DigiPlex Norway AS (the Company)
Board of Directors' report
For the year ended 31 December 2016

Registration no. 981 663 322

We are pleased to present the 2016 annual financial report for the Company.

BACKGROUND

DigiPlex Norway AS forms part of the privately-owned DigiPlex Group of Companies, which specialises in building and operating data centres in the Nordic region. Founded in 2002, the Group is one of the longest standing data centre builders and operators in Europe, with companies registered in Finland, Norway, Sweden and the United Kingdom. The Group provides safe, secure and future ready IT housing for our customers' mission critical systems. This is not a one-size-fits-all service but one that is tailored to suit each customer's individual needs.

The Company operates from a facility at Selma Ellefsens vei 1, 0581 Oslo, Norway (formerly Ulvenveien 89B). The facility houses a large range of clients from various sectors including the government, telecommunications and corporates.

BUSINESS ACTIVITIES

Throughout 2016 the Company has continued investing in and operating from the facility at Selma Ellefsens vei 1 in Oslo providing a secure IT Housing service for its clients.

REGULATORY DEVELOPMENTS

As at the date of this report, the Board is not aware of any current, or potential regulatory/political changes that may cause any risk to the operations of the Company.

GOING CONCERN

As at the date of this report, the Board do not have any reason to believe that either the Company's external bond holders or its shareholders do not support the going concern of the Company.

The bond loan agreement provides that the quantum of any dividends or loan repayments to the parent is limited to NOK 20 million per year, and is subject to minimum liquidity requirements, on a combined basis with DigiPlex Rosenholm AS. An amount of NOK 20 million was distributed via a loan to the shareholder in 2016.

Further, the bond agreement permitted the advance of NOK 20 million (net) to DigiPlex Rosenholm AS, a related party. The bond agreement is partly guaranteed by DigiPlex Rosenholm AS.

The Board is of the opinion that the financial statements give a true and fair view of the activities of the Company.

FUTURE
READY
IT-HOUSING

In accordance with the Norwegian Accounting Act section 3-3, the Board confirms that the conditions for continued operations as a going concern are present for the Company and that the annual financial statements have been prepared under this presumption.

INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

The Directors have noted that market conditions are good, and that the data centre has sufficient flow of new customers and renewal of contracts.

The enclosed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Operating revenues totalled NOK 143.3 million (2015: NOK 126.7 million), an increase of 13.1%.

Operating expenses (excluding depreciation) totalled NOK 77.7 million (2015: NOK 69.8 million), which comprised of NOK 13.2 million in cost of goods sold, NOK 26.7 million of employee costs and NOK 37.8 million of other operating costs.

EBITDA totalled NOK 65.6 million (2015: NOK 56.9 million), an increase of 15.3%. The EBITDA margin for 2016 was 45.8% (2015: 44.9%).

Depreciation of property, plant and equipment totalled NOK 42.0 million (2015: NOK 40.4 million).

In light of the above, the operating profit for 2016 come in at NOK 23.6 million (2015: NOK 16.5 million). The increase compared to 2015 was mainly due to incremental increases in certain customer contracts.

Net finance costs were NOK 23.2 million (2015: NOK 18.3 million). This increase was due to a full year of interest cost on the amount of NOK 575.0 million of bonds issued in July 2015.

The profit before income tax was NOK 0.4 million (2015: loss of NOK 1.8 million). The tax charge came in at NOK 2.0 million (2015: NOK 3.3 million), due to the effect of the announced reduction of applicable corporate tax rate from 25% to 24%, resulting in a loss for the year of NOK 1.6 million (2015: loss of NOK 5.1 million).

Total assets were NOK 702.5 million (2015: NOK 700.4 million).

The Company continues to explore innovative methods and refining its technology to ensure it keeps its customers future ready.

Notwithstanding the above expectation, the future is not predictable and ultimately no warranties can be made by the Board in relation to the performance of the Company in 2017.

CAPITAL AND FINANCING

Net cash outflow for the year was NOK 7.5 million (2015: inflow of NOK 18.2 million). Cash inflow from operating activities amounted to NOK 68.4 million (2015: NOK 63.6 million). Cash outflow to investing activities amounted to NOK 47.9 million (2015: NOK 160.1 million), whereof loans to related companies account for NOK 40.0 million. Cash outflow from financing activities amounted to NOK 28.0 million (2015: cash inflow of NOK 114.7 million). A detailed cash flow statement is included in the financial statements.

The difference between operating results and cash flow from operating activities, mainly relates to depreciation, financial items and change in trade and other payables. The Company's investments are financed primarily via its bond issue.

The Company has raised NOK 575.0 million from issuing bonds. The bonds were issued in July 2015 to refinance its existing bank and shareholder loans. These bonds were listed on the Oslo Stock Exchange in January 2016. The bonds are due to mature in July 2019. The Company may redeem these bonds in part or in full, in accordance with the terms of the Bond Agreement.

The Company is making interest payments to the bondholders in accordance with the Bond Agreement.

As noted above, a loan advance to the Company's parent was made in 2016 in the amount of NOK 20 million. This loan was made within the parameters of the Bond Agreement.

Further, a further loan advance in the amount of NOK 20 million (net) was made to DigiPlex Rosenholm AS, a related party in accordance with the terms of the Bond Agreement.

The Board is confident that the current financial resources available to the Company are adequate for its existing requirements.

CORPORATE GOVERNANCE

The Company's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance with the aim to benefit long-term value creation for shareholders, employees and society at large.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has good internal control functions and appropriate systems for risk management tailored to its operations and in accordance with the Company's core values, ethical guidelines and social responsibility policy. The Board, at a minimum, on an annual basis conducts a review of the Company's most important risk areas and its internal control functions.

This position is in compliance with Bond Rules section 2.5 and the Stock Exchange Regulations section 1 (2).

RISKS

The Company's activities expose it to a variety of financial risks namely; market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge any risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Market risk

The Company operates nationally and is therefore exposed to a limited foreign exchange risk.

However, its interest rate risk arises from a long-term bond loan (see note 12). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The interest on the loan is adjusted quarterly. The Company also holds loans to related companies. These loans issued at variable rates in accordance with the long-term bond loan.

Interest Rate Sensitivity Analysis

At 31 December 2016, if the Norwegian key policy rate had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been NOK 600,000 higher/lower, mainly as a result of higher/lower interest expense on Bond borrowings.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit risk related to bank insolvency is closely monitored.

Liquidity risk

The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Board is not aware of any additional financial risk factors facing the Company other than those outlined in this report.

HEALTH, SAFETY AND WORK ENVIRONMENT

As of 31 December 2016, the Company employed 26 full time staff, made up of 8 females and 18 males. One of those male employees was in a leading management position as the Chief Executive Officer. The Company gives equal opportunities to its employees regardless of gender and will continue this policy in the future.

The Company's ambition is to conduct its operations with zero injuries through effective risk management. The Company considers the working environment as positive and there have been no serious work incidents or accidents resulting in personal injury or damages to material or equipment during the course of 2016. The Company also maintains a log of sick leave days taken. The absence percentage due to sick leave for 2016 was 3.0%.

All employees are part of a pension scheme.

EXTERNAL ENVIRONMENT

Within our environmental impact it is energy use and consequently carbon emissions that determine the biggest part of our environmental agenda. The Company is committed to operating sustainably with continuous improvements in environmental performance.

The initial target for the DigiPlex group of entities in this area was to purchase all our electricity from certified, renewable sources. We first achieved this in July 2004. We have maintained this achievement ever since.

Our aim is to be the most environmentally friendly data centre provider in Europe and we have put this into action with our fiercely competitively low PUE achievements to date. We particularly welcome the opportunity to work with our customers and help them to achieve their own environmental performance improvement goals. With the above processes and initiative in place, the Board is very proud of the small environmental footprint that it leaves behind.

CORPORATE SOCIAL RESPONSIBILITY

The Company's policy is designed and implemented in a way to help tackle the challenges we face in today's society. The DigiPlex policy ensures that we responsibly and fairly recruit and manage DigiPlex employees on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. We strive on our ability to provide our customers an unprecedented level of support and flexibility in all aspects of providing a Data Centre service and do so in a manner that ensures our businesses future and the prosperity of all stakeholders involved.

The Company is committed to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. In order to maintain a current and effective responsibility strategy we promote transparency in the actions of all stakeholders and act on all relevant concerns highlighted for attention.

We take the responsibility of fairness and equality beyond our own walls and ensure that external parties with whom we engage in business are also focused on their responsibility to the wider community. The Company's tendering process clarifies whether the supplier has established its own policy and guidelines for corporate social responsibility, and whether it has been involved in incidents related to corruption, child labour or breaches of human rights or the rights of employees to unionise.

Information on such matters is obtained from the suppliers themselves or from other investigations. Possible conditions uncovered will be significant in qualifying the supplier for participation in the tendering process.

YEAR-END APPROPRIATIONS

The net loss for the year of NOK 1.6 million (2015: net loss of NOK 5.1 million) is transferred to retained earnings.

RESEARCH AND DEVELOPMENT

The Company is continually undertaking confidential research and development with the view of improving its processes, customer service, costs and its environmental footprint.

OUTLOOK

In 2017 the primary goal is to continue to renew existing customers and to provide tailor-made solutions including having the potential to expand its current available technical space, as required, to meet its customers' requirements in terms of providing highly reliable IT Housing.

The Board is not aware of any additional risk factors facing the Company other than those outlined in this report.

Oslo, 28 April 2017

J Byrne Murphy
Chairman

Gisle M Eckhoff
CEO

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To the General Meeting of Digiplex Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digiplex Norway AS which comprise the balance sheet as at 31 December 2016, income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no Key Audit Matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with pwc

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsiblities of The Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the Board of Directors with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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 statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on 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 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, 28 April 2017
PricewaterhouseCoopers AS

Stig Arild Lund
State Authorised Public Accountant

Income statement

Amounts in NOK

Operating income and operating expenses	Notes	2016	2015
Revenue from services	18	129,260,596	115,872,346
Revenue from goods sold	18	14,060,629	10,842,894
Total revenue		**143,321,225**	**126,715,240**
Cost of goods sold		13,181,623	9,389,190
Employee benefits expense	7	26,697,793	20,859,602
Other operating expenses	7, 18	37,845,180	39,582,746
EBITDA		**65,596,629**	**56,883,702**
Depreciation and amortisation	5	42,039,261	40,413,902
Operating profit		**23,557,368**	**16,469,799**
Finance income	11, 18	8,390,859	3,463,491
Finance costs	11	31,555,774	21,730,799
Finance - net		**-23,164,915**	**-18,267,308**
Profit/(loss) before tax		**392,453**	**-1,797,508**
Income tax expense/(benefit)	13	1,990,571	3,292,519
Profit/(loss) for the year		**-1,598,118**	**-5,090,027**
Profit/(loss) for the year attributable to the shareholders		-1,598,118	-5,090,027
Statement of comprehensive income/(loss)			
Items that may be reclassified to profit or loss		0	0
Items that will not be reclassified to profit or loss		0	0
Total comprehensive income/(loss) for the year		**-1,598,118**	**-5,090,027**
Total comprehensive income/(loss) attributable to shareholders		**-1,598,118**	**-5,090,027**

Statement of financial position

Amounts in NOK

Assets	Notes	2016	2015
Non-current assets			
Deferred tax asset	13	44,471,879	46,462,451
Land, building and outfitting	5	393,928,060	422,571,725
Furniture and fixtures	5	1,245,445	821,918
Loans to related parties	18	183,750,000	143,750,000
Total non-current assets		**623,395,384**	**613,606,093**
Current assets			
Inventories		447,702	518,879.00
Trade and other receivables	6	39,531,607	39,658,786.57
Bank deposits	8	39,142,926	46,608,915
Total current assets		**79,122,235**	**86,786,581**
Total assets		**702,517,619**	**700,392,674**

Equity and liabilities	Notes	2016	2015
Paid in equity			
Share capital	16	33,300,000	33,300,000
Share premium reserve	16	22,609,964	22,609,964
Total paid in equity		**55,909,964**	**55,909,964**
Earned equity			
Other equity		16,826,459	18,424,577
Total earned equity		**16,826,459**	**18,424,577**
Total equity		**72,736,423**	**74,334,541**
Liabilities			
Non-current liabilities			
Borrowings	12	566,688,250	563,574,986
Total non-current liabilities		**566,688,250**	**563,574,986**
Current liabilities			
Deposits from customers	19	8,818,819	8,030,879
Trade and other payables	9	47,907,151	49,901,454
Public tax liabilities	10	6,366,978	4,550,815
Total current liabilities		**63,092,948**	**62,483,148**
Total equity and liabilities		**702,517,619**	**700,392,674**

Oslo 28 April 2017

James Byrne Murphy
Chairman of the board

Gisle Michael Eckhoff
Member of the board / general manager

Statement of changes in equity

Amounts in NOK

	Notes	Share capital	Share premium reserve	Retained earnings	Total Equity
Balance at 1 January 2015	**16**	33,300,000	22,609,964	23,514,605	79,424,569
Profit/(loss) for the period		0	0	-5,090,028	-5,090,028
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**33,300,000**	**22,609,964**	**18,424,577**	**74,334,541**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2015	**16**	**33,300,000**	**22,609,964**	**18,424,577**	**74,334,541**

		Share capital	Share premium reserve	Retained earnings	Total Equity
Balance at 1 January 2016	**16**	33,300,000	22,609,964	18,424,577	74,334,541
Profit/(loss) for the period		0	0	-1,598,118	-1,598,118
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**33,300,000**	**22,609,964**	**16,826,459**	**72,736,423**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2016	**16**	**33,300,000**	**22,609,964**	**16,826,459**	**72,736,423**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flow

Amounts in NOK

	Notes	As at 31 December 2016	2015
Cash flows from operating activities			
Profit/(loss) before income tax		392,453	-1,797,508
Depreciation charges	5	42,039,261	40,413,902
Adjustment for financial activities		25,191,504	15,626,776
Changes in inventories		71,178	108,600
Change in trade and other receivables	6	127,180	-997,426
Change in trade and other payables	9	609,799	10,235,408
Net cash from operating activities		**68,431,375**	**63,589,752**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-13,819,124	-18,934,893
Issue of long term loan to related parties	18	-40,000,000	-143,750,000
Interests received from related parties	11, 18	5,952,618	2,604,000
Net cash from investing activities		**-47,866,506**	**-160,080,893**
Cash flows from financing activities			
Proceeds from issue of bond	12	0	575,000,000
Transaction cost related to the issuing of the bond	12	0	-7,015,000
Repayment of bank loan	12	0	-336,000,000
Repayment of shareholder loan	18	0	-99,852,173
Interest paid	11	-28,030,858	-17,429,856
Net cash from financing activities		**-28,030,858**	**114,702,971**
Net (decrease)/increase in cash and cash equivalents		-7,465,989	18,211,831
Cash and cash equivalents at beginning of year	8	46,608,915	28,397,084
Cash and cash equivalents at end of year	8	**39,142,926**	**46,608,915**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

1. General information

Digiplex Norway AS ("the Company") is a Norwegian private limited liability company incorporated on 1 March 2000 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 981 663 322, its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

Digiplex Norway AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Selma Ellefsens vei 1 in Oslo, Norway, for its customer's information and communication technology equipment.

The Company has issued financial statements based upon Norwegian Generally Accepted Accounting Principles ("GAAP") for the period ended 31 December 2014. Note 21 lays out the transition from Norwegian GAAP to International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements of Digiplex Norway AS for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 28 April 2017. The financial statements will be approved by the shareholders meeting on 28 April 2017. The financial statements are presented in Norwegian Kroner (NOK).

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, and in accordance with IFRS as adopted by the EU, and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently, unless otherwise stated. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in the notes to these financial statements.

The financial statements have been prepared on a going concern basis.

2.1.1 New and amended standards and interpretations

The Company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2016:
- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.
The Company also elected to adopt the following amendments early:
- Disclosure Initiative: Amendments to IAS 7.
This amendment requires disclosure of changes in liabilities arising from financing activities.

The following new standards have been reviewed with regards to their effect on the Company's financial statements:

IFRS 9, 'Financial instruments'
IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Following the changes approved by the IASB in July 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. The standard is mandatory from 01.01.2018 and has not been endorsed by the EU.

IFRS 15, 'Revenue from contracts with customers'
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard is mandatory from 01.01.2018 and has been endorsed by the EU.

IFRS 16, 'Leases'
IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.
The income statement will be affected, additionally, operating expense will be replaced with interest and depreciation, so EBITDA will change.
The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

None of these new standards is expected to have a significant effect on the financial statements of the Company.

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services:
The Company provides IT housing services including engineering support, connectivity and other IT services. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Where invoices are raised in advance for contracted services, the revenue is spread over the period of the service and deferred income is recognised in the balance sheet.

Sale of goods:
The Company sells some IT related goods to its existing customers. Sales of goods are recognised when the entity has delivered and installed the products to the customer.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

The Company has identified one segment; IT housing services, and one geographical segment; Oslo.

2.4 Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. Instalments payable or receivable within one year on long term liabilities and long term receivables are classified as short term liabilities and current assets.

2.5 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Foreign currencies

Functional and presentation currency

The financial statements of the Company are presented in Norwegian kroner (NOK) which is the functional currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within ‘Other gains and losses’.

2.9 Employee benefits

The Company has one defined contribution plan. With a defined contribution plan the Company pays contributions to an insurance company. After the contribution has been made the Company has no further commitment to pay. The contribution is recognised as payroll expenses.

2.10 Taxation

Income tax expense represents the current tax calculated on taxable profits for the year, any adjustments in respect of prior periods and the deferred tax charge or credit for the year.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted and that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is reflected at nominal value.

2.11 Property, plant and equipment

Fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as described in note 5.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.

2.12 Impairment of tangible assets

On an annual basis, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The test is performed on the lowest level of fixed assets at which independent cash flows can be identified (Cash Generating Unit - CGU).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

2.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2.14 Financial instruments

The Company has the following classes of financial assets and liabilities: Receivables and financial liabilities at amortised cost.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Receivables

Trade receivables are amounts due from customers or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables where collection is expected in one year or more are treated as non-current assets.

Receivables include cash and cash equivalents, trade and other receivables recognised in the balance sheet (notes 6 and 8). Cash and cash equivalents comprise cash on hand and demand deposits.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or insolvency.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted from the cost of the asset and are credited to the income statement on a straight line basis over the expected lives of the related assets as part of depreciation.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. No impairments were made in 2016 nor in 2015.

3 Significant accounting estimates and assumptions

The application of accounting standards and policies requires the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance. Management have identified the following material estimates:

Deferred tax asset: The Company has a significant deferred tax asset. Deferred tax assets are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised. A change in this assumption will have significant effect on the financial statements.

Depreciation: Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Changes in the estimated useful life will have significant effect on the financial statements.

4 Financial risk management and Financial instruments

Financial risk management
The Company's activities exposes it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge any risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the board of directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Market risk – foreign exchange risk
The Company operates domestically and is therefore exposed to a limited foreign exchange risk.

Market risk – cash flow interest rate risk
The Company's interest rate risk arises from a long-term bond loan (see note 12). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The interest on the bond loan is adjusted quarterly.

Sensitivity analysis – cash flow interest rate risk
At 31 December 2016, if the Norwegian key policy rate had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately NOK 600,000 higher/lower, mainly as a result of higher/lower interest expense on bond borrowings.

Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. Given the customers dependability of the services provided by the Company, there is a low collection risk, demonstrated through immaterial overdue accounts receivable at year end. Credit risk related to bank insolvency is closely monitored.

Liquidity risk
The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table on the next page analyses the Company's non-derivative financial liabilities and assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As 31 December 2016	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other receivables	39,531,607	39,531,607	0	0	0

As 31 December 2016					
Bond loan	566,688,250	28,500,000	619,000,000	0	0
Deposits from customers* (see note 19)	8,818,819	8,818,819	0	0	0
Trade and other payables	54,274,129	54,274,129	0	0	0

As 31 December 2015	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other receivables	39,658,787	39,658,787	0	0	0

As 31 December 2015					
Bond loan	563,574,986	28,060,000	81,120,000	553,060,000	0
Deposits from customers* (see note 19)	8,030,879	8,030,879	0	0	0
Trade and other payables	54,452,269	54,452,269	0	0	0

The Company holds restricted cash to meet the cash outflow from certain transactions, see note 8 for details.

* Deposits from customers are payable on demand. There is no contractual obligation related to the customer contract.

Determination of fair value
The carrying amount of cash and cash equivalents and bank overdrafts approximates fair value because these instruments have a short-term maturity date. Similarly, the carrying amount of accounts receivable and accounts payable approximates fair value as the impact of discounting is not significant.

Fair value of the bond loan is calculated to be NOK 578 million using the observations from the Norwegian Securities Dealers Association as 31.12.2016 (NOK 572 million at 31.12.2015). The bond was listed on the Oslo Stock Exchange on 29 January 2016.

The fair value hierarchy
The Company has not recognised any items at fair value as of 31 December 2016 or 31 December 2015. There has not been any transfers between the levels of the fair value hierarchy during 2016 and 2015.

Classification of financial assets and liabilities
The Company has the following classification of financial assets and liabilities.

Financial instruments

As 31 December 2016	Loans and receivables	Other items	Total
Assets			
Trade receivables (non interest bearing)	31,103,662	0	31,103,662
Other receivables (non interest bearing)	8,427,945	0	8,427,945
Cash and cash equivalents	39,142,926	0	39,142,926
Loans to related parties	183,750,000	0	183,750,000
Total financial assets	**262,424,533**	0	**262,424,533**

The maximum exposure to credit risk is equal to the book value.

As 31 December 2015	Loans and receivables	Other items	Total
Assets			
Trade receivables (non interest bearing)	31,630,875	0	31,630,875
Other receivables (non interest bearing)	8,027,912	0	8,027,912
Cash and cash equivalents	46,608,915	0	46,608,915
Loans to related parties	143,750,000	0	143,750,000
Total financial assets	**230,017,702**	0	**230,017,702**

The maximum exposure to credit risk is equal to the book value.

As 31 December 2016	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	566,688,250	0	566,688,250
Prepayments from customers	0	23,947,944	23,947,944
Deposits from customers	8,818,819	0	8,818,819
Trade payables (non interest bearing)	8,852,482	0	8,852,482
Other current liabilities (non interest bearing)	15,106,726	0	15,106,726
Accrued public taxes (non interest bearing)	0	6,366,978	6,366,978
Total financial liabilities	**599,466,277**	**30,314,922**	**629,781,199**

As 31 December 2015	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	563,574,986	0	563,574,986
Prepayments from customers	0	19,802,363	19,802,363
Deposits from customers	8,030,879	0	8,030,879
Trade payables (non interest bearing)	13,741,894	0	13,741,894
Other current liabilities (non interest bearing)	16,357,197	0	16,357,197
Accrued public taxes (non interest bearing)	0	4,550,815	4,550,815
Total financial liabilities	**601,704,956**	**24,353,178**	**626,058,134**

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital management.

During 2015, according to the Company's strategy, the Company has refinanced, replacing the interest free shareholder loan and the interest bearing bank loan with an interest bearing bond loan. To ensure that the company complies with covenants, minimum liquidity and loan-to-value ratio is closely monitored.

Note 5 - Property, plant and equipment

	Land	Building	Outfitting	Furniture and fixtures	Intangible assets	Total
At 1 January 2015						
Accumulated cost	6,925,176	80,134,520	646,791,452	3,004,054	301,955	737,157,157
Accumulated depreciation	0	42,204,087	247,539,111	2,239,353	179,030	292,161,581
Accumulated impairment	0	0	0	0	122,925	122,925
Net book amount	**6,925,176**	**37,930,433**	**399,252,341**	**764,701**	**0**	**444,872,651**
Year ended 31 December 2015						
Opening net book amount	6,925,176	37,930,433	399,252,341	764,701	0	444,872,651
Additions	505,402	0	18,099,918	329,573	0	18,934,893
Disposals	0	0	0	0	0	0
Depreciation charge	0	3,205,381	36,936,165	272,356	0	40,413,902
Net book amount	**7,430,578**	**34,725,052**	**380,416,094**	**821,918**	**0**	**423,393,642**
At 31 December 2015						
Accumulated cost	7,430,578	80,134,520	664,891,370	3,333,627	301,955	756,092,050
Accumulated depreciation	0	45,409,468	284,475,276	2,511,709	179,030	332,575,483
Accumulated impairment	0	0	0	0	122,925	122,925
Net book amount	**7,430,578**	**34,725,052**	**380,416,094**	**821,918**	**0**	**423,393,642**
At 1 January 2016						
Accumulated cost	7,430,578	80,134,520	664,891,370	3,333,627	0	755,790,095
Accumulated depreciation	0	45,409,468	284,475,276	2,511,709	0	332,396,453
Accumulated impairment	0	0	0	0	0	0
Net book amount	**7,430,578**	**34,725,052**	**380,416,094**	**821,918**	**0**	**423,393,642**
Year ended 31 December 2016						
Opening net book amount	7,430,578	34,725,052	380,416,094	821,918	0	423,393,642
Additions	0	0	13,022,119	797,005	0	13,819,124
Disposals	0	0	0	0	0	0
Depreciation charge	0	3,205,381	38,460,404	373,476	0	42,039,261
Net book amount	**7,430,578**	**31,519,671**	**354,977,809**	**1,245,447**	**0**	**395,173,505**
At 31 December 2016						
Accumulated cost	7,430,578	80,134,520	677,913,489	4,130,632	0	769,609,219
Accumulated depreciation	0	48,614,849	322,935,680	2,885,185	0	374,435,714
Accumulated impairment	0	0	0	0	0	0
Net book amount	**7,430,578**	**31,519,671**	**354,977,809**	**1,245,447**	**0**	**395,173,505**

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts.

Expected useful life		15 - 25 years	10-25 years	3-5 years	3-5 years
Depreciation plan	None	Straight line	Straight line	Straight line	Straight line

Note 6 - Trade and other receivables

	2016	2015
Trade receivables	17,796,108	22,450,013
Trade receivables related parties	13,307,554	9,180,862
Trade receivables - net	**31,103,662**	**31,630,875**
Prepayments	2,540,043	2,648,902
Other receivables	2,500	3,000
Accrued income not invoiced	5,885,402	2,604,000
Receivables from related parties	0	2,772,010
Total receivables	**39,531,607**	**39,658,787**

Note 7 - Payroll and auditor remuneration

Personnel expenses	2016	2015
Salaries	21,540,802	17,070,031
Payroll tax	3,041,467	2,485,318
Defined contribution plan	1,128,763	647,754
Other benefits	986,761	656,499
Total personnel expenses	**26,697,793**	**20,859,602**
Number of employees	26	22
Average number of full-time employees	26	17

The Company maintains a pension scheme which is applicable for all employees. The Company fulfils the regulations regarding mandatory pension fund.

Key management personnel are defined as directors of the board and the CEO. The Chairman of the Board charges management fee, see note 19 for details.
No loans have been granted to the CEO, the Chairman of the Board or other individual related parties

Remuneration to key personnel	Salaries	Bonus	Pension	Other benefits	Sum
Directors of the board	0	0	0	0	0
CEO	1,858,763	333,333	60,997	7,014	2,260,107

Auditor remuneration (all amounts are excluding VAT)	2016	2015
Statutory audit	217,000	171,832
Other assurance services	337,870	8,200
Tax compliance	0	0
Other assistance	241,050	74,914
Total auditor remuneration (excluding VAT)	**795,920**	**254,946**

Note 8 - Cash and cash equivalents

Cash and other cash equivalents	2016	2015
Short term cash deposits, cash equivalents	38,012,035	45,723,644
Restricted cash regarding employee tax deductions	1,130,891	885,271
Cash and cash equivalents	**39,142,926**	**46,608,915**

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

Note 9 - Trade and other payables

Trade payables and other current liabilities	2016	2015
Trade payables	8,076,354	8,802,129
Trade payables related parties	776,128	4,939,765
Accrued salaries to employees	4,325,710	2,406,976
Other accrued expenses	10,781,016	13,950,220
Prepayments from customers	23,947,944	19,802,363
Total trade and other payables	**47,907,152**	**49,901,454**

Note 10 - Public tax liabilities

Public tax liabilities	2016	2015
Withheld tax for employees	1,129,962	884,695
VAT settlement	4,378,329	2,963,332
Accrued and unpaid employees social contributior	858,687	702,788
Total public tax liabilities	**6,366,978**	**4,550,815**

Note 11 - Financial income and expenses

Financial income	2016	2015
Interest income on short term bank deposits	287,707	787,072
Interest income from related parties	7,968,190	2,604,000
Other interest and financial income	134,962	72,419
Total financial income	**8,390,859**	**3,463,491**

Financial expenses	2016	2015
Interest expenses	31,377,519	21,621,851
Other financial expenses	178,255	108,948
Total financial expenses	**31,555,774**	**21,730,799**
Net financial (expenses)/income	**-23,164,915**	**-18,267,308**

Note 12 - Borrowings

Borrowings	2016	2015
Bond loan long term	575,000,000	575,000,000
Total	**575,000,000**	**575,000,000**
Capitalised transaction cost	-8,311,750	-11,425,014
Book value at amortised cost	**566,688,250**	**563,574,986**
Accrued interest	5,809,896	5,912,000

The bond loan is interest bearing with a coupon rate equal to 3 months NIBOR plus a margin of 3.75 %. The maturity date for the bond loan is 17 July 2019. The bond loan has financial covenants related to minimum liquidity and loan-to-value ratio of 65% or lower. A minimum liquidity of NOK 15 million is required and the Company shall ensure that the Interest Cover Ratio is not less than 1.5. Fair value of the bond loan is calculated to be NOK 578 million using the observations from the Norwegian Securities Dealers Association as at 31.12.2016. The bond was listed on the Oslo Stock Exchange on 29 January 2016.

The bond loan is secured with a first priority charge on fixed assets and trade receivables for the value of NOK 575 million. Furthermore, Digiplex Rosenholm AS, a related party, provides a guarantee on the bond loan up to the amount that it receives from the Company (please refer to note 18).

Note 13 - Tax

	2016	2015
Tax payable	0	0
Change in deferred tax	137,577	-424,477
Effect of change in tax rate to deferred tax positions	1,852,994	3,716,996
Income tax expense	**1,990,571**	**3,292,519**
Basis for tax payable		
Result before tax	392,453	-1,797,508
Permanent differences	157,853	225,370
Change in deferred tax	12,501,869	821,288
Change in tax losses carry forward	-13,052,175	750,850
Basis for tax payable	**0**	**0**
Temporary differences		
Non-current assets	-103,485,883	-94,097,278
Current assets	0	0
Goods	0	0
Capitalised transaction cost	8,311,750	11,425,014
Tax loss carry forward	-90,125,363	-103,177,538
Basis for deferred tax asset in the balance sheet	**-185,299,496**	**-185,849,802**
Calculated deferred tax liability with 24 % (2015: 25%)	**-44,471,879**	**-46,462,451**
Net deferred tax positions		
Non-current assets	-24,836,612	-23,524,320
Current assets	0	0
Goods	0	0
Capitalised transaction costs	1,994,820	2,856,254
Tax loss carry forward	-21,630,087	-25,794,385
Net at 31 December	**-44,471,879**	**-46,462,451**
Calculation of effective tax rate		
Profit before income tax	**392,453**	**-1,797,508**
Tax calculated using effective tax rate 25% (2015: 27%)	98,113	-485,327
Effect of permanent differences 25% (2015: 27%)	39,464	60,850
Effect of change in tax rate to 24% for deferred tax positions	1,852,994	3,716,997
Income tax expense	**1,990,571**	**3,292,519**
Tax payable	**0**	**0**
Effective tax rate	**0%**	**0%**

Deferred tax asset is recognised. Deferred income tax assets are recognised for tax loss carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2016, tax losses carried forward were utilised with a total of NOK 13 052 175.

With effect from 1 January 2017 the corporate tax rate has changed from 25% to 24%. Tax losses carried forward have been calculated with the new tax rate due to this change.

Note 14 - Contingencies and commitments

The Company does not have any contingent liabilities as at 31 December 2016.

Note 15 - Dividends

No dividends were paid during 2016 or 2015.

Note 16 - Share capital and shareholder information

	Number of shares	Ordinary shares	Share face value	Share capital	Share premium	Total paid in capital
As 1 January 2015	33,300	33,300	1,000	33,300,000	22,609,964	**55,909,964**
Share capital	0	0	0	0	0	**0**
As 31 December 2015	33,300	33,300	1,000	33,300,000	22,609,964	**55,909,964**
Share capital	0	0	0	0	0	**0**
As 31 December 2016	**33,300**	**33,300**	**1,000**	**33,300,000**	**22,609,964**	**55,909,964**

All shares have equal rights and are fully paid.

Shareholders	**Shares**	**Percentage ownership**
DigiPlex Norway Acquisitions L.L.C., Washington D.C, USA	33,000	100.0 %

Chairman of the Board, Mr James Byrne Murphy, directly and indirectly controls 15% of DigiPlex Norway AS through Chesapeake Partners LLC.

Note 17 - Events after the balance sheet date

There have been no events after the balance sheet date.

Note 18 - Related party disclosures

The Company is controlled by Stupar Holdings Corporation and Chesapeake Partners LLC through DigiPlex Norway Acquisitions LLC.
The following transactions were carried out with related parties:

	2016	2015
Purchase of services		
Management services	4,471,470	4,564,459
Support services	2,870,307	2,562,117
Total	**7,341,777**	**7,126,576**

Trade payables related to purchases of services from related parties are included in Trade and other payables (see also note 9).

	2016	2015
Sale of services		
Support services	12,886,332	10,318,757
Interest charged	7,968,190	2,604,000
Total	**20,854,522**	**12,922,757**

Trade receivable from the sale of services to related parties are included in Trade and other receivables (see also note 6).

Long term loans to related parties:

	2016	2015
As 1 January	143,750,000	0
Loans advanced	40,000,000	143,750,000
Loans repaid	0	0
As 31 December	**183,750,000**	**143,750,000**
Interest charged	**7,968,190**	**2,604,000**

Long term loans from related parties:

	2016	2015
As 1 January	0	99,852,173
Loans advanced	0	0
Loans repaid	0	-99,852,173
As 31 December	**0**	**0**
Interest charged	**0**	**0**

The loans issued in 2016 and 2015 were to DigiPlex Rosenholm AS and to the parent company, DigiPlex Norway Acquisitions LLC. Both loans are interest bearing. DigiPlex Rosenholm AS is a guarantor for the bond loan issued by DigiPlex Norway AS, for an amount equal to the loan between the two parties.

The Company has identified the following related parties:

Name of company	Type of relationship	Type of services
DigiPlex Fet AS	Related party	Support services
DigiPlex Rosenholm AS	Related party	Support services and financing
DigiPlex London 1 Limited	Related party	Support services
DigiPlex Stockholm 1 AB	Related party	Support services
Kitebrook Partners LLC	Related party	Management services
DigiPlex Norway Acquisitions LLC	Owner	Financing

Note 19 - Deposits from customers

Deposits from customers are held as security for contractually obligated payments in the event of a default . The deposits are non-interest bearing and will be repaid upon termination of contract. The customer contract does not include a time clause, hence according to IAS 39 no amortisation has been made.

Definitions

DigiPlex Norway AS' financial information is prepared in accordance with International Financial Reporting Standards ('IFRS'). Additionally, some alternative performance measures have been provided, these are defined as follows:

EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the year ended 31 December 2016 have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Company's assets, liabilities, financial position and results of operation, and that the Board of Directors' Report gives a true and fair review of the development and performance of the business and the position of the Company, and includes a description of the principal risks and uncertainties facing the Company.

Oslo, 28 April 2017

J Byrne Murphy
Chairman

Gisle M Eckhoff
CEO