

27/11/2015

DigiPlex Fet AS ('the Company')
Management Commentary
For the nine months to 30 September 2015

Organisation no. 912 189 287

BACKGROUND

This report should be read in conjunction with the Company's 2014 audited financial statements dated 28 April 2015, and the condensed interim Q1 and Q2 2015 financial statements issued on 29 May 2015 and 28 August 2015 respectively. As at the date of this report, both of these financial statements were readily available for download from the Oslo Børs website.

The enclosed financial statements are the condensed interim results for the nine months ended 30 September 2015. These are not a full set of accounts and have not been audited.

UPDATE FOR THE FIRST NINE MONTHS OF 2015

The Company successfully delivered the first three phases (each 700m² of white space) of the data centre to EVRY AS ('EVRY') in the nine months ended 30 September 2015 (i.e. on 19 January 2015, 13 March 2015 and 1 June 2015).

As a result the Company is now managing two different components; being the construction of the remaining phases and the operation of the phases delivered. We note the following in this regard:

- The Company continued to drawdown from the proceeds of the NOK 500 million bonds issued on 11 June 2014 to finance the construction of the facility; and the Company remains adequately funded to meet its contractual obligations

- The Company has also successfully delivered the fourth phase of 700m² on 1 October 2015 and currently is on target to deliver on time to EVRY the remaining two scheduled phases of 700 m² each, in Q4 2015 and in Q1 2016

INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

Following the successful delivery of the phases as scheduled, the Company has commenced to receive operational income and incur associated operational expenses. Notwithstanding, operational set up costs continue to be incurred in preparing the business for the handover of the remaining phases.

Operating revenues totalled NOK 18.5 million, and operating expenses totalled NOK 17.7 million, which comprised of NOK 16.3 million of operational, management and accounting support costs and NOK 1.4 million of personnel costs.

A charge of NOK 11.2 million was made to reflect depreciation of the phases delivered to EVRY, and the company incurred net finance costs of circa NOK 0.2m.

In light of the above, the operating loss for the first nine months of 2015 comes in at NOK 10.6 million which resulted in a tax benefit of NOK 2.8 million (applying the corporate tax rate of 27%).

Total assets increased by NOK 12.2 million, which was driven by an increase in trade receivables.

Income statement

(un-audited) (all amounts in NOK)

	Notes	Quarter ended, 30 September		Year to date ended, 30 September		Year ended, 31 December
		2015 Un-audited	2014 Un-audited	2015 Un-audited	2014 Un-audited	2014 Audited
Operating income and operating expenses						
IT Housing income		8,699,445	0	18,487,923	0	0
Total operating revenue		8,699,445	0	18,487,923	0	0
Employee benefits expense		520,284	0	1,439,664	0	1,507,166
Other expenses		4,779,371	1,119,516	16,163,803	1,578,632	3,416,176
Other gains and losses		15,337	0	126,019	0	134,827
EBITDA		3,384,453	(1,119,516)	758,437	(1,578,632)	(5,058,169)
Depreciation and amortisation	3	5,596,331	0	11,176,135	0	0
Operating profit / EBIT		(2,211,878)	(1,119,516)	(10,417,698)	(1,578,632)	(5,058,169)
Finance income		106,125	(256,821)	763,714	6,819	2,097,540
Finance costs		378,360	(330,595)	1,000,101	97,024	1,330,274
Finance - net		(272,235)	73,774	(236,387)	(90,205)	767,266
Profit / (Loss) before income tax		(2,484,113)	(1,045,742)	(10,654,085)	(1,668,837)	(4,290,903)
Income tax expense/(benefit)		(670,711)	(282,351)	(2,876,603)	(450,586)	(1,158,162)
Profit / (Loss) for the period		(1,813,402)	(763,391)	(7,777,482)	(1,218,251)	(3,132,741)
Profit / (Loss) for the year attributable to the shareholders		(1,813,402)	(763,391)	(7,777,482)	(1,218,251)	(3,132,741)
Statement of comprehensive income/(loss)						
Profit / (Loss) for the period		(1,813,402)	(763,391)	(7,777,482)	(1,218,251)	(3,132,741)
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		(1,813,402)	(763,391)	(7,777,482)	(1,218,251)	(3,132,741)
Total comprehensive income/(loss) attributable to shareholders		(1,813,402)	(763,391)	(7,777,482)	(1,218,251)	(3,132,741)

Statement of financial position
(un-audited) (all amounts in NOK)

Assets	Notes	As at 30 September 2015 [unaudited]	As at 31 December 2014 (audited)
Non-current assets			
Deferred tax asset		4,034,765	1,158,162
Property, plant & equipment	3	640,221,547	438,508,387
Total non-current assets		644,256,312	439,666,549
Current assets			
Trade receivables		8,355,223	0
Other receivables		10,212,581	19,524,013
Cash and cash equivalents	2	102,607,082	294,075,810
Total current assets		121,174,886	313,599,823
Total assets		765,431,198	753,266,372
Equity and liabilities			
Equity attributable to shareholders			
Ordinary shares		30,000	30,000
Retained earnings		(10,842,733)	(3,065,250)
Total equity		(10,812,733)	(3,035,250)
Non-current liabilities			
Bond loan		496,131,667	495,340,417
Total non-current liabilities		496,131,667	495,340,417
Current liabilities			
Trade and other payables		71,029,794	51,878,735
Shareholder loan		209,082,470	209,082,470
Current income tax		0	0
Total current liabilities		280,112,264	260,961,205
Total Equity and liabilities		765,431,198	753,266,372

Statement of changes in equity
(un-audited) (all amounts in NOK)

Notes	Share capital	Retained earnings/ (Accumulated loss)	Total Equity
As at 1 January 2015	30,000	(3,065,250)	(3,035,250)
Profit / (Loss) for the first nine months of the year	0	(7,777,483)	(7,777,483)
Other comprehensive income/(loss)	0	0	0
Total comprehensive income/(loss)	0	(7,777,483)	(7,777,483)
Total transactions with shareholders recognised directly in equity	0	0	0
As at 30 September 2015	30,000	(10,842,733)	(10,812,733)

Statement of cash flow

(un-audited) (all amounts in NOK)

	Notes	Quarter ended, 30 September		Year to date ended, 30 September		Year ended, 31 December
		2015	2014	2015	2014	2014
		Un-audited	Un-audited	Un-audited	Un-audited	Audited
Profit / (Loss) before income tax		(2,484,113)	(1,045,742)	(10,654,085)	(1,668,837)	(4,290,903)
Adjustments for:						
Depreciation and amortisation charges	3	5,596,331	0	11,176,135	0	0
Adjustment for financial activities		272,235	(73,774)	236,387	90,205	(767,266)
Changes in working capital						
Trade and other receivables		25,446,415	(4,329,213)	19,151,059	(4,329,213)	0
Trade and other payables		(8,482,672)	84,529,550	1,747,458	101,806,545	2,119,488
Income tax paid		0	0	0	0	(20,542)
Net cash flow from operating activities		20,348,196	79,080,821	21,656,954	95,898,700	(2,959,223)
Cash flows from investing activities						
Purchase of property, plant and equipment	3	(30,409,228)	(155,685,801)	(190,536,569)	(264,026,504)	(301,972,181)
Interest paid capitalised on qualifying asset		(7,510,749)	0	(22,352,726)	0	(16,846,283)
Interest received		106,125	(256,821)	763,714	6,819	2,097,540
Net cash flow from investing activities		(37,813,852)	(155,942,622)	(212,125,581)	(264,019,685)	(316,720,924)
Cash flows from financing activities						
Proceeds from borrowings		0	(29,877,702)	0	536,751,353	601,585,833
Repayment of shareholder loan		0	0	0	0	(30,000,000)
Interest paid		(378,360)	330,595	(1,000,101)	(97,024)	(1,330,274)
Net cash flow from financing activities		(378,360)	(29,547,107)	(1,000,101)	536,654,329	570,255,559
Net increase in cash and cash equivalents		(17,844,016)	(106,408,908)	(191,468,728)	368,533,344	250,575,412
Cash and cash equivalents at beginning of the period		120,451,098	518,442,650	294,075,810	43,500,398	43,500,398
Cash and cash equivalents at end of the period	2	102,607,082	412,033,742	102,607,082	412,033,742	294,075,810

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

General information

DigiPlex Fet AS ('the Company') is a Norwegian private limited liability company incorporated on 3 July 2013 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 912 189 287 and its registered business address is Ulvenveien 89B, 0581 Oslo, Norway.

During the third quarter of 2015 the Company continued providing highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Heiaveien 9 in the municipality of Fetsund, near Oslo, Norway, for its customer's information- and communication technology equipment with the delivery of three phases of 700m² each of "white space" to date.

These condensed interim financial statements 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 International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014, and the condensed interim Q2 2015 financial statements issued on 29 May 2015 and 28 August 2015 respectively, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The accounting principles applied in the audited 2014 annual financial statements have also been applied to these statements. For further information regarding the accounting principles applied, please refer to the above mentioned reports.

Note 2 - Cash and cash equivalents

Cash and other cash equivalents	Q3 2015	2014
Short term cash deposits, cash equivalents	20,809,401	25,121,301
Restricted cash employee tax deductions	43,957	0
Other restricted cash	81,753,725	268,954,509
Cash and cash equivalents	102,607,082	294,075,810

Cash and cash equivalents consists of short term cash deposits and cash equivalents held at financial institutions

At the end of Q3 2015 the Company had bank accounts with restricted amount of NOK 81 753 725 pledged in favour of the Bond Trustee, of which NOK 22 898 147 can only be released and applied towards payment of interest under the Bond Agreement up to and including the interest payment date in June 2016. The remaining balance of NOK 58 855 578 can only be drawn from the account with the Bond Trustee's written consent pursuant to the Bond Agreement.

Note 3 - Property, plant and equipment

	Land	Asset under construction	Buildings	Machines and plants	Furniture and Fixtures	Total
As at 31 December 2014						
Accumulated cost	38,520,577	399,794,448	0	34,233	159,129	438,508,387
Accumulated depreciation	0	0	0	0	0	0
Accumulated impairment	0	0	0	0	0	0
Net book amount	38,520,577	399,794,448	0	34,233	159,129	438,508,387
Period ended 30 September 2015						
Opening net book amount 1 January 2015	38,520,577	399,794,448	0	34,233	159,129	438,508,387
Additions	0	212,627,881	0	243,394	18,020	212,889,295
Reclassifications	0	(287,318,003)	287,318,003	0	0	0
Depreciation charge	0	0	(11,122,995)	(29,046)	(24,094)	(11,176,135)
Net book amount	38,520,577	325,104,326	276,195,008	248,581	153,055	640,221,547
As at 30 June 2015						
Accumulated cost	38,520,577	325,104,326	287,318,003	277,627	177,149	651,397,682
Accumulated depreciation	0	0	(11,122,995)	(29,046)	(24,094)	(11,176,135)
Accumulated impairment	0	0	0	0	0	0
Net book amount	38,520,577	325,104,326	276,195,008	248,581	153,055	640,221,547
Depreciation for the quarter	0	0	5,576,953	11,422	7,956	5,596,331
Estimated useful life			10-25 years	5 years	3 years	

Capital expenditure contracted for at the end of the reporting period but not yet incurred is circa NOK 35 million.