itera

MAKE A DIFFERENCE

Great experiences for the customer's customer

2015 ANNUAL REPORT

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.

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CEO COMMENT

Itera's financial improvement in 2015 demonstrates that we are executing well against our strategy, with particularly strong momentum in the fourth quarter of 2015. With pro forma growth of 11 percent and operating margin of 8 percent in the fourth quarter, we continued on the path towards improved long-term profitability objective.

For the full year, we generated solid new bookings, improved operating margins and returned cash to shareholders. We delivered strong shareholder value in 2015 – a 21.7 percent total return (including dividends), compared with 5.9 percent for the Oslo Stock Exchange Benchmark index (OSEBX).

We remain focused on our long-term vision to make a difference, which is all about leveraging our unique communication and technology position as the leading independent Nordic based professional services company – providing innovative end-to-end services for businesses and people.

TAKE DIGITAL TO THE CORE OF BUSINESS

As the number of digital disruptions to businesses increases, so does their scale and pace. Some industries that computerized decades ago, such as insurance and banking, believed they were already substantially digital. However, the situation has changed, and so must those mind-sets, fundamental beliefs and assumptions as well.

Tiny sensors will become part of products and services, and the data they generate allows us to see new patterns, distinguish variations, and discover new realities. Connecting things to the Internet allows us to control their operation remotely and manage the everyday scenarios they are part of with far greater precision. Applying these new functions and service possibilities to existing products and services enables us to create far superior digital versions. New business models based on these enhanced capabilities will emerge, and customers that apply them will become the new masters of their industries.

GREAT EXPERIENCES FOR OUR CUSTOMER'S CUSTOMER

Transforming the customer experience is the number one focus for digital solutions. Our customer's customers are increasingly more demanding in the digital world. Hence, in order to help our customers to succeed, we raise our perspectives and focus outwards.

Our future picture is really about this: Creating great experiences for our customer's customer. The customer's customers are consumers, citizens or partners as well as robotics, drones and all kinds of Internet of things.

Our vision is to make a difference. We solve the challenges differently because we unify our multidisciplinary strengths to gain deeper insight and explore new opportunities. The solutions we create should make a difference for businesses and people.

HERE IS HOW WE SHOULD MAKE A DIFFERENCE:

1. We are curious, open-minded and extrovert, focusing on the customer's customer.
2. Because we work with disruptive opportunities in a variety of sectors, our business understanding is a solid base for solving our customer's challenges.
3. We deliver high quality solutions that create great experiences through smart technology, great design and relevant content.
4. We work together in multidisciplinary teams across borders, with a seamless integrated nearshoring capability, and manage the entire life cycle of the solution.

MANAGING THE ENTIRE LIFE CYCLE OF DIGITAL SOLUTIONS

Looking across our entire business, Itera has the ability to integrate and deliver a full spectrum of end-to-end capabilities to enable our customers to take digital to the core of their business. We are working with leading companies in the Nordics, addressing their most strategic issues and digital opportunities.

Our ability to address our customers' most complex and strategic issues are best demonstrated through customer stories. For example, we helped the Norwegian Defence Estates Agency with an Airbnb inspired solution which reduced its processing time by 97 percent, from three hours to six minutes and from 25 steps to a single click. The solution was selected as one of four finalists in the 'Optimizing' category at the world-wide prestigious IxD Awards.

We remain the partner of choice for many of the leading companies and organizations in the Nordics. Our Top 30 customers represents 68 percent of total revenue, which is up by 6 percent points from 2014.

A NORDIC ONE ITERA COMPANY

We have a strong portfolio of customers in the Nordics from multiple locations. We also serve customers based in the Nordics in other European countries as well as elsewhere in the world. For instance, we serve PRA Group with our services in 15 countries.

Our strategy is to maintain and develop our largest and most strategic relationships across borders and capabilities. In 2015, we made a number of changes to fine-tune our operating model towards a Nordic ONE Itera and improved our capabilities.

By increasing nearshoring, cloud services and mobility of resources, we are building our position as a Nordic company with capabilities across borders. Our business framework simplifies knowledge transfer and enable reallocation of resources across borders. We have never in our history been such an integrated company where our customers are less concerned about how our services are actually produced.

OPPORTUNITIES FOR RECURRING REVENUE

Digitization is accelerating the adoption of cloud solutions. Most of new solutions (i.e. in the sharing economy) are mobile first and cloud first. The opportunity ahead for Itera is large, but to seize it, we must focus clearly and move fast.

During 2015, we established an Itera Cloud Center with a full portfolio of cloud services at our nearshore development center in Bratislava. We were also certified as Microsoft Cloud Service Provider Tier 1, the highest partnership in the Marketplace.

Several customers are moving into the hybrid cloud together with Itera. Cloud services blur the distinction between consulting and IT hosting activities at Itera and create opportunities for recurring revenue. We are combining our consulting and managed services into packaged solutions and services, as a service, with ongoing recurring revenue.

In addition, our two niche companies Cicero Consulting and Compendia bring packaged solutions and services to the market place where 60-80 percent of the revenue is recurring.

INVESTING IN OUR PEOPLE AND COMMUNITIES

Itera is a talent-led organization. Attracting, developing and inspiring the very best talent in our industry is critical to meeting the evolving needs of our customers and growing our business. In 2015 we carried out both our annual customer experience and employee engagement surveys, and we were happy to see that the results confirmed the positive development of Itera.

We are also committed to reducing the environment impacts – including carbon and waste – from our offices and operations. By the end of 2015, we were certified as a Eco-Lighthouse, which is the most widely used certification scheme for enterprises seeking to document their environmental efforts and demonstrate social responsibility.

In closing, I would like to warmly thank our customers, employees, partners and shareholders for their support on our journey. We have good reasons to be satisfied with how we were able to improve our profitability during 2015. I am particularly pleased and proud of our employees within communication and technology who are committed to make a difference, which gives us a strong foundation to provide exciting growth opportunities for professionals and drive innovation with our customers.

We are very well positioned for continued growth and profitability. In light of our progress and making ONE Nordic company over the last few years, we look forward to an exciting 2016.

HOW WE MAKE A DIFFERENCE / The elevator pitch:

WE LOVE OUR CUSTOMERS.

But actually, we love their customers even more.

They want great experiences that make their lives easier.

Great experiences that combine smart technology, great design and relevant content.

When we help our customers to deliver great experiences, they succeed.

And when they succeed, we succeed.

This is how we make a difference!

KEY FACTS

ESTABLISHED IN 1989

LISTED ON THE OSLO STOCK EXCHANGE UNDER

THE TICKER ITE

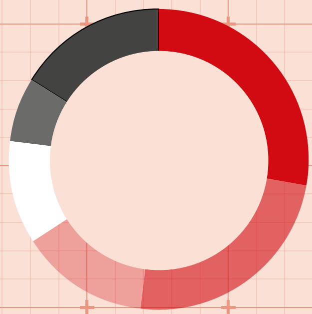
400 EMPLOYEES

OPERATIONS IN

NORWAY
SWEDEN
DENMARK
UKRAINE
SLOVAKIA

OPERATING REVENUES (MNOK)

435



REVENUES BY INDUSTRY

Bank, finance, real estate	28%
Insurance	24%
Public, healthcare, org.	14%
Services	11%
Retail & consumer prods.	7%
Other	16%

2015 IN BRIEF

WE REMAIN FOCUSED

on our long-term vision to make a difference. Our efforts to streamline the organization have become obvious during the year with double digit growth in several units and improved operating margin.

- We remain the partner of choice for many of the leading companies and organization in the Nordics. Top 30 customers represent 68 percent of total revenue, which is up by 6 percent points from 2014.
- For several customers, we created great experiences based on customer journeys and service design and combined deep digital business insight with the understanding of how disruptive technologies will impact their industries and business models.
- We made a number of changes to fine-tune our operating model towards a Nordic ONE Itera with capabilities across the borders.
- Our hosting business was consolidated into ONE datacenter in the Nordics, while the local hosting business in Sweden was sold. In addition, cloud services were fully integrated.
- Our fully integrated nearshore capability continues to adopt new IT and delivery approaches to help our customers compete with agility and speed.
- Both customer survey and employee survey results developed positively in the entire group.
- Annual total return to shareholders (including dividend) amounted to 22 percent in 2015.

WHAT THIS MEANS FOR

Q1

Several agreements were signed with customers such as PRA Group, Hjort, Simonsen Vogt Wiig, Selvaag, the Norwegian Defence Estates Agency, the Municipality of Ski, OBOS and Østfold Energi. These contracts have a combined total value of NOK 170 million.

Q2

Datacenters were consolidated into ONE Nordic capability with fully integrated cloud services to drive efficient and cost-effective operations for customers – and increasingly on a consumption-based model in the future.

Itera's IT hosting activities in Sweden were sold with effect from 1 July 2015.

Q3

Streamlining our organization has had the desired effect on profits. The improvement was broadbased in both Norway and Denmark, with increasing growth in our nearshore capability. Digitization is accelerating the adoption of cloud solutions.

Itera was nominated as one of four finalists at the internationally prestigious IxD Awards for its Airbnb inspired solution for the Norwegian Defense Estates Agency

Q4

A dividend of NOK 0.15 per share was paid to shareholders and the company's efforts to streamline the organization have become obvious with pro forma revenue growth of 11 percent and operating margin of 8 percent in fourth quarter.

A full range of cloud services are launched and implemented at Itera's Cloud Center in Bratislava, fully integrated with Microsoft. Itera was certified Microsoft Cloud Service Provider Tier 1.

1

Digitization will drive more and bigger changes in the years to come than we have ever seen.

2

An ocean liner won’t work when competing against speedboats.

3

End users have high expectations of the digital services offered by today’s companies.

4

All companies face computing challenges, but each challenge is unique.

THE STORIES

1 DIGITIZATION
by Kristian Enger

2 LEAN STARTUP
by Line Svingen

3 HYBRID PROJECTS
by Niko Nystrøm

4 CLOUD & DEVOPS
by Jon Erik Høgberg

WHAT THIS MEANS FOR

OUR CUSTOMER'S CUSTOMER
OUR CUSTOMER
ITERA

airbnb

The world's largest accommodation provider owns no real estate.

Alibaba.com™

The world's most valuable retailer has no inventory.

UBER

The world's largest taxi company owns no vehicles.

facebook®

The world's most popular media owner creates no content.

DIGITIZATION

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Digitization has been one of the main drivers of change over the last five years. And this is not going to stop. Indeed, in the years ahead digitization is going to drive changes that are both more profound and more numerous than what we have seen so far. Concepts such as the sharing economy, big data, marketing automation, the green economy, robotics, machine learning, wearables and telematics will become increasingly important while also being continuously challenged by new, emerging trends. Digitization will accelerate the speed of both success and failure in the years ahead.

OUR CUSTOMER'S CUSTOMER

Whether you are a family member, an athlete, an employee, a director, a tech geek, a student or a three-year old child, digitization affects you directly and indirectly. Indeed, we cannot know how much our lives are ruled by data usage. Whether we are using our computers or smartphones, driving our cars or paying for a coffee, we are making use of digitization. More importantly, we create digital tracks and data that can be used or misused in subsequent service offerings designed for us. As consumers, we want to use old services in new and innovative ways and to discover services we don't know about. Product development in relation to the media, payment services, insurance, self-driving cars, online shopping, data security etc. will determine how we consume these services in the coming years. And the choices we make will be based on rankings, user experience and relevance.

OUR CUSTOMER

Digitization reduces the barriers to entry businesses face and increases industry fragmentation. In the years to come, newcomers will seize a substantial share of established business models. We will witness the importance of digital knowledge and the power of big data. The most successful companies will be able to grow both their revenue and market share and have more satisfied customers. Other companies will quickly disappear because they will not have reacted as comprehensively or as quickly as was needed. A whole range of companies will position themselves as offering concepts such as "smart homes", "smart cars" and "smart lives". We will see car producers battling insurance companies, telecoms providers competing with energy suppliers, and FinTech startups challenging established banks – all fighting to be the end user's preferred partner.

ITERA

As a communication and technology company, Itera is well positioned to be part of the digitization process taking place in society and at our clients' businesses. Our aim is to use our broad expertise to build solutions and services that end users prefer, and we base these on in-depth knowledge, the latest in design and technology, and secure, cloud-based services. We are committed to continuously challenging ourselves and our customers to always go the extra distance when developing relevant, user-friendly solutions. Our minds are open to new perspectives, new partners and new ways of doing business; 3D printing, artificial intelligence, robots, voice control and drones will be part of our future, and Itera is committed to exploring all the various aspects of such technologies. And we also welcome mistakes, because mistakes are the best way to learn. This is how we make a difference.

*

FUTURE DEVELOPMENT OF SERVICES IS ABOUT

"LAUNCH-TO-LEARN"

NOT "LAUNCH-TO-LEAVE"

71%

OF "MILLENNIALS" would rather go to the dentist than listen to what banks are saying. 33% believe they don't need a physical bank at all.

Source: millenialdisruptionindex.com

42%

OF FAILED STARTUPS say that the main reason they failed was that their startup didn't solve a market need.

Source: CB Insights, January 2016

61%

OF SMARTPHONE USERS are more likely to buy from mobile sites and apps that customize information to their location.

Source: Think with Google, Aug 2015

50%

AMOUNT BY WHICH the time spent developing new products at General Electric decreased after introducing the Lean Startup method.

Source: GE Fastworks

LEAN STARTUP

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OUR CUSTOMER'S CUSTOMER

You and I and all other consumers ask a lot of the services we use and pay for. We expect them to be available exactly when we need them, to be easy to use, and to provide us with great benefits and a wonderful user experience. We expect this from every industry, so when we have experienced how easy it is to book a holiday in Florida using Airbnb, we also expect our mobile bank services to offer an equally good experience. Services therefore need to be developed quickly and in close interaction with a precise user group; valid, iterative insight into exactly how customers use services is one of the pillars of Lean Startup.

OUR CUSTOMERS

Digitization is transforming every industry. Today's business models will not be viable tomorrow. The competitive landscape is undergoing significant change and customer needs are adapting from the traditional needs of the past. This means that businesses from all industries must prioritize innovation. Companies' current innovation and development processes are often either too slow or the innovation they are doing isn't sufficiently relevant to customer needs, or both. An ocean liner can't compete against a speedboat. By adopting the Lean Startup method, businesses can offer new services that are more accurately attuned to customer needs more quickly and at lower cost. To be successful, organizational change is needed throughout a company when adopting Lean Startup – right from management through to product sales and technology. Such transformations do not happen overnight, but businesses can no longer afford not to invest in change in
the face of the new competitive situation.

ITERA

Itera encounters its customers' customers and their experiences first hand, including their frustration with services that do not meet their needs and expectations. Likewise, we discover frustration among our customers when they are unable to meet their customers' needs sufficiently quick and efficient. With this knowledge, we at Itera combine our interdisciplinary expertise with the Lean Startup method to ensure our customers are better equipped to compete in the competitive arena of the future.

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+20 000

NUMBER OF STUDENTS who graduate every year in Ukraine.

45 mins

APPROXIMATE TIME by car from Vienna airport to Itera's office in Bratislava, Slovakia.

2nd ↑

Ukrainian IT-outsourcing projects have the **SECOND LOWEST FAILURE RATE** in the world, after Argentinian projects.

2nd

Ukraine is the **SECOND LARGEST COUNTRY** in Europe by surface area.

HYBRID PROJECTS

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Itera has approximately 130 consultants at its nearshore locations in Bratislava in Slovakia and Kiev in Ukraine. These consultants normally work in groups of 5-30 in collaboration with their Scandinavian colleagues. This hybrid delivery model enables Itera to work closely with its customers where they are located and to make the most of the benefits of cross-border deliveries. This enables our customers to enjoy innovative deliveries, access to almost unlimited capacity and a competitive price for the services they want.

OUR CUSTOMER'S CUSTOMER

End users have high expectations of the digital services offered by today's companies. They expect innovative solutions that are as easy to use as those provided by the best companies regardless of industry. For example, customers do not expect Nordic insurance companies to deliver the best solutions relative to their industry, but rather to deliver services as good as those provided by international technology companies with their international development teams across all industries.

OUR CUSTOMER

Scandinavian companies and public sector organizations face demanding challenges in the years ahead. New technology is creating a wealth of opportunities but also new kinds of threats. Investing in technology and thereby stimulating the rate of innovation is therefore more important than ever. At the same time, existing systems need to be maintained and improved at a time when many sectors are facing considerable financial challenges. Numerous research studies have highlighted that Norway lacks at least 6,000 IT specialists. Similar shortages exist in most other European countries as well. Itera's hybrid delivery model makes close cooperation between the customer's key personnel and Itera's local experts possible and provides access to a substantial pool of IT specialists located in Eastern Europe. Itera's experience is that this also reduces costs by between 20% and 30% relative to projects delivered with exclusively local resources, without the quality or agility associated with the delivery being compromised in any way.

ITERA

Itera has completed projects using a hybrid delivery model involving nearshore locations for a number of years. During this time, we have optimized our delivery methods for blended delivery, enabling us to offer innovative projects with significant cost reductions as well as being highly competitive. The IT industry is set to be very dynamic in the years ahead, and increasing our use of our nearshore locations will give us a competitive edge in the future.

HOW CLOUD SERVICES CHANGE THE WORLD WE LIVE IN

ONLINE TRANSACTIONS

Customers are moving more and more towards online transactions, which is fundamentally a cloud phenomenon. Even in industries where transactions require direct personal interaction, buyers will still form their opinions on products and services based on input from online communities.

ENTREPRENEURIAL INNOVATION

Small startups are using cloud services to do complex modeling for new product offerings. The speed at which you can identify what people are interested in, and what they are willing to pay, changes the nature of innovation.

HEALTH MONITORING

Cloud services allow doctors to wirelessly monitor patients suffering from conditions such as sleep apnea and to collect information and then tap into a network of experts to devise a treatment plan.

BRING YOUR OWN DEVICE

Cloud computing is accelerating the Bring Your Own Device (BYOD) trend, which involves employees virtually "dialing into" corporate systems with their own computers, tablets or smartphones.

ITERA'S CLOUD & DEVOPS

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OUR CUSTOMER'S CUSTOMERS

Our customers don't buy products, they buy solutions. You can't sell them a true solution unless you know what problems they are trying to solve, and understanding their customers will give you the insight you need to hold a useful conversation with them.

If you pitch a product you become a tactical vendor; if you can discuss your customer's customers and how they serve them, you become a member of your customer's team. For instance, think about how you can make a difference to your customer's customers. Can your solution reduce their time-to-market?

OUR CUSTOMERS

Digitization is accelerating the adoption of cloud solutions. All new solutions (e.g. the sharing economy) are mobile-first and cloud-first. End users expect to be able to use apps on all kinds of devices at any time of day or night and to enjoy unparalleled performance and availability.

Our customers experience high returns on their investment and shorter time-to-market for new services with the "Itera ONE TEAM" approach. Our project teams bring together expertise in development, testing and operations to deliver innovative solutions at high speed with a high level of quality, precision and efficiency.

In an economy that is constantly changing and where company needs are continually shifting, an IT hosting provider needs to be flexible to remain effective while also driving competitiveness for its customers. Itera delivers these capabilities through its Managed Cloud Services.

The key benefits we deliver to our customers are:

* BUSINESS AGILITY
We serve as cloud advisors and design services that can grow and adapt to meet your changing needs as soon as they arise. In addition, we supply you with the tools and the expertise you need to increase innovation and decrease time-to-market.

* COST EFFICIENCY
We tailor "as a service" delivery models to your needs. You pay only for what you use.

* FUNCTIONALITY
We use best-of-breed public cloud apps with tailored private cloud solutions. We also take care of service integration by enabling you to draw on global expertise. We deliver these benefits through a range of consulting and strategy services and by developing, testing and managing services for applications and infrastructure.

ITERA

New business and delivery models create new opportunities. Greater use of the 'as a service' model and application lifecycle management is generating new agile business models that are characterized by long-lasting customer relations and subscriptions. With a service delivery model that includes developing and testing applications, carrying out security evaluations, 24/7 IT outsourcing and the ability to integrate Cloud services and on-premise data processing centers, Itera gives enterprises great freedom of choice. Together, Microsoft and Itera possess a unique combination of solutions and expertise that enables companies to use flexible and modern cloud services for the development, testing and management of solutions.

Itera has launched and implemented a full range of cloud services at its Cloud Center of Excellence in Bratislava, which are fully integrated with Microsoft Azure and Cloud Service Provider solutions. Several customers are now transferring to hybrid cloud solutions with Itera.

ITERA CREATES GREAT
EXPERIENCES FOR THE
CUSTOMER´S CUSTOMER.

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2015 BOARD OF DIRECTORS' REPORT

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 specialises in products and services for the HR, quality and management areas.

The Group is headquartered in Oslo and will move from Ullevål Stadion to Nydalen in June 2016. The Group also has offices in Bryne, Stockholm, Copenhagen, Kiev and Bratislava.

MARKET CONDITIONS

All industries are facing sizeable challenges as a result of digitalisation, new technology and the ever quicker arrival of new services onto the market. Itera is well positioned in this market and experienced strong demand in 2015.

A central part of Itera's strategy is to maintain and develop its largest, strategic relationships across national borders and areas of expertise. The Group has a strong customer portfolio in the Nordic region, where many customers are served from more than one of Itera's locations. Itera strengthened its progress in this area in 2015 by making the most of its various nearshore delivery units and resources across the entire Group. The quality of these services is now so high that they reduce the need to have large local organisations covering the same areas of expertise in all countries.

As a consequence of this strategic development, Itera's IT hosting activities were consolidated to a single data center in Norway working in combination with global cloud services, while the Group's IT hosting business in Sweden was sold with effect from 1 July 2015. An Itera Cloud Center was also set up in Bratislava, which provides a complete range of cloud services. The Group was certified by Microsoft as a Tier 1 Microsoft Cloud Service Provider in 2015.

In 2015, the Group saw a growing interest in and readiness for cloud-based services as an alternative to more traditional technology. There is a clear trend for customers to be more concerned with whether their applications and services work 24/7 than with how their services are produced. Cloud services blur the distinction between consulting and IT hosting activities at the Group and create new opportunities for recurring revenue. In February 2016 the Group took the next step and consolidated its Nordic consulting activities by closing an unprofitable unit in Sweden with effect from 1 February 2016. This consolidation had no effect on the Group's Nordic customers, as these are being served by other units in the Group.

In 2015, Itera worked on clarifying its strategic position, which is to create a good user experience for the customer's customer. This is a consequence of our customer-centric approach; by helping our customers create a good user experience for their customers, we help our customers realise business gains such as increased profitability, upselling, improved customer satisfaction, greater customer loyalty, a stronger brand, a better reputation and stronger barriers against competitors.

The revenue from Itera's 30 largest customers grew by 9% in 2015 and accounted for 68% of the Group's operating revenue, up from 62% in 2014. New agreements were entered into or existing agreements were extended by customers including Eika Forsikring, the Norwegian Defence Estates Agency, If Skadeforsikring, Nets, the City of Oslo, PRA Group, Santander, the Norwegian Public Service Pension Fund, VPS and Østfold Energi. These agreements span the whole range of services offered by the Group, from consultancy and strategy through to IT hosting and management via design and development. The design and development projects cover both business-critical core systems and communications solutions for Itera's customers to use with their own customers, existing as well as potential. The IT hosting and management services to an increasing degree involve setting up and hosting cloud-based platforms and applications rather than more traditional technology.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 33% at the end of 2015 as compared to 29% at the end of 2014. The Group's development centre in Bratislava provides significant flexibility with regard to meeting the strategic target of achieving a nearshore ratio of 50% over the long term.

Greater efficiency and cost savings achieved by streamlining into one Nordic unit, as well as by reducing the number of companies through which Itera operates, helped Itera to achieve good revenue growth and improved results in 2015. Pro forma figures have been produced for 2014 and 2015 that show a quarter-on-quarter improvement in the Group's performance from continuing operations, with revenue growth of 11% and an operating margin of 8.3% in the fourth quarter of 2015.

FINANCIAL RESULTS

Itera's IT hosting and consulting activities in Norway and Denmark grew strongly, with significant profitability improvements achieved. Itera's nearshore activities also saw strong growth thanks to both existing and new customers.

The Group's Swedish units took the opposite path with negative growth and weak profitability. Itera sold its IT hosting business in Sweden with effect from 1 July 2015, and a decision was taken to close the consulting business in Sweden with effect from 1 February 2016.

The Group's consolidated operating revenue totalled NOK 435 million in 2015 as compared to NOK 440 million in 2014. This represents a decrease of 1% and is due to the Group having sold its IT hosting unit in Sweden and some reduction in the revenue generated by the Group's consulting activities in the country. Revenue was down NOK 20 million in total in Sweden in 2015. Operating revenue in Norway was NOK 364 million as compared to NOK 349 million in 2014, representing an increase of 4.4%. Operating revenue in Denmark increased by 2.1% to NOK 31.6 million from NOK 30.9 million in 2014.

A decision has been taken since the balance sheet date to put Itera's consulting business in Sweden, Itera Consulting AB, into liquidation. The liquidation is not expected to have any material impact on the Group's 2016 results. Pro forma operating revenue without the two Swedish businesses was NOK 394 million as compared to NOK 380 million in 2014, representing an increase of 3.9%.

'Gross profit 1' (revenue – cost of goods sold) was NOK 368 million as compared to NOK 364 million in 2014, representing an increase of 1.1%. The corresponding pro forma figure was NOK 339 million as compared to NOK 319 million in 2014, representing an increase of 6.2%.

The Group's operating result before depreciation and non-recurring costs was a profit of NOK 39.9 million as compared to a profit of NOK 25.2 million in 2014. This represents an operating profit margin before depreciation of 9.2% as compared to 5.7% in 2014. Payroll and personnel expenses were NOK 275.4 million in 2015, which represents a decrease of 4.6% from 2014. The decrease is due to the average number of employees having fallen by 28, principally due to the sale of Itera's IT hosting business in Sweden. Other operating expenses amounted to NOK 52.7 million as compared to NOK 49.3 million in 2014. Total depreciation and write-downs for the period were NOK 19.8 million, representing a decrease of 8% from 2014.

The Group's operating result before non-recurring costs was a profit of NOK 20.1 million in 2015 as compared to a profit of NOK 3.8 million in 2014. Non-recurring items representing a net cost of NOK 1.4 million were recognised in 2015 in connection with the gain on the sale of Itera Networks AB and restructuring costs, representing a decrease of NOK 2.3 million relative to 2014. The corresponding pro forma figures without Itera's businesses in Sweden were NOK 26.2 million in 2015 and NOK 11.0 million in 2014. The Group's operating result in 2015 was a profit of NOK 18.8 million as compared to a profit of NOK 0.2 million in 2014.

Net financial items were NOK 0.9 million as compared to NOK -1.7 million in 2014. The Group's result before tax was a profit of NOK 19.7 million as compared to a loss of NOK 1.6 million in 2014.

Tax expense totalled NOK 6.6 million in 2015 as compared to NOK 3.3 million in 2014. Tax paid in 2015 was NOK 0.4 million as compared to NOK 0.8 million in 2014. Itera has deferred tax assets of NOK 2.5 million, which are capitalised in full on the balance sheet.

The result for the year was a profit of NOK 13.1 million as compared to a loss of NOK 4.9 million in 2014.

The Board of Directors is satisfied with the improvement in Itera's financial results in 2015, which demonstrate that the measures implemented to strengthen the Group's profitability have had the desired effect.

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 2015 and its financial position at the end of the year.

RESEARCH AND DEVELOPMENT

Expenditure of NOK 6.8 million relating to the development of new solutions was capitalised in 2015 as compared to NOK 5.6 million in

2014. 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 19.7 million in 2015 as compared to NOK 45.8 million in 2014. The Group paid shareholders a dividend totalling NOK 12.2 million in 2015. At 31 December 2015, Itera had a cash balance of NOK 68.4 million as compared to NOK 67.2 million at 31 December 2014. The difference between cash flow from operations and the Group's operating profit is primarily due to depreciation costs that have no effect on cash flow, but also reflects negative effects from working capital increasing again following a strong decrease in 2014.

In addition to the investment made in research and development, NOK 17.8 million was invested in 2015 in hardware, software and fixtures etc. as compared to NOK 13.5 million in 2014. This includes capitalisation of operational equipment that is classified as financial leasing for accounting purposes.

Itera held 127,455 of its own shares at the end of 2015, while at the end of 2014 it held none of its own shares.

The Group's equity at 31 December 2015 was NOK 54.4 million as compared to NOK 53.9 million at the same point in 2014. This represents an equity ratio of 25.3% as compared to 26% at the same point in 2014.

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 further measures to reduce the Group's liquidity risk.

The Group has historically incurred very low losses on receivables. This trend continued in 2015.

BUSINESS RISK

The Group's nearshoring activities in Ukraine and Slovakia mean it is exposed to risk factors such as country risk, data security risks 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 2015 was 400 as compared to 447 at the end of 2014, which represents a decrease of 11%. The average number of full-time equivalent positions at the Group in 2015 was 425 as compared to 458 in 2014. The majority of the Group's activities take place in Norway where the Group had 225 employees in 2015 as compared to 236 in 2014. The Group's Swedish activities had 19 employees in 2015 as compared to 62 in 2014, while its Danish activities had 23 employees in 2015 as compared to 18 in 2014. The Group's activities in Ukraine and Slovakia had 133 employees in 2015 as compared to 131 in 2014.

Absence due to sickness in 2014 was 4.5% as compared with 4.0% in 2014, 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. Surveys are regularly carried out to assess the Group's working environment.

The Board wishes to thank all the Group's employees for their efforts in 2015.

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 at 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 and other benefits or advantages. The Group's ethical guidelines, available at itera.no/investor-relations, can be consulted for further information.

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 activities, 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.

37% of the Group's employees in 2015 were women as compared to 34% in 2014. The Group's executive management consists of seven men and two women. The shareholder-elected Board members are two women and two men, while the employee-elected representatives and observers are three women and one man.

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, specifically 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 2015 employee satisfaction survey shows 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 become Eco-Lighthouse certified. This has involved introducing new and more environmentally friendly procedures in relation to business travel, procurement and waste management. The Group is moving into new, completely refurbished premises in June, which meet environmental standards in all areas, including energy consumption and material usage.

Other environmental initiatives at the Group 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 have a duty to consider the environmental impact of work-related activities and to favour 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).

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 held 127,455 own shares at the end of 2015. The Group has two ongoing share options programs, and the exercise price for both of these programs was below the share price at the end of 2015.

Itera had 1,650 shareholders at the close of 2015. The 20 largest shareholders owned 56.2 million shares, which represents 68.4% of the share capital.

A dividend of NOK 12.2 million was paid in 2015 on the basis of the Group's 2014 results, which is equivalent to NOK 0.15 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 Governance. The Board of Directors of Itera ASA held twelve board meetings in 2015. 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 2015. The Compensation Committee consists of two board members and held two meetings in 2015. 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.

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, communication, marketing and internal IT.

As the owner, the parent company receives group contributions and dividends from the subsidiary companies. In 2015, the parent company received group contributions and dividends totalling NOK

31.2 million. The book value of the parent company's investments in the subsidiary companies is NOK 110.0 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.

The parent company's headcount at the end of 2015 was 15 as compared to 21 at the end of 2014. 11 of the 15 employees are women. Absence due to sickness in 2014 was 7.7% as compared to 12.1% in 2014. The high level of absence due to sickness is due to significant long-term sick leave in the first half of 2015. 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 2015 and its financial position at the end of the year.

GOING CONCERN ASSUMPTION

In accordance with Section 3-3a 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 2016 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 10,581k recorded by the parent company Itera ASA is allocated as follows:

- NOK 12,237k to supplementary dividend
- NOK 9,862k to ordinary dividend
- NOK 11,518k from 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, 17 March 2016
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
Chief Executive Officer

OPERATING REVENUES (MNOK)

435

TOP 30 CUSTOMERS GROWTH

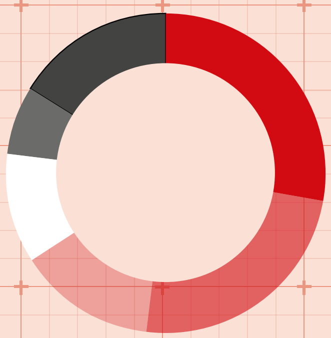
9%

EBIT MNOK

20

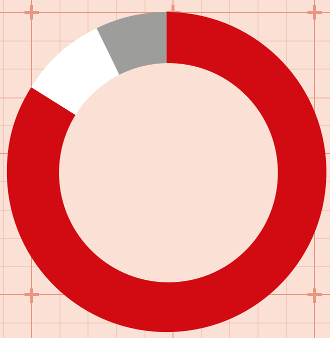
TOTAL RETURN TO SHAREHOLDERS (INCLUDING DIVIDENDS)

22



REVENUES BY INDUSTRY

Bank, finance, real estate	28%
Insurance	24%
Public, healtcare, org.	14%
Services	11%
Retail & consumer prods.	7%
Other	16%



REVENUES BY COUNTRY

Norway	84%
Sweden	9%
Denmark	7%

KEY FIGURES

	Definitions	2015	2014
Profit and loss			
Operating revenue		435 393	439 845
EBITDA		39 924	25 233
EBIT		20 145	3 826
Profit before tax		19 654	-1 554
Profit for the year		13 064	-4 876
Financial position			
Total fixed assets		47 800	48 603
Total bank deposits		68 351	67 189
Total current assets		167 318	158 267
Total assets		215 118	206 870
Shareholders' equity		54 401	53 867
Total liabilities		160 717	153 003
Equity ratio	1	25 %	26 %
Current ratio	2	1.04	1.03
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	0.66
EBITDA per share	4	0.49	0.31
Earnings per share	5	0.16	-0.06
Dividend per share	6	0.15	0.35
Employees			
Number of employees at year-end		400	447
Average number of employees		425	460

Definitions

1. Shareholders' 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 1 000	NOTE	2015	2014
Operating revenue			
Sales revenue		**435 393**	439 845
Total operating revenue	1, 21	**435 393**	439 845
Operating expenses			
Cost of sales		**67 355**	75 926
Payroll and personnel expenses	7, 8, 9, 10, 21	**275 383**	289 394
Depreciation	13	**19 779**	21 407
Other operating expenses	21	**52 731**	49 292
Total operating expenses		**415 248**	436 019
Operating profit before non-recurring items		**20 145**	3 826
Non-recurring costs	21	**1 381**	3 668
Operating profit		**18 764**	158
Other financial income	11, 21	**4 509**	1 462
Other financial expense	11	**3 619**	3 174
Net financial items		**890**	-1 712
Ordinary profit before tax		**19 654**	-1 554
Tax on ordinary profit	15	**6 590**	3 322
Profit for the year		**13 064**	-4 876
Attributable to:			
Parent company shareholders:		**13 064**	-4 876
Earnings per share	3	**0,16**	-0,06
Diluted earnings per share	3	**0,16**	-0,06
Profit for the year		**13 064**	-4 876
Items reclassified to profit or loss:			
Currency translation differences in respect of subsidiaries		**-417**	266
Unrealised currency effects on investments in subsidiaries		**414**	279
Tax effect of other income and costs		**0**	72
Comprehensive income for the year		**13 061**	-4 259
Attributable to:			
Parent company shareholders		**13 061**	-4 259

STATEMENT OF FINANCIAL POSITION
GROUP

NOK 1 000	NOTE	2015	2014
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets	15	**2 547**	5 810
Other intangible assets	13	**15 274**	15 871
Total intangible assets		**17 821**	21 681
Tangible fixed assets			
Office machinery, fixtures, fittings etc.	13	**29 979**	26 922
Total tangible fixed assets		**29 979**	26 922
Total fixed assets		**47 800**	48 603
Current assets			
Work in progress	2	**9 463**	12 228
Receivables			
Accounts receivable	12	**66 599**	61 627
Other current receivables	4	**22 905**	17 221
Total receivables		**98 967**	91 077
Bank deposits	17	**68 351**	67 189
Total current assets		**167 318**	158 267
Total assets		**215 118**	206 870

STATEMENT OF FINANCIAL POSITION
GROUP

NOK 1 000	NOTE	2015	2014
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital		**24 656**	24 656
Total paid-in capital		**24 656**	24 656
Retained earnings/other equity		**29 745**	29 211
Total retained earnings		**29 745**	29 211
Total equity		**54 401**	53 867
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	14	**22 528**	16 032
Total non-current liabilities		**22 528**	16 032
Current liabilities			
Accounts payable		**24 768**	27 245
Tax payable	15	**3 211**	5
Public duties payable		**29 321**	30 801
Other current liabilities	5	**80 890**	78 920
Total current liabilities		**138 190**	136 971
Total liabilities		**160 717**	153 003
Total equity and liabilities		**215 118**	206 870

Oslo, 17 March 2016
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 1 000	NOTE	2015	2014
Cash flow from operating activities			
Profit before tax		19 654	-1 554
Gain on disposal of subsidiary company	21	-9 257	0
Tax paid	15	-326	-749
Depreciation	13	19 780	21 407
Change in work in progress		2 363	3 429
Change in accounts receivable	12	-12 095	9 990
Change in accounts payable		-572	73
Change in other accruals		1 046	13 745
Effect of changes in exchange rates		-851	-496
Net cash flow from operating activities		19 742	45 846
Cash flow from investment activities			
Receipts on sales of tangible fixed assets	13	225	0
Purchase of tangible fixed assets	13	-3 005	-6 063
Investment in development costs	13	-6 750	-5 589
Net proceeds from disposal of subsidiary company	21	10 937	0
Net cash flow from investment activities		1 407	-11 652
Cash flow from financing activities			
Change in non-current interest-bearing liabilities			
Purchase of own shares	19	-456	-315
Sale of own shares	19	69	248
Repayment of borrowings	14	-8 265	-7 215
Dividend paid		-12 237	-28 765
Net cash flow from financing activities		-20 889	-36 047
Effect of changes in exchange rates on cash		902	1 084
Net change in bank deposits		1 162	-769
Bank deposits at 31 December		68 351	67 189

'Gain on disposal of subsidiary company' is the difference between the sale consideration and the book value of the company's equity on the date of the sale. The gain is presented as part of non-recurring costs (see note 21). Net proceeds are the contractual consideration received minus the sold company's liquid assets at the time of the sale.

Changes in balance sheet times such as accounts receivable, work in progress etc. exclude the sold subsidiary company. Receipts on sales of tangible fixed assets exclude the disposal of the fixed assets of the subsidiary company Itera Networks AB.

STATEMENT OF EQUITY
GROUP

NOK 1000	Paid-in capital	Own shares	Other paid-in share capital	Translation differences	Other equity	Total equity
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
Share option costs	0	0	167	0	0	167
Equity at 31 December 2014	24 656	0	305	-595	29 501	53 867
Comprehensive income for the year	0	0	0	-3	13 064	13 061
Purchase of own shares	0	-47	0	0	-409	-456
Sale of own shares	0	9	0	0	60	69
Dividend	0	0	0	0	-12 237	-12 237
Share option costs	0	0	97	0	0	97
Equity at 31 December 2015	**24 656**	**-38**	402	**-598**	**29 980**	**54 401**

NOTES
GROUP

COMPANY INFORMATION

Itera ASA ('the Company') is registered in Oslo, Norway. Itera's consolidated accounts for the 2015 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, Objectware AB, Itera Consulting ApS and Itera Consulting Ukraine. The subsidiary company Itera Networks AB was sold during the 2015 accounting year, and its revenue and expenses are included in the consolidated accounts until the date of the sale.

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 2015, and with all additional disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 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:

- Work 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 after 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 probable 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 any 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 or 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.

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. Significant financial assets 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 counterentry 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.

Where the consideration covers multiple subdeliveries, it 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 in profit and loss 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 in 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 2015, 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.

- IFRS 16 Leasing. The IASB has published the new IFRS 16 Leasing standard, which changes the reporting requirements for lessees. All leasing contracts (except short contracts and leases of small assets) must be recognised on the lessee's balance sheet as right-of-use assets and as liabilities. The payments on leases will have to be presented as depreciation and interest expense. Additional information is also required. The new standard will apply to the accounting year starting on 1 January 2019 or later. Early adoption is permitted. The European Commission has not yet approved the changes. At present the group does not intend to adopt the standard earlier than required. The Company has not yet finished assessing the impact of the standard.

1 SEGMENT REPORTING

The business activities of the Itera group are carried out by six (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 and communication 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

2015

NOK 1 000	Norway	Sweden	Denmark	Ukraine	Group
Sales revenue	429 065	42 566	31 599	1 734	504 963
Intragroup eliminations	-65 231	-2 568	-37	-1 734	-69 570
Total revenue	**363 834**	**39 998**	**31 562**	**0**	**435 393**
Investment	23 059	382	76	180	23 696
Total assets	178 831	11 716	18 813	5 758	215 118
Total liabilities	137 913	10 940	7 358	4 506	160 717

2014

NOK 1 000	Norway	Sweden	Denmark	Ukraine	Group
Sales revenue	402 757	62 465	31 276	2 480	498 978
Intragroup eliminations	-54 193	-2 103	-357	-2 480	-59 133
Total revenue	**348 564**	**60 362**	**30 919**	**0**	**439 845**
Investment	17 513	426	362	771	19 072
Total assets	162 214	28 296	15 034	1 326	206 870
Total liabilities	130 005	15 458	6 821	719	153 003

2 WORK IN PROGRESS

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

NOK 1 000	2015	2014
Work in progress	**9 958**	12 396
Provision for losses on work in progress	**-495**	-168
Net work in progress	**9 463**	**12 228**

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 1 000	2015	2014
Profit for the year	13 064	-4 876
Average number of outstanding shares	82 187	82 187
Outstanding employee share options	1 572	1 705
Average number of shares including dilution	82 386	82 574
EBITDA per share	0,49	0,26
Undiluted earnings per share	0,16	-0,06
Diluted earnings per share	0,16	-0,06
Average number of outstanding shares	82 187	82 187
Dilution effect of outstanding share options	199	387
Average number of shares including dilution	82 386	82 574

The average share price for 2015 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 2.69. 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 2.58 and NOK 2.30 respectively.

4 OTHER CURRENT RECEIVABLES

NOK 1 000	2015	2014
Pension fund	61	254
Prepaid expenses	9 544	9 162
Other current receivables	13 301	7 806
Total	22 905	17 221

5 OTHER CURRENT LIABILITIES

NOK 1 000	2015	2014
Holiday pay	18 710	20 081
Customer prepayments	38 690	37 385
Accrued wages and bonuses	19 803	14 716
Accrued other expenses	3 687	6 738
Total	80 890	78 920

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 minimise exposure to financial risks, and the Group accordingly holds no financial assets or liabilities for speculative purposes.

The Group's nearshore operations in Ukraine and Slovakia expose it to new risks, such as country risk, IT security risks and the risk of corruption. Itera has a 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 the 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 for further information.

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, Ukraine and Slovakia. 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, 9% 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 1.6% effect on the Group's revenue.

The Group's nearshore companies operate in three different currencies: USD, Euro and Hryvna. The main exposure is in USD. The Group to a large extent has currency adjustment mechanisms in its agreements with customers to counteract its exposure to the US dollar.

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 1 000	2015	2014
Salaries	232 303	240 656
Share option costs	151	170
National insurance contributions	31 190	34 292
Pension costs	10 509	11 391
Other benefits	5 056	3 756
Payroll and personnel expenses capitalised	-3 826	-871
Total payroll and personnel expenses	275 383	289 394
Average number of employees	425	458

8 SHARE-BASED REMUNERATION

The Itera Group had three share option programs in 2015. All schemes are settled by the granting of shares.
The 2011 share option program has now expired, and there are no remaining options related to this program.

A new share option program was established in 2013. The options are targeted at key employees in the Group. 80% of the options were conditional on targets being achieved in 2013, and if the targets were not achieved, 80% of the options would lapse. The targets were financial and were achieved for 2013. There are service conditions for all the options, with employees having to be employed for the whole period. 20% of the options are not related to any targets, only to service conditions. 80% of the options can be exercised between 2014 and 2017 with up to 25% of these options available for exercise each year. Any options not exercised in a year may be carried forward to subsequent years. The remaining 20% of the options can be exercised in 2017.

A share option program targeted at key employees was also approved in 2015. 80% of the options are conditional on financial targets being achieved in 2015, while there are no financial targets related to the remaining 20%. There are service conditions for all the options granted. The financial targets for 2015 were not achieved, and so 80% of the options lapsed. The agreement stipulates that 80% of the options can be exercised between 2016 and 2019 with up to 25% of these options available for exercise each year. The remaining 20% of the options can be exercised in 2019.

The fair value of the options was calculated on the date they were granted, and the options granted in 2013 are being expensed over the accrual periods of 1 to 4 years in accordance with the graded vesting principle. The 2015 options are to be expensed over a period of four years. 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 both option programs an annual staff departure rate of 10% is assumed. For calculation purposes, an annual dividend of NOK 0.30 is forecast for the 2013 program, while an annual dividend of NOK 0.20 is forecast for the 2015 program. Share option costs (including employer's social security contributions) of NOK 151k were expensed in 2015 (NOK 194k in 2014).

Program	Outstanding 31.12.14	Issued 2015	Expired in2015	Exercised in 2015	Outstanding 31.12.15	Fair value	Exercise price [1]	Share price when issued [2]	Date of issue	Exercise period
2011	393 000		393 000	0	0	NOK 0.11	NOK 2.95	NOK 2.95	18.07.11	2014–2015
2013	1 711 000		389 000	30 000	1 292 000	NOK 0.15	NOK 2.30	NOK 2.30	22.08.2013	2014–2017
2015	1 400 000		1 120 000	0	280 000	NOK 0.25	NOK 2.58	NOK 2.58	07.09.2015	2016–2019

[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	Lifetime
2013	1 292 000	1.57 %–2.02%	43,5 %	1–4 years
2015	280 000	0,77%	30,0 %	3.77 years
Total	1 572 000			

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 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 2015 were based on results achieved by the companies for which senior employees were responsible, together with their performance relative to their personal targets for 2014. 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 new share programs were established in 2013 and in 2015. 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 2015 was in accordance with the statement on the remuneration of senior employees submitted to the Annual General Meeting held on 21 May 2015. The guidelines for the remuneration of senior employees were unchanged from 2014 to 2015."

Executive management remuneration

NOK 1 000

Name	Position	Salary	Bonus	Other benefits	Total remuneration	Pension cost to the company	Option benefit reported
Arne Mjøs	Chief Executive Officer	2 002	488	95	2 585	71	0
Bent Hammer	Chief Financial Officer	325	87	5	417	11	0
Torunn Havre	Chief Financial Officer (outgoing)	1 410	0	563	1 973	58	0
Ane Gjennestad	Chief Communications Officer	992	93	12	1 097	63	0
Merete Jordal	Chief Technical Officer	1 011	85	10	1 106	64	0
Niko Nyström	Executive Vice President	1 389	300	8	1 697	65	0
Jon Erik Høgberg	Executive Vice President	1 363	472	174	2 009	65	0
Kristian Enger	Executive Vice President	1 490	356	9	1 855	65	0
Igor Mendzebrovski	Executive Vice President	1 520	0	0	1 520	0	0
John Aaling	Executive Vice President	1 153	0	17	1 170	115	0
Total 2015		**12 655**	**1 882**	**893**	**15 430**	**577**	**0**

Name	Position	Salary	Bonus	Other benefits	Total remuneration	Pension cost to the company	Option benefit reported
Arne Mjøs	Chief Executive Officer	1 922	0	95	2 017	68	0
Torunn Havre	Chief Financial Officer	1 364	0	10	1 374	67	0
Ane Gjennestad	Chief Communications Officer	970	55	10	1 035	61	0
Merete Jordal	Chief Technical Officer	989	50	10	1 049	63	0
Niko Nyström	Executive Vice President	1 350	207	10	1 567	63	10
Jon Erik Høgberg	Executive Vice President	1 323	11	163	1 497	63	0
Kristian Enger	Executive Vice President	1 430	300	7	1 737	63	17
Anders Lier	Executive Vice President	1 864	0	10	1 874	63	21
Total 2014		**11 212**	**623**	**316**	**12 151**	**512**	**48**

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 six (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.

Board of Directors remuneration

Name	Position	2015	2014
Morten Thorkildsen	Chair of the Board	**313**	150
Wenche Holen	Board member	**187**	88
Mimi K. Berdal	Board member	**202**	190
Jan-Erik Karlsson	Board member	**188**	175
Karl-August Brunstad	Board member	**30**	0
Jorunn Aarskog	Board member	**30**	0
Ole J. Fredriksen	Chair of the Board (resigned)	**0**	305
Trude S. Husebø	Board member (resigned)	**0**	190
Rikard Strand	Board member (resigned)	**20**	0
Total		**970**	**1 098**

Election Committee remuneration

Name	Position	2015	2014
Erik Sandersen	Chair	**30**	30
Gisle Evensen	Member	**0**	15
Olav W. Pedersen	Member	**15**	15
Geir Moe	Member	**15**	0
Total		**60**	**60**

Shares and share options held by members of the Board at 31 December 2015

Name	Position	Shares	Options
Jan-Erik Karlsson	Board member	153 076	0
Mimi K. Berdal	Board member	73 000	0
Total		**226 076**	**0**

Shares (held directly or indirectly) and share options held by members of Executive Management at 31 December 2015

Name	Position	Shares	Options
Arne Mjøs *	Chief Executive Officer	17 218 298	480 000
Jon Erik Høgberg	Executive Vice President	344 944	264 000
Niko Nyström	Executive Vice President	173 736	110 000
Kristian Enger	Executive Vice President	147 472	120 000
Bent Hammer	Chief Financial Officer	100 000	0
Igor Mendzebrovski	Executive Vice President	0	150 000
John Aaling	Executive Vice President	0	48 000
Ane Gjennestad	Chief Communications Officer	0	46 000
Merete Jordal	Chief Technical Officer	0	40 000
Total		**17 984 450**	**1 258 000**

* Arne Mjøs holds all his shares through Arne Mjøs Invest AS.

Audit fees

NOK 1 000	2015	2014
Statutory audit of Itera ASA	527	381
Statutory audit of subsidiaries by KPMG Norway	318	272
Statutory audit carried out by international offices of KPMG	201	308
KPMG audit fees	1 046	961
Fees for other certification services by KPMG Norway	0	0
Other services provided by KPMG Norway	251	115
Fees for other certification services by international offices of KPMG	0	0
Other services provided by international offices of KPMG	49	0
Statutory audits carried out by other accounting firms	13	19
Audit fees for other accounting firms	13	19
Fees for other certification services by other accounting firms	0	0
Other services provided by other accounting firms	0	53

The figures reported for audit fees exclude value added tax.

10 PENSION

All of the Group's pension schemes are defined contribution schemes. The Group'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 1 000	2015	2014
Norway	6 875	6 534
Sweden	2 182	2 986
Denmark	1 368	1 872
Total	10 425	11 391

11 FINANCIAL ITEMS

NOK 1 000	2015	2014
Interest income	485	492
Net currency effects	3 969	964
Other financial income	54	6
Total financial income	**4 509**	1 462
Interest expense	955	951
Net currency effects	2 544	2 099
Other financial expense	120	124
Total financial expense	**3 619**	3 174

12 ACCOUNTS RECEIVABLE

NOK 1 000	2015	2014
Gross accounts receivable at 31.12	66 934	62 191
Provision for bad debts	-335	564
Net accounts receivable at 31.12	**66 599**	61 627

Ageing of receivables	Total	Not due	< 30 days	30-60 DAYS	60-90 DAYS	> 90 days
Accounts receivable 2015	**66 934**	**54 188**	**10 974**	**1 434**	**23**	**315**
Accounts receivable 2014	62 191	40 081	12 059	10 051	0	0

Analysis of customer receivables by country/currency

	2015	%	2014	%
Norway	53 274	80%	46 218	74%
Sweden	4 620	7%	10 688	17%
Denmark	8 705	13%	5 285	8%
Total	**66 599**	100%	62 191	100%

Losses on accounts receivable are classified as operating expenses in the Statement of Comprehensive 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

2015

NOK 1000	Development costs	Software	Office machinery & equipment	Fixtures & fittings	Leased office machinery	**Total**
Acquisition cost						
Accumulated at 1 January	57 428	12 675	48 268	20 821	35 941	175 133
Additions during the year	6 750	227	2 104	674	14 761	24 516
Disposals during the year	(5 079)	(8 878)	(38 615)	(13 473)	(3 559)	(69 605)
Currency differences	66	7	(114)	(103)	0	(144)
Accumulated at 31 December	**59 165**	**4 031**	**11 642**	**7 919**	**47 142**	**129 900**
Depreciation						
Accumulated at 1 January	41 557	10 926	43 274	15 847	20 738	132 340
Depreciation for the year	6 349	1 277	3 156	1 754	7 243	19 779
Depreciation on disposals in the year	(4 081)	(9 751)	(39 422)	(11 720)	(2 471)	(67 444)
Currency differences	66	3	(70)	(27)	0	(28)
Accumulated at 31 December	**43 891**	**2 455**	**6 938**	**5 854**	**25 511**	**84 647**
Book value						
Book value at 1 January	15 871	1 749	4 995	4 975	15 203	42 793
Book value at 31 December	**15 274**	**1 577**	**4 705**	**2 065**	**21 632**	**45 253**
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 2015, costs of NOK 6.6 million (NOK 5.6 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 2015, intangible assets totalled NOK 15.3 million (NOK 15.9 million).

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

NOTES
GROUP

2014

NOK 1 000	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	0	0	-54	-58	0	-112
Currency differences	56	101	642	456	0	1 255
Accumulated at 31 December	**57 428**	**12 675**	**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	21 408
Depreciation on disposals in the year	0	0	(54)	(58)	0	(112)
Currency differences	127	33	687	356	0	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	

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 financial lease contracts are as follows:

NOK 1 000	2015	2014
IT equipment	**47 142**	35 941
Accumulated depreciation	**-25 510**	-20 73)
Book value at 31 December	**21 632**	15 203

Future minimum lease payments:		
Up to 1 year	**6 822**	6 891
1 to 5 years	**17 275**	9 460
Over 5 years	**0**	0
Future minimum lease payments	**24 097**	16 351
Interest	**1 569**	319
Discounted present value of future minimum lease payments	**22 528**	16 032
Of which		
- current liabilities	**0**	0
- non-current liabilities	**22 528**	16 032

15 TAX

NOK 1 000	2015	2014
Tax expense		
Tax payable	**7 102**	4 845
Change in deferred tax	**-513**	-1 523
Balancing payments for previous years	**0**	0
Estimated tax on subsidiary sold	**0**	0
Foreign exchange gains/losses on deferred tax	**0**	0
Total tax expense	**6 590**	3 322
Tax payable in the balance sheet:		
Tax payable recognised to profit and loss	**7 102**	4 845
Tax in relation to group contribution	**-3 892**	-4 840
Total tax payable in the balance sheet	**3 211**	5
Tax paid in advance	**-351**	-606
Net tax payable at 31.12	**2 860**	-601

Tax paid in advance is included in other current receivables.

NOK 1 000	2015	2014
Specification of the basis for deferred tax		
Fixed assets	-10 287	-7 245
Current assets	-95	-605
Other temporary differences	94	-1 594
Profit and loss account	0	0
Losses carried forward	0	-30 798
Total	-10 287	-40 242
Deferred tax assets	-2 547	-9 182
Deferred tax assets recognised in the balance sheet	-2 547	-5 810
Assets and liabilities associated with deferred tax assets		
Fixed assets	-2 549	-1 918
Current assets	-24	-164
Other temporary differences	26	-430
Profit and loss account	0	0
Losses carried forward	0	-3 299
Total	-2 547	-5 810
Change in deferred tax assets		
Opening balance	-5 810	-9 146
Change for the year recognised to comprehensive income	-511	-1 523
Calculation difference	-1	-58
Tax effect of items applied against other income and costs	0	71
Effects of group contribution	3 775	4 845
Closing balance	-2 547	-5 810
Reconciliation of tax rate		
Profit before tax	19 654	(1 544)
Tax calculated at the nominal corporation tax rate of 27%	5 307	(417)
Effect of change in the tax rate	302	13
Effect of differing tax rates for foreign subsidiaries	-112	570
Effect of permanent differences	-2 700	(498)
Effect of previously capitalised tax assets	905	0
Effect of deferred tax asset for the period not recognised	2 930	1 717
Effect of deferred tax asset for earlier periods not recognised	0	1 936
Tax charge in the statement of income	6 590	3 322
Effective tax rate	-33,5%	215,2%

NOK 1 000	2015	2014
Losses carried forward	31.12.15	31.12.14
Norway	**0**	-6 295
Sweden	**0**	-21 485
Denmark	**0**	-3 017
Total	**0**	-30 797

Based on losses carried forward, as of 31 December 2014 Itera had deferred tax assets of NOK 9.1 million, of which NOK 5.8 million is recognised in the balance sheet.

16 FOREIGN CURRENCY

Information on the exchange rates applied by the Itera Group in 2015.

	Exchange rate 1 Jan.	Average	Exchange rate 31 Dec.
SEK	0.9597	0.9559	1.0474
DKK	1.2136	1.1988	1.2891
EUR	9.0365	8.953	9.6190
USD	7.4332	8.0739	8.8090
UAH	0.4620	0.3695	0.3627

17 CASH AND CASH EQUIVALENTS

NOK 1 000	2015	2014
Cash and bank deposits	**68 351**	67 189
Of which blocked deposits	**-7 372**	-7 928
Unrestricted cash and cash equivalents	**60 979**	59 261
Undrawn credit facilities	**25 000**	25 000
Cash reserve	**85 979**	84 261

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 covenant:
- The Itera Group's net interest bearing debt ratio (NIBD)/EBITDA shall not be more than 2.25

This key ratio is assessed as at 31 December each year, and at the latest 120 days after year end. Itera did not draw upon the overdraft facility in 2015, and had no borrowings from Danske Bank 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 68.2 million at 31 December 2015. NOK 10.8 million of this amount applies to liabilities related to Itera Consulting AB, which will expire in 2016 as the company has been put into liquidation. The amount also includes a seven-year rental agreement for new office premises in Nydalen which will be moved into during the first half of 2016. The Group also signed a contract for new premises in Copenhagen at the start of 2016.

Analysis of future payments:

Up to 1 year	**11,8**
1 to 5 years	**39,8**
Over 5 years	**16,6**
Total payments	**68,2**

19 SHAREHOLDERS

Share capital

Itera ASA's share capital at 31 December 2015 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 2015, Itera ASA had 1,650 (1,737) shareholders. Of these 11% (12%) were foreign shareholders. The company's 20 largest shareholders owned 68% (68%) of the company's shares at year-end.

Holdings of own shares

The Itera Group held no own shares at the start of 2015. The Group purchased 157,455 own shares in 2015, of which 30,000 were sold during the course of the year. The Itera Group held 127,455 own shares at 2015 year-end.

Dividend

A dividend of NOK 0.12 per share is proposed, totalling NOK 9.9 million.

20 largest shareholders in Itera ASA at 31 December 2015

	Shares	%
Arne Mjøs Invest AS	17 218 298	21.0%
Storebrand Vekst	5 494 340	6.7%
OP Capital AS	4 329 031	5.3%
Midelfart Invest AS	3 699 098	4.5%
Eikestad AS	3 000 000	3.7%
Verdipapirfondet DNB SMB	2 910 000	3.5%
Septim Consulting AS	2 520 000	3.1%
Boinvestering AS	2 282 698	2.8%
Jøsyra Invest AS	2 200 000	2.7%
Gamst Invest AS	2 063 787	2.5%
Marxpist Invest AS	2 031 588	2.5%
GIP AS	1 870 767	2.3%
Storebrand Norge I	1 630 028	2.0%
Framar Invest AS	1 000 000	1.2%
Aanestad Panagri AS	900 000	1.1%
Brødrene Johanssen Holding AS	818 349	1.0%
Altea Property Development AS	600 000	0.7%
Morten Johnsen Holding AS	600 000	0.7%
Jetmund Gunnar Nyvang	530 000	0.6%
Sober Kapital AS	510 000	0.6%
Total 20 largest	**56 207 984**	**68.4%**
Other shareholders	25 978 640	31.6 %
Total	**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 2015.

21 NON-RECURRING COSTS

Non-recurring costs included costs related to headcount reductions and severance pay in relation to Itera's Norwegian IT hosting organisation as well as costs related to staffing changes, provisions for vacant premises and project write-downs in the Swedish consulting services organisation. The Group achieved a gain on the sale of Itera Networks AB. This gain is presented as a reduction in non-recurring costs. The gain on the sale of Itera Networks AB has been deducted from the provision for costs associated with services such as group functions that Itera has a duty to deliver during a transfer phase.

2015

	Before adjustment	Non-recurring effect	As reported
Sales revenue	434 448	-946	435 393
Other revenue	8 405	8 405	0
Cost of sales	67 072	-283	67 355
Personnel expenses	267 631	-7 752	275 383
Other operating expenses	51 925	-805	52 731
Total non-recurring items in 2015		-1 381	

2014

	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 in 2014		-3 668	

22 EVENTS AFTER THE BALANCE SHEET DATE

A decision was taken to put the wholly-owned subsidiary Itera Consulting Sweden into liquidation in February 2016 following persistent negative results. There have been no other events after 31 December 2015 of significance for the annual accounts.

STATEMENT OF INCOME
PARENT

NOK 1 000	NOTE	2015	2014
Operating revenue			
Sales revenue	13	**25 734**	33 210
Total operating revenue		**25 734**	33 210
Operating expenses			
Personnel expenses	1, 2, 3	**18 511**	22 180
Depreciation	4	**1 498**	1 671
Other operating costs	1	**10 824**	14 392
Total operating expenses		**30 833**	38 243
Operating profit		**(5 098)**	(5 033)
Tax payable in the balance sheet			
Income from investments in subsidiaries	10	**31 218**	28 325
Interest income from companies in the same group		**105**	322
Other financial income		**2 455**	1 181
Interest paid to companies in the same group		**671**	924
Other financial expense	10	**16 250**	1 538
Net financial items		**16 857**	27 367
Profit before tax		**11 758**	22 334
Tax on ordinary profit	8	**1 178**	3 279
Profit for the year		**10 581**	19 055
Allocations and transfers			
To supplemental dividend	9	**12 237**	0
To ordinary dividend	9	**9 862**	0
To/from other equity	9	**(11 518)**	19 055
Total allocations and transfers		**10 581**	19 055

STATEMENT OF FINANCIAL POSITION
PARENT

NOK 1000	NOTE	2015	2014
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets	8	**476**	1 654
Total intangible assets		**476**	1 654
Tangible fixed assets			
Office machinery, fixtures, fittings etc.	4	**2 714**	2 810
Total tangible fixed assets		**2 714**	2 810
Financial fixed assets			
Investments in subsidiaries	5	**109 953**	109 953
Loans to group companies	7	**5 024**	23 008
Total financial fixed assets		**114 977**	132 961
Total fixed assets		**118 167**	137 425
Current assets			
Receivables			
Receivables from group companies	10, 11	**41 645**	19 976
Other current receivables		**2 472**	1 000
Total receivables		**44 118**	20 976
Bank deposits	11, 12	**60 201**	40 207
Total current assets		**104 318**	61 183
Total assets		**222 485**	198 608

STATEMENT OF FINANCIAL POSITION
PARENT

NOK 1000	NOTE	2015	2014
EQUTY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital		**24 656**	24 656
Other paid-in capital		**2 125**	2 028
Holdings of own shares		**(38)**	0
Total paid-in equity		**26 743**	26 684
Other equity		**63 623**	75 490
Total earned equity		**63 623**	75 490
Total equity	9	**90 365**	102 174
Liabilities			
Current liabilities			
Accounts payable		**4 011**	2 435
Public duties payable	14	**13 805**	802
Liabilities to group companies	10, 11	**100 225**	87 150
Provision for dividend	9	**9 862**	0
Other current liabilities		**4 217**	6 047
Total current liabilities		**132 120**	96 434
Total liabilities		**132 120**	96 434
Total equity and liabilities		**222 485**	198 608

Oslo, 17 March 2016
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	2015	2014
Cash flow from operating activities		
Profit before tax	11 758	22 334
Group contribution recognised but not paid	-31 218	-28 325
Share option costs	96	0
Write down of shareholder contribution	15 005	0
Ordinary depreciation	1 498	1 671
Change in accounts payable	1 576	461
Effect of changes in exchange rates	-1 400	-364
Change in other accruals	-1 837	-7 908
Net cash flow from operating activities	-4 522	-12 131
Cash flow from investment activities		
Payments on purchases of tangible fixed assets	-1 402	-1 435
Receipts of group contributions from subsidiaries	17 944	10 987
Payments of receivables due to group companies	-1 000	0
Receipts of receivables due from group companies	8 861	6 311
Net cash flow from investment activities	24 403	15 863
Cash flow from financing activities		
Net change in group cash pool	12 736	37 074
Repayment of group borrowings	0	-7 164
Payments on purchases of own shares	-456	103
Receipts on sales of own shares	69	0
Dividend paid	-12 236	-28 765
Net cash flow from financing activities	113	1 248
Net change in bank deposits	19 994	4 980
Bank deposits at 1 January	40 207	35 227
Bank deposits at 31 December	60 201	40 207

GENERAL

The annual financial accounts consist of the profit and loss account, the balance sheet, the statement of cash flow 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 the 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. However, the first year's instalments on long-term receivables and long-term borrowings are not classified as current assets or current 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 in profit and loss 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 issuance 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 probable 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.

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 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 average share price over the thirty days prior to the grant date. 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 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 in profit and loss 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.

Statement of cash flow

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

1 PAYROLL, PERSONNEL EXPENSES AND REMUNERATION

NOK 1 000	2015	2014
Salaries	**14 445**	19 127
Share option costs	**151**	169
National insurance contribution	**2 152**	2 173
Pension cost	**616**	606
Other benefits	**1 147**	105
Total payroll and personnel expenses	**18 511**	22 180
Average number of employees	**19**	21

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:

Statutory audit	527	397
Other authorisation services	0	0
Tax advice	20	26
Other services	150	0
Total fees paid to the auditor	**697**	423

2 SHARE-BASED REMUNERATION

The Itera Group had three share option programs in 2015. All schemes are settled by the granting of shares.

The 2011 share option program has now expired, and there are no remaining options related to this program.

A new share option program was established in 2013. The options are targeted at key employees in the Group. 80% of the options were conditional on targets being achieved in 2013, and if the targets were not achieved, 80% of the options would lapse. The targets were financial and were achieved for 2013. There are service conditions for all the options, with employees having to be employed for the whole period. 20% of the options are not related to any targets, only to service conditions. 80% of the options can be exercised between 2014 and 2017 with up to 25% of these options available for exercise each year. Any options not exercised in a year may be carried forward to subsequent years. The remaining 20% of the options can be exercised in 2017.

A share option program targeted at key employees was also approved in 2015. 80% of the options are conditional on financial targets being achieved in 2015, while there are no financial targets related to the remaining 20%. There are service conditions for all the options granted. The financial targets for 2015 were not achieved, and so 80% of the options lapsed. The agreement stipulates that 80% of the options can be exercised between 2016 and 2019 with up to 25% of these options available for exercise each year. The remaining 20% of the options can be exercised in 2019.

The fair value of the options was calculated on the date they were granted, and the options granted in 2013 were expensed over the accrual periods of 1 to 4 years in accordance with the graded vesting principle. The 2015 options are to be expensed over a period of four years. 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 both option programs an annual staff departure rate of 10% is assumed. For calculation purposes, an annual dividend of NOK 0.30 is forecast for the 2013 program, while an annual dividend of NOK 0.20 is forecast for the 2015 program. Share option costs (including employer's social security contributions) of NOK 151k were expensed in 2015 (NOK 194k in 2014).

Program	Outstanding 31/12/2014	Issued 2015	Expired in 2015	Exercised in 2015	Outstanding 31.12.15	Fair value	Exercise price [1]	Share price when issued [2]	Date of issue	Exercise period
2011	393 000		393 000	0	0	NOK 0.11	NOK 2.95	NOK 2.95	18.07.2011	2014–2015
2013	1 711 000		389 000	30 000	1 292 000	NOK 0.15	NOK 2.30	NOK 2.30	22.08.2013	2014–2017
2015		1 400 000	1 120 000	0	280 000	NOK 0.25	NOK 2.58	NOK 2.58	07.09.2015	2016–2019

[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	Lifetime
2013	1 292 000	1.57% -2.02%	43,5%	1–4 years
2015	280 000	0,77%	30,0%	3.77 years
Total	1 292 000			

3 PENSIONS

Itera ASA operates a defined contribution pension scheme. The Company's pension expense is represented by the premiums paid, and totalled NOK 616k in 2015. The Company's pension scheme complies with the Norwegian Mandatory Occupational Pension Act (OTP).

4 TANGIBLE FIXED ASSETS

			2015			2014
NOK 1 000	Office machinery, fixtures & fittings	Software	Total	Office machinery, fixtures & fittings	Software	Total
Acquisition cost						
Accumulated at 1 January	5 434	5 859	11 293	4 153	5 705	9 858
Additions during the year	55	153	208	1 281	154	1 435
Disposals during the year	-3 755	-2 859	-6 614			0
Accumulated at 31 December	**1 734**	**3 153**	**4 887**	**5 434**	**5 859**	**11 293**
Depreciation						
Accumulated at 1 January	3 413	5 070	8 483	2 851	3 961	6 812
Depreciation for the year	448	1 050	1 498	562	1 109	1 671
Depreciation on disposals in the year	-2 423	-4 190	-6 613			0
Accumulated at 31 December	**1 438**	**1 930**	**3 368**	**3 413**	**5 070**	**8 483**
Book value						
Book value at 1 January	2 021	789	2 810	1 302	1 744	3 046
Book value at 31 December	**296**	**1 223**	**1 520**	**2 021**	**789**	**2 810**
Estimated useful life	3-5 years	3-5 years		3-5 years	3-5 years	
Depreciation plan	Linear	Linear		Linear	Linear	

Software and other fixed assets that are in development are also capitalised on the balance sheet. These are not depreciated, but are moved to one of the fixed asset groups when ready for use. In 2015 development costs totalling NOK 1,194k were capitalised and are reconciled against total fixed assets as follows:

NOK 1 000	2015	2014
Fixed assets under development	1 194	0
Depreciable fixed assets	1 520	2 810
Total fixed assets	2 714	2 810

5 SUBSIDIARIES

NOK 1 000	Registered office	Share capital*	Shareholding	Book value 1 Jan	Change	Book value 31 Dec.	Profit/loss 2015	Equity 2015
Itera Norge AS	Oslo	2 500	100 %	49 730	0	49 730	15 189	38 435
Itera Offshoring Services AS	Oslo	200	100 %	7 500	0	7 500	(2 370)	7 465
Cicero Consulting AS	Oslo	200	100 %	21 438	0	21 438	1 495	5 720
Compendia AS	Bryne	182	100 %	14 237	0	14 237	2 849	9 495
Itera Sweden AB	Stockholm	100	100 %	0	0**	0	(17 491)	264
Itera Consulting AB	Stockholm	111	100 %	0	0	0	(9 110)	74
Objectware AB	Stockholm	100	100 %	0	0	0	(13)	648
Itera Consulting Denmark ApS	Copenhagen	1 424	100 %	16 559	0	16 559	2 426	2 987
Itera Consulting UA	Kiev	50	100 %	489	0	489	(266)	340
Total				**109 953**	**0**	**109 953**		**65 428**

* Share capital is reported in the local currency (1,000). The functional currency for companies in Ukraine is the euro.
** In the 2015 accounting year Itera ASA made a shareholder contribution totalling NOK 15 million to Itera Sweden AB, and the book value of the contribution was written down in the accounts in 2015 to NOK 0.

6 FOREIGN CURRENCY

Information on the exchange rates applied by the Itera Group in 2015.

	Exchange rate 1 Jan.	Average	Exchange rate 31 Dec.
SEK	0,9597	0,9559	1,0474
DKK	1,2136	1,1988	1,2891
EUR	9,0365	8,9530	9,6190
USD	7,4332	8,0739	8,8090
UAH	0,4620	0,3695	0,3627

7 LOANS TO GROUP COMPANIES

NOK 1 000 Company name	Loans	Subordinated loan	Total 2015	Sum 2014
Itera Offshoring Services AS	4 111	0	**4 111**	3 051
Itera Sweden AB*	0	913	**913**	11 015
Itera Networks AB**	0	0	**0**	8 942
Total loans to Group companies	4 111	913	**5 024**	23 008

"*In the 2015 accounting year Itera ASA converted NOK 11.5 million of loan to Itera Sweden AB into equity as a shareholder contribution.
** The loan to Itera Networks AB was repaid in 2015.

8 TAX

NOK 1 000	2015	2014
Tax expense for the year		
Change in deferred tax	1 178	3 279
Total tax expense for the year	1 178	3 279
Tax payable		
Profit before tax	11 758	22 334
Permanent differences	-7 538	-10 191
Change in temporary differences	-1 121	2 441
Utilisation of losses carried forward	-3 099	-14 584
Tax payable in the balance sheet	0	0
Specification of the basis for deferred tax		
Fixed assets	-1 549	-870
Other temporary differences	-356	-2 157
Losses carried forward	0	-3 099
Total basis for deferred tax	-1 906	-6 126
Deferred tax assets, 25% (27%)	-476	-1 654
Deferred tax assets recognised in the balance sheet	-476	-1 654
Reconciliation of tax rate		
Profit before tax	11 758	22 334
Tax calculated at the nominal corporation tax rate of 25% (27%)	3 175	6 030
Effect of change in the tax rate	39	0
Effect of permanent differences	-2 035	-2 752
Tax charge in the income statement	1 178	3 278
Effective tax rate	10,0 %	14,7 %

9 EQUITY

NOK 1000	Share capital	Own shares	Other paid-in capital	Other equity	Total equity
Equity at 31 December 2014	24 656	0	2 028	75 490	102 174
Profit for the year	0	0	0	10 581	10 581
Purchase of own shares	0	-47	0	-409	-456
Sale of own shares	0	9	0	60	69
Share option costs	0	0	97	0	97
Supplemental dividend	0	0	0	-12 237	-12 237
Ordinary dividend		0	0	-9 862	-9 862
Equity at 31 December 2015	**24 656**	**-38**	**2 125**	**63 623**	**90 365**

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 the following income in its annual accounts from its investment in its subsidiaries:

NOK 1000 Company name	Dividend	Group contribution	TOTAL
Itera Norge AS	7 333	8 470	**15 803**
Itera Aps	8 379	0	**8 379**
Cicero Consulting AS	5 414	0	**5 414**
Compendia AS	1 622	0	**1 622**
Total income from investment in subsidiaries	22 748	8 470	**31 218**

Itera ASA wrote down the value of the shares in Itera Sweden AB by NOK 15 million in 2015.

11 BALANCES BETWEEN COMPANIES IN THE SAME GROUP, INCLUDING THE POOLED BANK ACCOUNT SYSTEM

NOK 1000 **Receivables from Group companies** Company name	2015	2014
Itera Norge AS	**21 319**	10 450
Itera Consulting ApS	**8 379**	0
Cicero Consulting AS	**7 359**	1 697
Compendia AS	**3 913**	5 995
Itera Offshoring Services AS	**675**	0
Itera Networks AB	**0**	1 834
Total	**41 645**	19 976

Receivables from Group companies consist of group customer receivables, receivables from group companies relating to the group's joint value added tax registration (see Note 14) and receivables in relation to group contributions.

NOK 1000

Liabilities to Group companies

Company name	2015	2014
Itera Norge AS	62 595	55 378
Compendia AS	13 780	17 845
Cicero Consulting AS	11 276	13 713
Itera Consulting ApS	10 794	0
Itera Consulting AB	1 779	0
Itera Offshoring Services AS	0	214
Total	100 225	87 150

Pooled bank account system

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 ASA in the balance sheet include deposits paid into the pooled 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 60.2 million in cash and bank deposits, of which NOK 0.7 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 2015 Itera invoiced NOK 25.7 million (NOK 33.2 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.

15 FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks, such as credit risk, liquidity risk, currency risk and interest rate risk. These risks are regarded as low. The Group has established procedures for managing these risks. The main principle is to minimise the level of financial risk, and the Group on this basis holds no assets or liabilities for speculative purposes.

See note 6 to the group accounts for further information on financial risk management.

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 2015 calendar year and as at 31 December 2015 (2015 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 2015.
- 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 2015.
- 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 2015.
- 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 2015.
- 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, 17 March 2016
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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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 2015, 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 2015, 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.

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 2015, 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 2015, 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, 18 March 2016
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 2015, 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 2015, Itera had 1 650 (1 737) shareholders. At year-end, 11% (11%) of the Company's shares were owned by foreign investors. The Company's twenty largest investors owned 68% (68%) of the Company's shares.

Dividend

During 2015, a dividend of NOK 0.15 (0.35) per share was paid, for a total of NOK 12,2 (28,8) million.

SHARES AND SHAREHOLDERS

Share price

The Itera share opened the year at NOK 3.00 and closed at NOK 3.50, corresponding to a change of 17% (8%). The highest share price during the year was NOK 3.50 and the lowest price was NOK 2.33. Itera had a market value corresponding to NOK 287 (247) million at 31 December 2015.

Stock option schemes

The Company has established option schemes for key personnel. An option scheme was implemented in 2013 and 2015. There were 1 572 000 outstanding stock options at year-end. Reference is also made to Note 8.

20 largest shareholders in Itera ASA at 31 December 2015

	Shares	%
Arne Mjøs Invest AS	17 218 298	21.0%
Storebrand Vekst	5 494 340	6.7%
OP Capital AS	4 329 031	5.3%
Midelfart Invest AS	3 699 098	4.5%
Eikestad AS	3 000 000	3.7%
Verdipapirfondet DNB SMB	2 910 000	3.5%
Septim Consulting AS	2 520 000	3.1%
Boinvestering AS	2 282 698	2.8%
Jøsyra Invest AS	2 200 000	2.7%
Gamst Invest AS	2 063 787	2.5%
Marxpist Invest AS	2 031 588	2.5%
GIP AS	1 870 767	2.3%
Storebrand Norge I	1 630 028	2.0%
Framar Invest AS	1 000 000	1.2%
Aanestad Panagri AS	900 000	1.1%
Brødrene Johanssen Holding AS	818 349	1.0%
Altea Property Development AS	600 000	0.7%
Morten Johnsen Holding AS	600 000	0.7%
Jetmund Gunnar Nyvang	530 000	0.6%
Sober Kapital AS	510 000	0.6%
Total 20 largest	**56 207 984**	**68.4%**
Other shareholders	25 978 640	31.6 %
Total	**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 recommendations. 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 Code)

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 Code)

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 2015, the Board of Directors was granted authorisation to increase the Company's share capital by up to NOK 1,232,799 by issuing for subscription up to 4,109,331 new shares with a nominal value of NOK 0.30. The authorisation is effective until 1 July 2016 and replaced the authorisation approved by the Annual General Meeting held on 22 May 2014. The Board is authorised to waive the preferential rights of shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The authorisation also covers capital increases for non-cash payment or other special subscription terms pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The authorisation also covers resolutions in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

At the same Annual General Meeting, the Board of Directors was granted authorisation to buy back own shares up to a nominal value of NOK 1,232,799. The authorisation is effective until 1 July 2016 and replaced the authorisation granted at the Annual General Meeting held on 22 May 2014.

At the same Annual General Meeting in 2015, the Board of Directors was granted authorisation to increase the Company's share capital by up to NOK 482,250 in connection with a 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 Code)

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 the 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 Code)

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

6. Annual General Meeting (No deviation from the Code)

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 the 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 Code)

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 Code)

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 11 board meetings in 2015 with an attendance rate of 88%.

9. The Work of the Board of Directors (No deviation from the Code)

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 Code)

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 three 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 Code)

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 Code)

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 of senior employees'.

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

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 Code)

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

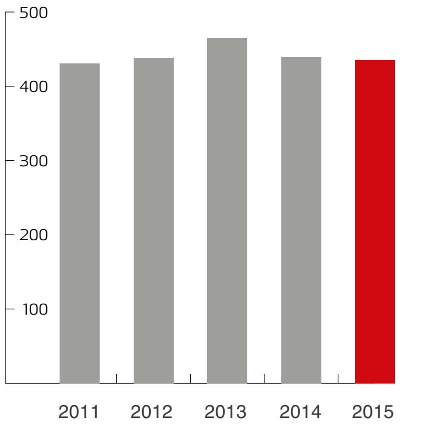
The auditor participates in all meetings of the Audit Committee. The auditor prepares reports for the Audit Committee and the Board. These reports include an audit plan, an assessment of internal control at the Company and a review of significant accounting principles and estimates. The auditor participates 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 2011–2015

(after adjustment for non-recurring costs)

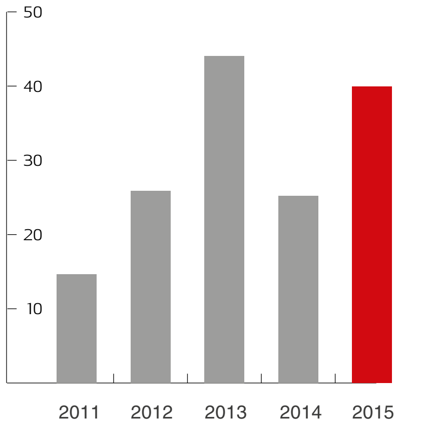
REVENUES

NOK million



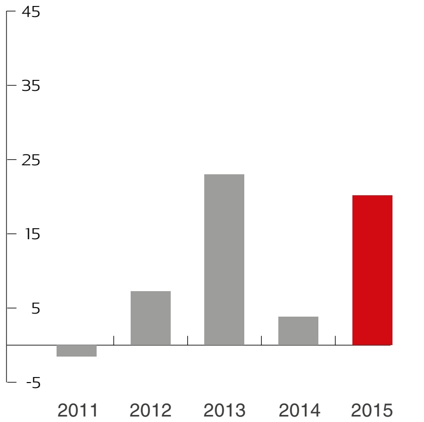
EBITDA

NOK million



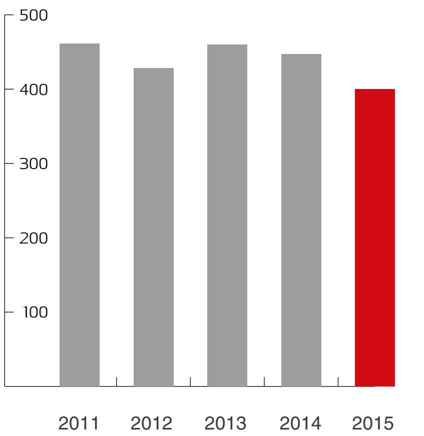
EBIT

NOK million



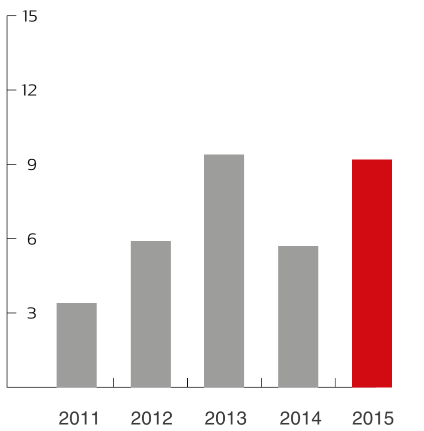
EMPLOYEES

Number



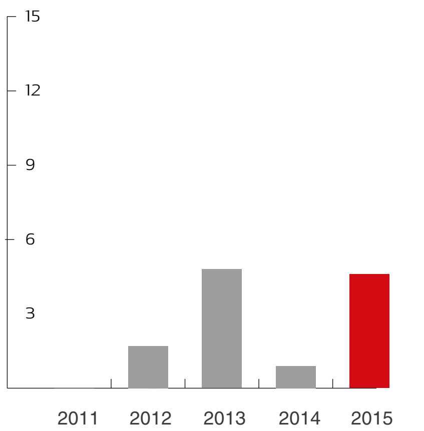
EBITDA-MARGIN

%



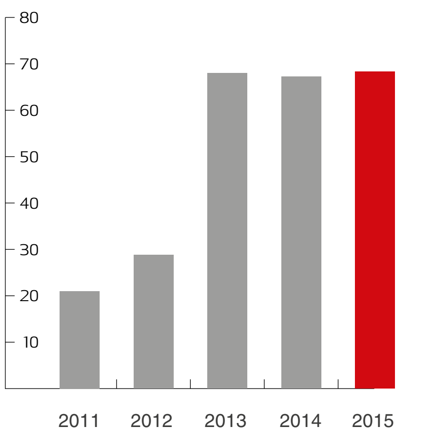
EBIT-MARGIN

%



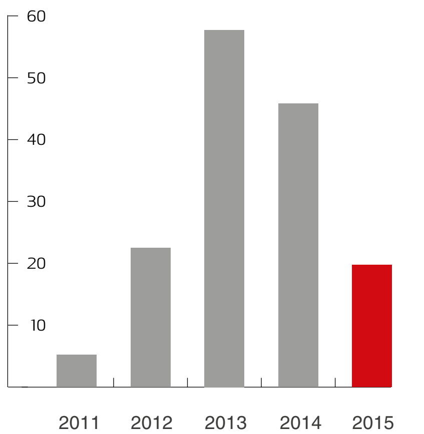
BANK DEPOSITS

NOK million



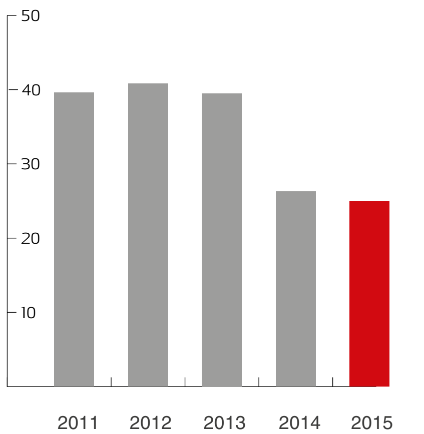
CASH FLOW from operations

NOK million



EQUITY RATIO

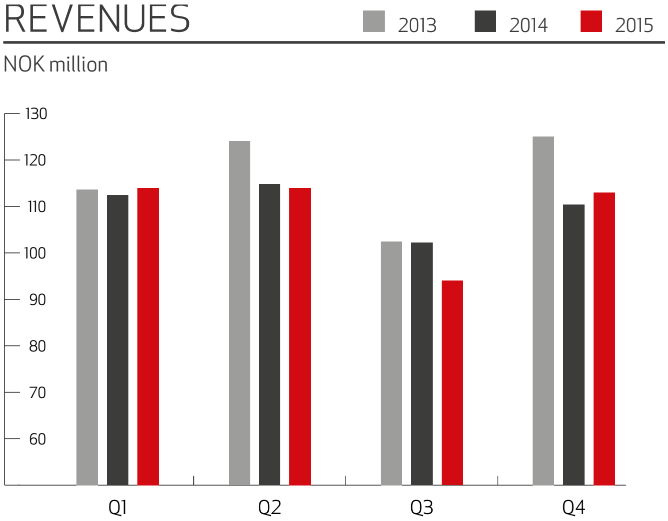
%



DEVELOPMENT 2011–2015
QUARTERLY

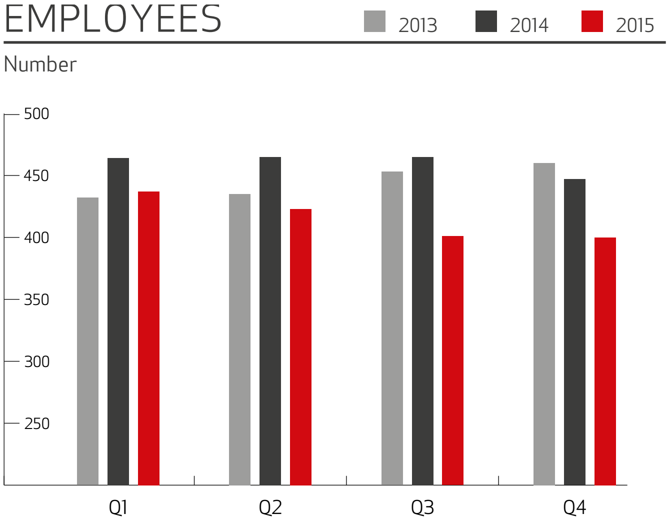
REVENUES

NOK million



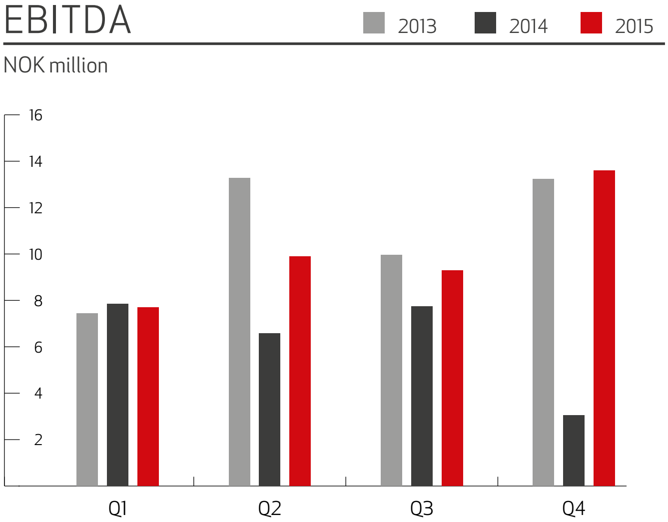
EMPLOYEES

Number



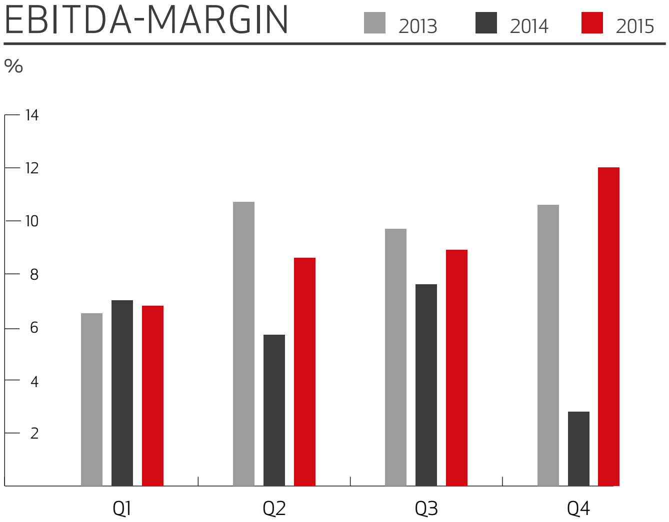
EBITDA

NOK million



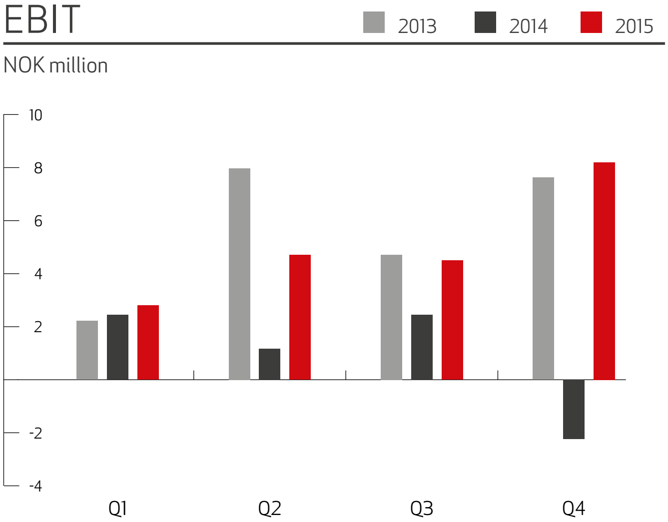
EBITDA-MARGIN

%



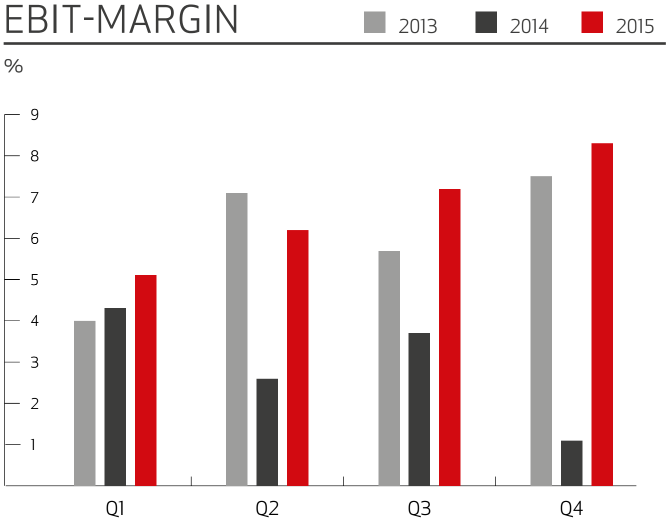
EBIT

NOK million



EBIT-MARGIN

%



WE ENABLE OUR CUSTOMERS TO TAKE DIGITAL TO THE CORE OF THEIR BUSINESS.

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