Apptix ASA
Annual Report
2017

Apptix Annual Report 2017 will only be issued in English.
The report is available on www.apptixasa.no and on www.oslobors.no/app

Table of Contents

Apptix ASA
Directors' Report 2017

Summary of 2017

Following the sale of Apptix, Inc. in November 2016, Apptix ASA's primary financial asset was its nearly 3 million share ownership in Fusion Telecommunications International Inc. ("Fusion"). As reported at the time of the sale of Apptix, Inc., the Fusion shares received by Apptix ASA were 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 (November 2016). The trading restrictions included the amount of shares Apptix could divest of its Fusion ownership which was based on certain daily trading volumes and prices. Fusion had previously agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of the closing, making the shares freely tradable on the NASDAQ exchange.

Additionally, throughout 2017 the Apptix Board of Directors continued to evaluate longer term strategic options for the Company.

Following the sale of Apptix, Inc. the Company did not longer comply with the formal Listing Requirements for Oslo Stock Exchange. The Company has had close contact with the Oslo Stock Exchange in this regard and kept the Stock Exchange updated with the plans going forward as a Listed Company.

Speculative Claim by Fusion and Resolution

In May 2017, Fusion filed a speculative fraud claim against Apptix ASA for USD 2,9 million related to a softward license audit claim, plus an additional claim for USD 15, 9 million in compensatory damages. Pursuant to the November 2016 Share Purchase Agreement signed with Fusion, all representations and warranties made by Apptix ASA were discharged at the time of closing. Additionally, under US law only a claim for fraud could be made post-closing.

The Company regarded this claim as speculative and totally unfounded. However, during the second quarter of 2017 the Company determined that any such outstanding claim would only delay or impede any longer term intiatives planned by the Company. Therefore, on August 2, 2017, the Company settled the outstanding claim with a cash payment of USD 144 thousand (NOK 1,2 million) and the return of 300 thousand shares of Fusion stock valued at USD 361 thousand (NOK 3,0 million). The Company incurred approximately USD 320 thousand (NOK 2,6 million in legal fees) related to the claim. The Company's insurance provider reimbursed

Apptix ASA USD 421 thousand (NOK 3,5 million) to partially offset the overall cost of the claim.

Sales of Fusion Telecommunications Shares

Shortly after the resolution of the speculative claim, Fusion announced their definitive agreement to acquire Birch Communication's Cloud and Business Services operating business in August 2017. The proposed business combination had a significant impact on the Fusion share price immediately following the announcement on August 28, 2017.

The value of Fusion shares increased from USD 1.23 per share (closing value on August 25, 2017) to USD 2.86 per share by mid September 2017. Additionally, the daily trading volumes of the Fusion shares increased significantly, therefore presenting Apptix an opportunity to evaluate the potential divestiture of its Fusion holdings.

On September 18, 2017 the Company began liquidating its holdings and by November 2017, Apptix ASA no longer held ownership shares in Fusion. As a result of these stock sales, the Company received net cash proceeds of USD 6, 9 million (NOK 57, 3 million).

Net Gain on the Dispostion of Fusion Shares

Including the costs related to the settlement of the speculative claim made by Fusion in 2017, the net gain realized from the liquidation of the Fusion shares totaled USD 3,2 million (NOK 26,2 million.)

Company Position

As of December 31, 2017, the Company had cash balances of USD 7, 5 million (NOK 61, 7 million), no outstanding debt and net tax loss carryforwards of NOK 206 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. Following the sale and for the entire 2017 the Company had no employees. No accidents have occurred during 2017. There were no significant absences due to illness in 2017 or 2016. 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, 2017, 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

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 did not longer comply with the formal Listing Requirements for Oslo Stock Exchange. The Company has had close contact with the Oslo Stock Exchange in this regard and kept the Stock Exchange updated with the plans going forward as a Listed Company. The Board has reviewed various alternatives for future prospects. The process has been delayed during 2017 due to the unfunded claim from Fusion mentioned above. With this claim closed, the work to decide the future for Apptix ASA is planned to be concluded during first half of 2018.

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 2018 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 20.4 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 & COO

31 December 2017 / 12 March 2018

Apptix ASA
Report on Corporate Governance 2017

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, 2017, Apptix had cash reserves of USD 7, 5 million or NOK 61, 7 million and an equity ratio of 99.2%. 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 NOK 134, 4 million 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, 2017 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.

4. No authorization from shareholders to increase the Company's share capital is currently issued.

5. 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.

6. 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.

7. 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.

8. 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 10, 2017. 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.

9. 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.

10. 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 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.

11. 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, 2017.

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.

12. 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.

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.

13. Remuneration of Executive Management

Following the sale of Apptix, Inc. in November 2016, the Company had no remaining Executive Officers.

During 2017 the Company had no Executive Officers and thus no Remuneration to Executive Management.

Board of Directors
Apptix ASA
12 March, 2018

APPTIX ASA

2017 Financial Statements

APPTIX ASA INCOME STATEMENTS

	Note	Apptix ASA (Amounts in USD 1 000) Year Ended December 31, 2017	2016
OPERATING REVENUE			
Subscription Revenues	6	-	21 535
Professional Services			879
Gain on the Sale of Assets	3, 6	-	13 028
Operating Revenue		**-**	**35 442**
OPERATING EXPENSES			
Cost of Sales	7	-	8 227
Employee Compensation and Benefits	8	111	8 441
Other Operational and Administrative Costs	9	591	4 449
Depreciations and Amortization		-	1 477
Total Operating Expenses		**702**	**22 594**
Operating Income (before interest & taxes)		(702)	12 847
FINANCIAL INCOME AND EXPENSES			
Interest Expense	10	-	751
Other Financial Income		-	(3,927)
Other Income and Expense	10	(3 175)	76
Net Financial Expenses		**(3 175)**	**(3 100)**
Income Before Taxes		**2 473**	**15 947**
TAXES			
Income Tax Benefit (Expense)	12	-	472
Net Income for the Period	**11**	**2 473**	**16 419**
Attributable to:			
Equity Holders of Parent		2 473	16 419
Earnings per share:	11		
* Basic, profit for the year attributable to ordinary equity holders of the parent		0.03	0.20
* Diluted, profit for the year attributable to ordinary equity holders of the parent		0.03	0.20
Weighted Average Common Shares Outstanding	**11**	**81 430**	**81 430**

STATEMENT OF COMPREHENSIVE INCOME

	Apptix ASA (Amounts in USD 1 000) Year Ended December 31,	
	2017	2016
Income for the Period	**2 473**	**16 419**
Exchange Rate Differences on Translation of Foreign Operations	185	(357)
Change in Valuation Related to Sale of Subsidiary	-	(3 927)
Change in Valuation of Investment for Sale	(870)	870
Items that may be Reclassified Subsequently to Income Statement	**(686)**	**(3 414)**
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income/(Loss) for the Period	(686)	(3 414)
Total Comprehensive Income for the Period	**1 787**	**13 005**
Attributed to Equity Holders of Parent	**1 787**	**13 005**

STATEMENT OF FINANCIAL POSITION

	Note	Apptix ASA (Amounts in USD 1 000) Year Ended December 31. 2017	2016
ASSETS			
Non-current Assets			
Investments			
Fusion Telecommunications International Inc.	3,4,6	-	4 497
Total Investments		-	**4 497**
Total Non-Current Assets		-	**4 497**
Current Assets			
Prepaid Expenses		7	10
Cash and Cash Equivalents	5	7 516	1 308
Total Current Assets		7 523	**1 318**
TOTAL ASSETS		7 523	**5 815**
EQUITY AND LIABILITIES			
Equity			
Share Capital	13, 14, 15	4 666	4 666
Share Premium	14,15	47 852	47 852
Other Paid-in Capital	14,15	6 204	6 204
Fund for Unrealized Gains / (Losses)	4	-	870
Retained Earnings	14,15	(51 261)	(53 918)
Total Equity		**7 461**	**5 674**
Current Liabilities			
Trade Accounts Payable		1	59
Other Current Liabilities		61	82
Total Current Liabilities		**62**	**141**
TOTAL EQUITY AND LIABILITIES		7 523	**5 815**

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

31 December 2017 / 12 March 2018

STATEMENTS OF CASH FLOWS

	Note	Apptix ASA (Amounts in USD 1 000) Year Ended December 31, 2017	2016
Cash flows from Operating Activities			
Earnings Before Taxes		2 473	15 947
Share-based Employee Compensation Expense	13, 15	-	6
Depreciation and Amortization		-	1 477
Gain on Sale of Fusion Shares	4	(3 175)	-
Gain on Sale of Subsidiary	3, 6	-	(13 028)
Change in Accounts Receivable		-	2 013
Change in Trade Accounts Payable		(58)	(1 854)
Change in Other Assets and Liabilities		(20)	(8 679)
Net Cash Flows Provided by Operating Activities		**(780)**	**(4 117)**
Cash Flows from Investing Activities			
Purchases of Property and Equipment, net		-	(183)
Procceds from Sale of Fusion Shares, net	4	6 987	-
Proceeds from Sale of Subsidiary	3, 6	-	22 373
Net Cash Flows Used in Investing Activities		**6 987**	**22 190**
Cash Flows from Financing Activities			
Payments on Interest-Bearing Debt	3, 6	-	(9 099)
Distribution of Paid in Capital	3, 6	-	(15 467)
Net Cash flows Used in Financing Activities		**-**	**(24 566)**
Effect of Exchange Rates on Cash and Cash Equivalents		1	1
Net Increase/(Decrease) in Cash		6 208	(6 492)
Cash at Beginning of Period	5	1 308	7 800
Cash at End of Period		**7 516**	**1 308**

STATEMENTS OF CHANGES IN EQUITY

		Apptix ASA						
(Amounts in USD 1 000)	Note	Share Capital	Share Premium Reserve	Other Paid in Capital	Foreign Currency Translation Reserves	Fund for Unrealized Gain or (Losses)	Retained Earnings	Total Equity
Equity December 31, 2015		**4 666**	**63 319**	**6 198**	**3 927**	**-**	**(69 980)**	**8 130**
Net Income for the Period	**10 (a)**	-	-	-	-	-	16 419	16 419
Other Comprehensive Income		-	-	-	(3 927)	870	(357)	(3 414)
Total Comprehensive Income		**-**	**-**	**-**	**(3 927)**	**870**	**16 062**	**13 005**
Distribution of Paid in Capital	**3, 6**	**-**	**(15 467)**	**-**	**-**	**-**	**-**	(15 467)
Equity Element of Expensed Options	**13**	-	-	6	-	-	-	6
Equity December 31, 2016		**4 666**	**47 852**	**6 204**	**-**	**870**	**(53 918)**	**5 674**
Net Income for the Period		-	-	-	-	-	2 473	2 473
Other Comprehensive Income		-	-	-	-	(870)	185	(686)
Total Comprehensive Income		**-**	**-**	**-**	**-**	**(870)**	**2 658**	**1 787**
Equity December 31, 2017		**4 666**	**47 852**	**6 204**	**-**	**-**	**(51 260)**	**7 461**

NOTES TO 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 12 March, 2018.

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 2017 Year-End

The accounting principles used in 2017 are the same as in 2016. 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, 2017 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 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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 13. 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).

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

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

Sale of Fusion Shares

In August 2017, Fusion announced their definitive agreement to acquire Birch Communication's Cloud and Business Services operating business. The business combination had a significant impact on the Fusion share price immediately following the announcement on August 28, 2017.

The value of Fusion shares increased from USD 1.23 per share (closing value on August 25, 2017) to USD 2.86 per share by mid September 2017. As a result of this significant share value increase, the Company liquidated its entire holdings in Fusion starting on September 18, 2017. By November 2017, the Company no longer held ownership shares in Fusion. As a result of these stock sales, the Company received net cash proceeds of USD 6,9 million

Settlement of Speculative Claim

In May 2017, Fusion filed a speculative fraud claim against Apptix ASA for USD 2,9 million related to a softward license audit claim, plus an additional claim for USD 15, 9 million in compensatory damages. Pursuant to the November 2016 Share Purchase Agreement signed with Fusion, all representations and warranties made by Apptix ASA were discharged at the time of closing. Additionally, under US law only a claim for fraud could be made post-closing.

The Company regarded this claim as speculative and totally unfounded. However, during the second quarter of 2017 the Company determined that any such outstanding claim would only delay or impede any longer term intiatives planned by the Company. On August 2, 2017, the Company settled the outstanding claim with a cash payment of USD 144 thousand (NOK 1,2 million) and the return of 300 thousand shares of Fusion stock (NOK 3,0 million). The Company incurred approximately USD 320 thousand in legal fees related to the claim. The Company's insurance provider reimbursed Apptix ASA USD 421 thousand to partially offset the overall cost of the claim.

Net Gain on the Sale of Fusion Shares

Including the settlement related costs, the gain realized from the liquidation of the Fusion shares totaled USD 3,2 million. The table below reflects the gain.

(Amounts in USD 1 000)	
Cash from Fusion stock sales	6 930
AIG settlement proceeds	421
Fusion claim settlement costs (including legal fees)	(464)
Net cash proceeds	6 887
Original cost basis	(3 712)
Gain on sale of shares	**3 175**

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, 2017	Year Ended December 31, 2016
Cash at the Bank	7 498	1 293
Restricted Cash	19	15
Total Cash and Cash Equivalents	**7 516**	**1 308**

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 Company did not record any operating revenue during 2017.

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)	2017	2016
Exchange	-	13 207
Archiving	-	1 758
SharePoint	-	1 662
VoIP	-	1 229
Mobility	-	388
Targeted Attack Protection (TAP)	-	2 162
Other Services	-	1 129
Total Subscription Revenues	**-**	**21 535**

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).

Note 7 - Cost of Sales

As a result of the Company not having any operating revenue during 2017, there was no corresponding 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)	2017	2016
License Fees	-	6 665
Communications	-	16
Hardware & Software	-	23
Data Center Facilities	-	1 339
Commissions and Referrals	-	184
Total Cost of Sales	**-**	**8 227**

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)	**2017**	**2016**
Salaries	-	6 508
Share-based Compensation	-	7
Social Security Tax	14	407
Pension expense	-	142
Other Compensation	97	1 377
Total Employee Compensation and Benefits	**111**	**8 441**
Average Number of Employees	**-**	**51**

Compensation and Benefit Expense for 2017 relates to the Company's Board of Directors.

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.

Prior to the sale of Apptix, Inc., the Company offered a 401(k) pension plan which allowed for all employees to make voluntary contributions on a pre-tax basis. The Company had 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, 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 year ended December 31, 2016.

(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**

The value of options included in the above tables represents the cost amortized during 2016.

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, 2017 and paid in February 2018.

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, 2017. All outstanding board fees were paid in February 2018.

Prior to the sale of Apptix, Inc, members of the Executive Team were 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 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 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, 2017 and 2016. See Note 13 in connection with valuation.

Executive Team	Options - Dec. 31, 2016	Options Granted 2017	Options Exercised in 2017	Options Expired/ Forfeited in 2017	Options - Dec 31, 2017	Avg Exercise Price	Maturity Period
Chris Mack (Former President & CEO - Apptix, Inc.)	25 000	-	-	(25 000)	-	2,86	1,20
Shane Smith (Former SVP Technology- Apptix, Inc.)	50 000	-	-	(50 000)	-	2,98	1,63
Total	**75 000**	**-**	**-**	**(75,000)**	**-**	**2,94**	**1,49**

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**

There were no options exercised during 2017 or 2016 and no options are currently outstanding.

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

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)	**2017**	**2016**
Marketing	-	281
Travel & Entertainment	-	94
Rent	-	489
Professional Fees	473	832
Communications	-	385
Maintenance and Support	-	937
Utilities and Maintenance Costs	-	308
Computer Equipment and Software	-	750
Other SG&A	118	373
Total Other Operating Expenses	**591**	**4 449**

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)	**2017**	**2016**
Audit Services	22	67
Other Attestation Services	-	-
Tax Services	-	-
Other Non-audit services	37	-
Total Audit Fees	**59**	**67**

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)	**2017**	**2016**
Interest Expense	-	751
Other Financial Income		(3 927)
Other Income and Expense	(3 175)	76
Financial Income and Expense	**(3 175)**	**(3 100)**

Note 10 (a) – Correction from 2016

Correction of a presentation error from 2016 relating to foreign currency translation reserve has been corrected by restating each affected statement for 2016, as follows:

	December 31, 2016
Retained Earnings:	3 927
Other Comprehensive income:	(3 927)
Net Impact on Equity	-
Other Financial Income:	3 927
Net Impact on Profit for the Year:	3 927
Attributable to:	
Equity Holders of the Parent	16 419
Impact on Earnings Per Share	0.00

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 2017 of USD 2, 5 million is divided by the weighted average number of ordinary shares outstanding of 81 430 178 resulting in an earnings per share of USD 0,03. For 2016, net income of USD 16,4 million is divided by the weighted average number of ordinary shares outstanding of 81 430 178 resulting in net income per share of USD 0,20.

The following table presents the earnings per share:

(Amounts in USD 1 000 Except for Share Data)	Year Ended December 31, 2017	2016
Income for the Year	2 473	16 419
Total Income for the Year to Holders of Ordinary Shares	**2 473**	**16 419**
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 Continuing Operations	0.03	0.20
Basic and Diluted Earnings Per Share for the Year	**0.03**	**0.20**

Note 12 - 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	**2017**	**2016**
Tax payable	-	-
Changes in deferred tax	817	
Income tax expense	**817**	**-**

Reconciliation of tax expense	**2017**	**2016**
Profit before tax	2 473	16 210
Tax assessed	594	3 890
Tax assessed in percentage of profit before tax	24%	24%
Permanent differences	-	(3 977)
Change of unrecognized deferred tax asset	817	(6)
Translation adjustment	-	92
Income tax expense	**817**	**-**

(Amounts in USD 1 000)	Balance Sheet	Balance Sheet
Deferred tax and tax advantage	**2017**	**2016**
Deferred tax assets		
Non-current assets	10	13
Current assets	-	-
Loss carry forward	5 076	5 890
Tax advantage - gross	5 086	5 903
Deferred tax liabilities		
Non-current assets	-	-
Current assets		
Other		
Deferred tax liabilities - gross	-	-
Net deferred tax asset	5 086	5 903
Net unrecognized deferred tax asset continued operatior	**5 086**	**5 903**

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 13 - Share-based payments

Prior to the sale of Apptix, Inc, the Company had a Stock Option Plan ("Plan"), which was administered by the Company's Board of Directors. The Plan provided 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 adopted the Black-Scholes model for the purpose of calculating fair value of options under IFRS. There were no options granted in 2017. In 2016, the Company recognized a total of USD 6 thousand in stock option expense.

The share options granted could lead to a dilutive effect on the Company shareholders. Outstanding options were not dilutive for the periods presented.

A summary of the Company's stock option activity, and related information for the year ended December 31, 2017 and 2016 follows:

	2017		2016	
	Shares	Weighted Avg Exercise Price	Shares	Weighted Avg Exercise Price
Outstanding at Beginning of Period	134 000	2,97	810 000	2,92
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	(76 000)	3,10
Canceled	-	-	-	-
Expired	(134 000)	2,97	(600 000)	2,90
Outstanding at End of Period	**-**	**-**	**134 000**	**2,97**
Exercisable at End of Period	**-**	**-**	**102 000**	**2,94**

Note 14 - Consolidated Shareholders Equity

There were no share issuances during 2017 and 2016. There were also no options exercised during 2017 and 2016.

Shareholder	Number of Shares Owned	Percentage Shares Own
SONGA TRADING INC	15 713 439	19.3%
WINDCHANGE AS	9 120 000	11.2%
TIGERSTADEN AS	7 500 000	9.2%
TTC INVEST AS	4 200 000	5.2%
MIDDELBORG INVEST AS	3 885 867	4.8%
DnB NOR MARKETS, AKS DNB BANK ASA	3 591 857	4.4%
SIX SIS AG 25PCT ACCOUNT	3 080 954	3.8%
HAADEM INVEST AS	2 392 561	2.9%
WINDCHANGE AB	2 000 000	2.5%
FRANS ENGER AS	1 963 383	2.4%
ADMANIHA AS	1 942 694	2.4%
LEIF HUBERT AS	1 761 268	2.2%
AVANZA BANK AB	1 043 825	1.3%
DELRAY TRADING AS	1 009 000	1.2%
HÜBERT LEIF	958 080	1.2%
NORDNET BANK AB	924 252	1.1%
NORDGAARD KATJA CHRISTINA	780 167	1.0%
BOJO INDUSTRIES AS	761 042	0.9%
SILVERCOIN INDUSTRIE	675 793	0.8%
LAIKA INVEST AS	556 342	0.7%
Total Largest 20 Shareholders	**63 860 524**	**78.4%**
Other Shareholders	**17 569 654**	**21.6%**
Total Shares Outstanding	**81 430 178**	**100.0%**

Note 15 - Shareholder Structure

At December 31, 2017, 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, 2017 were 81 430 178.

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, 2017:

Name	Position	Shares
Johan Lindqvist	Chairman	11 155 059
Terje Rogne	Board member	1 942 694
Ebba Fahraeus	Board member	240 053
Christopher E. Mack	CEO	38 949
Total		**13 376 755**

At December 31, 2017, Jon Schultz, the Company's legal counsel, owned directly and indirectly 556 342 shares of Apptix ASA

Note 16 – 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, 2017 and paid in February 2018.

The Company contracts with Jon Schultz, a former Board member, to provide legal services. The Company paid Mr. Schultz's legal firm NOK 600 105 in 2017 for professional legal services. The Company believes the remuneration paid to Mr. Schultz's legal firm during 2017 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 has been providing financial and operational consulting services to the Company valued at USD 140 000 (annualized).

Mr. Schultz along with Fredrik Stenmo and Viggo Leisner are members of the Company's nominating committee. In 2017, the members received no compensation for their services. Mr. Stenmo previously represented the Company's largest shareholder, Celox SA and Viggo Leisner reprented the current largest shareholder Songa Trading, Inc..

Note 17- Events after the Balance Sheet Date

None

Note 18 - Financial Risk Management Objectives and Policies

Financial Risk Management

Following the liquidation of the Fusion shares, the Company's primary asset is cash reserves.

The policies are summarized below.

Foreign Currency Risk

With the sale of the Fusion shares, the Company does not have any material foreign currency risk.

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 2017 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

12 March 2018

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

31 December 2017 / 12 March 2018

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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 accompanying financial statements of Apptix ASA, which comprise the balance sheet as at 31 December 2017, 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and 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) are 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 the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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.

Building a better working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and the report 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 and in the report on corporate governance concerning the financial statements, 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 has fulfilled its 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, 22 March 2018
ERNST & YOUNG AS

Kåre Rødssæteren
State Authorised Public Accountant (Norway)

Apptix ASA Corporate Information

Board of Directors

Johan Lindqvist - Chairman
Chairman of the Board, Nipsoft AB and Advance AB

Ebba Fahraeus - Director
CEO of Lunds Life Sciences 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
Director, Unified Messaging Systems AS

Corporate Officers

Christopher E. Mack
Chief Executive Officer & Chief Financial Officer

Independent Accountants

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Nedre Storgt. 42
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N-3002 Drammen
Norway
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Fax: +47 32 83 86 25
www. ey.no

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

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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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