

AINMT Scandinavia Holdings AS

**Quarterly Report
January – June 2015**

SECOND QUARTER 2015 SUMMARY

- Service revenue of kNOK 162,685; 28% y-o-y growth
- EBITDA* of kNOK 16,926; 172% y-o-y growth
- Book equity of NOK 830 million

<i>Amounts in NOK'000</i>	Apr – Jun 2015	Apr – Jun 2014	Jan – Jun 2015	Jan – Jun 2014
Service revenue	162,685	127,577	340,022	251,610
EBITDA *	16,926	7,135	65,903	24,217
CAPEX **	62,430	8,687	190,582	734,482
Total assets	2,545,010	2,523,688	2,545,010	2,523,688
Operating margin %	nm	nm	nm	nm
Equity/assets ratio %	33%	42%	33%	42%

* AINMT defines EBITDA as operating profit after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included. For details, see below.

** CAPEX is defined as investments in intangible assets and property, plant and equipment as reported in the statement of cash flows. In 2014 the Jan-Jun CAPEX includes the acquired licenses in Norway obtained via the contribution of Ice Communications Norge AS.

CEO's statement

In June, only three months after acquiring the Network Norway customer base from TeliaSonera, AINMT's Norwegian operation launched its consumer smartphone proposition under the brand ice.net. Simultaneously, Network Norway was rebranded to ice.net.

The initial phase of the agreement to acquire Tele2's mobile network infrastructure, including the Oslo underground system and Oslo Airport, came into effect on 1 April 2015.

Throughout the second quarter and the summer, a key focus in Norway, Sweden and Denmark was the preparation for the mobile network upgrade. We started in Sweden and Denmark, with an upgrade of the networks from 3G to 4G. In Norway, we have started to upgrade the 3G network to a multi-frequency 4G network characterized by superior speed, capacity and coverage.

I am pleased to highlight that our Danish operation has already concluded the upgrade of its entire network as of the end of August, becoming a 4G only internet access provider. The upgrades in Sweden and Norway are planned to be finalised during October 2015.

In June, our Norwegian operation conducted two early pilot tests, installing the new 4G LTE network in Årdal and Trysil. Årdal was chosen because of its challenging geography, with high mountains and deep valleys. The feedback from ice.net's customers have been extremely positive, both in terms of speed and coverage.

Significant events during the second quarter

- On 1 April 2015, Ice Communication Norge AS' deal to acquire a substantial amount of Tele2's mobile network infrastructure, including the Oslo underground system and at Oslo Airport, came into effect
- ice.net went live as a consumer smartphone provider in Norway in June
- Network Norway fully re-branded to ice.net
- Successful pilot tests of the new 4G LTE network in Norway

Significant events after the end of the period

- The entire Danish network upgraded from 3G to 4G by the end of August
- Network upgrade started and progressing well in Norway and Sweden

Personnel and organization

At the end of the period, the number of employees amounted to 129 versus 82 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 173 (98) people.

Investments

The Group's acquisition of intangible assets during the second quarter amounted to NOK 45 (1,150) thousands. The corresponding numbers for the first six months was kNOK 36,145 (716,739) thousands, the major item being the acquisition of the business-to-business customer base from Network Norway in February and for the comparison number the major item is the acquisition of Ice Communication Norge AS that was awarded the spectrum licences in Norway in December 2013.

Investments in tangible assets during the second quarter amounted to NOK 54,934 (7,537) thousands and the corresponding numbers for the first six months kNOK 134,186 (17,743). These investments are mainly related to implementation of the new network and capacity expansions, both on existing and new sites as well as on backbone systems.

As a consequence of the 4G investments the depreciations of the current networks are significantly higher during 2015.

EBITDA

Non-recurring items identified during the second quarter amounts to NOK 5,247 (1,152) thousands and the total year-to-date amounts to NOK 13,087 (5,705) thousands. Non-recurring items are mainly related to inventory revaluations and restructuring measurements.

The NOK 94.6 million net positive effect from the acquisition of Network Norway in February 2015 is not included in the EBITDA.

Risks and factors of uncertainty

AINMT Scandinavia's operations are exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational and financial risks; including regulatory and competitive risks.

A material part of the Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Please refer to the annual report of 2014 for a detailed walk-through of the risks identified.

Related party transactions

No related party transactions to report for the first quarter of 2015. Please see further details under the section Critical accounting estimates and judgements in the annual report of 2014.

Outlook 2015

The company is planning to file for listing the bond on the Oslo Exchange Market (Oslo Børs) in 2015.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

31 August 2015

The Board of Directors of AINMT Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>Amounts in NOK'000</i>	Apr – Jun 2015	Apr – Jun 2014	Jan – Jun 2015	Jan – Jun 2014
Service revenue	162,685	127,577	340,022	251,610
Other operating revenue	54,479	21,355	72,965	34,024
Total operating revenue	217,164	148,931	412,986	285,634
Acquisition of Network Norway	-	-	94,600	-
Operating expenses	-104,131	-70,647	-183,329	-131,004
Other expenses	-69,969	-55,568	-110,562	-95,491
Employee benefit expenses	-31,386	-17,061	-66,279	-40,627
Depreciation and amortization	-92,518	-27,967	-174,677	-56,256
Total operating expenses	-298,003	-171,243	-440,248	-323,377
Operating profit	-80,839	-22,312	-27,261	-37,743
Financial items	-51,402	-31,087	-90,113	-29,848
Profit/loss before tax	-132,241	-53,399	-117,374	-67,591
Income taxes	-144	-558	-623	2,203
Profit/loss for the period	-132,385	-53,957	-117,997	-65,389
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	-104	-3,100	-2,014	-2,361
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive income	-104	-3,100	-2,014	-2,361
Total comprehensive income for the period	-132,489	-57,056	-120,011	-67,750
<i>Profit attributable to:</i>				
Equity holders of the parent	-131,903	-53,529	-117,025	-64,625
Non-controlling interests	-482	-428	-972	-764
Profit/loss for the period	-132,385	-53,957	-117,997	-65,389
<i>Total comprehensive income attributable to:</i>				
Equity holders of the parent	-132,003	-56,620	-118,991	-66,982
Non-controlling interests	-487	-437	-1,020	-767
Total comprehensive income for the period	-132,489	-57,056	-120,011	-67,750

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Amounts in NOK'000</i>	30 Jun 2015	30 Jun 2014
ASSETS		
Intangible assets	940,565	783,492
Tangible Assets	665,645	686,506
Financial Assets	23,183	7,594
Deferred tax assets	-	3,677
Total non-current assets	1,629,393	1,481,268
Goods for resale and advance payments to suppliers	50,006	39,418
Trade receivables	99,950	34,110
Other receivables	1,918	8,352
Prepaid expenses and accrued revenue	85,505	25,421
Cash and cash equivalents	678,238	935,119
Total current assets	915,617	1,042,420
TOTAL ASSETS	2,545,010	2,523,688
EQUITY AND LIABILITIES		
Total Equity	830,344	1,050,199
Deferred tax liabilities	33,548	-
Borrowings, Bond issue	1,453,945	1,328,590
Total non-current liabilities	1,453,945	1,328,590
Trade payables	68,800	32,420
Other liabilities	9,227	26,293
Accrued expenses and deferred revenue	149,145	86,186
Total current liabilities	227,173	144,899
TOTAL EQUITY AND LIABILITIES	2,545,010	2,523,688

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>Amounts in NOK'000</i>	Jan - Jun 2015			Jan - Jun 2014		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening balance	946,316	1,100	947,416	343,057	298	*343,355
Net result for the period	-117,025	-972	-117,997	-64,625	-764	-65,389
Other comprehensive income	-1,966	-48	-2,014	-2,358	-3	-2,361
New share issue			-	30		30
Capital contribution from share-based payments	2,940		2,940			-
Restructuring under common control			-	*774,564		*774,564
Closing balance	830,264	80	830,344	1,050,668	-469	1,050,199

* Refers to the contribution of 100% of the shares of Ice Communication Norge AS plus internal loans to the other three companies contributed to AINMT Scandinavia Holdings AS.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Amounts in NOK'000</i>	Apr - Jun 2015	Apr - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
Cash flows from operating activities	11,646	-70,809	-154,806	-61,064
Cash flows from investing activities	-62,430	-8,687	-190,582	-734,482
Cash flows from financing activities	-1,599	-1,809	-2,676	1,700,911
Net decrease/increase in cash and cash equivalents	-52,383	-81,305	-348,064	905,365
Cash and cash equivalents, opening balance	729,109	1,017,916	1,027,542	35,115
Exchange gains/losses on cash	1,512	-1,492	-1,240	-5,361
Cash and cash equivalents, closing balance	678,238	935,119	678,238	935,119

CONSOLIDATED KEY RATIOS

<i>Amounts in NOK'000</i>	Apr – Jun 2015	Apr – Jun 2014	Jan – Jun 2015	Jan – Jun 2014
Return on equity				
Return on equity %	nm	nm	nm	nm
Profit				
Operating profit	-80,839	-22,312	-27,261	-37,743
Operating margin in %	nm	nm	nm	nm
Net profit margin in %	nm	nm	nm	nm
Key ratios - increase				
Service revenue growth in % compared to the same period previous year	28%	11%	35%	12%
Service revenue growth in absolute numbers (compared to the same period previous year)	35,108	12,739	88,411	27,003
Key ratios – financial position				
Cash liquidity %	403%	719%	403%	719%
Equity/assets ratio %	33%	42%	33%	42%
Equity	830,344	1,050,199	830,344	1,050,199
Gross interest bearing debts	1,487,450	1,376,510	1,487,450	1,376,510
Net debt	809,212	441,392	809,212	441,392

Definitions of Key Ratios

EBITDA	AINMT defines EBITDA as operating income after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included in EBITDA.
Cash liquidity in %	Current assets divided by current liabilities
Equity/assets ratio %	Equity divided by total capital
Net profit margin in %	Profit after financial items divided by total operating revenue
Operating profit	Profit before financial items and tax
Operating margin in %	Operating profit divided by total operating revenue
Return on Assets in %	Profit/loss before tax divided by total assets
Return on Equity in %	Profit/loss before tax divided by equity
Net debt	Gross interest bearing debts less cash and cash equivalents

NOTES TO THE FINANCIAL REPORTS

Basis of preparation

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies are the same as those applied in the latest annual report unless otherwise stated below.

The report has not been subject to review by the auditors of AINMT Scandinavia Holdings AS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the group's accounting policies.

New and changed accounting standards in 2015

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2015, have had any material impact on the financial statements of the Group.

Share-based payments

The parent company of the AINMT Scandinavia Holdings AS group, AINMT Holdings AB, has issued equity-settled, share-based compensation plans, under which the group receives services from employees as consideration for equity instruments (options) in it. The fair value of the employee services received in exchange for the grant of the options is reflected also in this group, recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

The grant by the AINMT Holdings AB of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts. The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Segment information by geographical area

Amounts in NOK'000

Jan - Jun 2015	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	251,201	309,412	61,959	149,579	1,277,782
Sweden	79,712	93,381	4,697	18,167	300,231
Denmark	9,107	9,892	-753	2,586	28,198
Total	340,022	412,986	65,903	170,331	1,606,210

Jan - Jun 2014	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	158,818	175,994	28,503	718,532	1,081,636
Sweden	84,305	100,301	-1,676	5,317	360,641
Denmark	8,486	9,338	-2,610	10,500	33,337
Total	251,610	285,634	24,217	734,349	1,475,653

Revenue from intercompany transactions is not included in the segments information.
Investments and non-current assets exclude financial assets and deferred tax assets.

Acquisition of Network Norway

On 5 February 2015, the Norwegian Competition Authority approved TeliaSonera's acquisition of Tele2's Norwegian operation. As a result of the approval, AINMT's Norwegian operation (ice.net) and TeliaSonera announced an agreement that was effective from 1st March 2015 covering the following:

- ice.net acquires Network Norway's business-to-business customer base and the Network Norway brand
- ice.net acquires Officer AS, Norway's fastest growing retailer of mobile communication solutions, with dealerships throughout Norway
- ice.net retains an option to acquire the 2100 MHz spectrum, subject to government approval
- ice.net entered into a six-year national roaming agreement (NRA) with TeliaSonera.
- A co-location agreement giving ice.net access to TeliaSonera's sites at beneficial rates and conditions

The Purchase Price Allocation analysis resulted in the following items;

Amounts in NOK'000

Purchase consideration at 1 March 2015

Cash payment	50,000
Sellers' credit	50,000
Total purchase consideration	100,000

Carrying amount of identifiable assets acquired and liabilities assumed

Customer relations	210,700
Frequency license option	5,000
Shares in Officer AS	5,700
Network equipment and inventory	8,200
Deferred tax liability	-35,000
Total identifiable assets	194,600
Net positive effect from the acquisition	94,600

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All financial information is posted on www.ainmt.com immediately after publication.

OTHER REPORTING RELATED TO THE 9.75 PER CENT SENIOR SECURED CALLABLE BOND ISSUE 2014/2019

Financial Covenants and unconsolidated financial statements of the legal entities of the Group

We hereby confirm that as at 30 June 2015;

- the total book equity, converted to SEK, amounts to MSEK 866
- the ratio of total assets book value to the bonds carrying amount, both adjusted for the amount blocked on the company's debt service account, calculates to 185%
- the total cash, converted to SEK, amounts to MSEK 708

	AINMT Scandinavia Holdings AS NOK'000		Ice Norge AS NOK'000		Ice Communication Norge AS NOK'000		Netett Sverige AB SEK'000		Ice Danmark ApS DKK'000	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Nov 2013- Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
STATEMENTS OF INCOME										
Service revenue	-	-	145 315	157,056	103 874	-	90,502	91,134	7,849	7,649
Other operating revenue	622	-	13 890	17,423	45 538	-	19,342	26,334	676	768
Operating expenses	-984	-380	-122 799	-120,878	-114 163	-16,283	-112,026	-129,187	-8,746	-10,989
Amort. & Depr.	-	-	-78 017	-25,004	-28 932	-17,664	-71,149	-22,580	-5,531	-2,625
Operating profit	-362	-380	-41 611	28,597	6 316	-33,947	-73,330	-34,299	-5,752	-5,197
Financial items	-51,759	-17,400	-6 967	-1,733	-7 513	12,957	-22,141	-17,395	-2,901	-1,919
Taxes	-	-	-	-	-33 250	-	-	-	-	-
Profit/loss for period	-52,121	-17,780	-48 578	26,864	-34 447	-20,990	-95 471	-51,694	-8,653	-7,116
EBITDA*	-362	-380	33,641	44,385	28,770	-16,283	5,071	-1,812	-649	-2,352
STATEMENTS OF FINANCIAL POSITION EoP										
ASSETS										
Intangible assets	-	-	6,444	12,523	859 175	689,599	52 611	62,953	15,009	17,481
Tangible assets	-	-	119,135	197,589	122 483	3,809	217 005	276,659	7,908	11,307
Financial assets	2,378,816	2,009,305	118,838	106,382	209 504	203,600	40 252	43,473	912	817
Non-recurrent assets	2,378,816	2,009,305	244,417	316,494	1 191 162	897,008	309 868	383,086	23,829	29,605
Accounts receivables	955	-	53,946	31,930	70 920	-	63 179	34,278	1,774	1,838
Other receivables	35,571	49,315	93,144	30,418	93 310	6,013	119 743	44,926	3,764	3,492
Cash and banks	483,737	746,798	14,799	17,155	52 905	49	88 388	157,180	33,046	24,769
Current assets	520,263	796,113	161,889	79,503	217 135	6,062	271 309	236,384	38,584	30,099
TOTAL ASSETS	2,899,078	2,805,418	406,306	395,997	1 408 298	903,070	581 177	619,470	62,413	59,703
Restricted equity	3,000	3,000	23,647	23,647	3 000	3,000	30 172	30,172	102,292	102,292
Non-restricted equity	1,325,295	1,433,653	46,982	83,912	631 616	669,134	1 636	33,673	-102,273	-107,363
Equity	1,328,295	1,436,653	70,628	107,559	634 616	672,134	31 808	63,845	19	-5,071
Provisions	-	-	-	-	156 370	-	39 162	42,504	-	-
Borrowings	1,455,549	1,324,866	204,047	207,214	432 660	203,600	431 579	438,264	53,640	53,411
Non-recurrent liabilities	1,455,549	1,324,866	204,047	207,214	589 030	203,600	470 741	480,768	53,640	53,411
Accounts payables	7,140	7,140	16,579	15,348	38 708	46	14 910	17,344	1,654	1,082
Other current liabilities	108,094	36,758	115,051	65,876	145 944	27,290	63 717	57,513	7,101	10,282
Current liabilities	115,234	43,898	131,630	81,224	184 652	27,336	78 627	74,857	8,755	11,364
Total Liabilities	1,570,783	1,368,764	335,678	288,438	773 682	230,936	549 369	555,625	62,394	64,774
TOTAL EQUITY AND LIABILITIES	2,899,078	2,805,418	406,306	395,997	1 408 298	903,070	581 177	619,470	62,413	59,703
STATEMENTS OF CASH-FLOWS										
Operating activities	-81,037	-44,948	-25,539	12,204	-28,288	-17,998	-36,740	-26,005	8,454	-1,664
Investing activities	-143,750	-2,012,473	-23,735	-3,734	-144,337	** -914,672	-19,730	-6,612	-2,325	-9,464
Financing activities	-	2,804,218	-1,584	-7,434	143,750	896,723	-1,180	170,693	-	35,071
Change in cash	-224,787	746,798	-50,857	1,036	-28,875	49	-57,649	138,076	6,129	23,942

* See definitions, page 7

** Includes the purchase of the licenses in Norway in December 2013

*** Offset of internal balances to equity reported gross

The balance sheet of AINMT Scandinavia Holdings AS above is presented in accordance with local GAAP and therefore deviates from the consolidated balance sheet on page 5 which is presented in accordance with IFRS.

The entities that came along with the acquisition of Network Norway, Officer AS and its dormant subsidiary Drammen Tele AS, are in all aspects immaterial. As at 30 June 2015 their book equity amounted to NOK 5,732 thousands and NOK 0 respectively. Total turnover for the full year of 2014 for Officer AS was NOK 6,964 thousands.