Apptix ASA
Annual Report
2016

Apptix Annual Report 2016 will only be issued in English.
The report is available on www.apptixasa.no and on www.oslobors.no/app

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Apptix ASA
Directors' Report 2016

The Sale of Apptix, Inc.

On November 14, 2016 Apptix ASA signed and closed a Stock Purchase Agreement ("SPA") with Fusion Telecommunications International Inc. ("Fusion") for the sale of the Apptix, Inc. its only subsidiary and business operations.

Fusion is a leading provider of integrated cloud solutions to small, medium and large businesses. Fusion's advanced, proprietary service platform enables the integration of leading edge solutions in the cloud, including cloud voice and unified communications, contact center, cloud connectivity, cloud computing and additional cloud services such as storage and security. Fusion is listed on the NASDAQ Capital Market under ticker FSNN. Apptix, Inc. became a wholly-owned subsidiary of Fusion and a major component of Fusion's cloud-based Business Services division.

Apptix ASA was paid approximately USD 23,0 million in cash at closing (before any transaction related expenses). Apptix ASA also received a total of 2,997,926 shares of Fusion common stock. There was no escrow adjustment pursuant to the transaction and all indemnifications along with representations & warranties expired with the closing. Apptix ASA received approximately USD 17,3 million in net cash proceeds or approximately NOK 1,80 per share.

The Fusion shares received by Apptix ASA will be subject to Regulation 144 of the United States Securities Act of 1934 restricting the sale of the Fusion stock for up to 12 months following the closing date. Fusion has agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of closing, making the shares freely tradable on the NASDAQ exchange. During this period of time, the shares will be held and owned by Apptix ASA.

At the Company's December 2016 Extraordinary Group Meeting, the shareholders approved a distribution of NOK 1,65 per share which occurred in late December 2016.

On Going Operations of Apptix ASA

Following the aforementioned cash distribution, the primary assets of Apptix ASA will be its 2,997,926 shares of equity ownership in Fusion and residual cash balances. Due to the trading restrictions of the Fusion common stock, Apptix ASA intends to hold the restricted shares for at least 12 months (post transaction) until the trading restrictions are removed and then present a plan to the Apptix ASA shareholders for disposal of the Fusion shares held by Apptix ASA. As a listed company on the Oslo Stock Exchange, Apptix ASA will continue to report its quarterly results in accordance with the continuing obligations of stock exchange listed companies and pertinent laws and regulations. Following the sale of Apptix, Inc, the Company does not meet the ordinary requirements for listing on the Oslo Bors. The Company has discussed the situation with the Oslo Bors and has been granted an temporary exemption from these requirements until the Company's future business operations is agreed upon.

Additionally, the Company's Board of Directors has initiated a process to review and evaluate the Company's future strategic operating options.

Overview of Fusion Strategy and Services

Fusion offers a comprehensive suite of cloud communications, cloud connectivity, cloud infrastructure, cloud computing, and managed cloud-based applications solutions to small, medium and large businesses, and offers domestic and international voice services to carriers worldwide.

Fusion currently operates its business in two distinct segments: Business Services and Carrier Services. In the Business Services segment, Fusion is focused on becoming its business customers' single source for leveraging the increasing power of the cloud, providing a robust package of essential cloud-based services that form the foundation for a customer's successful migration to, and efficient use of, the cloud. Fusion's Carrier Services includes a robust, carrier-grade network, that ensures the highest quality, diversity and redundancy, providing mission-critical voice, unified communications, Internet, network and managed services for a fast, redundant, and full-featured nationwide IP network.

Fusion's Business Services, which will include the Apptix service line, offers cloud computing and infrastructure as a service ("IaaS") solutions are designed to provide business customers with a platform on which additional cloud services can be layered. Complemented by software as a service ("SaaS") solutions such as security and business continuity, Fusion's advanced cloud offerings including private and hybrid cloud, storage, backup and recovery, and secure file sharing allow customers to experience the increased efficiencies and agility delivered by the cloud.

Through its Carrier Services segment, Fusion has agreements with 369 carrier customers and vendors, and sells its voice services to other communications service providers throughout the world. Customers include U.S.-based carriers sending voice traffic to international destinations, and foreign carriers sending voice traffic to the U.S. and internationally. Fusion also purchases domestic and international voice services from many of its Carrier Services customers.

(Aforementioned information was summarized from Fusion's 2015 Form 10-K filed with the US Securities and Exchange Commission)

2016 Apptix ASA Financial Summary

Apptix ASA recorded no revenues in 2016 or 2015 as its subsidiary no longer utilizes the legacy provisioning software owned by Apptix ASA. Operating expenses in 2016 totaled NOK 3, 1 million as compared to NOK 3, 3 million in 2015, an 8% decrease. The Company recorded a gain on the sale of Apptix, Inc. of NOK 106, 2 million which led to the NOK 103, 2 million net profit for 2016. Net profit for 2015 was NOK 70, 8 million.

Board of Directors

Mr. Lindqvist was appointed Chairman of the Board of Apptix in 2007. He is also Chairman of Telecomputing. From 2004 to 2006, Mr. Lindqvist was the CEO for TeleComputing ASA. He served as the managing director of TeleComputing Sweden AB from 2001 to 2004. Since 1996, Mr. Lindqvist held various positions in Alfaskop AB, including serving as the CEO from 1999 to 2001. He holds a degree in Civil Engineering (Industrial Economy) from the Technical University in Linkøping, Sweden.

Mr. Rogne was appointed as a Director of Apptix in 2007. He is currently Chairman of the Board for Nordic Semiconductor ASA and for Nokas AS. From 1994 to 2004, he served as the CFO for Tandberg ASA. From 2004 through 2007, he then served as the Head of Operations and Investor Relations. Prior to Tandberg, he was head of Finance with Kvaerner AS. Mr. Rogne has an MBA from University of San Diego and a Bachelor of Business Degree from the Oslo School of Business Administration.

Ms. Fåhraeus was appointed Director of Apptix in 2008. She is Chairman of Connect Skåne; Director of Arc Aroma Pure, SensoDetect, the faculty of medicine at Lunds University and, CEO SmiLe Incubator. From 2010 through 2014 she served as Director of Business Development at the private equity company Aqilles Invest AB in Sweden. From 2001 to 2010 she served at Anoto AB, acting as Vice President of Sales and Marketing from 2006-2010. She has previously worked in various leadership positions at Raufoss ASA, Cederroth AB, SCA, Johnson & Johnson, and Kreab Group. She has a degree in Business Administration from Stockholm School of Economics.

Organization, Working Environment, and Equal Opportunities

Prior to the sale of Apptix, Inc., Apptix had a stimulating and positive work environment with a highly qualified and motivated staff. No accidents have occurred during 2016. There were no significant absences due to illness in 2016 or 2015. Employment decisions at Apptix are based on merit, qualifications, and abilities. Apptix is an equal opportunity employer, and does not discriminate based on race, religion, color, sex, age, national origin, citizenship, marital status, disability, veteran's status, sexual orientation, or any other characteristic protected by law. This policy applies to all decisions regarding terms, conditions, and privileges of employment. As of December 31, 2016, the members of the senior management team consisted of one male while the Board of Directors consisted of two males and one female. The Company's operations do not pollute the environment.

Corporate Social Responsibility

Companies are increasingly aware of their obligation to act responsibly in social matters like human rights, employee rights, environmental concerns and anti-corruption. The Board of Directors and Management of Apptix fully support these initiatives.

Apptix is committed to ensure that both basic human rights and employee rights are respected and fully complied with. In its operations, Apptix strives to ensure that all employees, consultants, contractors and customers adhere to basic human rights. Further, Apptix acknowledges and complies with employee rights and other applicable social issues in all its dealings as an employer.

Apptix is committed to protect the environment and has taken various steps to ensure that the business operation has limited negative impact on the environment. Corruption represents a potential problem for developing fair trade. Due to the nature of the Company's business and geographic presence, corruption is not regarded as a real threat to its operations.

While Corporate Social Responsibility is covered in various company internal documents, the company has not seen the need to develop a separate policy document to this effect.

Financial Risks

With the sale of Apptix, Inc, the Company's primary financial risks related to is investment in Fusion. The Company no longer has any material credit risk or interest risk.

Future Prospects

Following the cash distribution to its shareholders, the primary assets of Apptix ASA will be its 2,997,926 shares of equity ownership in Fusion and residual cash balances. Due to the trading restrictions of the Fusion common stock, Apptix ASA intends to hold the restricted shares for at least 12 months (post transaction) until the trading restrictions are removed and then present a plan to the Apptix ASA shareholders for disposal of the Fusion shares held by Apptix ASA. As a listed company on the Oslo Stock Exchange, Apptix ASA will continue to report its quarterly results in accordance with the continuing obligations of stock exchange listed companies and pertinent laws and regulations.

Going concern

According to the Norwegian Accounting Act, the Board confirms that the requirements for going concern are present, and the accounts are presented under this assumption. Financial forecasts for 2017 and the Group's equity and liquidity position provides the basis for this assessment.

Transfer of Funds

The results of the holding company, Apptix ASA, were a net profit of NOK 103, 2 million. The Board recommends the net profit be transferred to other equity.

Johan Lindqvist Chairman of the Board	Terje Rogne Director	Ebba Fahraeus Director	Christopher E. Mack President & Chief Operating Officer

31 December 2016 / 4 April 2017

Apptix ASA
Report on Corporate Governance 2016

1. Implementation and Reporting on Corporate Governance

Apptix Corporate Governance policy is intended to ensure appropriate division of roles and responsibilities between the shareholders, the Board of Directors, and the Executive Management. Apptix emphasizes the importance of adhering to corporate governance principles consistent with the principles set out in the Norwegian Code of Practice for Corporate Governance as amended October 30, 2014, and include the equitable and equal treatment of all shareholders; the importance of having independent and qualified people in the Company's governing bodies; ensuring that all financial accounts are audited by qualified, independent auditors; and that information provided by the Company provides a timely and accurate representation of the underlying business activities and results.

The Corporate Governance report is included by reference in the Directors' Report as part of the Company's Annual Report.

The Company has developed ethical guidelines as well as guidelines for corporate social responsibility.

2. Business

The Company's business objective, as defined in the Articles of Association, is to market, rent, and sell information technology-based solutions and related services to businesses of all sizes.

The Annual Report includes the Company's objectives and business strategy.

3. Equity and Dividends

On December 31, 2016, Apptix had cash reserves of USD 1, 3 million or NOK 11, 3 million and an equity ratio of 97.6%. The Company believes it has sufficient capital to meet its objectives, strategy, and risk profile. The Board will aim to achieve the Company's overall objective to increase shareholder value through increased share price and, when appropriate, through dividends in accordance with a transparent dividend policy. Historically, the Board has established a policy not to pay dividends unless special circumstances existed. At the Company's December 2016 extraordinary general meeting, the Company's shareholders approved a distribution of paid capital of 1, 65 NOK per share. The distribution totaled 81 430 178 NOK or approximately USD 15, 5 million. The Company also distributed 1 NOK per share to its shareholders in 2015. The sale of Apptix, Inc. in 2016 and the sale of the Company's public cloud customer base in 2015 were the drivers for the 2016 and 2015 share distributions, respectively.

The registered share capital on December 31, 2016 was NOK 27 116 249 divided into 81 430 178 shares. There is only one class of shares in the Company, and all shares are freely transferable without any Company-imposed restrictions. The Company strives to provide accurate and sufficiently detailed information each quarter related to the Financial and Operational performance of the Company.

It is the Board's policy that authorizations from shareholders to increase the Company's share capital will be limited to defined purposes. If proposed increases in the Company's share capital cover multiple purposes, then each authorization will be considered separately in the shareholder meeting. Authorizations to the Board will be limited in time to no later than the next annual shareholder meeting.

The current valid authorization grants the Board the power to increase the share capital of the Company by up to NOK 350 000. The authorization is valid until June 30, 2017. The authorization shall only be used when issuing shares pursuant to option agreements.

4. Equal Treatment of Shareholders and Transactions with Close Associates

The Company has only one class of shares and each share entitles the holder to one vote at the General Meetings. All transactions in the Company's shares will be carried out through the Oslo Stock Exchange or at prevailing Stock Exchange prices.

Shareholders pre-emptive rights will only be waived when this is appropriate and considered to be in the best interest of the Company and its shareholders. The Company will in such situations explain the justification for waiving the pre-emptive rights in the stock exchange announcement in connection with the increase in share capital.

The Board is committed to treat all shareholders equally. All transactions between the Company and shareholders, members of the Board, members of the Executive Management, or close associates of any such party will only be completed if all conditions in the Public Companies Act are fulfilled. This includes a written independent valuation report and the performance of a proper investigation to ensure whether any conflict of interest could exist. Members of the Board and Executive Management are obliged to report if they have a material, direct or indirect, interest in any transaction entered into by the Company.

5. Free Negotiable Shares

The shares in the Company are freely tradable, and there are no restrictions to the shares' negotiability in the Company's Articles of Association.

6. General Meetings

The Company encourages shareholders to participate in shareholders' meetings. Calling notices with agenda, proposed resolutions, and attendance notice are sent to all shareholders no later than two weeks prior to the meeting. There is no formal deadline for the shareholders to confirm attendance to the shareholder meetings. All shareholders have the right to vote through proxies at shareholder meetings. A proxy form is distributed to all shareholders together with the Calling Notice where each agenda item is listed separately. The proxy form will include information about the procedure for shareholders to be represented through a proxy, including the named person that is available as representative for the shareholders under the proxy. To the extent possible, Board members, the Company's auditor, and members of the Nomination Committee will be present. The Board will ensure that the shareholder meetings will be chaired by an independent chairman.

All information relating to General Meetings, including proxy form, are posted on the Company's Website (www.apptixasa.no) as early as possible in advance of a General Meeting and no later than 21 days prior to the meeting. Election of nominated candidates for the Board will be made separately for each candidate.

7. Nomination Committee

The Nomination Committee is described in the Company's Articles of Association and consists of three members. The members of the current Nomination Committee were elected for a 2 year term at the ordinary Shareholder meeting on May 6, 2015. The members of the Nomination Committee are independent of the Board and the Executive Management team and endeavor to represent the shareholder's joint interests. None of the Nomination Committee members are members of the Board or the Executive Management team.

The Nomination Committee's tasks are to nominate candidates to the Board and to propose fees for Board members. All recommendations from the Nomination Committee will be justified in writing and associated information will be provided to shareholders at least 21 days prior to the relevant Shareholder meeting.

The Company's General Meeting will stipulate guidelines for the duties of the Nomination Committee.

Contact information related to the Company's Nomination Committee is provided on the Company's Investor Relations web page.

8. Corporate Assembly and Board of Directors; Composition and Independence

The Company does not have an elected corporate assembly. Given the Company's structure with all operations in a subsidiary in USA, this is not considered necessary or required.

The composition of the Board is designed to ensure that Board members represent the common interest of all shareholders, and represent required and useful expertise in various fields. The composition of the Board ensures independence from main shareholders and that the Board can operate independently of any special interests. The Chairman of the Board Johan Lindqvist is the Company's second largest shareholder through his companies Windchange AS and Windchange Invest AB. None of the Board members are related to or dependent upon large shareholders or members of the executive management.

Neither the Chief Executive Officer nor any other executive personnel are a member of the Board of Directors.

The Chairman of the Board and the other Board members are elected at the General Meeting and the term of all elected Board members is two years, with possibilities for re-election. The Company's Annual Report provides information on each of the Board members, including qualifications and relevant experience.

None of the members of the Board has stock options in the Company.

Members of the Board are encouraged to hold shares in the Company.

9. The work of the Board of Directors

The Board meets regularly both in closed sessions and in face to face meetings with the CEO, CFO and with other members of the Executive team present as the Board deems fit.

The Board has established Corporate Governance, Audit, and Remuneration and Compensation Committees. The Company has established clearly defined roles, responsibilities and tasks for the Board and management. Further, the Board produces an annual plan detailing its role in developing the Company's strategy as well as the specific objectives for each year. The Board evaluates its work and its competence on an annual basis.

10. Risk Management and Internal Control

The Board is responsible for ensuring that management establishes and maintains adequate internal control over financial reporting. Apptix's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of December 31, 2016.

Apptix internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect Apptix's transactions and dispositions of assets;

(ii) provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS, and that Apptix's receipts and expenditures are being made only in accordance with authorizations of Apptix's Board and Executive Management; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Apptix's assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of controls. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. The internal reporting will also include reporting in line with the Company's ethical guidelines and the guidelines for corporate social responsibility.

Apptix's Board believes Apptix's system of internal control provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

11. Remuneration of the Board

Compensation for Board members is resolved by the shareholders in the General Meeting and reflects the responsibility, competence, time commitment, and the complexity of the Company's business. In addition, the Chairman has a consulting agreement with the Company where he receives NOK 400 000 per year for extra services above and beyond his duties as Chairman of the Board. The agreement is approved annually at the general shareholders meeting. During the fourth quarter of 2014, the Company's Board of Directors approved an additional consulting fee of USD 15 000 per month for the Chairman as part of the Company's 2014 changes in executive leadership. The additional consulting fee for the Chairman was approved at the May 2015 general shareholders meeting. The additional consulting fee was terminated upon the sale of Apptix, Inc. to Fusion during the fourth quarter of 2016.

The Annual Report includes information on all remuneration paid to the Board members, and any remuneration in addition to the normal Director's fee is detailed.

12. Remuneration of Executive Management

During 2016 and prior to the sale fo Apptix, Inc., the Executive Management team of the Company consisted of four persons. The compensation of the Company's Chief Executive Officer is set by the Compensation Committee of the Board. No member of the Compensation Committee is an employee of the Company. Additionally, the Chief Executive Officer sets the compensation of the remaining members of the Executive Management team in accordance with guidelines established by, and upon consultation with, the Compensation Committee and the Board. The Company's executive compensation policies are intended to provide competitive levels of compensation that reflect the Company's annual and long-term performance goals, reward superior corporate performance, and assist the Company in attracting and retaining qualified executives. Total compensation for each of the Executive Management team is comprised of three principal components: base salary, annual incentive compensation, and stock-based awards. Performance-related compensation is linked to value creation for the Company's shareholders. The total performance-related remuneration to each of the Executive Management team will not exceed 60% of base salary.

The statement of remuneration of Executive Management will be produced as a separate document and made available on the Company's website together with the calling notice to the annual shareholder meeting. The statement of remuneration will be presented to advisory vote at the annual shareholder meeting. If the remuneration includes equity-based remuneration the annual meetings will vote will be binding. The statement will, if applicable, be presented in two separate votes.

13. Information and Communications

The Board of Apptix has established guidelines for the Company's reporting of financial and other information to ensure that all shareholders, and the investor market as a whole, are treated equally. Further, the Company has internal guidelines covering market communication through OSE releases. In addition, all financial information is available on the Apptix ASA website at www.apptixasa.no.

14. Take Overs

In the event of a take-over bid, the Board will ensure that all shareholders are treated equally and given sufficient information and time to form a view of the offer. The Board would normally not seek to prevent, hinder, or obstruct take-over bids. Further, the Board will, in relevant situations, ensure compliance with the provisions in Chapter 14 of Corporate Governance Guidelines.

15. Auditors

The auditor participates in Board meetings that deal with annual accounts. In addition, separate meetings are arranged between the Audit Committee and the auditor when required, and at least once a year where neither the CEO nor other employees are present. The specified remuneration to the auditor is presented for resolution at the Annual meeting.

Board of Directors
Apptix ASA
4 April, 2017

Apptix ASA
Report on Management Remuneration 2016

During 2016 and prior to the sale of Apptix, Inc., total compensation for each of the Executive Officers, as well as other senior executives, comprised of three principal components: base salary; annual incentive compensation; and stock-based awards.

The base salaries are fixed at levels which the Compensation Committee believes are comparable to those of executives of similar status in the Company's industry, and are targeted to be competitive in the marketplace. In addition to base salary, each executive officer is eligible to receive an annual bonus tied to the Company's success in achieving certain annual performance measures, as well as individual performance. The Board and the Compensation Committee also believe that longer-term incentives are appropriate to motivate and retain key personnel, and that stock ownership by management is beneficial in aligning management's and shareholders' interests in the enhancement of shareholder value. Accordingly, the Compensation Committee has a policy of considering annual grants of stock-based awards to executive officers. Historically, such grants have been in the form of stock options.

Base Salary

Each year, the Chief Executive Officer recommends to the Compensation Committee a base salary level for each of the other executive officers. In formulating such recommendations, the Chief Executive Officer considers industry, peer group and national surveys, and performance judgments as to the past and expected future contributions of the individual senior executives. The Compensation Committee then reviews the recommendations and fixes the base salaries of each of the executive officers and of the Chief Executive Officer based on both available competitive compensation data and the Compensation Committee's assessment of each officer's past performance and its expectation as to future contributions.

Annual Incentive Compensation

The Compensation Committee administers the Bonus Plan, which is designed to compensate key management personnel for extraordinary efforts reaching certain performance milestones and to aid the Company in attracting, retaining, and motivating personnel required for the Company's continued growth. The size of the pool of funds available to be paid to eligible participants under the Bonus Plan is set by the Compensation Committee, subject to approval by the Board, either as a fixed amount or as a percentage of the combined annual salaries of eligible participants. Bonuses are generally paid to eligible participants during the first and third quarter of each year based upon annual corporate performance measures for the second half of the previous year and first half of the current year, respectively, as well as individual performance.

With the sale of Apptix, Inc., this incentive program no longer exists.

Long-term Compensation through Stock-based Incentives

Prior to the sale of Apptix, Inc., the Company generally made periodic grants in the form of Stock Options. Stock Options were granted with a strike price representing at least the fair market value of the Company's common stock at the time of the grants. Stock Options vested over varying terms as determined by the Compensation Committee, at the time of grant, but generally 4 years. Individual option grants were made by the Compensation Committee based upon recommendations of the Chief Executive Officer and the Compensation Committee's own deliberations as to the individual's contribution to the Company and overall level. The Compensation Committee does not anticipate granting future stock options.

Management Incentive Program

In May 2015, the shareholders approved a Management Incentive Program ("Incentive or Bonus") in support of shareholder value creation for the Company. The maximum term of the Incentive is five years or Exit Date ("a sale or merger of the Company before the five year term ends"). With the sale of Apptix, Inc., the this Management Incentive Program no longer exists.

Severance Payment

The Company had agreements with each of its senior executives which provide for, among other things, the payment of severance and the continuation of medical and dental benefits for periods up to twelve months in the event the senior executive is properly terminated by the Company without Cause, due to Change of Control or by the executive for Good Reasons as defined by the agreements. With the sale of Apptix, Inc., the Company does not anticipate further severance related obligations.

Pension

The Company offered a 401(k) pension plan (a U.S. tax law based pension scheme) which allowed for all employees to make voluntary contributions on a pre-tax basis. During 2016, the Company provided an employer match of 50% of employee contributions up to 6% of the employee's salary. With the sale of Apptix, Inc., this pension program no longer exists.

Board of Directors
Apptix ASA
4 April, 2017

APPTIX ASA

2016 Financial Statements

APPTIX ASA INCOME STATEMENTS

(Amounts in NOK 1 000)	Note	2016	2015
		Year Ended December 31,	
OPERATING EXPENSES			
Board Remuneration	5	913	913
Other Operational and Administrative Costs		2 150	2 418
Total Operating Expenses		**3 063**	**3 331**
Operating Profit (Loss)		**(3 063)**	**(3 331)**
FINANCIAL INCOME AND EXPENSES			
Interest Income from Group Companies	6, 10	-	14 485
Interest Income Other		29	61
Reversal of Impaired Intercompany Receivable	6	-	59 549
Gain on Sale of Subsidiary	4	106 198	-
Net Financial Expenses		**106 227**	**74 095**
Profit/Loss Before Taxes		**103 164**	**70 764**
TAXES			
Income Tax Expenses	7	-	-
Net Profit		**103 164**	**70 764**
Allocated as follows			
Transferred to Share Premium		103 164	70 764
Total allocations		**103 164**	**70 764**
Profit/Loss Per Share:			
Basic and Diluted Profit Per Share		**1.27**	**0.87**
Common Shares Outstanding		**81 430**	**81 430**

APPTIX ASA BALANCE SHEETS

(Amounts in NOK 1 000)	Note	Year Ended December 31, 2016	2015
ASSETS			
Financial Non-current Assets			
Intercompany Receivable	6	-	72,311
Investment in Fusion Telecommunications International	4	30,678	-
Total Financial Non-current Assets		30 678	72 311
Total Non-current Assets		30 678	72 311
Current Assets			
Other Current Assets		88	306
Cash and Cash Equivalents	3	11 282	208
Total Current Assets		11 370	514
TOTAL ASSETS		**42 048**	**72 825**
EQUITY AND LIABILITIES			
Equity			
Share Capital	8, 9	27 116	27 116
Share Premium	8	13 714	44 909
Total Equity		40 830	72 025
Total Long Term Debt		-	-
Current Liabilities			
Trade Accounts Payable		507	443
Other Current Liabilities		711	357
Total Current Liabilities		1 218	800
TOTAL EQUITY AND LIABILITIES		**42 048**	**72 825**

Johan Lindqvist	Terje Rogne	Ebba Fahraeus	Christopher E. Mack
Chairman of the Board	Director	Director	President & Chief Operating Officer

31 December 2016 / 4 April 2017

APPTIX ASA STATEMENT OF CASH FLOWS

(Amounts in NOK 1 000)	Note	Year Ended December 31, 2016	2015
Cash Flows From Operating Activities			
Profit/Loss Before Tax		103 164	70 764
Reversal of Impaired Intercompany Receivable (Income)	**6**	0	(59 549)
Gain on Sale of Subsidiary	**4**	(106,198)	-
Change in Intercompany Receivable (Interest)	**6**	-	(14,485)
Change in Trade Accounts Payable		64	386
Change in Other Assets and Liabilities		136	(204)
Cash Flows Provided by Operating Activities		**(2 834)**	**(3 088)**
Cash Flows Used in Investing Activities		-	-
Cash Flows Used in Investing Activities		**-**	**-**
Cash Flows From Financing Activities			
Payments Received from Sale of Subsidiary, Net of Expenses	**4**	148,268	84,342
Paid in Capital Distribution to Shareholders	**8**	(134,360)	(81,430)
Cash Flows Used in Financing Activities		13,908	2,912
Net (Decrease) Increase in Cash and Cash Equivalents		11 074	(176)
Cash and Cash Equivalents at Beginning of Period		208	384
Cash and Cash Equivalents at End of Period		**11 282**	**208**

NOTES TO APPTIX ASA FINANCIAL STATEMENTS

Note 1 - Corporate Information

Apptix ASA is a public Company registered in Norway. The Company's registered business address is located at Nesoyveien 4, 1396 Billingstad, Norway.

Note 2 - Summary of Significant Accounting Policies

2.1 Basis for Preparation

The financial statements of Apptix ASA are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles.

2.2 Functional Currency and Presentation Currency

The Company's functional currency and presentation currency is NOK.

2.3 Investments

Investments in subsidiaries or other enterprises are valued using the cost method in the Company accounts. The investment is valued as the cost of acquiring shares in the entity, providing a write down is not required. A write down to fair value will be made if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause for the initial write down is no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the excess amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

2.4 Receivables

Intercompany receivables are valued at the lower of cost or net realizable value. Other debtors are stated at face value, and reduced by a provision for anticipated losses. The provision is made on the basis of individual evaluations.

2.5 General Valuation Rules for Classification of Assets and Liabilities

Current assets and liabilities include balances typically due within one year. All other balances are classified as non-current assets and other long-term debt. Current assets are valued at the lower of cost or net realizable value. Short-term debt is stated at the historical nominal value. Fixed assets are valued at cost, but written down to realizable value if the decline in value is expected to be permanent. Long-term debt is disclosed at the historical nominal value.

2.6 Other Receivables

Other debtors are stated at face value, and reduced by a provision for anticipated losses. The provision is made on the basis of individual evaluations of each customer.

2.7 Monetary Items in Foreign Currencies

Monetary items denominated in foreign currencies are translated at the exchange rate applicable on the balance sheet date.

2.8 Income Taxes

The tax expense in the income statement includes taxes payable on the ordinary result for the period as well as the change in deferred tax. Deferred tax is calculated with a nominal tax rate on the temporary differences between the recorded values and tax values, as well as on any tax loss carry-forwards at the balance sheet date. Any temporary differences increasing or reducing taxes that will or may reverse in the same period are netted. The net deferred tax benefit is recorded as an asset if it is regarded as likely that the Company will be able to realize the benefit through future earnings or realistic tax efficient planning.

2.9 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the interim balance sheet and the disclosure on the balance sheet date. Actual results can differ from these estimates.

2.10 Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method. Included in cash and cash equivalents are bank deposits and cash on hand. Cash and cash equivalents are carried at the market value on the balance sheet date.

2.11 Financial instruments

In accordance with IAS 39, Financial instruments: Recognition and measurement, financial instruments within the scope of IAS 39 are classified in the category available for sale.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognized in other comprehensive income (OCI) until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognized in OCI is reversed and the gain or loss is recognized in the statement of comprehensive income.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 20 Financial Instruments

Note 3 –Cash

The following table summarizes the Company's Cash and Cash Equivalents:

(Amounts in NOK 1 000)	Year Ended December 31,	
	2016	2015
Cash at the Bank	11 150	73
Restricted Cash	132	135
Total Cash and Cash Equivalents	**11 282**	**208**

Note 4 –Shares in Fusion Telecommunications International Inc.

The following table summarizes the Company's investments:

Companies	Date Acquired	Office Location	Ownership & Voting Shares
Fusion Telecommunications International Inc.	November 14, 2016	USA	2 997 926

On November 14, 2016 Apptix ASA signed and closed a Stock Purchase Agreement ("SPA") with Fusion Telecommunications International Inc. ("Fusion") for the sale of the Apptix, Inc. its only subsidiary and business operations prior to the sale. The table below reflects the gain on the sale of Apptix, Inc.

(Amounts in NOK 1 000)	
Net cash consideration	145,956
Fusion stock consideration	30,678
Total consideration	176,634
Net asset value of Apptix, Inc.	70,436
Net gain on sale of Apptix, Inc.	106,198

Apptix ASA was paid approximately USD 17, 3 million in cash at closing of the sale of Apptix Inc. to Fusion (net of transaction related expenses).

The transaction was structured as a "debt-free, cash-free" deal whereby Apptix ASA retained the cash balances of the Apptix, Inc. at closing of approximately USD 3, 7 million. Apptix ASA was also required to satisfy any of the Apptix, Inc. outstanding funded debt obligations at closing which totaled approximately USD 7, 1 million. Additionally, Apptix ASA incurred approximately USD 2, 3 million in transaction related fees and expenses in connection with the transaction. There was no escrow adjustment pursuant to the transaction and all indemnifications along with representations & warranties expired with the closing.

The proceeds were then exchanged to Norwegian Kroner on November 14, 2016. None of the cash is restricted.

Apptix ASA also received a total of 2,997,926 shares of Fusion common stock. Fusion is listed on the NASDAQ Capital Market under ticker FSNN. Based on the share price of the Fusion stock on the date of closing, the aggregate equity consideration was valued at NOK 30,7 million.

Of the total equity received by Apptix ASA, 50% of the shares, or 1,498,963 shares, were transferred to Apptix ASA at closing with the remaining 50%, or 1,498,963 shares being placed into an escrow account, pending two state public utility regulatory commission approvals. During the first quarter of 2017 Apptix received the public utility regulatory commission approvals Apptix has had the voting power and the right to receive dividends during the period for all the shares and the shares has been accounted for at cost in the Apptix ASA balance sheet from the date of sale.

The Fusion shares received by Apptix ASA will be subject to Regulation 144 of the United States Securities Act of 1934 restricting the sale of the Fusion stock for up to 12 months following the closing date. Fusion has agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of closing, making the shares freely tradable on the NASDAQ exchange. During this period of time, the shares will be held and owned by Apptix ASA.

Prior to the sale of Apptix, Inc., Apptix ASA owned 100% of the outstanding stock of Apptix, Inc.

Note 5 - Compensation and Employee Benefits

The following table summarizes the Compensation and Employee Benefits:

(Amounts in NOK 1 000)	**Year Ended December 31,**	
	2016	**2015**
Board of Director Fees	800	800
Social Security Tax	113	113
Total Employee Benefits	**913**	**913**
Average Number of Employees	-	-

As of December 31, 2016 and 2015, Apptix ASA did not have any employees.

For further information regarding compensation, refer to Note 8 in the Apptix Group consolidated financial statements. For further information regarding share based compensation, refer to Note 15 in the Apptix Group consolidated financial statements. For further information regarding share ownership in Apptix ASA by the management team and members of the Board, refer to Note 17 in the Apptix Group consolidated financial statements.

In December 2016, the Company entered into a consulting agreement with Christopher E. Mack, the former President, COO and CFO of Apptix, Inc. Mr. Mack will be providing financial and operational consulting services to the Company for 12 months valued at USD 140 000. The Company will incur the expense over the period the services are delivered.

The table below summarizes the components of the Company's audit related fees:

	Year Ended December 31,	
(Amounts in NOK 1 000)	**2016**	**2015**
Audit Services	352	438
Other Attestation Services	-	-
Tax Sevices	-	-
Other Non-audit Services	-	-
Total Audit Fees	**352**	**438**

Note 6 - Intercompany Receivable

During the fourth quarter of 2016 and prior to the sale of Apptix, Inc. to Fusion, Apptix ASA converted its existing Intercompany Receivable balances to Share Premium.

Note 7 - Income Tax

The Norwegian Company is taxed at the statutory tax rate of 27%.

(Amounts in NOK 1 000)

Income tax expense	**2016**	**2015**
Tax payable	-	-
Changes in deferred tax	-	-
Income tax expense	**-**	**-**

Reconciliation of tax expense	**2016**	**2015**
Pre tax gain	103 164	70 764
Permanent differences	(106 199)	(59 549)
Net loss from investing in subsidiary	-	-
Change of unrecognized deferred tax asset	(205)	(295)
Loss carry forward used	-	(10 920)
Total basis for tax payable	**(3 240)**	**-**

Deferred tax assets	**2016**	**2015**
Loss carry forward	211 559	197 399
Fixed assets	453	658
Tax advantage - gross	**212 012**	**198 057**
Net deferred tax asset	50 883	49 514
Net recognized deferred tax asset	-	-
Unrecognized tax asset	**50 883**	**49 514**

The net tax asset has not been capitalized due to unceartianty that the Company will be in a position to use the asset in future periods.

Note 8 - Equity

There were no options exercised or share issuances during 2016 and 2015. The following tables summarizes the outstanding options as of December 31, 2016.

	2016		2015	
	Shares	Weighted Avg Exercise Price	Shares	Weighted Avg Exercise Price
Outstanding at Beginning of Period	810 000	2,92	2 103 750	2,80
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(76 000)	3,10	(303 750)	2,81
Canceled	-	-	-	-
Expired	(600 000)	2,90	(990 000)	2,70
Outstanding at End of Period	**134 000**	**2,97**	**810 000**	**2,92**
Exercisable at End of Period	**102 000**	**2,94**	**588 250**	**2,91**

	Outstanding Stock Options			Exercisable Stock Options	
Exercise Price	Shares	Weighted Avg Remaining Contractual Life	Weighted Avg Exercise Price	Shares	Weighted Avg Exercise Price
NOK 0 - 2,99	75 000	1,20	2,86	67 500	2,86
NOK 3,00 - 3,10	59 000	2,06	3,10	34 500	3,10
Total	**134 000**	**1,55**	**2,97**	**102 000**	**2,94**

Equity Changes for Apptix ASA

The following table summarizes the net change in the Company's shareholder equity:

(Amounts in NOK 1 000)	Common Stock	Paid in Premium Reserve	Other Paid-in-Capital	Total Equity
Shareholders' Equity December 31, 2014	**27 116**	**(27 045)**	**-**	**72**
Change in Accounting Principle *)	-	82 620	-	82 620
Net Profit 2015	-	70 764	-	70 764
Paid in Capital Distribution to Shareholders	-	(81 430)	-	(81 430)
Shareholders' Equity December 31, 2015	**27 116**	**44 909**	-	**72 025**
Net Profit 2016	-	103 164	-	103 164
Paid in Capital Distribution to Shareholders	-	(134 360)	-	(134 360)
Shareholders' Equity December 31, 2016	**27 116**	**13 714**	-	**40 830**

*) Change in accounting Principle	
Investment in subsidiary in accordance with the equity method of accounting January 1, 2015	-
Capitalized value of the shares in accordance with the cost method of accounting	-
Capitalized value of the intercompany receivable in accordance with the cost method of accounting	82,620
Net change in accounting principle charged directly to equity	**82,620**

Note 9 - Shareholder Structure

At December 31, 2016, the Company had only one class of shares with a par value of NOK 0,333. Each share has one vote. There are no trade limitations on the Company's shares. The shares are registered in the Norwegian Registry of Securities. Total outstanding and issued shares at December 31, 2016 were 81 430 178.

Shareholder	Number of Shares Owned	Percentage of Shares Owned
EUROCLEAR BANK N.V.	25 895 975	31.8%
WINDCHANGE AS	9 120 000	11.2%
BNP PARIBAS SECURITIES SERVICES	7 028 437	8.6%
SPENCER TRADING INC	5 789 198	7.1%
TTC INVEST AS	4 200 000	5.2%
HAADEM INVEST AS	3 040 955	3.7%
WINDCHANGE INVEST AB	2 000 000	2.5%
FRANS ENGER AS	1 963 383	2.4%
ADMANIHA AS	1 942 694	2.4%
AVANZA BANK AB	1 375 157	1.7%
NORDNET BANK AB	1 144 418	1.4%
DELRAY TRADING AS	1 009 000	1.2%
HÜBERT LEIF	958 080	1.2%
SØGNE SHIPPING AS	882 702	1.1%
LOLIGO AS	878 567	1.1%
NORDGAARD	780 167	1.0%
LAIKA INVEST AS	556 342	0.7%
SVEEN KJERSTI	513 477	0.6%
FERMIN AS	459 800	0.6%
SVENSKA HANDELSBANKEN AB	449 140	0.6%
Total Largest 20 Shareholders	**69 987 492**	**85.9%**
Other Shareholders	**11 442 686**	**14.1%**
Total Shares Outstanding	**81 430 178**	**100.0%**

Euroclear Bank N.V. is the nominee for the Celox SA holdings. Celox SA owns approximately 32% of the total outstanding shares of the Company.

Windchange AS and Windchange Invest AB are entities 100% owned by the Company's chairman. The total ownership reflected above does not include 35 059 shares held directly by the Company's chairman. Admaniha AS is an entity 100% owned by Terje Rogne, one of the Company's directors.

Shares owned (both directly and indirectly) by the Board of Directors and the CEO at December 31, 2016:

Name	Position	Shares	Options	Average Exercise Price
Chris Mack	President, COO & CFO	38 949	25 000	2,86
Johan Lindqvist	Chairman	11 155 059	-	-
Terje Rogne	Board member	1 942 694	-	-
Ebba Fahraeus	Board member	240 053	-	-
Total		**13 376 755**	**25 000**	**2,86**

At December 31, 2016, Jon Schultz, the Company's legal counsel, owned directly and indirectly 556 342 shares of Apptix ASA

Note 10 – Transactions with Related Parties

During 2016 and consistent with prior years, Apptix, Inc. transferred cash balances to Apptix ASA to fund Apptix ASA operating expenses. During 2016, Apptix, Inc. transferred approximately USD 2, 3 million to Apptix ASA. Additionally, Apptix ASA paid approximately USD 6, 8 million of net deal expenses and obligations related to the November 2016 sale of Apptix, Inc.

The Company's Chairman, Johan Lindqvist is entitled to a fee of NOK 400 000 per annum of which NOK 100 000 was outstanding as of December 31, 2016 and paid in January 2017. Mr. Lindqvist is also entitled to a fee of NOK 400 000 for consulting services as approved by the shareholders in May 2012. There were no outstanding consulting services balances as of December 31, 2016. Additionally, at the 2015 the annual shareholder meeting shareholders also approved a consulting fee of USD 15 000 per month for the Chairman to provide additional services to Apptix, Inc. as a result of the 2014 executive leadership changes that took place at Apptix, Inc. These amounts were paid by Apptix, Inc. This agreement was terminated with the sale of Apptix, Inc. in November 2016.

The Company contracts with Jon Schultz, a former Board member, to provide legal services. The Company paid Mr. Schultz's legal firm NOK 737 500 in 2016 for professional legal services. The Company believes the remuneration paid to Mr. Schultz's legal firm during 2016 was equivalent to prevailing market rates.

In December 2016, the Company entered into a consulting agreement with Christopher E. Mack, the former President, COO and CFO of Apptix, Inc. Mr. Mack will be providing financial and operational consulting services to the Company for 12 months valued at USD 140 000.

Mr. Schultz along with shareholders Richard Urbanski and Fredrik Stenmo are members of the Company's nominating committee. In 2016, the members received no compensation for their services. Mr. Urbanski represents TTC Invest AS and Mr. Stenmo represents the Company's largest shareholder, Celox SA.

The Company does not have any other transactions with related parties except for the compensation incurred to key management of Apptix, Inc. and the Board of Directors as summarized in Note 8 and the equity related transactions as summarized in Notes 15, 16 and 17 of the Apptix Group Gonsolidated Annual Report.

Interest earned by Apptix ASA is related to its wholly owned subsidiary, Apptix, Inc. Prior to the sale of Apptix, Inc., Intercompany Receivable balances were converted to Share Premium, therefore, no intercompany interest was recorded for 2016. The table below summarizes the Company's interest income:

(Amounts in NOK 1 000)	Year Ended December 31,	
	2016	2015
Intercompany Interest	-	14 485

Apptix Consolidated Group Financial Report 2016

CONSOLIDATED INCOME STATEMENTS

	Note	Apptix Group (Amounts in USD 1 000) Year Ended December 31, 2016	2015
REVENUES			
Subscription Revenues	**6**	21 535	32 929
Professional Services		879	1 487
Gain on the Sale of Assets	**3, 6**	13 028	20 166
Total Revenues		**35 442**	**54 582**
OPERATING EXPENSES			
Cost of Sales	**7**	8 227	10 299
Employee Compensation and Benefits	**8**	8 441	14 401
Other Operational and Administrative Costs	**9**	4 449	8 984
Additional Depreciation	**13**	-	4 000
Impairment of Goodwill	**12**	-	6 000
Depreciations and Amortization	**12, 13**	1 477	2 687
Total Operating Expenses		**22 594**	**46 371**
Operating Income (before interest & taxes)		12 847	8 211
FINANCIAL INCOME AND EXPENSES			
Interest Expense	**10**	751	1 071
Other Expense	**10**	76	-
Net Financial Expenses		**827**	**1 071**
Income Before Taxes		**12 020**	**7 140**
TAXES			
Income Tax Benefit (Expense)	**14**	472	(288)
Net Income for the Period	**11**	**12 492**	**6 852**
Attributable to:			
Equity Holders of Parent		12 492	6 852
Earnings per share:	**11**		
* Basic, profit for the year attributable to ordinary equity holders of the parent		0.15	0.08
* Diluted, profit for the year attributable to ordinary equity holders of the parent		0.15	0.08
Weighted Average Common Shares Outstanding	**11**	**81 430**	**81 430**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Apptix Group (Amounts in USD 1 000) Year Ended December 31,	
	2016	2015
Income for the Period	**12 492**	**6 852**
Exchange Rate Differences on Translation of Foreign Operations	(357)	358
Change in Valuation of Investment for Sale	870	-
Items that may be Reclassified Subsequently to Income Statement	**513**	**358**
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income/(Loss) for the Period	513	358
Total Comprehensive Income for the Period	**13 005**	**7 210**
Attributed to Equity Holders of Parent	**13 005**	**7 210**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Apptix Group (Amounts in USD 1 000) Year Ended December 31, 2016	2015
ASSETS			
Non-current Assets			
Intangible Assets			
Goodwill	12	-	9 967
Software and Licenses	12	-	163
Total Intangible Assets		-	10 130
Property and Equipment			
Computer Equipment	13	-	3 893
Furniture and Fixtures	13	-	71
Leasehold Improvements	13	-	74
Total Property and Equipment		-	4 038
Investments Available for Sale			
Fusion Telecommunications International Inc.	3, 4, 6	4 497	-
Total Investments Available for Sale		4 497	-
Total Non-Current Assets		4 497	14 168
Current Assets			
Accounts Receivable		-	2 013
Other Current Assets		-	151
Prepaid Expenses		10	619
Cash and Cash Equivalents	5	1 308	7 800
Total Current Assets		1 318	10 583
TOTAL ASSETS		5 815	24 751
EQUITY AND LIABILITIES			
Equity			
Share Capital	15, 16, 17	4 666	4 666
Share Premium	16, 17	47 852	63 319
Other Paid-in Capital	16, 17	6 204	6 198
Translation Reserve	16, 17	3 927	3 927
Available for Sale Reserve	4	870	-
Retained Earnings	16, 17	(57 845)	(69 980)
Total Equity		5 674	8 130
Long Term Debt			
Interest-Bearing Long Term Debt		-	5 852
Total Long Term Debt		-	5 852
Current Liabilities			
Trade Accounts Payable		59	1 913
Interest-Bearing Short Term Debt		-	3 247
Other Current Liabilities		82	5 609
Total Current Liabilities		141	10 769
TOTAL EQUITY AND LIABILITIES		5 815	24 751

Johan Lindqvist Chairman of the Board	Terje Rogne Director	Ebba Fahraeus Director	Christopher E. Mack President & Chief Operating Officer

31 December 2016 / 4 April 2017

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Apptix Group (Amounts in USD 1 000) Year Ended December 31, 2016	2015
Cash flows from Operating Activities			
Earnings Before Taxes		12 020	7 140
Share-based Employee Compensation Expense	**15, 17**	6	23
Depreciation and Amortization	**12**	1 477	2 687
Goodwill Impairment	**12**	-	6 000
Impairment/Loss on Sale of Fixed Assets	**13**	-	4 000
Gain on Sale of Subsidiary	**3, 6**	(13 028)	(20 166)
Change in Accounts Receivable		2 013	(25)
Change in Trade Accounts Payable		(1 854)	387
Change in Other Assets and Liabilities		(4 752)	(3 636)
Net Cash Flows Provided by Operating Activities		**(4 117)**	**(3 590)**
Cash Flows from Investing Activities			
Purchases of Property and Equipment	**13**	(183)	(403)
Proceeds from Sale of Subsidiary/Customer Base	**3, 6**	22 373	22 500
Net Cash Flows Used in Investing Activities		**22 190**	**22 097**
Cash Flows from Financing Activities			
Payments on Interest-Bearing Debt	**3, 6**	(9 099)	(3 554)
Distribution of Paid in Capital	**3, 6**	(15 467)	(10 118)
Net Cash flows Used in Financing Activities		**(24 566)**	**(13 672)**
Effect of Exchange Rates on Cash and Cash Equivalents		1	357
Net Increase/(Decrease) in Cash		(6 492)	5 192
Cash at Beginning of Period	**5**	7 800	2 608
Cash at End of Period		**1 308**	**7 800**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity

		Apptix Group						
(Amounts in USD 1 000)	Note	Share Capital	Share Premium Reserve	Other Paid in Capital	Foreign Currency Translation Reserves	Available for Sale Reserve	Retained Earnings	Total Equity
Equity December 31, 2014		**4 666**	**73 437**	**6 175**	**3 927**	**-**	**(77 190)**	**11 016**
Net Income for the Period		-	-	-	-	-	6 852	6 852
Other Comprehensive Income		-	-	-	-	-	358	358
Total Comprehensive Income		**-**	**-**	**-**	**-**	**-**	**7 210**	**7 210**
Distribution of Paid in Capital	**3, 6**	**-**	**(10 118)**	**-**	**-**	**-**	**-**	(10 118)
Equity Element of Expensed Options	**15**	-	-	23	-	-	-	23
Equity December 31, 2015		**4 666**	**63 319**	**6 198**	**3 927**	**-**	**(69 980)**	**8 130**
Net Income for the Period		-	-	-	-	-	12 492	12 492
Other Comprehensive Income		-	-	-	-	870	(357)	513
Total Comprehensive Income		**-**	**-**	**-**	**-**	**870**	**12 135**	**13 005**
Distribution of Paid in Capital	**3, 6**	**-**	**(15 467)**	**-**	**-**	**-**	**-**	(15 467)
Equity Element of Expensed Options	**15**	-	-	6	-	-	-	6
Equity December 31, 2016		**4 666**	**47 852**	**6 204**	**3 927**	**870**	**(57 845)**	**5 674**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Corporate Information

Apptix ASA ("Apptix", the "Company" or the "Group") is a public Company registered in Norway and traded on the Oslo Stock Exchange with a registered business address at Nesoyveien 4, Billingstad, Norway.

The financial statements were approved by the Board of Directors for publication on 4 April, 2017.

Note 2 – Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of Apptix ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the EU.

The consolidated financial statements of Apptix ASA have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand except when otherwise indicated.

The disposal of Apptix Inc in November 2016 represented the entire operations of the Group. Since the entire business of the entity, not only a component of it, was disposed of, the Group has presented the full analysis of the income and expenses from the disposed of business at the face of the income statement. For further information, see Note 3.

2.2 New and Amended Standards and Interpretations Applicable to December 2016 Year-End

The accounting principles used in 2016 are the same as in 2015. The Group has reviewed new and amended IFRS and IFRIC interpretations during the year, along with the annual improvements. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group

2.3 Basis of Consolidation and Classification of Assets and Liabilities

The consolidated financial statements are comprised of the financial statements of Apptix ASA for the 12 month period ending December 31, 2016 and its subsidiary Apptix, Inc. for the 10,5 month period ending November 14, 2016. The financial statements of the subsidiary are prepared for the same reporting year as the parent Company, using consistent accounting policies. Inter-Company transactions and balances, including internal profits and unrealized gains and losses are eliminated in full as part of the consolidation process. As a result of rounding differences, numbers or percentages included within may not add up to the total.

Current assets and liabilities include balances typically due within one year. All other balances are classified as non-current assets and other long-term debt.

2.4 Functional Currency and Presentation Currency

Apptix ASA had a single subsidiary whose primary economic environment is in the United States. The functional currency of this subsidiary is USD. Apptix ASA Group presents its financial statements and notes to the consolidated financial statements in USD. The functional currency of Apptix ASA is NOK.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.5 Revenue Recognition

Operating revenues are recognized when persuasive evidence of an agreement exists, the service has been delivered, fees are reliably measurable, collections are probable, and when other significant obligations have been fulfilled. Subscription revenue is earned under monthly subscription license agreements. Annual subscription licenses are amortized into revenue on a monthly basis as the services are delivered. As such, revenue is recognized during the period for which the service was delivered and it has been determined that collection of the related subscription fee is probable. Professional services represent one-time fees for specific work performed that is not included in the monthly subscription license agreement. Professional services (non-recurring revenue) are recognized once the service has been performed and collection of the associated fee is probable.

2.6 Income Taxes

The tax expense in the income statement includes taxes payable on the ordinary results for the period as well as the change in deferred tax. Deferred tax is calculated with a nominal tax rate on the temporary differences between the recorded values and tax values, as well as on any tax loss carry-forwards at the balance sheet date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Any temporary differences, increasing or reducing taxes that will or may reverse in the same period, are netted. The net deferred tax benefit is recorded as an asset if it is regarded as probable that the Group will be able to realize the benefit through future earnings or realistic tax efficient planning.

2.7 Intangible Assets

Generally, intangible assets are recognized in the balance sheet if it is probable that there are future economic benefits that can be attributed to the asset which is owned by the Company, and the asset's cost can be reasonably estimated. Intangible assets are recorded at cost. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the current carrying value. The recoverable amount is calculated each year or if there are any indications of a decrease of value. Intangible assets with a finite useful life are amortized over the useful life and the need for any impairment losses to be recognized is considered quarterly. Amortization is carried out using the straight-line method over the estimated useful life. The amortization estimate and method is subject to an annual assessment based on the future economic benefits.

a) Purchased Software

Expenditures related to the purchase of software are capitalized in the balance sheet as an intangible asset provided these expenditures do not form part of hardware acquisition costs. Software is amortized using the straight-line method over 3 years. Expenses incurred as a result of maintaining or upholding the future usefulness of software, are expensed as incurred unless the changes in the software increase the future economic benefits.

b) Goodwill

Acquisitions are accounted for by eliminating the cost price of the shares in the parent Company against equity in the subsidiary at the time of acquisition. The cost of the acquisition is allocated to the assets acquired and the liabilities assumed according to their estimated fair market values at the time of acquisition. The amount allocated to goodwill represents the excess purchase price paid over the fair value of the assets acquired and the liabilities assumed. In the event that the accounting for the business combination is incomplete by the end of the reporting period where the business combination occurs, the provisional amounts recognized at the acquisition date will be adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The period where the provisional amounts can be adjusted ends as soon as the necessary information is obtained to complete the purchase price allocation, and will in any case not exceed one year from the acquisition date.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.8 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are eliminated, and any gain or loss on the sale or disposal is recognized in the income statement. Depreciation is computed for owned assets using the straight-line method over useful life and is recognized in the income statement. The useful life is equal to the estimated useful economic life since the Company uses the assets until they have no remaining residual value. The depreciation period and method are assessed each year to ensure that the method and period used synchronize with the financial realities of the non-current asset. The same methodology applies to the residual value.

2.9 Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Available-for-sale (AFS) financial assets include the shares in Fusion. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss.

2.10 Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date as to whether the fulfillment of the arrangement is dependent on the use of a specific asset and assets or the arrangement conveys a right to use the asset.

a) Finance Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Capitalized finance leases are expensed on a straight-line basis over the estimated period of use. The estimated period of use corresponds to the estimated useful life of the assets, since the Company uses the assets until they have no remaining value. If it is not certain that the Company will take over the asset when the lease expires, the asset is depreciated over the lease's term or the depreciation period for equivalent assets owned by the Group, whichever is the shorter. Total lease payments, less estimated interest, are recorded as long-term debt at the inception of the lease. The liability is reduced by the lease payments less the estimated interest expense.

b) Operating Leases

Leases for which substantially all the risks and benefits incidental to ownership of the leased item are not transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement during the contract period.

2.10 Cash and Cash Equivalents

Cash includes cash on hand and at the bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months to a known amount, and which contain insignificant risk elements.

2.12 Impairment of Assets

a) Financial Instruments

Financial instruments are reviewed at each balance sheet date to determine if there has been any decrease in value. Financial assets, which are valued at amortized cost, are written down when it is probable that the Company will not recover the full amount of the asset. The amount of the impairment loss is recognized in the income statement. A previous impairment loss may be reversed if the circumstances warrant such a reversal. A reversal of an impairment loss is presented as income and is only recognized to the extent that it does not exceed what the amortized cost would have been had the impairment loss not been recognized.

The Company utilizes valuation allowance accounts where appropriate for its financial instruments. The Company will directly reduce the carrying value of a financial asset when the impairment has occurred within a current reporting period. The Company will reduce the carrying value of a financial asset by way of increasing its valuation allowance when the impairment occurred outside of the current reporting period.

b) Other Assets

An assessment of impairment losses on other assets is made when there is an indication that the recoverable amount of an asset has fallen below its carrying amount. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the income statement. With the exception of goodwill (see Note 12), impairment losses recognized in the income statements for previous periods are reversed when there is information that the impairment loss no longer exists or the carrying value of the impairment loss should be reduced. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if appropriate depreciation had occurred.

c) Recoverable Amount

The recoverable amount is the greater of the fair value of the asset less the net selling costs, or the discounted cash flow from continued use. "Value in use" is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. For assets that do not generate cash inflows, and which are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.13 Equity

a) Equity and Liabilities

Financial instruments are classified as liabilities or equity depending on the underlying financial circumstances. Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or revenue.

b) Costs of Equity Transactions

Direct transaction costs relating to an equity offering are recognized against equity after deducting tax expenses. No other costs are directly recognized against equity.

c) Other Equity

Exchange differences arise in connection with currency differences when foreign entities are consolidated. Currency differences relating to monetary items (liabilities or receivables), which are in reality part of the Company's net investment in a foreign entity, are treated as an exchange difference. When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

2.14 Financial Liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

a) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

2.15 Employee Benefits

a) Severance Pay

The Company provides severance pay in situations where employment contracts are terminated as a result of reorganization. The costs related to severance pay are provided for once management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to affected employees.

b) Share Options

The employees and management of the Company receive compensation in the form of equity-settled share-based payments. The cost of equity-settled transactions is determined by the fair value of the options at the time of the grant. The fair value is determined using an appropriate pricing model. Additional information is provided in Note 15. The expense associated with equity-settled transactions is recognized, together with a corresponding increase in equity, during the period over which the service conditions and/or performance conditions are satisfied and the employee is fully entitled to the award (vesting date).

2.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.17 Events after the Balance Sheet Date

New information on the Company's positions at the balance sheet date is taken into account in the annual financial statements. Events occurring after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will affect the Company's position in the future, are stated, if significant.

2.18 Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method. Included in cash and cash equivalents are bank deposits and cash on hand. Cash and cash equivalents are presented at the market value on the balance sheet date.

2.19 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The disposal of Apptix Inc in November 2016 represented the entire operations of the Group. Since the entire business of the entity, not only a component of it, was disposed of, the Group has presented the full analysis of the income and expenses from the disposed of business on the face of the income statement. For further information, see Note 3.

The Company has not identified any material estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.20 Future Changes in Accounting Principles

The IASB has issued new and amended standards and an interpretation that are not expected to materially affect the group. These standards may however have an impact if the operations of the company changes in the future. Currently only IFRS 9 Financial instruments is relevant for the company. IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The company plans to adopt the new standard on the required effective date.

The company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. During 2017 the company will consider how the shares in Fusion will be accounted for once IFRS 9 is implemented. There are two options: The first option is to measure the shares at fair value through profit or loss, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. The second option is to measure the shares at fair value through other comprehensive income without any reclassification of gains or losses to P/L. In the second option dividend income will be recognised in profit or loss.

Note 3 – Sale of Apptix Inc.

The disposal of Apptix Inc in November 2016 represented the entire operations of the Group. Since the entire business of the entity, not only a component of it, was disposed of, the Group has presented the full analysis of the income and expenses from the disposed of business on the face of the income statement. The expenses and net income from Apptix ASA is shown in the table below:

(Amounts in USD 1 000)	Year Ended December 31,	
	2016	2015
Total Revenue	-	-
Total Operating Expenses	340	370
Operating Profit (Loss)	**(340)**	**(370)**
Interest	3	1 616
Reversal of Impaired Intercompany Receivable	-	6 617
Gain on Sale of Subsidiary	13 028	-
Profit Before Taxes	**12 691**	**7 863**
Income Tax Expenses	-	-
Net Profit After Tax	**12 691**	**7 863**

The table below reflects the gain on the sale of Apptix, Inc.

(Amounts in USD 1 000)	USD
Cash proceeds from sale of Apptix, Inc	17 299
Value of Fusion stock	3 627
Less: net book value of Apptix, Inc.	(7 899)
Net gain on transaction	**13 028**

Apptix ASA was paid USD 17, 3 million in cash at closing of the sale of Apptix Inc. to Fusion (net of transaction related expenses).

The transaction was structured as a "debt-free, cash-free" deal whereby Apptix ASA retained the cash balances of the Apptix, Inc. at closing of approximately USD 3, 7 million. Apptix ASA was also required to satisfy any of the Apptix, Inc. outstanding funded debt obligations at closing which totaled approximately USD 7,1 million. Additionally, Apptix ASA incurred approximately USD 2, 3 million in transaction related fees and expenses in connection with the transaction. There was no escrow adjustment pursuant to the transaction and all indemnifications along with representations & warranties expired with the closing.

The proceeds were then exchanged to Norwegian Kroner on November 14, 2016. None of the cash is restricted.

Apptix ASA also received a total of 2,997,926 shares of Fusion common stock. Fusion is listed on the NASDAQ Capital Market under ticker FSNN. Based on the share price of the Fusion stock on the date of closing, the aggregate equity consideration was valued at USD 3, 6 million.

Of the total equity received by Apptix ASA, 50% of the shares, or 1,498,963 shares, were transferred to Apptix ASA at closing with the remaining 50%, or 1,498,963 shares being placed into an escrow account, pending two state public utility regulatory commission approvals. During the first quarter of 2017 Apptix received the public utility regulatory commission approvals Apptix has had the voting power and the right to receive dividends during the period for all the shares and the shares has been accounted for at Availabale for Sale (AFS) in the Apptix ASA consolidated balance sheet from the date of sale.

The Fusion shares received by Apptix ASA will be subject to Regulation 144 of the United States Securities Act of 1934 restricting the sale of the Fusion stock for up to 12 months following the closing date. Fusion has agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of closing, making the shares freely tradable on the NASDAQ exchange. During this period of time, the shares will be held and owned by Apptix ASA.

In December 2016, the Apptix ASA used approximately USD 15, 5 million to return 1.65 NOK per share of capital back to its investors.

Prior to the sale of Apptix, Inc., Apptix ASA owned 100% of the outstanding stock of Apptix, Inc.

Note 4 – Investments Available for Sale

Apptix ASA holdings total 2,997,926 shares of Fusion common stock.

The following table summarizes the Company's investments:

Companies	Date Acquired	Office Location	Ownership & Voting Shares
Fusion Telecommunications International Inc.	November 14, 2016	USA	2 997 926

Of the total equity received by Apptix ASA, 50% of the shares, or 1,498,963 shares, were transferred to Apptix ASA at closing with the remaining 50%, or 1,498,963 shares being placed into an escrow account, pending two state public utility regulatory commission approvals. During the first quarter of 2017 Apptix received the public utility regulatory commission approvals Apptix has had the voting power and the right to receive dividends during the period for all the shares and the shares has been accounted for at Availabale for Sale (AFS) in the Apptix ASA consolidated balance sheet from the date of sale.

(Amounts in USD 1 000)

	Book value 2016	Fair value 2016
Available-for-sale investments – Non-current asset investments		
Fusion Telecommunications International, Inc.	4,497	4,497
Total available-for-sale investments	4,497	4,497

Fusion is listed on the NASDAQ Capital Market under ticker FSNN. Based on the share price of the Fusion stock on the date of closing, the aggregate equity consideration was valued at USD 3, 6 million. The gain of USD 870 resulting from the change in the fair value of the financial investment is recognized in other comprehensive income (OCI).

The Fusion shares received by Apptix ASA will be subject to Regulation 144 of the United States Securities Act of 1934 restricting the sale of the Fusion stock for up to 12 months following the closing date. Fusion has agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of closing, making the shares freely tradable on the NASDAQ exchange. During this period of time, the shares will be held and owned by Apptix ASA.

Overview of Fusion Strategy and Services

Fusion offers a comprehensive suite of cloud communications, cloud connectivity, cloud infrastructure, cloud computing, and managed cloud-based applications solutions to small, medium and large businesses, and offers domestic and international voice services to carriers worldwide.

Fusion currently operates its business in two distinct segments: Business Services and Carrier Services. In the Business Services segment, Fusion is focused on becoming its business customers' single source for leveraging the increasing power of the cloud, providing a robust package of essential cloud-based services that form the foundation for a customer's successful migration to, and efficient use of, the cloud. Fusion's Carrier Services includes a robust, carrier-grade network, that ensures the highest quality, diversity and redundancy, providing mission-critical voice, unified communications, Internet, network and managed services for a fast, redundant, and full-featured nationwide IP network.

Fusion's Business Services, which will include the Apptix service line, offers cloud computing and infrastructure as a service ("IaaS") solutions are designed to provide business customers with a platform on which additional cloud services can be layered. Complemented by software as a service ("SaaS") solutions such as security and business continuity, Fusion's advanced cloud offerings including private and hybrid cloud, storage, backup and recovery, and secure file sharing allow customers to experience the increased efficiencies and agility delivered by the cloud.

Through its Carrier Services segment, Fusion has agreements with 369 carrier customers and vendors, and sells its voice services to other communications service providers throughout the world. Customers include U.S.-based carriers sending voice traffic to international destinations, and foreign carriers sending voice traffic to the U.S. and internationally. Fusion also purchases domestic and international voice services from many of its Carrier Services customers.

During the past three years, Fusion has acquired five cloud services business, as such; Fusion has gone through a significant transformation and has expanded its business customer base to over 12,000, increased its distribution network to over 500 active distribution partners and added a significant number of network facilities and points of presence expanding its geographic reach.

Through these acquisitions, Fusion acquired advanced systems and infrastructure and augmented its management team and employee base with talented, experienced, well-trained professionals, while continuing to provide a strong platform for further acquisitions.

Fusion is seeking to capitalize on the rapid growth of the worldwide cloud services market, which Gartner in January 2016 projected to grow 16.6% in 2016 to $204 billion, up from $175 billion in 2015. Fusion is pursuing a three-tiered growth strategy: developing specialized solutions for key vertical markets (such as legal and healthcare), targeting cloud services companies for acquisition, and accelerating organic growth.

Fusion's strategy to organically grow its Business Services revenue includes securing large strategic distribution partners, increasing its direct as well as indirect channel sales efforts, upselling solutions to its existing customer base and leveraging its management, Board of Directors and shareholder relationship network.

Fusion was incorporated in Delaware, USA, commenced operations in 1997 and completed its initial public offering in February 2005. Fusion currently has offices in New York, NY, Wayne, NJ, Fort Lauderdale, FL, Atlanta, GA, Herndon, VA, and Beachwood, OH.

As of December 2015, Fusion had 260 full time employees.

(Aforementioned information was summarized from Fusion's 2015 Form 10-K filed with the US Securities and Exchange Commission)

Note 5 - Cash and Cash equivalents

The following table summarizes the Company's Cash and Cash Equivalents. Cash balances held by the Company's bank earns interest at a floating rate based on average daily balances:

(Amounts in USD 1 000)	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**
Cash at the Bank	1 293	7 776
Restricted Cash	15	24
Total Cash and Cash Equivalents	**1 308**	**7 800**

Note 6 – Revenue and Segment Information

The Company has assessed its internal organizational structure, internal reporting system and geographical business units, and concluded that it does not have any reportable segments that should be reported separately.

Before the sale of Apptix Inc., the Company delivered services to its customers via the use of a public hosted cloud environment, a private (i.e. dedicated) or semi-dedicated cloud environment or a hybrid business model which is a combination of both public and private cloud environments.

Operating revenue

The following table summarizes the components of the Company's revenue for 2016 to customers for the period January 1, 2016 through November 14, 2016; the date Apptix, Inc. was sold to Fusion (see Note 3):

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
Exchange	13 207	22 507
Archiving	1 758	2 299
SharePoint	1 662	2 014
VoIP	1 229	1 896
Mobility	388	1 634
Targeted Attack Protection (TAP)	2 162	1 559
Other Services	1 129	1 021
Total Subscription Revenues	**21 535**	**32 929**

Other Revenue - Gain on Sale of Assets

Sale of Apptix, Inc. - 2016

On November 14, 2016 Apptix ASA signed and closed a Stock Purchase Agreement ("SPA") with Fusion Telecommunications International Inc. ("Fusion") for the sale of the Apptix, Inc. its only subsidiary and business operations prior to the sale. The table below reflects the gain on the sale of Apptix, Inc.

(Amounts in USD 1 000)	**USD**
Cash proceeds from sale of Apptix, Inc	17 299
Value of Fusion stock	3 627
Less: net book value of Apptix, Inc.	(7 899)
Net Gain on Transaction	**13 028**

Apptix ASA was paid USD 17, 3 million in cash at closing of the sale of Apptix Inc. to Fusion (net of transaction related expenses).

Sale of Company's Public Cloud Customer Base - 2015

On September 8, 2015, the Company signed and closed an Asset Purchase Agreement with GoDaddy for the sale of a majority of its direct public cloud customers and was paid USD 22,5 million in cash at closing, excluding fees and transaction costs. Based on the attainment of certain migration milestones, the Company could have benefited from additional consideration. However, the additional migration milestones were not met. The net proceeds from this transaction were used to fund the realignment of the Company to become a managed cloud IT service provider and working capital for organic and inorganic growth. Additionally, the Company used approximately USD 10 million to return 1 NOK per share of capital back to its investors. The table below reflects the gain on the sale of the Company's public cloud customer base.

(Amounts in USD 1 000)	**USD**
Proceeds from sale of public cloud customer base	22 500
Less - Transaction sales cost	(2 334)
Net Gain on Transaction	**20 166**

Note 7 - Cost of Sales

The following table summarizes the components of the Company's Cost of Sales:

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
License Fees	6 665	8 229
Communications	16	18
Hardware & Software	23	73
Data Center Facilities	1 339	1 689
Commissions and Referrals	184	290
Total Cost of Sales	**8 227**	**10 299**

Cost of Sales for 2016 include cost related to services delivered by Apptix, Inc. to customers for the period January 1, 2016 through November 14, 2016; the date Apptix, Inc. was sold to Fusion (see Notes 3 & 6).

Note 8 – Employee Compensation and Benefits

The following table summarizes the components of the Company's Compensation and Benefits:

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
Salaries	6 508	11 190
Share-based Compensation	7	23
Social Security Tax	407	703
Pension expense	142	224
Other Compensation	1 377	2 261
Total Employee Compensation and Benefits	**8 441**	**14 401**
Average Number of Employees	**51**	**98**

Compensation and Benefit Expense for 2016 includes cost of the employees of Apptix, Inc. for the period January 1, 2016 through November 14, 2016; the date Apptix, Inc. was sold to Fusion (see Notes 3 & 6).

With the sale of Apptix, Inc. on November 14, 2016 (see Notes 3 & 6) the Company recorded aggregate compensation costs totaling USD 1, 4 million related to severance obligations and transaction incentive payments.

The Company offered a 401(k) pension plan which allows for all employees to make voluntary contributions on a pre-tax basis. The Company has an employer match of 50% of employee contributions up to 6% of the employee's salary.

Other compensation consists of matching 401(k) contributions made by the Company during 2016 and 2015, severance amounts paid and any transaction incentive awards made to the Executive team members. The aggregate amount of severance and transaction incentive awards included in Other Compensation relating to the sale of Apptix, Inc. totaled USD 1, 1 million.

The tables below set forth the compensation summary for the Executive Team and Board of Directors for the years ended December 31, 2016 and 2015.

(Amounts in USD 1 000) Executive Team and Board Members	2016 Compensation Salary	Bonus	Other	Board Fees	Value of Options	Total Remuneration
Chris Mack (President & CEO)	263	30	646	-	3	942
Thomas Tighe (Chief Revenue Officer)	219	33	254	-	-	506
Shane Smith (SVP Technology)	187	17	161	-	1	366
Chris Damvakaris (VP Sales & Business Development)	176	11	68	-	-	255
Johan Lindqvist (Chairman)	-	-	238	48	-	286
Ebba Fahraeus (Board Member)	-	-	-	24	-	24
Terje Rogne (Board Member)	-	-	-	24	-	24
Total	**845**	**91**	**1 367**	**95**	**4**	**2 402**

(Amounts in USD 1 000) Executive Team and Board Members	2015 Compensation Salary	Bonus	Other	Board Fees	Value of Options	Total Remuneration
Chris Mack (President & CEO)	300	330	6	-	8	644
Thomas Tighe (Chief Revenue Officer)	227	127	4	-	-	358
Shane Smith (SVP Technology)	210	100	4	-	3	317
Chris Damvakaris (VP Sales & Business Development)	197	68	26	-	-	291
David Ehrhardt (Former CEO)	-	-	282	-	-	282
Aubrey Smoot (Former SVP Business Development)	-	-	8	-	-	8
Johan Lindqvist (Chairman)	-	-	243	50	-	293
Ebba Fahraeus (Board Member)	-	-	-	25	-	25
Terje Rogne (Board Member)	-	-	-	25	-	25
Total	**934**	**625**	**573**	**100**	**11**	**2 243**

The value of options included in the above tables represents the cost amortized during 2016 and 2015, respectively.

The Company's Chairman, Johan Lindqvist is entitled to a fee of NOK 400 000 per annum of which NOK 100 000 was outstanding as of December 31, 2016 and paid in January 2017. Mr. Lindqvist is also entitled to a fee of NOK 400 000 for consulting services as approved by the shareholders in May 2012. There were no outstanding consulting services balances as of December 31, 2016. Additionally, at the 2015 the annual shareholder meeting shareholders also approved a consulting fee of USD 15 000 per month for the Chairman to provide additional services to Apptix, Inc. as a result of the 2014 executive leadership changes that took place at Apptix, Inc. These amounts were paid by Apptix, Inc. This agreement terminated with the sale of Apptix, Inc. in November 2016.

Terje Rogne and Ebba Fahraeus are paid a Directors fee of NOK 200 000 per year of which NOK 50 000 was outstanding to each as of December 31, 2016. All outstanding board fees were paid in January 2017.

Members of the Executive Team are eligible for annual performance bonuses, as approved by the Company's Board of Directors, based on a percentage of the respective executive's base compensation. The bonus percentages range from 30% to 60%.

The Company has agreements with each of its senior executives which provide for, among other things, the payment of severance and the continuation of medical and dental benefits for periods up to twelve months in the event the senior executive is properly terminated by the Company without cause, due to change of control or by the Executive Team for good reasons.

The tables below sets forth the stock option summary for the Executive Team and Board of Directors as of December 31, 2016 and 2015. See Note 15 in connection with valuation.

Executive Team	Options - Dec. 31, 2015	Options Granted 2016	Options Exercised in 2016	Options Expired/ Forfeited in 2016	Options - Dec 31, 2016	Avg Exercise Price	Maturity Period
Chris Mack (President & CEO)	400 000	-	-	(375 000)	25 000	2,86	1,20
Shane Smith (SVP Technology)	175 000	-	-	(125 000)	50 000	2,98	1,63
Total	**575 000**	**-**	**-**	**(500,000)**	**75 000**	**2,94**	**1,49**

Executive Team	Options - Dec. 31, 2014	Options Granted 2015	Options Exercised in 2015	Options Expired/ Forfeited in 2015	Options - Dec. 31, 2015	Avg Exercise Price	Maturity Period
Chris Mack (President & CEO)	925 000	-	-	(525 000)	400 000	2,94	0,91
Shane Smith (SVP Technology)	275 000	-	-	(100 000)	175 000	2,78	1,38
Aubrey Smoot (Former SVP Business Development)	303 750	-	-	(303 750)	-	-	-
Total	**1 503 750**	**-**	**-**	**(928,750)**	**575 000**	**2,89**	**1,05**

There were no options exercised during 2016 or 2015.

The Directors have elected to waive any rights to stock-based compensation.

Total compensation for each of the Executive Team members as well as the other senior executives is comprised of three principal components: base salary, annual incentive compensation and stock-based awards. The base salaries are fixed at levels which the Compensation Committee believes are comparable to those of executives of similar status in the Company's industry and are targeted to be competitive in the marketplace. In addition to base salary, each Executive Team member is eligible to receive an annual bonus tied to the Company's success in achieving certain annual performance measures, as well as individual performance. The Board and the Compensation Committee also believe that longer-term incentives are appropriate to motivate and retain key personnel and that stock ownership by management is beneficial in aligning management's and stockholders' interests in the enhancement of stockholder value. Accordingly, the Compensation Committee has a policy of considering periodic grants of stock-based awards to Executive Team members. Historically, such grants have been in the form of stock options. In May 2015, the Company's shareholders approved an Executive Incentive Program where participants can earn an incentive based on a progressive scale related to the Company's enterprise value. For additional information related to the Executive Incentive Program, please refer to the Company's 2016 Report on Management Remuneration.

Note 9 - Other Operational and Administrative Costs

The following table summarizes the components of the Company's Other Operational and Administrative Costs:

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
Marketing	281	667
Travel & Entertainment	94	440
Rent	489	698
Professional Fees	832	1 188
Communications	385	608
Maintenance and Support	937	2 379
Utilities and Maintenance Costs	308	644
Computer Equipment and Software	750	1 604
Other SG&A	373	756
Total Other Operating Expenses	**4 449**	**8 984**

Other Operational and Administrative Costs for 2016 includes operating and adminstirative costs related to Apptix, Inc. for the period January 1, 2016 through November 14, 2016; the date Apptix, Inc. was sold to Fusion (see Notes 3 & 6).

Audit Fees

The table below summarizes the components of the Company's audit related fees:

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
Audit Services	67	152
Other Attestation Services	-	-
Tax Services	-	-
Other Non-audit services	-	-
Total Audit Fees	**67**	**152**

Note 10 - Financial Income and Expenses

The following table summarizes the components of the Company's Financial Income and Expense:

	Year Ended December 31,	
(Amounts in USD 1 000)	**2016**	**2015**
Interest Expense	(751)	(1 071)
Other Income and Expense	(76)	-
Net Financial Expenses	**(827)**	**(1 071)**

Note 11 - Earnings per Share

The basic and diluted earnings per share are calculated as the ratio of the net income (or net loss) for the year that is due to the ordinary shareholders. The net income for 2016 of USD 12, 5 million is divided by the weighted average number of ordinary shares outstanding of 81 430 000 resulting in an earnings per share of USD 0,15. For 2015, net income of USD 6, 9 million is divided by the weighted average number of ordinary shares outstanding of 81 430 000 resulting in net income per share of USD 0,08.

The following table presents the earnings per share:

	Year Ended December 31,	
(Amounts in USD 1 000 Except for Share Data)	**2016**	**2015**
Income for the Year	12 492	6 852
Total Income for the Year to Holders of Ordinary Shares	**12 492**	**6 852**
Weighted average number of ordinary shares for basic earnings per share	81 430	81 430
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**81 430**	**81 430**
Basic and Diluted Earnings Per Share From Operations	0.15	0.08
Basic and Diluted Earnings Per Share for the Year	**0.15**	**0.08**

Note 12 - Intangible Assets

The following table summarizes the activity of the Company's Intangible Assets:

(Amounts in USD 1 000)	Goodwill	Software Licenses
Cost December 31, 2014	**29 648**	**8 702**
Additions	-	430
Cost December 31, 2015	**29 648**	**9 132**
Additions	-	137
Cost November 14, 2016	**29 648**	**9 269**
Sale of Apptix, Inc.	(29 648)	(9 269)
Cost December 31, 2016	-	-
Accumulated Depreciation/ Impairment - December 31, 2014	**13 681**	**8 454**
Depreciation Charges / Impairment Charge	6 000	515
Accumulated Depreciation/ Impairment - December 31, 2015	**19 681**	**8 969**
Depreciation Charges / Impairment Charge	-	224
Accumulated Depreciation/ Impairment - November 14, 2016	**19 681**	**9 193**
Sale of Apptix, Inc.	(19 681)	(9 193)
Accumulated Depreciation/ Impairment - December 31, 2016	**-**	**-**
Net Book Value:		
Balance December 31, 2014	**15 967**	**248**
Balance December 31, 2015	**9 967**	**163**
Balance December 31, 2016	**-**	**-**

Software Licenses are amortized on a straight-line basis over a three-year period. This is the Company's best estimate of the life of such assets.

As referenced in Notes 3 & 6, Apptix, Inc. was sold on November 14, 2016 to Fusion.

Note 13 - Property and Equipment

The following table summarizes the activity of the Company's Property and Equipment:

(Amounts in USD 1 000)	Computer Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost December 31, 2014	**27 647**	**440**	**130**	**28 217**
Additions	796	-	86	882
Impairment of Fixed Assets	(4 000)			(4 000)
Disposals	(147)	(25)	(77)	(248)
Cost December 31, 2015	**24 296**	**415**	**140**	**24 851**
Additions	46	-	-	46
Disposals	(120)	-	-	(120)
Cost November 14, 2016	**24 222**	**415**	**140**	**24 777**
Sale of Apptix, Inc.	(24 222)	(415)	(140)	(24 777)
Cost December 31, 2016	-	-	-	-
Accumulated Depreciation - December 31, 2014	**18 447**	**324**	**119**	**18 890**
Depreciation Charges For The Year	2 103	45	23	2 171
Disposals	(147)	(25)	(77)	(248)
Accumulated Depreciation - December 31, 2015	**20 403**	**345**	**65**	**20 813**
Depreciation Charges For The Year	1 202	35	16	1 253
Disposals	(119)	-	-	(119)
Accumulated Depreciation - November 14, 2016	**21 486**	**380**	**81**	**21 947**
Sale of Apptix, Inc.	(21 486)	(380)	(81)	(21 947)
Accumulated Depreciation - December 31, 2016	-	-	-	-

As referenced in Notes 3 & 6, Apptix, Inc. was sold on November 14, 2016 to Fusion. All of the capitalized fixed assets were capitalized in Apptix Inc. and all of the lease obligation are agreements signed by the lessor and Apptix Inc. Apptix ASA has no fixet assets and no lease obligations as of December 31, 2016.

Computer equipment and furniture and fixtures were depreciated on a straight-line basis over three to seven years, respectively. Leasehold improvements were depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement or the remainder of the lease term, generally five years.

Total depreciation and amortization was USD 1, 5 million for 2016.

Change of estimate regarding depreciation of fixed assets in 2015

The Company closed down the Florida Office and the Florida Datacenter in 2015 and sold the majority of the public cloud customers in September 2015. As a result of these two major changes to the business, the Company undertook an assessment of fixed assets and other assets needed to operate the business going forward. The Company reviewed all of its fixed assets and specifically capitalized servers and storage to see if the estimated useful life (depreciation period) still was appropriate. In accordance with IAS 16, the Company assessed the future lives of these fixed assets and the expected use of such assets in future periods. Based on the Company's financial forecasts and value in use calculations, the Company determined that useful life of some of the fixed assets needed to be reduced. The result of this assessment was that USD 4 million of the fixed assets was written of as a one time charge.

As previously noted, the Company migrated the public cloud customers to GoDaddy during the fourth quarter of 2015 and began the decommissioning of the underlying computer related equipment in early 2016 leaving the Company with excess equipment and capacity that is not expected to be utilized in future periods.

Note 14 - Income Tax

The Norwegian Company is taxed at the statutory tax rate of 25%, and the U.S. Company is taxed at statutory rates of 15% to 39% applied to marginal income levels.

(Amounts in USD 1 000)

Income tax expense	2016	2015
Tax payable	-	288
Changes in deferred tax		
Income tax expense	**-**	**-**

Reconciliation of tax expense	2016	2015
Profit before tax	12 283	7 140
Tax assessed	2 948	2 429
Tax assessed in percentage of profit before tax	24%	34%
Permanent differences	(3 035)	2 251
Change of unrecognized deferred tax asset	(6)	(4 054)
Translation adjustment	92	(338)
Income tax expense	**(0)**	**289**

Income tax expense relates solely to certain state income tax payments made in the US.

(Amounts in USD 1 000) Deferred tax and tax advantage	Balance Sheet 2016	Balance Sheet 2015
Deferred tax assets		
Non-current assets	13	1 397
Current assets	-	8 097
Loss carry forward	5 890	44 055
Tax advantage - gross	5 903	53 549
Deferred tax liabilities		
Non-current assets	-	(1 582)
Current assets		
Other		
Deferred tax liabilities - gross	-	(1 582)
Net deferred tax asset	5 903	51 967
Net unrecognized deferred tax asset	**5 903**	**51 967**

The net tax asset has not been capitalized due to unceartianty that the Company will be in position to use the asset in the future.

Note 15 - Share-based payments

The Company has a Stock Option Plan ("Plan"), which is administered by the Company's Board of Directors. The Plan provides for the granting of options to purchase shares of Common Stock to eligible employees. Typically, option grants vest over a 4 year period and the option term does not exceed five years. The Company has adopted the Black-Scholes model for the purpose of calculating fair value of options under IFRS. There were no options granted in 2016. In 2016, the Company recognized a total of USD 6 thousand in stock option expense and USD 23 thousand in stock option expense for 2015.

The share options granted could lead to a dilutive effect on the Company shareholders. As of December 31, 2016 and 2015, only 2015 were the effects of the share options dilutive.

A summary of the Company's stock option activity, and related information for the year ended December 31, 2016 and 2015 follows:

	2016		2015	
	Shares	Weighted Avg Exercise Price	Shares	Weighted Avg Exercise Price
Outstanding at Beginning of Period	810 000	2,92	2 103 750	2,80
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(76 000)	3,10	(303 750)	2,81
Canceled	-	-	-	-
Expired	(600 000)	2,90	(990 000)	2,70
Outstanding at End of Period	**134 000**	**2,97**	**810 000**	**2,92**
Exercisable at End of Period	**102 000**	**2,94**	**588 250**	**2,91**

The following table summarizes the Company's stock options at December 31, 2016:

	Outstanding Stock Options			Exercisable Stock Options	
Exercise Price	Shares	Weighted Avg Remaining Contractual Life	Weighted Avg Exercise Price	Shares	Weighted Avg Exercise Price
NOK 0 - 2,99	75 000	1,20	2,86	67 500	2,86
NOK 3,00 - 3,10	59 000	2,06	3,10	34 500	3,10
Total	**134 000**	**1,55**	**2,97**	**102 000**	**2,94**

Note 16 - Consolidated Shareholders Equity

There were no share issuances during 2016 and 2015. There were also no options exercised during 2016 and 2015.

Shareholder	Number of Shares Owned	Percentage of Shares Owned
EUROCLEAR BANK N.V.	25 895 975	37.0%
WINDCHANGE AS	9 120 000	13.0%
BNP PARIBAS SECURITIES SERVICES	7 028 437	10.0%
SPENCER TRADING INC	5 789 198	8.3%
TTC INVEST AS	4 200 000	6.0%
HAADEM INVEST AS	3 040 955	4.3%
WINDCHANGE INVEST AB	2 000 000	2.9%
FRANS ENGER AS	1 963 383	2.8%
ADMANIHA AS	1 942 694	2.8%
AVANZA BANK AB	1 375 157	2.0%
NORDNET BANK AB	1 144 418	1.6%
DELRAY TRADING AS	1 009 000	1.4%
HÜBERT LEIF	958 080	1.4%
SØGNE SHIPPING AS	882 702	1.3%
LOLIGO AS	878 567	1.3%
NORDGAARD	780 167	1.1%
LAIKA INVEST AS	556 342	0.8%
SVEEN KJERSTI	513 477	0.7%
FERMIN AS	459 800	0.7%
SVENSKA HANDELSBANKEN AB	449 140	0.6%
Total Largest 20 Shareholders	**69 987 492**	**85.9%**
Other Shareholders	**11 442 686**	**14.1%**
Total Shares Outstanding	**81 430 178**	**100.0%**

Note 17 - Shareholder Structure

At December 31, 2016, the Company had only one class of shares with a par value of NOK 0,333. Each share has one vote. There are no trade limitations on the Company's shares. The shares are registered in the Norwegian Registry of Securities. Total outstanding and issued shares at December 31, 2016 were 81 430 178.

Euroclear Bank N.V. is the nominee for the Celox SA holdings. Celox SA owns approximately 32% of the total outstanding shares of the Company.

Windchange AS and Windchange Invest AB are entities 100% owned by the Company's chairman. The total ownership reflected above does not include 35 059 shares held directly by the Company's chairman. Admaniha AS is an entity 100% owned by Terje Rogne, one of the Company's directors.

Shares owned (both directly and indirectly) by the Board of Directors and the Company's President at December 31, 2016 is provided in the table below:

Name	Position	Shares	Options	Average Exercise Price
Chris Mack	President, COO & CFO	38 949	25 000	2,86
Johan Lindqvist	Chairman	11 155 059	-	-
Terje Rogne	Board member	1 942 694	-	-
Ebba Fahraeus	Board member	240 053	-	-
Total		**13 376 755**	**25 000**	**2,86**

At December 31, 2016, Jon Schultz, the Company's legal counsel, owned directly and indirectly 556 342 shares of Apptix ASA.

Note 18 - Transactions with Related Parties

The Company's Chairman, Johan Lindqvist is entitled to a fee of NOK 400 000 per annum of which NOK 100 000 was outstanding as of December 31, 2016 and paid in January 2017. Mr. Lindqvist is also entitled to a fee of NOK 400 000 for consulting services as approved by the shareholders in May 2012. There were no outstanding consulting services balances as of December 31, 2016. Additionally, at the 2015 the annual shareholder meeting shareholders also approved a consulting fee of USD 15 000 per month for the Chairman to provide additional services to Apptix, Inc. as a result of the 2014 executive leadership changes that took place at Apptix, Inc. These amounts were paid by Apptix, Inc. This agreement terminated with the sale of Apptix, Inc. in November 2016.

The Company contracts with Jon Schultz, a former Board member, to provide legal services. The Company paid Mr. Schultz's legal firm NOK 737 500 in 2016 for professional legal services. The Company believes the remuneration paid to Mr. Schultz's legal firm during 2016 was equivalent to prevailing market rates.

In December 2016, the Company entered into a consulting agreement with Christopher E. Mack, the former President, COO and CFO of Apptix, Inc. Mr. Mack will be providing financial and operational consulting services to the Company for 12 months valued at USD 140 000.

Mr. Schultz along with shareholders Richard Urbanski and Fredrik Stenmo are members of the Company's nominating committee. In 2016, the members received no compensation for their services. Mr. Urbanski represents TTC Invest AS and Mr. Stenmo represents the Company's largest shareholder, Celox SA.

The Company does not have any other transactions with related parties except for the compensation incurred to key management of Apptix, Inc. and the Board of Directors as summarized in Note 8 and the equity related transactions as summarized in Notes 15, 16 and 17 of the Apptix Group Gonsolidated Annual Report.

Note 19- Events after the Balance Sheet Date

None.

Note 20 - Financial Risk Management Objectives and Policies

Financial Risk Management

Following the sale of Apptix, Inc. (see Note 3, 6), the Company's principal financial instruments include cash and its Investment in Fusion.

(Amounts in USD 1 000)

	Book value 2016	Fair value 2016
Available-for-sale investments – Non-current asset investments		
Fusion Telecommunications International, Inc.	4,497	4,497
Total available-for-sale investments	**4,497**	**4,497**

Carrying amount is equal to fair value.

Available-for-sale investment

Financial investments classified as available-for-sale consist of 2,997,926 shares in Fusion Telecommunications International, Inc. The fair value of the shares is valued at their quoted price on the NASDAQ exchange as at December 31, 2016. Since the Group holds a position in an investment traded in an active market, the fair value of the asset is measured within Level 1, that is the fair value hierarchy for determining and disclosing the fair value of financial instruments.

The gain of USD 870 resulting from the change in the fair value of the financial investment is recognized in other comprehensive income (OCI)

The policies are summarized below.

Foreign Currency Risk

The companys only foreign currency risk is related to sale of shares in Fusion Telecommunications International Inc.

Credit Risk and interest risk

The company has no longer any material credit risk or interest risk

Responsibility Statement

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2016 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, Norway/Herndon, VA

4 April 2017

Johan Lindqvist	Terje Rogne	Ebba Fahraeus	Christopher E. Mack
Chairman of the Board	Director	Director	President & Chief Operating Officer

31 December 2016 / 4 April 2017

Building a better working world

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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Apptix ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Apptix ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2016, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the balance sheet as at 31 December 2016, income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. 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 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determine 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 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 the 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 law, regulations and generally accepted auditing principles in Norway, including 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, 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, 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 and in the statements on corporate governance

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 concerning the financial statements and in the statements on corporate governance, the going concern assumption and proposal for the allocation of the result 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 have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Drammen, April 18, 2017

ERNST & YOUNG AS

Marius Nergaard

Marius Nergaard
State Authorised Public Accountant (Norway)

Apptix ASA Corporate Information

Board of Directors

Johan Lindqvist - Chairman
Chairman of the Board, TeleComputing

Ebba Fahraeus - Director
CEO of SmiLe Incubator
Chariman of the Board, Connect Skane
Director, Arc Aroma Pure, the faculty of medicine at Lunds University

Terje Rogne - Director
Chairman of the Board, Nokas AS and Nordic Semiconductor ASA

Corporate Officers

Christopher E. Mack
Chief Executive Officer & Chief Financial Officer

Independent Accountants

Ernst & Young AS
Nedre Storgt. 42
Postboks 560 Brakeroya
N-3002 Drammen
Norway
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The Company encourages all shareholders to register for electronic delivery of documents through the VPS system. A shareholder can register for electronic delivery via your log-on page in the VPS account or by contacting your VPS bank.

Operator of the Share Register Account

Nordea Bank Norge ASA
Securities Services
Verdipapirseksjonen
Postboks 1166 Sentrum
0107 Oslo
Norway
Phone: +47 22 48 50 00
Fax: +47 22 48 44 44
www. nordea.com

Registered Business Address

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1396 Billingstad
Norway

Stock Information

Stock traded on the Oslo Stock Exchange
OSE Symbol: APP
www. ose.no

Investor Services

To request additional information about the Company, its finances, operations and services, contact:

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Chief Executive Officer & Chief Financial Officer
USA
Phone: +1 703 801 7150
chris.mack @ApptixASAHoldings.com