 TRANSACTIONS WITH RELATED PARTIES

There were no material transactions between the group and related parties in the period from 1 January to 31 December 2014.

21 NON-RECURRING COSTS

Non-recurring costs were incurred in connection with accrued liabilities relating to matters including premises rent liabilities and restructuring. In the statement of income, these non-recurring costs are deducted from the items to which they relate and are reported separately.

	Before adjustment	Non-recurring effect	As reported
Sales revenue:	439 407	-438	439 845
Personnel expenses	290 528	-1 134	289 394
Other operating expenses	51 388	-2 096	49 292
Total non-recurring items		-3 668	

22 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events after 31 December 2014 of significance for the annual accounts.

STATEMENT OF INCOME

PARENT

NOK 1000	NOTE	2014	2013
Operating revenue			
Sales revenue	13	33 210	19 367
Total operating revenue		33 210	19 367
Operating expenses			
Personnel expenses	1, 2, 3	22 180	16 536
Depreciation	4	1 671	1 465
Other operating costs	1	14 392	7 324
Total operating expenses		38 243	25 326
Operating profit		-5 033	-5 959
Tax payable in the balance sheet			
Income from investments in subsidiaries	10	28 325	9 363
Interest income from companies in the same group		322	400
Other financial income		1 181	505
Interest paid to companies in the same group		924	1 037
Other financial expense		1 538	127
Net financial items		27 367	9 105
Profit before tax		22 334	3 146
Tax on ordinary profit	8	3 279	1 105
Profit for the year		19 055	2 041
Allocations and transfers			
To dividend	9	0	28 765
To/-from other equity	9	19 055	-26 724
Total allocations and transfers		19 055	2 041

STATEMENT OF FINANCIAL POSITION

PARENT

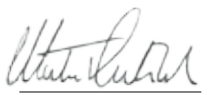
NOK 1000	NOTE	2014	2013
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets	8	1 654	4 933
Total intangible assets		1 654	4 933
Tangible fixed assets			
Office machinery, fixtures, fittings etc.	4	2 810	3 046
Total tangible fixed assets		2 810	3 046
Financial fixed assets			
Investments in subsidiaries	5	109 953	109 953
Loans to group companies	7	23 008	28 955
Total financial fixed assets		132 961	138 938
Total fixed assets		137 425	146 917
Current assets			
Receivables			
Receivables from group companies	10	19 976	10 868
Other current receivables		1 000	2 224
Total receivables		20 976	13 062
Bank deposits	12	40 207	35 229
Total current assets		61 183	48 290
Total assets		198 608	195 207

STATEMENT OF FINANCIAL POSITION

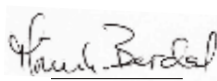
PARENT

NOK 1000	NOTE	2014	2013
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital		24 656	24 656
Other paid-in equity		2 028	2 028
Total paid-in equity		26 684	26 684
Other equity		75 490	56 332
Total earned equity		75 490	56 332
Total equity	9	102 174	83 016
Liabilities			
Current liabilities			
Accounts payable		2 435	1 974
Public duties payable	14	802	11 204
Liabilities to group companies	10, 11	87 150	67 621
Provision for dividend	9	0	28 765
Other current liabilities		6 047	2 626
Total current liabilities		96 434	112 191
Total liabilities		96 434	112 191
Total equity and liabilities		198 608	195 207


Oslo, 23 March 2015
The Board of Directors of Itera ASA



Morten Thorkildsen
Chairman of the board



Mimi K. Berdal
Board member




Jan-Erik Karlsson
Board member



Wenche Holen
Board member



Karl-August Brunstad
Board member



Jorunn Aarskog
Board member



Arne Mjøs
Chief Executive Officer

STATEMENT OF CASH FLOW

PARENT

NOK 1000	2014	2013
Cash flow from operating activities		
Profit before tax	22 334	3 146
Group contribution recognised but not paid	-28 325	-9 363
Ordinary depreciation	1 671	1 465
Change in accounts payable	461	2 022
Effect of changes in exchange rates	-364	1 742
Change in other accruals	-7 908	3 494
Net cash flow from operating activities	-12 131	2 507
Cash flow from investment activities		
Payments on purchases of tangible fixed assets	-1 435	-1 605
Receipts of group contribution from subsidiaries	10 987	14 258
Payments of receivables due to group companies	0	-5 232
Receipts of receivables due from group companies	6 311	0
Net cash flow from investment activities	15 863	7 421
Cash flow from financing activities		
Net change in group cash pool	37 074	24 150
Repayment of group borrowings	-7 164	0
Payments on purchases of own shares	103	0
Dividend paid	-28 765	-4 931
Net cash flow from financing activities	1 248	19 219
Net change in bank deposits	4 980	29 147
Bank deposits at 1 January	35 227	6 080
Bank deposits at 31 December	40 207	35 227

GENERAL

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

Basis of preparation

The company accounts are prepared on a historical cost basis.

Transactions are recognised on the date of the transaction at the value of the consideration received or paid. Revenue is recognised when earned and costs are matched with revenue earned.

Estimates and judgment

Preparing accounts in accordance with Norwegian Generally Accepted Accounting Principles involves management making judgments, estimates and assumptions that influence the accounting principles that are applied and the amounts that are reported for assets, liabilities, revenue and costs. Actual amounts may vary from the estimated amounts.

The estimates and underlying assumptions used are kept under constant review. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods that are affected by the changes.

Classification of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets related to the operating cycle are classified as current assets. Receivables are also classified as current assets if they are due to be repaid within a year. Comparable criteria apply to liabilities.

The first year's instalments on long-term receivables and long-term borrowings are not classified as current assets or short-term liabilities.

Subsidiary companies

Subsidiary companies are companies that are controlled by the Group. Control exists when the Group has the power to govern the financial and operating principles of a company so as to obtain benefits from the company's activities. In considering whether the Group has control over a company, the potential voting rights that are currently exercisable are taken into account. Subsidiary companies are included in the consolidated accounts from the date the Group obtains control of them until the date when it ceases to control them.

Valuation of investment in subsidiaries

Investments in subsidiary companies are valued at acquisition cost less any write-downs. Investments are written down when impaired unless the impairment is regarded as temporary. Impairment losses are reversed if the basis for the impairment loss is no longer present.

Dividends, group contributions and other distributions from subsidiary companies are recognised on the same date as they are recognised in the subsidiary companies' accounts. If the distributions paid by a subsidiary company exceed the profit earned by the company during any given ownership period, these are regarded as repayments of the investment and the carrying value of the investment is reduced.

Foreign currency transactions

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

Share capital

Ordinary shares are classified as equity. Costs 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

Where the company's own shares are purchased, the consideration paid, including any directly attributable costs, is recognised as a change in equity. Own shares are presented as a reduction in equity, net of any tax effects. When the company's own shares are sold or reissued, the consideration received is recognised as an increase in equity, and gains or losses arising from such transactions are applied to retained earnings.

Intangible assets

Intangible assets are recognised on the balance sheet if it can be shown to be likely that there will be future economic benefits attributable to the assets and their cost price can be estimated reliably. Intangible assets are carried at cost price. Intangible assets that have unlimited economic life are not amortized, but are written down if their recoverable amount is lower than their cost price.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost, less accumulated depreciation and accumulated impairment losses. If the fair value of a tangible fixed asset is lower than its carrying value and the impairment is not temporary, the asset is written down to fair value.

Impairment

At each balance sheet date the Group assess whether there are objective indications that financial assets may be impaired. Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively or in groups of assets that share similar credit risk characteristics.

All impairment losses are charged to profit and loss. Impairment losses are reversed if the reversal can be objectively linked to an event that occurs after the loss was recognised.

NOTES

PARENT

Subordinated loans and other long-term loans

The parent company has granted subordinated loans to several of the subsidiary companies. Loans made to foreign subsidiaries are denominated in the local currencies. The loans are carried on the balance sheet at the exchange rate on the balance sheet date. Changes in the value of the loans due to exchange rate changes are recognised under financial items. NOK-denominated loans are carried at nominal value.

Accounts receivable

Accounts receivable are recognised in the balance sheet at their nominal value, less a provision for expected losses. The interest element is disregarded if it is not material. If there is objective evidence of impairment, the difference between the book value and the present value of future cash flows is recognised as a loss.

Defined contribution pension scheme

The company finances pension schemes for all its employees through a collective defined contribution based scheme. Pension expense is equal to the contributions paid.

Share-based remuneration

Employee share options at Itera give employees the right to subscribe to shares in Itera ASA at a future point at a predetermined price (exercise right). This right as a rule is dependent on the employee achieving concrete targets and still being employed at the time of exercise.

The value of share options is calculated at grant date and expensed as a personnel cost over the vesting period. Options are normally granted with a subscription price equal to the share price on the grant date, which is to say without intrinsic value. The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Operating revenue

The parent company's operating revenue arises from the shared services it delivers through its Group Functions in the accounting/finance, HR, IT and information/communication areas. Its revenue is based on a cost-plus model and is recognised when the services are delivered.

Financial income and financial expense

Financial income comprises interest income from financial investments and group contributions or dividends from subsidiary companies. Interest income is recognised using the effective interest rate method. Group contributions and dividends are recognised on the same date that they are recognised by the company from which they are received.

Financial expense comprises interest expense on borrowings and changes in the fair value of financial assets. All borrowing costs are recognised in profit and loss using the effective interest rate method.

Tax expense

Tax expense comprises both tax payable and changes in deferred tax. Tax expense is recognised in the profit and loss account. Deferred tax assets and liabilities are calculated using the liability method on a non-discounted basis, and are calculated for all differences arising between accounting values and tax values of assets and liabilities as well as for losses carried forward. Deferred tax assets on net tax-reducing differences that have not been eliminated and tax losses that are to be carried forward are recognised on the basis of expected future earnings.

Cash flow analysis

The cash flow analysis has been prepared using the indirect method. Cash and cash equivalents comprise cash and bank deposits.

1 PAYROLL, PERSONNEL EXPENSES AND REMUNERATION

NOK 1000	2014	2013
Salaries	19 127	12 663
Share option costs	169	138
National insurance contribution	2 173	1 947
Pension cost	606	555
Other benefits	105	1 235
Total payroll and personnel expenses	22 180	16 536
Average number of employees	21	18

For information on salaries and other remuneration of the executive management, see note 9 to the consolidated accounts.

Auditor

Analysis of remuneration paid to the auditor:

Audit fees	397	381
Other authorisation services	0	0
Tax advice	26	26
Other services	0	25
Total fees paid to the auditor	423	433

2 SHARE-BASED REMUNERATION

The Itera Group currently has two share option programs for its employees, and at 31 December 2014 there were 2 434 000 employee share options outstanding, of which 726 000 were held by employees of the parent company.

The first program was implemented in 2011, and 393 000 options granted under this program were outstanding at 31 December 2014.

A new share option program was established in 2013. The program granted 2 165 000 options, of which 124 000 options were exercised in 2014. The exercise prices for the two programs are NOK 2.95 (2011) and NOK 2.30 (2013) respectively. The options are targeted at key employees of the group. The options are conditional on achieving defined targets, both financial and non-financial. The options run for periods of between one and four years. 80 % of the options can be exercised between 2014 and 2017 with 25 % of these options available for exercise each year. The remaining 20 % can be exercised in 2017, and the only condition for exercise of these options is continuing service.

The fair value of the options was calculated at the date they were granted and is charged as an expense over the accrual period of 1 to 4 years. A total cost for both option programs of NOK 194k (including employer's social security contributions) was recognised in 2014 (NOK 162k in 2013). Fair value is calculated using the Black-Scholes-Merton option pricing model.

The calculation of fair value assumes that historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility.

The interest rate is based on rates obtained from Norges Bank for the same period as the life of the options. For the 2013 program, interest rates of between 1.57% and 2.02 % are applied over the life of the options. For the 2011 program, an interest rate of 4.25 % is applied over the entire life of the options.

An assumption that annual staff turnover will be 10% is applied for both programs. For calculation purposes, an annual dividend of NOK 0.30 is forecast for both programs.

NOTES

PARENT

Program	Number	Expired in 2014	Exercised in 2014	Outstanding at 31/12/2014	Fair value	Exercise price ¹⁾	Share price when issued ²⁾	Date of issue	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	330 000	124 000	1 711 000	NOK 0.15	NOK 2.30	NOK 2.30	22 August 2013	2014-2017

¹⁾ The exercise price is the average share price over the 30 days prior to the date the option is granted.

²⁾ The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted 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	1 711 000	1.57% -2.02%	43.5 %
Total	2 104 000		

3 PENSIONS

Itera ASA operates a defined contribution pension scheme. The company's pension expense is represented by the premiums paid, and totalled NOK 606k in 2014 (NOK 555k). The company's pension scheme complies with the Norwegian Mandatory Occupational Pension Act (OTP).

4 TANGIBLE FIXED ASSETS

	2014			2013		
NOK 1000	Office machinery, fixtures & fittings	Software	Total	Office machinery, fixtures & fittings	Software	Total
Acquisition cost						
Accumulated at 1 January	4 153	5 705	9 858	3 949	4 304	8 253
Additions during the year	1 281	154	1 435	204	1 401	1 605
Disposals during the year			0			0
Accumulated at 31 December	5 434	5 859	11 293	4 153	5 705	9 858
Depreciation						
Accumulated at 1 January	2 851	3 961	6 812	2 303	3 044	5 347
Depreciation for the year	562	1 109	1 671	548	917	1 465
Depreciation on disposals in the year			0			0
Accumulated at 31 December	3 413	5 070	8 483	2 851	3 961	6 812
Book value						
Book value at 1 January	1 302	1 744	3 046	1 646	1 260	2 906
Book value at 31 December	2 021	789	2 810	1 302	1 744	3 046
Estimated useful life	3-5 years	3-5 years		3-5 years	3-5 years	
Depreciation plan	linear	linear		linear	linear	

5 SUBSIDIARIES

NOK 1000	Registered office	Share capital*	Shareholding and voting interest	Book value 1 Jan	Change	Book value 31 Dec.	Profit/loss 2014	Equity 2014
Itera Norge AS	Oslo	2 500	100 %	49 730	0	49 730	5 736	37 624
Itera Offshoring Services AS	Oslo	200	100 %	7 500	0	7 500	65	5 371
Cicero Consulting AS	Oslo	200	100 %	21 438	0	21 438	1 646	9 639
Compendia AS	Bryne	182	100 %	14 237	0	14 237	4 439	8 267
Itera Sweden AB	Stockholm	100	100 %	0	0	0	0	12 989
Itera Networks AB	Stockholm	4 400	100 %	0	0	0	-7 844	-1 634
Itera Consulting AB	Stockholm	111	100 %	0	0	0	-1 293	1 247
Objectware AB	Stockholm	100	100 %	0	0	0	0	3 797
Itera Consulting Denmark ApS	Copenhagen	1 424	100 %	16 559	0	16 559	-2 828	18 625
Itera Consulting UA	Kiev	50	100 %	489	0	489	-6	907
Total				109 953	0	109 953	-85	96 832

* Share capital is reported in the local currency (1,000). The functional currency for companies in Ukraine is the euro.

6 FOREIGN CURRENCY

Information on the exchange rates applied by the Itera group in 2014.

	Exchange rate 1 Jan.	Average	Exchange rate 31 Dec.
SEK	0.9472	0.9184	0.9597
DKK	1.1237	1.1206	1.2136
EUR	8.3825	8.3534	9.0365
USD	6.0837	6.3019	7.4332
UAH	0.7291	0.5312	0.4620

7 LOANS TO GROUP COMPANIES

NOK 1000				
Company name	Loans	Subordinated loan	Total 2014	Sum 2013
Itera Networks AS	0	0	0	83
Itera Offshoring Services AS	3 051	0	3 051	9 362
Itera Sweden AB	0	11 015	11 015	10 871
Itera Networks AB	8 942	0	8 942	8 639
Total	11 993	11 015	23 008	28 955

NOTES

PARENT

8 TAX

NOK 1000	2014	2013
Tax cost for the year		
Change in deferred tax	3 279	1 105
Total	3 279	1 105
Tax payable		
Profit before tax	22 334	3 146
Permanent differences	-10 191	148
Change in temporary differences	2 441	363
Utilisation of losses carried forward	-14 584	-3 658
Tax payable in the balance sheet	0	0
Specification of the basis for deferred tax		
Fixed assets	-870	-562
Other temporary differences	-2 157	-24
Losses carried forward	-3 099	-17 683
Total	-6 126	-18 269
Deferred tax assets	-1 654	-4 933
Deferred tax assets recognised in the balance sheet	-1 654	-4 933
Reconciliation of tax rate		
Profit before tax	22 334	3 146
Tax calculated at the nominal corporation tax rate of 27% (28%)	6 253	881
Effect of change in the tax rate	0	183
Effect of permanent differences	-2 752	42
Tax charge in the statement of income	3 502	1 105
Effective tax rate	15.7 %	35.1 %

9 EQUITY

NOK 1000	Share capital	Own shares	Other paid-in capital	Other capital	Total equity
Equity at 31 December 2013	24 656	0	2 028	56 332	83 016
Profit for the year		0	0	19 055	19 055
Purchase of own shares		-32	0	-283	-315
Sale of own shares		32	0	216	248
Other changes		0	0	171	171
Equity at 31 December 2014	24 656	0	2 028	75 490	102 174

See note 19 to the group accounts for further information on share capital, holdings of own shares and shareholders.

10 FINANCIAL ITEMS

Itera ASA has recognised NOK 17.9 million of group contribution from the Norwegian subsidiaries. In addition, Itera ASA has recognised NOK 10.4 million of dividend from Itera Consulting ApS.

11 LIABILITIES TO GROUP COMPANIES

NOK 1000		
Company name	2014	2013
Itera Norge AS	55 378	35 470
Cicero Consulting AS	13 713	6 408
Compendia AS	17 845	16 335
Itera Offshoring Services AS	214	0
Itera Consulting ApS	0	9 408
Total	87 150	67 621

Reporting of bank deposits in the balance sheet

In the group's pooled bank account system, Itera ASA is responsible both for its own deposits/drawings and for deposits/drawings made by Norwegian subsidiaries. The figures reported for bank deposits held by Itera AS in the balance sheet include deposits paid into the pool bank account system by subsidiaries, which are netted against the parent company's drawings. The bank deposits held by subsidiary companies in the group bank account system are reported in the parent company accounts as liabilities to group companies.

12 BLOCKED DEPOSIT

Itera ASA holds NOK 40.2 million in cash and bank deposits, of which NOK 0.6 million is on blocked deposit for payment of payroll tax deductions.

13 TRANSACTIONS WITH RELATED PARTIES

Itera has structured internal support processes in the areas of accounting/finance, HR, internal IT and information and communication as Group Functions. These functions are part of Itera ASA and work with the subsidiaries. The parent company invoices these subsidiaries on a cost plus model. In 2014 Itera invoiced NOK 33.2 million (NOK 19.4 million) in respect of these services.

14 OFFICIAL TAXES AND DUTIES PAYABLE

The Norwegian companies in the group are jointly registered for value added tax and other taxes and duties, and accordingly the figures reported for official taxes and duties payable include value added tax payable by the other Norwegian companies in the group. The total VAT liability is included in the parent company accounts, but is offset by intragroup receivables due from subsidiaries.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO have today approved the annual report and annual accounts of the Itera ASA group and the parent company for the 2014 calendar year and as at 31 December 2014 (2014 Annual Report).

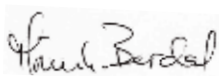
To the best of our knowledge:

- The consolidated accounts have been prepared in accordance with the IFRS and related interpretations as approved by the EU and with the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2014.
- The annual accounts of the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles as in effect at 31 December 2014.
- The annual report of the group and the parent company, including the statements on corporate governance and on corporate social responsibility, has been prepared in accordance with the requirements of the Norwegian Accounting Act and the Norwegian Accounting Standard No. 16 as in effect at 31 December 2014.
- The information contained in the accounts provides a true and fair view of the group's and the parent company's assets, liabilities, financial position and earnings taken as a whole at 31 December 2014.
- The annual report of the group and the parent company provides a true and fair view of:
 - the developments, earnings and financial position of the group and the parent company
 - the principal risk and uncertainty factors facing the group and the parent company

Oslo, 23 March 2015
The Board of Directors of Itera ASA



Morten Thorkildsen
Chairman of the board



Mimi K. Berdal
Board member



Jan-Erik Karlsson
Board member



Wenche Holen
Board member



Karl-August Brunstad
Board member



Jorunn Aarskog
Board member



Arne Mjøs
Chief Executive Officer

AUDITOR'S REPORT



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P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

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 2014, 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 2014, and the statement of 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.



Independent auditor's report 2014
Itera ASA

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 2014, 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 2014, 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 the statements on Corporate Governance and Corporate Social Responsibility

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 in the statements on Corporate Governance and Corporate Social Responsibility 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, 27 April 2015
KPMG AS

Gunnar Sotnakk
State Authorized Public Accountant

Translation has been made for information purposes only

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 2014, 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 2014, Itera had 1 737 (1 789) shareholders. At year-end, 12% (11%) of the company's shares were owned by foreign investors. The company's twenty largest investors owned 68% (64%) of the company's shares.

Dividend

During 2014, a dividend of NOK 0.35 (0.06) per share was paid, for a total of NOK 28.8 (5) million.

SHARES AND SHAREHOLDERS

Share price

The Itera share opened the year at NOK 2.78 and closed at NOK 3.00, corresponding to a change of 8% (27%). The highest share price during the year was NOK 3.60 and the lowest price was NOK 2.50. Itera had a market value corresponding to NOK 246.5 (228) million at 31 December 2014.

Stock option schemes

The Company has established option schemes for key personnel. An option scheme was implemented in 2013. There were 2 434 000 outstanding stock options at year-end. Reference is also made to Note 8.

Shareholders as of 31 December 2014

The top 20 largest shareholders	Shares	%
Arne Mjøs Invest AS	15 018 298	18.3 %
Storebrand Vekst	6 066 575	7.4 %
Midelfart Invest AS	5 242 206	6.4 %
OP Capital AS	4 007 320	4.9 %
Verdipapirfondet DNB SMB	3 275 250	4.0 %
Eikestad AS	3 000 000	3.7 %
Bo Investering AS	2 240 698	2.7 %
Jøsyra Invest AS	2 200 000	2.7 %
Septim Consulting AS	2 150 000	2.6 %
Marxpist Invest AS	2 031 588	2.5 %
Gamst Invest AS	1 928 587	2.3 %
Storebrand Norge I	1 920 028	2.3 %
GIP AS	1 445 700	1.8 %
Framar Invest AS	1 000 000	1.2 %
Johs. Haugerudsvei AS	988 338	1.2 %
Aanestad Panagri AS	900 000	1.1 %
DNB NOR Markets	617 400	0.8 %
Morten Johnsen Holding AS	600 000	0.7 %
Jørund Arne Lie	500 000	0.6 %
Fredrik Wiese	500 000	0.6 %
Total 20 largest	55 631 988	67.7 %
Other shareholders	26 554 636	32.3 %
Total number of shares	82 186 624	100.0 %

CORPORATE GOVERNANCE

The Board of Directors and executive management of Itera ASA carry out an annual review of the principles for corporate governance and how they function within the Group. Itera provides here an account of its principles and practice for corporate governance pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES) as issued on 30 October 2014.

The Norwegian Code of Practice for Corporate Governance is available on www.nues.no/en/.

A description of how Itera complies with the 15 recommendations set out in the Code of Practice for Corporate Governance is provided below.

1. Implementation and reporting on Corporate Governance

Itera ASA's principles for corporate governance ensure an appropriate division of roles and good collaboration between the company's owners, its Board of Directors and its executive management as well as satisfactory control of its activities. An appropriate division of roles, good collaboration and satisfactory control help to ensure the greatest possible value creation over time in the best interests of owners and other stakeholders.

The company's ethical guidelines address conflicts of interest, relationships with customers, suppliers and the media, inside information issues and other relevant financial interests of a personal nature. The ethical guidelines apply to all employees of the Itera Group.

Itera's employees increasingly regard non-financial incentives as important. Itera's management principles therefore contain a clear set of values for employees to identify with. Itera also focuses on making social and moral considerations part of its business processes. This means that customers or projects may be rejected on account of their being in conflict with the Group's set of values and vision, which is: "Make a difference". This applies to all the contexts in which Itera is present; the aspiration is for Itera's employees to view working at Itera as more than just a job, for its customers to find real value in collaborating with Itera, for its owners to receive a greater return from their investment than would be the case with other comparable investments, and for the company to make a positive contribution to the locations in which it operates.

Itera complies with the Norwegian Code of Practice for Corporate Governance with no material deviations from the Code's recommenda-

tions. Itera deviates from one of the Code's recommendations to an insignificant degree as set out in section 14.

2. Business (No deviation from the recommendation)

Itera is a communication and technology company that delivers projects and services in the consulting and strategy, design and development, and operations and management areas. Itera provides communication and technology services to organisations that require a high level of expertise, innovation, flexibility and availability. The company's Articles of Association are available on its website (www.itera.no).

The annual report contains details of the company's aims and strategies, and the financial markets are provided with continual updates by the company's quarterly presentations.

3. Equity and dividends (No deviation from the recommendation)

The company's capital situation is kept under constant review in relation to its objectives, strategy and desired risk profile.

The company's objective is to generate a competitive return for its shareholders through dividends and increases in the share price that is in line with comparable investments. Itera's dividend policy is intended to strike a balance between capital adequacy and providing shareholders with a reasonable return. The Board of Directors has established a dividend policy of distributing between 20-50 percent of the Group's normalised annual profit after tax. Payment of the annual dividend is dependent on the company's financial situation, its working capital requirements and investment/acquisition opportunities. The Annual General Meeting approves the annual dividend on the basis of a proposal from the Board of Directors.

At the Annual General Meeting in 2014, the Board of Directors was granted authorisation to increase the company's share capital by issuing new shares for subscription up to a total value of NOK 1 232 799. The Board can decide to waive shareholders' preferential subscription rights in respect of new shares issued pursuant to this authorisation. The authorisation is valid until 1 July 2015.

At the same Annual General Meeting, the Board of Directors was granted authorisation to buy back own shares up to a value of NOK 1 232 799, with the condition that the company does not hold shares at any point representing more than 10 percent of the company's share capital.

At the same Annual General Meeting, the Board of Directors was granted authorisation to raise the company's share capital by up to NOK 816 300 in connection with the share option program. The Board can also waive shareholders' preferential subscription rights in respect of new shares issued pursuant to this authorisation.

The Board of Directors as part of its preparations for the Annual General Meeting carries out an annual review of whether it should ask for authorisation from the Annual General Meeting to increase the company's share capital and/or to be allowed to buy back own shares. Any authorisation is normally granted for one year, and the basis for such authorisation must be clearly communicated at the Annual General Meeting.

4. Equal treatment of shareholders and transactions with close associates (No deviation from the recommendation)

The company is committed to treating all shareholders equally. There is only one class of shares. The Articles of Association do not impose any restrictions on voting rights. Treating all shareholders equally is regarded as important. All information liable to influence the company's share price is published through Oslo Stock Exchange's information system and on the company's website.

The company's transactions in its own shares (share buy-backs) are carried out through the stock exchange at market rates. The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

5. Freely negotiable shares (No deviation from the recommendation)

Itera shares are freely negotiable. The Articles of Association do not impose any restrictions on transfers of shares.

6. Annual General Meetings (No deviation from the recommendation)

All shareholders are entitled to participate in the Annual General Meeting. Arrangements have been made that allow shareholders to vote in accordance with their ownership through a legal representative or proxy. All shares in the company carry equal voting rights. There are no ownership restrictions, and the company is not aware of any shareholder agreements.

Minutes from the Annual General Meeting are made available using Oslo Stock Exchange's information system and on the company's website (www.itera.no).

NUES recommends that the Annual General Meeting should vote

separately on each individual candidate for any corporate bodies to which members are elected. Itera's practice is for the entire Board to be elected.

7. Committees (No deviation from the recommendation)

Nomination Committee

The Annual General Meeting has established a Nomination Committee in accordance with Itera's Articles of Association. The Annual General Meeting issues the mandate for the work of the Nomination Committee. The Nomination Committee nominates candidates for appointment to the Board of Directors for consideration by the Annual General Meeting. The nominations are required to provide relevant information about the candidates' background and independence. The Nomination Committee also makes proposals regarding the remuneration paid to members of the Board. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting.

The members of the Nomination Committee are Erik Sandersen, Geir Moe and Olav Werner Pedersen.

With effect from 2015, the Nomination Committee will publish an invitation to submit proposals for candidates for election to the Board on the company's website. The Nomination Committee will also send a letter to the largest shareholders inviting their proposals.

Audit Committee

The Board has established an Audit Committee in accordance with Itera's Articles of Association. The Audit Committee has two members. Its mandate is to supervise the company's reporting procedures and to assess the effectiveness of internal control and risk management activities. The Audit Committee is in regular contact with the auditor and ensures the auditor is independent. The Audit Committee reports to the Board. Members of the Board have access to all relevant documentation as well as to the minutes of all Audit Committee meetings.

The members of the Audit Committee are Mimi K. Berdal and Wenche Holen.

Compensation Committee

The Board has established a Compensation Committee. The Compensation Committee has two members. Its mandate is to develop and coordinate the Group's compensation systems.

The members of the Compensation Committee are Morten Thorkildsen and Jan-Erik Karlsson.

8. Board of Directors: Composition and Independence (No deviation from the recommendation)

Itera does not have a corporate assembly. Itera's Articles of Association state that the company is to have a Board of between four and six members. The Board currently has six members, four of whom are elected by shareholders at the Annual General Meeting. Itera's employees are represented by two employee representatives and two observers.

It is regarded as important for the Board to be balanced in terms of its members' expertise, experience and backgrounds in relation to areas that are of relevance to the company's activities. It is also desirable for the composition of the Board to reflect both the company's ownership structure and the need for independent representatives. The current Board includes four members elected by shareholders at the company's Annual General Meeting, and its composition satisfies the independence requirements set out in the Norwegian Code of Practice for Corporate Governance. No member of the executive management is a member of the Board.

The Board of Directors held 12 board meetings in 2014 with an attendance rate of 96 percent.

9. The Work of the Board of Directors (No Deviation from the recommendation)

The Board prepares an annual plan for its work with an emphasis on targets, strategy and implementation. In addition, the Board has a formal mandate that regulates its areas of responsibility, its duties and the allocation of roles between the Board, the Chairman of the Board and the CEO. The Board receives monthly financial reports for the Group as a whole and for the subsidiary companies, in which the executive management comments on financial performance and financial position. The Board discusses the company's strategy and budgets at extended board meetings.

The Board holds 10-12 meetings a year and assess its own work on an annual basis.

10. Risk management and internal control (No deviation from the recommendation)

Risk management and internal control are carried out by the Group using a range of processes, both at Board level and by the Group's executive management. The Audit Committee monitors risk management and internal control on behalf of the Board in ways that are additional to the reports and discussions on the issue at Board meetings.

Risk management

The Board is regularly updated on risk management at its meetings, by routine financial reports and by the reports produced by the executive management on the Group's business activities. The Board also assesses the need for measures to be taken in response to risk factors.

The basis of risk management at Itera is that the CEOs of the companies that form the Group are responsible for risk within their individual companies and must therefore have necessary knowledge and understanding of their companies' risk profiles, so that these companies can be managed in a financially and administratively responsible way.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. The CEO and CFO carry out this work in close cooperation with the management of the individual units.

Internal control

The Board assesses the internal control systems and considers the most important risk factors facing the company as part of the budget planning and budget approval process. The Group has in recent years pursued a growth strategy and the Board is committed to ensuring that all the Group's activities are covered at all times by internal control systems.

The senior management of the subsidiary companies is responsible for ensuring there is appropriate and effective internal control that meets all applicable requirements, and is responsible for ensuring compliance with the internal control requirements.

Accounting/Finance, HR, IT and Communications/Markets are organized as common Group Functions across the Group. This ensures there is internal control across the companies and across national borders. Accounting/Finance has implemented shared accounting procedures for the Group where it has proved efficient to do so, including in relation to charts of accounts and reporting. The companies in the Group all use the same accounting system, Maconomy. A specific approval authority matrix has been implemented that determines the authorisation routines for expenditure, and the approval of two individuals is required for payments to be made. The Group Finance Function has a separate finance/accounting function that manages accounting in the subsidiary companies. This function is also responsible for quality control of accounting information by performing reconciliations and other checks. Some accounting work is carried out by the Group's accounting department in Ukraine, which currently has four employees. There was also the equivalent of two full-time positions in the accounting department in Norway in 2014. In addition to the accounting department, there are separate Business Controllers that assist the companies with financial reporting, analysis, forecasting and budgets. There are separate accounting functions in Denmark, Sweden and Ukraine. The CFO and the head of accounting are responsible for continually assessing whether the accounting routines are functioning as required, including by quality-controlling reconciliations and by analysing and monitoring a range of KPIs. The reports produced by the subsidiary companies are consolidated on a monthly basis, and analysis is carried out as part of

the reporting process, with action taken as required. Reporting is carried out using the Group's standard reporting template, with consolidation being carried out using spreadsheets. There is a sub-group in Sweden, but only the parent company Itera ASA prepares consolidated accounts.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. Meetings are held with the subsidiary companies every quarter to review these topics and others, and also to consider the risks related to financial reporting, over both the short and long term. The CEO, the CFO, the management of the subsidiary companies and relevant experts participate in these meetings, which are led by the CEO. The Group CEO proposes any risk-reduction measures that are required on the basis of the companies' financial reports and any follow up meetings that are held.

The external auditor submits a description of the key elements of the audit for the previous accounting year to the Audit Committee, and puts particular emphasis on any significant weaknesses that were identified by internal control of the financial reporting process.

11. Remuneration of the Board of Directors (No deviation from the recommendation)

The Nomination Committee makes recommendations to the Annual General Meeting regarding the remuneration paid to the Board of Directors. The remuneration paid to the members of the Board is determined by the Annual General Meeting once it has considered the proposals of the Nomination Committee. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting once it has considered the proposals of the Board. Information on the remuneration paid to the members of the Board and their shareholdings can be found in the notes to the accounts in the annual report.

12. Remuneration of executive personnel (No deviation from the recommendation)

The Board has produced guidelines on the remuneration of executive personnel in accordance with the rules set out in Section 6-16a of the Public Limited Liability Companies Act. The Company's Compensation Committee is involved in the process of determining the remuneration paid to executive personnel. Details of the Board's guidelines on the remuneration of executive personnel are set out in Note 9 'Remuneration etc'.

13. Information and communications (No deviation from the recommendation)

The company strives to provide accurate and sufficiently comprehensive information every quarter, and to be quick to publish it. The company normally publishes quarterly figures within six weeks of the end

of a quarter. The company's provisional annual accounts are published in February. Open quarterly presentations are held with a webcast made available so that they can be viewed either live or subsequently. The company's quarterly reports, its presentation materials and webcasts are made available on the company's website.

The notice calling the Annual General Meeting and the annual report are made available on the company's website three weeks prior to the date of the Annual General Meeting.

The company strives to publish information in a non-discriminatory and simultaneous manner. The company maintains regular dialogue with shareholders, analysts and other parties. The company takes a cautious approach in its contacts with these parties. The company limits its communication with investors and analysts in the two weeks prior to the publication of an interim report. In addition, the company does not issue comments to the media or any other parties about the Group's results during this period. This is to ensure all market participants concerned are treated equally.

14. Takeovers

The Board of Directors is committed to equal treatment of shareholders and will ensure openness with respect to any potential takeover of the company. In the event of a takeover bid for Itera, the Board of Directors and executive management will seek to ensure all shareholders have access to sufficient information for them to be able to form a position on the bid. The Board has not issued separate guidelines on how it would operate in the event of a formal takeover bid, but it would conduct itself in accordance with the relevant provisions and recommendations set out by legislation and the Norwegian Code of Practice for Corporate Governance. The Board regards this as sufficient to ensure that shareholders' interests are safeguarded in an equal and proper manner.

The Board will inform shareholders of its opinion of any bid, and the Board will in connection with this inform shareholders about whether they themselves wish to accept the offer should they have taken a position on it.

15. Auditor (No deviation from the recommendation)

The company has elected KPMG as its external auditor. KPMG audits all the companies in the Group.

The auditor participates in all meetings of the Audit Committee.

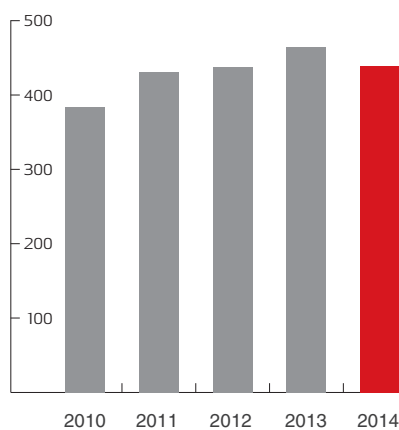
The auditor prepares reports for the Audit Committee and the Board. These reports include an audit plan, an assessment of internal control at the company and a review of significant accounting principles and estimates. The auditor participates in the Board meeting at which the annual accounts are considered. The auditor participates in the Annual General Meeting. Information about the fees paid to the auditor can be found in the annual report.

DEVELOPMENT 2010-2014

(after adjustment for non-recurring costs)

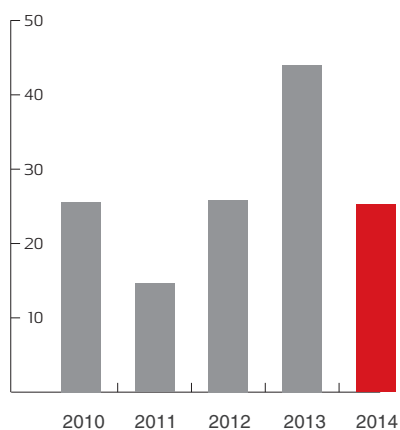
REVENUES

NOK million



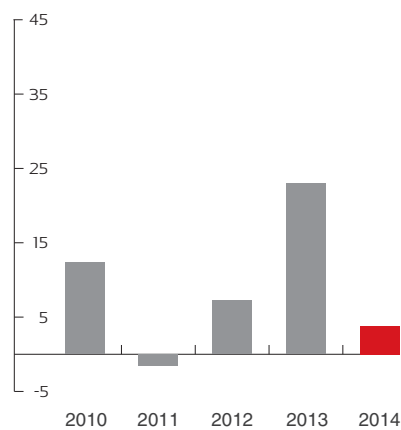
EBITDA

NOK million



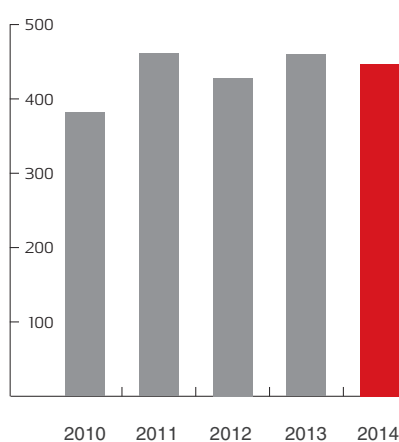
EBIT

NOK million



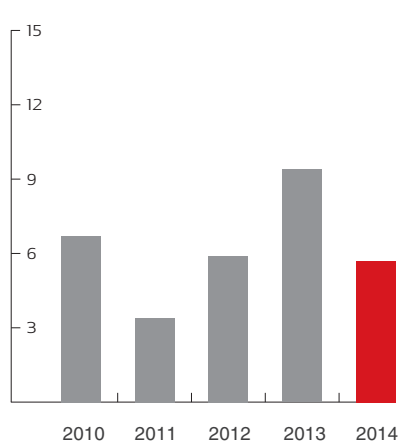
EMPLOYEES

Number



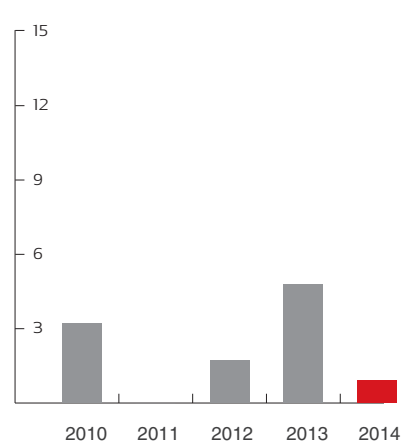
EBITDA-MARGIN

%



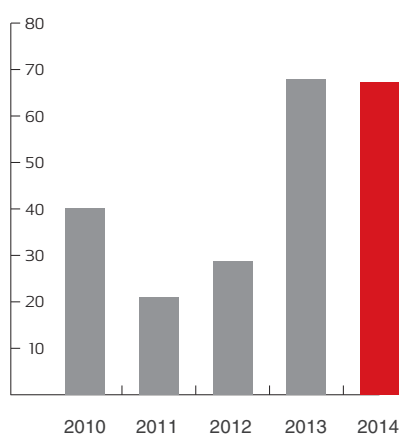
EBIT-MARGIN

%



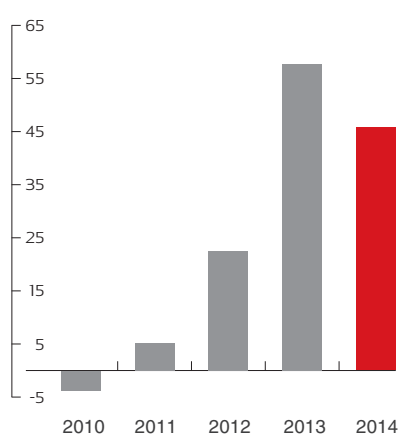
BANK DEPOSITS

NOK million



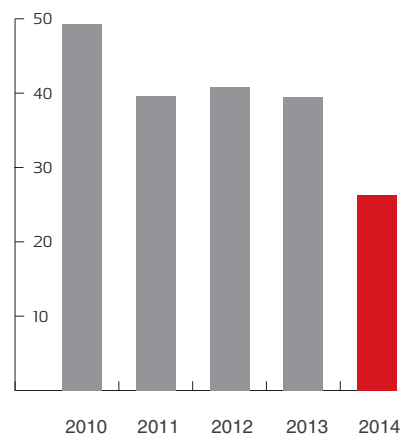
CASH FLOW from operations

NOK million



EQUITY RATIO

%



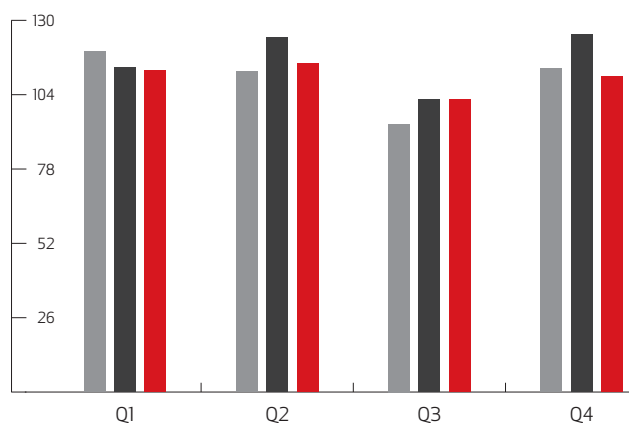
DEVELOPMENT 2011-2014

QUARTERLY

REVENUES

NOK million

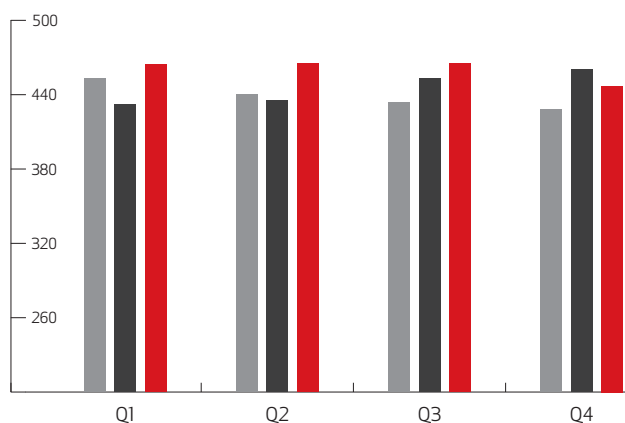
■ 2012 ■ 2013 ■ 2014



EMPLOYEES

Number

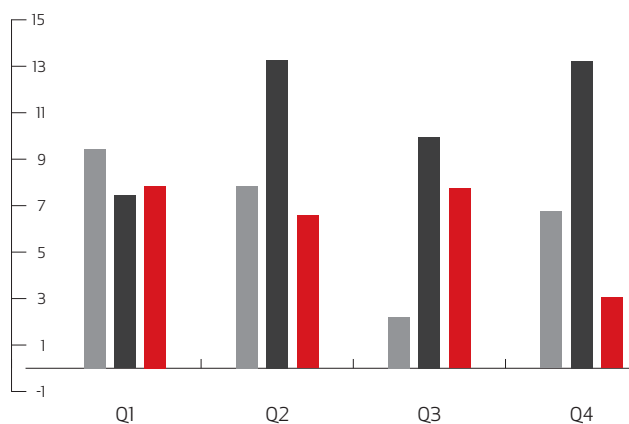
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EBITDA

NOK million

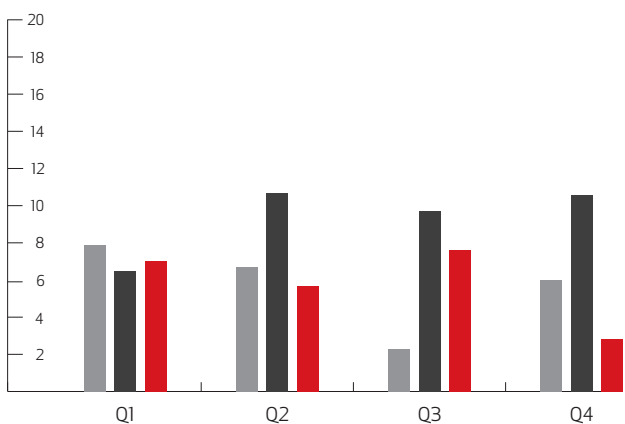
■ 2012 ■ 2013 ■ 2014



EBITDA-MARGIN

%

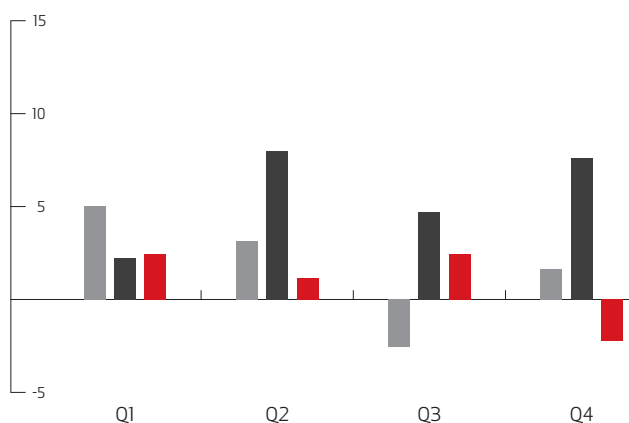
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EBIT

NOK million

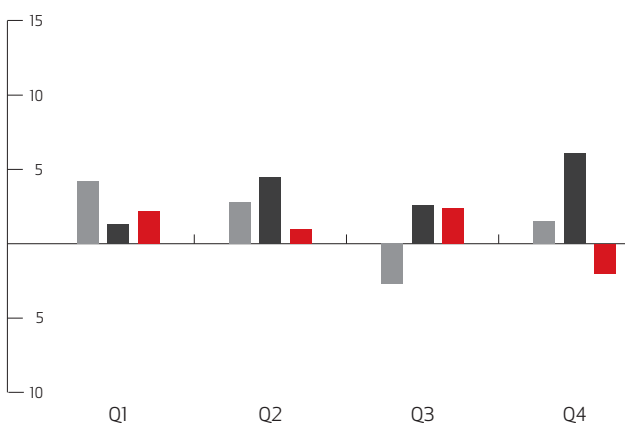
■ 2012 ■ 2013 ■ 2014



EBITDA-MARGIN

%

■ 2012 ■ 2013 ■ 2014





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