

**IBM Finans Norge AS**  
**Condensed Interim Financial Statements**  
**30 June 2016**

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**Condensed Interim Financial Statements**  
**For the Quarter Ended 30 June 2016**

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# IBM Finans Norge AS

## Condensed Interim Statement of Comprehensive Income

For the Quarter Ended 30 June 2016

	Notes	Three months ended		Six months ended		Year ended
		30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2015
		NOK'000	NOK'000	NOK'000	NOK'000	NOK'000
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Finance income	2	2 649	2 872	4 645	6 605	11 967
Finance cost		(145)	(250)	(286)	(538)	(863)
<b>Net finance income</b>		<b>2 504</b>	<b>2 622</b>	<b>4 359</b>	<b>6 067</b>	<b>11 104</b>
<b>Other income and expense</b>						
Other income / (expense)	3	(455)	(506)	(957)	(863)	(1 899)
<b>Total other income and expense</b>		<b>(455)</b>	<b>(506)</b>	<b>(957)</b>	<b>(863)</b>	<b>(1 899)</b>
<b>Profit before income tax</b>		<b>2 049</b>	<b>2 116</b>	<b>3 402</b>	<b>5 204</b>	<b>9 205</b>
Income tax expense	4	(513)	(571)	(852)	(1 405)	(2 490)
<b>Profit for the period / Total comprehensive income</b>		<b>1 536</b>	<b>1 545</b>	<b>2 550</b>	<b>3 799</b>	<b>6 715</b>

All operations are classified as continuing.

The notes on pages 6 to 11 form part of these financial statements.

# IBM Finans Norge AS

## Condensed Interim Statement of Financial Position

As at 30 June 2016

		<b>30 June 2016</b>	<b>31 December 2015</b>	<b>30 June 2015</b>
		<b>NOK'000</b>	<b>NOK'000</b>	<b>NOK'000</b>
	<b>Notes</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
<b>Current assets</b>				
Cash and cash equivalents	10	-	-	-
Receivables from related parties	10	41	147	79
Factored receivables	5	191 838	235 412	192 994
		<b>191 879</b>	<b>235 559</b>	<b>193 073</b>
<b>Non-current assets</b>				
Deferred tax asset		91	45	38
		<b>91</b>	<b>45</b>	<b>38</b>
<b>Total assets</b>		<b>191 970</b>	<b>235 604</b>	<b>193 111</b>
<b>Current liabilities</b>				
Borrowing	6	73 288	87 417	75 265
Payables to related parties	10	28 907	63 167	37 523
Tax payables		3 360	2 464	1 899
Other liabilities		5 263	3 954	2 736
		<b>110 818</b>	<b>157 002</b>	<b>117 423</b>
<b>Total liabilities</b>		<b>110 818</b>	<b>157 002</b>	<b>117 423</b>
<b>Net assets</b>		<b>81 152</b>	<b>78 602</b>	<b>75 686</b>
<b>Issued capital and reserves</b>				
Share capital		45 000	45 000	45 000
Retained profits		36 152	33 602	30 686
<b>Total equity</b>		<b>81 152</b>	<b>78 602</b>	<b>75 686</b>

The notes on pages 6 to 11 form part of these financial statements.

# IBM Finans Norge AS

## Condensed Interim Statement of Changes in Equity

As at 30 June 2016

	Issued capital	Other paid-in capital	Retained earnings	Total equity
	NOK'000	NOK'000	NOK'000	NOK'000
<b>At 1 January 2016</b>	<b>45 000</b>	<b>14 880</b>	<b>18 722</b>	<b>78 602</b>
Profit for the period / Total comprehensive income	-	-	2 550	2 550
Total contribution by and distribution to owners of the company	-	-	-	-
<b>At 30 June 2016 (unaudited)</b>	<b><u>45 000</u></b>	<b><u>14 880</u></b>	<b><u>21 272</u></b>	<b><u>81 152</u></b>
<b>At 1 January 2015</b>	<b>45 000</b>	<b>14 880</b>	<b>12 007</b>	<b>71 887</b>
Profit for the period / Total comprehensive income	-	-	3 799	3 799
Total contribution by and distribution to owners of the company	-	-	-	-
<b>At 30 June 2015 (unaudited)</b>	<b><u>45 000</u></b>	<b><u>14 880</u></b>	<b><u>15 806</u></b>	<b><u>75 686</u></b>
<b>At 1 January 2015</b>	<b>45 000</b>	<b>14 880</b>	<b>12 007</b>	<b>71 887</b>
Profit for the period / Total comprehensive income	-	-	6 715	6 715
Total contribution by and distribution to owners of the company	-	-	-	-
<b>At 31 December 2015 (audited)</b>	<b><u>45 000</u></b>	<b><u>14 880</u></b>	<b><u>18 722</u></b>	<b><u>78 602</u></b>

The notes on pages 6 to 11 form part of these financial statements.

# IBM Finans Norge AS

## Condensed Interim Statement of Cash Flows

For the Quarter Ended 30 June 2016

	Six months ended		Year ended
	30 June 2016	30 June 2015	31 December 2015
	NOK'000	NOK'000	NOK'000
	Unaudited		Audited
<b>Profit for the period</b>	<b>2 551</b>	<b>3 799</b>	<b>6 715</b>
<b>Adjustments for</b>			
Income tax	850	1 405	2 490
<b>Changes in operating assets and liabilities</b>			
Income tax paid	0	(1 984)	(2 511)
Decrease / (Increase) in receivables from related parties	10	106	(66)
Decrease / (Increase) in factored receivables	5	43 573	112 645
(Decrease) / Increase in payables to related parties	10	(34 260)	(66 088)
(Decrease) / Increase in other payables		1 309	1 378
<b>Net cash flow from operating activities</b>	<b>14 129</b>	<b>51 089</b>	<b>38 937</b>
<b>Cash flow from financing activities</b>			
Capital increase	-	-	-
(Decrease) / Increase in borrowing	6	(14 129)	(51 089)
Group contribution	-	-	-
<b>Net cash flow from financing activities</b>	<b>(14 129)</b>	<b>(51 089)</b>	<b>(38 937)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10</b>	<b>-</b>	<b>-</b>

The notes on pages 6 to 11 form part of these financial statements.

# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

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### 1. Statement of compliance, basis of preparation, and significant accounting policies

#### General information

IBM Finans Norge AS (the 'company') is a limited company incorporated in Norway.

The company's immediate parent entity is International Business Machines AS, a company incorporated in Norway. The company's ultimate parent entity is International Business Machines Corporation ('IBM Corporation'), a company registered in the United States of America.

#### Basis of preparation

These condensed interim financial statements for the quarter ended 30 June 2016 have been prepared on a historical cost basis and in accordance with IAS 34 Interim financial reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

In preparing these condensed interim financial statements, the required significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2015, with the exception of changes in estimates that are required in determining the provision for income taxes.

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

#### Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

### 2. Finance income

	Three months ended		Six months ended		Year ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2015
	NOK'000	NOK'000	NOK'000	NOK'000	NOK'000
Factoring fees (note 10)	927	1 366	1 907	3 463	6 404
Income from factoring	1 717	1 494	2 720	3 110	5 506
Interest on deposit with group undertakings (note 10)	5	12	18	32	57
	<b>2 649</b>	<b>2 872</b>	<b>4 645</b>	<b>6 605</b>	<b>11 967</b>

Interest on amounts owed by parent undertaking and by fellow subsidiary undertakings are charged at variable rates based on NIBOR.

### 3. Other income / (expense)

	Three months ended		Six months ended		Year ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2015
	NOK'000	NOK'000	NOK'000	NOK'000	NOK'000
(Impairment)/Release of impairment of factored receivables	0	38	0	122	80
Charges from parent undertaking (note 10)	(409)	(386)	(819)	(773)	(1 558)
Insurance expense	(1)	(125)	(93)	(175)	(337)
Audit services (statutory audit)	(31)	(31)	(31)	(31)	(31)
Other expenses	(14)	(2)	(14)	(6)	(53)
	<b>(455)</b>	<b>(506)</b>	<b>(957)</b>	<b>(863)</b>	<b>(1 899)</b>

### 4. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2016 is 25% (the estimated tax rate for the six months ended 30 June 2015 was 27%).

### 5. Factored receivables

	30 June 2016	31 December 2015	30 June 2015
	NOK'000	NOK'000	NOK'000
<b>Current</b>			
Factored receivables	192 020	235 593	193 133
Less: provision for impairment of receivables	(182)	(181)	(139)
	<b>191 838</b>	<b>235 412</b>	<b>192 994</b>



# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

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### 6. Borrowings

	30 June 2016 NOK'000	31 December 2015 NOK'000	30 June 2015 NOK'000
Borrowing from related companies (note 10)	<u>73 288</u>	<u>87 417</u>	<u>75 265</u>

Interest bearing amounts owed to fellow subsidiary undertakings are charged at variable rates based on NIBOR.

### 7. Contingencies

At 30 June 2016, the company had contingent liability in respect of bank guarantees in amount of NOK 30 000 000 (31 December 2015: NOK 30 000 000) with joint liability of IBM group companies in Norway.

### 8. Events after balance sheet date

There were no other material events after balance sheet date.

### 9. Financial instruments

#### *Financial risk management*

The company is exposed to a variety of financial risks as a result of its operations that include the effects of changes in liquidity and interest rate risk, credit risk, market prices, and foreign exchange risk. The company has a strong risk management programme in place aligned to the programmes applied within the consolidated group of the company's ultimate parent company, International Business Machines Corporation.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at 31 December 2015. There have been no changes in the risk management department since year end or in any risk management policies.

# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

### 9. Financial instruments (continued)

#### Categories of financial instruments

	30 June 2016	31 December 2015	30 June 2015
	NOK'000	NOK'000	NOK'000
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Cash and cash equivalents	-	-	-
Receivables from related parties	41	147	79
Factored receivables	191 838	235 412	192 994
	<u>191 879</u>	<u>235 559</u>	<u>193 073</u>
<b>Financial liabilities</b>			
<i>Amortised costs</i>			
Borrowing	73 288	87 417	75 265
Payables to related parties	28 907	63 167	37 523
Other liabilities	5 263	3 954	2 736
	<u>107 458</u>	<u>154 538</u>	<u>115 524</u>

#### Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- Other financial assets and financial liabilities, excluding derivative financial instruments, are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management consider that the carrying amount of financial assets and financial liabilities in the condensed interim financial statements approximate their fair values. There are no financial assets and/or liabilities that were already recognised at fair value through profit and loss.

# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

### 10. Related party transactions

The following transactions were carried out with related parties, and were made on commercial terms and conditions:

Class of related party/Transaction type	Three months ended		Six months ended		Year ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2015
	NOK'000	NOK'000	NOK'000	NOK'000	NOK'000
<i>Other related undertakings</i>					
Factoring income (fee)	494	688	1 012	1 643	3 404
Interest paid	(144)	(250)	(286)	(538)	(860)
Interest received	3	-	11	-	-
<i>Immediate parent</i>					
Interest paid	-	-	-	-	-
Interest received	2	12	7	32	57
Other expenses	(409)	(386)	(819)	(773)	(1 558)
Factoring income	433	678	895	1 820	2 999
Group contribution distributed	-	-	-	-	-
Capital contribution received	-	-	-	-	-

Details of the amounts receivable from, payable to and borrowing from related parties are set out below:

Class of related party	Transaction type	30 June 2016	31 December 2015	30 June 2015
		NOK'000	NOK'000	NOK'000
Other related undertakings	Cash equivalents	-	-	-
	Borrowing from related parties	73 288	87 417	75 058
	Payable to related parties	20 288	51 484	26 557
Immediate parent	Deposits held with related party	41	147	79
	Borrowing from related party	-	-	207
	Payable to related parties	8 619	11 683	10 966

Interest on amounts owed by fellow subsidiary undertakings are charged at variable rates based on NIBOR.

The amounts outstanding on these balances are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

# IBM Finans Norge AS

## Notes to the Condensed Interim Financial Statements

For the Quarter Ended 30 June 2016

### 11. Capital coverage

Reporting to the Financial supervisory authority of Norway (no: Finanstilsynet) any asset class is weighted at 100%.

	<b>30 June 2016 NOK'000</b>	<b>31 December 2015 NOK'000</b>	<b>30 June 2015 NOK'000</b>
<b>Booked value</b>			
Cash and cash equivalents	-	-	-
Receivables from related parties	41	147	79
Factored receivables	191 838	235 412	192 994
	<u><b>191 879</b></u>	<u><b>235 559</b></u>	<u><b>193 073</b></u>
Responsible capital	81 152	78 602	75 686
<b>Capital coverage in %</b>	<u><b>42.3%</b></u>	<u><b>33.4%</b></u>	<u><b>39.2%</b></u>
Requirement for capital coverage is 8%	15 350	18 845	15 446
<b>Coverage less requirement</b>	<u><b>65 802</b></u>	<u><b>59 757</b></u>	<u><b>60 240</b></u>
<b>Calculation of Responsible capital</b>	<b>30 June 2016 NOK'000</b>	<b>31 December 2015 NOK'000</b>	<b>30 June 2015 NOK'000</b>
Equity	78 601	71 887	71 887
Profit for the period	2 551	6 715	3 799
	<u><b>81 152</b></u>	<u><b>78 602</b></u>	<u><b>75 686</b></u>