

26 August 2016

DigiPlex Rosenholm AS (the Company)
Management Commentary
For the half year ended 30 June 2016

Organisation no. 994 817 477

BACKGROUND

The Company is the DigiPlex Group of Companies' second fully operational data centre in Oslo. It was founded in 2009 and is based in the Rosenholm Business Centre Campus.

The current data halls, rebuilt by the Company with new mechanical and electrical infrastructures, provide 1,500 m² of white technical space, fitted out according to customers' current and future requirements with state of the art security, functionality and sustainability.

This report should be read in conjunction with the Company's 2015 audited financial statements dated 28 April 2016, and the condensed interim Q1 2016 financial statements dated 27 May 2016, both prepared in accordance with the Norwegian Generally Accepted Accounting Principles [NGAAP].

The enclosed financial statements are the condensed interim results for the half year ended 30 June 2016. These statements have been prepared in accordance with NGAAP, are not a full set of accounts, and have not been audited.

UPDATE FOR THE HALF YEAR

During the course of the half year ended 30 June 2016, the Company continued to provide IT housing solutions to its existing customer base.

For the half year ended 30 June 2016, the Company's operating revenues totalled NOK 24.5 million, a 10% increase over the same period last year. Operating expenses totalled NOK 20.2 million, a 9% increase over the same period last year which comprised of NOK 11.8 million of operational, management and accounting support costs, NOK 2.6 million of personnel costs, and a charge of NOK 5.8 million to reflect depreciation of the building.

Operating income for the six months ended 30 June 2016 was NOK 4.3 million, a 12% increase over the same period last year.

The Company incurred net finance costs of circa NOK 2.8 million, compared to NOK 3.1 million in the first half of 2015.

In light of the above, the earnings before taxes for the half year ended 30 June 2016 came in at NOK 1.6 million, an increase of NOK 0.8 million as the result of an increase in operating income.

Cash generated from operations was NOK 5.8 million in the first half of 2016, compared to NOK 2.9 million in the same period in 2015.

Profit & Loss statement

(amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended
		2016 Un-audited NOK	2015 Un-audited NOK	2016 Un-audited NOK	2015 Un-audited NOK	31 December 2015 Audited NOK
OPERATING REVENUE AND EXPENSES						
Sales revenue		10,365,608	10,670,921	21,922,858	20,687,667	42,221,763
Other revenue		1,497,500	786,533	2,580,000	1,634,801	3,744,860
Personnel expenses		-897,698	-1,380,584	-2,547,035	-3,115,177	-6,051,669
Depreciation	2	-2,936,175	-2,226,191	-5,765,756	-5,351,841	-10,805,017
Other operating expenses		-5,860,453	-4,689,032	-11,845,457	-9,966,142	-23,072,460
OPERATING INCOME/(LOSS)		2,168,782	3,161,647	4,344,610	3,889,308	6,037,477
Interest income		193,934	34,134	223,972	55,024	116,400
Other financial income		19,010	2,456	39,205	9,881	60,794
Interest expense		-1,505,486	-1,500,235	-3,021,438	-3,115,377	-6,543,347
Other financial expense		-	-22,454	-	-25,964	-61,915
EARNINGS/(LOSS) BEFORE TAXES		876,240	1,675,548	1,586,349	812,872	-390,591
Taxes		-219,060	-452,398	-396,587	-219,475	433,695
ORDINARY PROFIT/(LOSS)		657,180	1,223,150	1,189,762	593,397	-824,286
NET PROFIT/(LOSS) FOR THE YEAR		657,180	1,223,150	1,189,762	593,397	-824,286
TRANSFERS AND ALLOCATIONS						
Transfer to equity gain/(loss)		657,180	1,223,150	1,189,762	593,397	-824,286
TOTAL TRANSFERS AND ALLOCATIONS		657,180	1,223,150	1,189,762	593,397	-824,286

Balance Sheet
 (amounts in NOK)

		As at 30 June 2016 Un-audited NOK	As at 31 December 2015 Audited NOK	As at 30 June 2015 Un-audited NOK
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
		6,342,840	6,739,427	6,953,647
		6,342,840	6,739,427	6,953,647
Tangible assets				
		226,348,731	230,068,256	231,402,914
	2	28,085	32,004	40,978
		226,376,816	230,100,260	231,443,892
		232,719,655	236,839,687	238,397,539
TOTAL NON-CURRENT ASSETS				
CURRENT ASSETS				
		416,705	416,705	59,450
		14,029,787	9,837,458	13,038,336
	3	367,576	368,811	372,480
		2,803,651	1,801,333	2,944,863
	3	18,578,170	14,776,153	2,513,902
		36,195,890	27,200,459	18,929,030
		268,915,545	264,040,145	257,326,569
TOTAL ASSETS				
EQUITY AND LIABILITIES				
EQUITY				
Paid in equity				
		2,950,000	2,950,000	2,950,000
		2,950,000	2,950,000	2,950,000
Earned equity				
		-16,883,069	-18,072,831	-16,655,148
		-16,883,069	-18,072,831	-16,655,148
		-13,933,069	-15,122,831	-13,705,148
		-13,933,069	-15,122,831	-13,705,148
LIABILITIES				
Long term liabilities				
		-	-	101,264,336
		259,277,148	259,277,148	158,932,829
		682,422	372,840	372,840
		259,959,570	259,649,988	260,570,005
Short term liabilities				
		5,463,642	6,198,337	2,842,688
		1,702,995	1,256,369	1,504,464
		15,722,407	12,058,282	6,114,560
		22,889,044	19,512,988	10,461,712
		282,848,614	279,162,976	271,031,717
		282,848,614	279,162,976	271,031,717
		268,915,545	264,040,145	257,326,569
		268,915,545	264,040,145	257,326,569
		268,915,545	264,040,145	257,326,569

Cash Flow statement
 (amounts in NOK)

	Quarter ended 30 June		Half year ended 30 June		Year ended 31 December
	2016 Un-audited NOK	2015 Un-audited NOK	2016 Un-audited NOK	2015 Un-audited NOK	2015 Audited NOK
Profit(loss) before income tax	876,240	1,675,548	1,586,349	812,872	-390,591
<i>Adjustments for:</i>					
Depreciation and amortisation charges	2,936,175	2,226,191	5,765,756	5,351,841	10,805,017
<i>Changes in working capital:</i>					
Trade and other receivables	-9,159,615	-7,148,119	-4,192,329	3,754,774	6,638,293
Trade and other payables	3,376,037	-549,788	3,376,056	-5,547,932	3,503,343
Inventories	-	-	-	-	-357,255
Change in other assets	-120,193	-1,248,860	-692,737	-1,460,888	-
Income tax paid	-	-	-	-	-
Net cash flow from operating activities	-2,091,356	-5,045,028	5,843,095	2,910,667	20,198,807
Cash flows from investing activities					
Investments in land, buildings and equipment	-1,212,856	-786,700	-2,042,312	-3,791,496	-7,901,040
Net cash flow from investing activities	-1,212,856	-786,700	-2,042,312	-3,791,496	-7,901,040
Cash flows from financing activities					
Loans from related companies	-	-	-	-	123,750,000
Repayment of loan to parent company	-	-	-	-	-23,405,681
Repayment of loan	-	-	-	-	-101,264,336
Net cash flow from financing activities	-	-	-	-	-920,017
Increase/(decrease) in cash during the period	-3,304,212	-5,831,728	3,800,783	-880,829	11,377,751
Cash balance at the beginning of the period	22,249,958	8,718,110	15,144,964	3,767,211	3,767,211
Cash balance at the end of the period	18,945,746	2,886,382	18,945,746	2,886,382	15,144,962

Note 1 - Statement of compliance, basis of preparation, and significant accounting policies

Digiplex Rosenholm AS is a Norwegian private limited liability company incorporated on 24 November 2009 and regulated by the Norwegian Private Limited Liability Companies Act and supplementing Norwegian laws and regulations. The Company is registered in the Norwegian Companies Registry with company registration number 994 817 477 and its registered business address is Ulvenveien 89B, 0581 Oslo, Norway.

Digiplex Rosenholm AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Rosenholmveien 25 outside Oslo, Norway, for its customers' information and communication technology equipment.

These condensed interim financial statements for the half year ended 30 June 2016 do not include all of the information required for a full set of annual financial statements and they have not been audited.

They have been prepared in accordance with the Accounting Act and Norwegian Generally Accepted Accounting Principles for small enterprises. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015, issued on 28 April 2016, which have been prepared in accordance with the Accounting Act and Norwegian Generally Accepted Accounting Principles for small enterprises, and with the condensed interim financial statements for the quarter ended 31 March 2016, issued on 27 May 2016.

Note 2 Fixed assets

Fixed assets	Investment in building	Office machines	Total
Acquisition cost as at 1.1.2016	272,547,607	75,559	272,623,166
Additions	2,042,312	-	2,042,312
Disposals	-	-	-
Acquisition cost as at 30.06.2016	274,589,919	75,559	274,665,478
Accumulated depreciation	48,241,188	47,474	48,288,662
Net book value as at 30.06.2016	226,348,731	28,085	226,376,816
Depreciation for the period	5,761,837	3,919	5,765,756
Expected useful life	7-25 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 3 Bank deposits

Bank deposits	30 June 2016	31 Dec 2015
Short term cash deposits, cash equivalents	18,578,170	14,776,153
Restricted cash employee tax deductions	367,576	368,811
Bank deposits	18,945,746	15,144,964