



Apptix Annual Report 2015

*Apptix Annual Report 2015 will only be issued in English.
The report is available on www.apptix.com/investor and on www.oslobors.no/app*

Table of Contents

Shareholder's Letter	Page 3
Directors' Report	Page 6
Report on Corporate Governance	Page 13
Executive Management Remuneration	Page 19
Consolidated Financial Statements	Page 21
Financial Statements Apptix ASA	Page 60
Auditors Report	Page 74

Apptix Shareholder's Letter 2015

We entered 2015 with a go-to-market strategy of providing managed public, private, and hybrid cloud services that addresses the complex needs of mid-market and enterprise organizations. The foundation of this strategy was built upon a segment of the Company's existing customer base that currently benefits from this strategic approach.

A move in this direction required a number of key steps to be taken during 2015. These key steps included a move away from directly competing with Microsoft Office 365 and other competitors in the SMB market for email-centric service offerings primarily based on price; the establishment of a direct sales force with experience selling managed cloud IT services; and the expansion of managed cloud IT services. During 2015, the Company made significant progress on each of these key initiatives.

Sale of Public Cloud Customer Base

As discussed in our 2014 Shareholder's Letter, our topline revenues had remained stagnant over the past few years due to the considerable pricing pressure from Microsoft and Office 365 along with Google and AWS's direct entry into the market. Customers selecting these organizations as email-centric service providers are looking for standardized solutions with lower cost of ownership. The challenge facing Apptix was the size of its existing public cloud customer base and their desire for such a standardized, lower cost service offering.

The Company addressed this challenge during the third quarter of 2015 with the sale of its public cloud customer base. On September 8, 2015, the Company signed and closed an Asset Purchase Agreement with GoDaddy.com LLC ("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 customers subject to the sale were primarily Hosted Exchange ("HEX") and Microsoft Office 365 users and were migrated to Microsoft's Office 365 service offering via GoDaddy, one of Microsoft's largest Office 365 resellers. Post migration, the Company began to close down its public cloud HEX environment, an effort that continues into early 2016. The Company also entered into a Transition Services Agreement to assist GoDaddy with customer care and migrations through February 2016.

The sale of the public cloud customer base accounted for approximately 40% of the Company's total revenues. The Company used approximately USD 10 million of the net proceeds to fund the distribution of a 1 NOK per share payment to each shareholder as approved by the shareholders at the November 2015 extraordinary general meeting. The balance of the proceeds is being used to fund the Company's organic and inorganic growth strategy including costs required to realign the Company's business operations post transaction.

The Company's existing private cloud customers and key channel partners were not impacted by this transaction. However, such customers and partners did benefit from this transaction as it allowed the Company to concentrate more of its resources on the delivery of its managed service expertise for these existing relationships.

Direct Sales Presence & a Move to Managed Services

In January 2015, the Company hired Tom Tighe, a managed service veteran and proven sales leader to join the Company and lead the Product, Marketing, Sales, and Business Development teams to drive growth and market share.

We expanded our direct sales presence with the addition of experienced managed services professionals. The sales teams began to focus on managed cloud IT services, larger HEX deployments along with professional consulting services.

Over the course of the year, we experienced a number of customer successes that helped reinforce our belief in the new strategy. We signed a two year agreement with our large healthcare customer to provide additional security services related to email phishing as well as malicious file attachment protection. We also benefited from the sale of an enterprise level Hosted Exchange deployment for a private cloud environment. Later, we broadened our service reach within an existing customer by providing desktop-as-a-service, virtual servers and VoIP communication services. During the fourth quarter, we leveraged our technical skills resources to provide security assessment and remediation consulting services.

The managed cloud IT services approach centers on a broad range of solutions focused on a proactive management approach of a customer's entire network infrastructure, technologies, and applications. These services include the deployment and management of infrastructure and network monitoring tools, virtual workstations, servers, firewalls, mobile devices, enterprise backup, disaster recovery, email, VoIP, mobile device management and others. As a managed service provider integrating "best of breed" cloud solutions, the Company aims to become a comprehensive technology partner for its customers.

While we are still early at the aggregation of the full scope, managed cloud IT services approach, the Company was able to bring substantial benefits to our customers as mentioned above.

During 2015, we launched the following new services and relationships:

- Partnered with Microsoft Cloud OS Network (COSN) to deploy Azure Private Cloud
- Kaseya IT Management Framework
- Disaster Recovery and Business Continuity
- Enterprise File Data Storage
- Virtual Servers and Virtual Desktops (Desktop as a Service)
- Microsoft Office 365 for mid-market and enterprise organizations

Positioned to Move Forward

2015 was a year of significant change for the Company. It started with the strategic shift to become a Managed IT Cloud Solutions Provider. We are leveraging our key assets to deliver services beyond just Hosted Exchange and have begun to expand our cloud based service offering. We are pleased with the success we are seeing here, but recognize it will take time to fully make the shift. We expect the composition of our 2016 bookings transactions to be similar to those of our 2015 bookings. We also continued to show that we can make the operational and infrastructure changes necessary to ensure the future of the business is fundamentally sound. The 2014 and 2015 realignments and restructuring activities are on-track and delivering promised results. The sale of our public cloud customers was a major milestone for the Company. While the transaction provided capital to grow our business, it also allowed us to make a capital distribution to our shareholders. The steps taken in 2015 have helped strengthen our business model and the Company.

We are confident that we have the right strategy and personnel to meet the demands of our customers, the challenges of today's market and the expectations of our shareholders.



Johan Lindqvist
Chairman of the Board



Christopher E. Mack
President & Chief Executive Officer

Oslo, Norway/Herndon, Virginia, USA
6 April, 2016

Apptix ASA Directors' Report 2015

Most of 2015 was focused on the realignment of the business that started in late 2014. The movement away from a heavy dependency on smaller, public cloud customers; the alignment of both sales and operational resources behind a managed cloud IT service strategy and the broadening of a managed cloud IT service offering were all key areas of emphasis during 2015. All of which were necessary to begin the movement towards topline growth in 2016.

The most significant activity that took place during 2015 was the sale of the Company's public cloud customer base to GoDaddy in September 2015. This single initiative accelerated our move away from providing public cloud email services to smaller customers; funded our realignment initiatives to become a managed cloud IT service company; provided working capital for organic and inorganic growth; and allowed us to return 1 NOK per share of capital back to our investors. Additionally, the sale of the public cloud customers provided the Company with the opportunity to remove a substantial amount of inherent market risk from the Company's current business operations. This move is expected to provide meaningful operating results in 2016 in the form of top line revenue growth.

In 2015, the Company generated USD 34, 4 million in total revenues, down from USD 39, 3 million in 2014. The lower revenues were directly attributable to the sale of the Company's public cloud customer base in September 2015. Net income for 2015 totaled USD 6, 9 million as compared to a net loss of USD 10, 6 million in 2014. Both the 2015 and 2014 net results included certain one-time charges as detailed further below.

2015 Apptix Group Financial Summary

Revenues for the twelve months ended December 31, 2015 totaled USD 34, 4 million down 12% from the same period in 2014. The decline in revenues year over year was primarily due the sale of the Company's public cloud customer base to GoDaddy in September 2015.

With the sale of the public cloud customers, the Company realigned its existing business model to support its go-forward managed IT cloud business strategy. During the second half of 2015, the Company reduced its workforce by approximately 45% and took a one-time compensation related charge totaling USD 1,5 million. The charge included the monthly carrying cost of the employees through December 2015, severance payments to be made to the impacted staff, outplacement assistance and other residual employee termination costs.

In addition to the realignment of staffing, the Company began the process of discontinuing a number of its current operating expenditures and agreements. The operating agreements and expenditures included such items as rents, licenses, maintenance, professional fees, and other costs that will no longer be required by the Company due to the sale of its public cloud customer base. In order to terminate these agreements in advance of their contractual end date, the Company recorded a USD 1,0 million charge to fund this initiative and complete the negotiations with the various parties.

The Company also completed a review of its goodwill and other intangible assets during the third quarter of 2015 to determine if an impairment existed. The estimate reflected the

Company's assessment of the value of the cash-generating unit to which the goodwill is allocated or the intangible asset is associated with. Calculating the value in use required the Company to estimate the expected cash flows from the cash-generating unit (if available) and also to choose a suitable discount rate in order to calculate the present value of cash flow.

The Company has historically evaluated its goodwill on a consolidated basis as a single cash generating unit. The recoverable amount for the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets or forecasts approved by senior management covering a five-year period. The discount rate applied to cash flow projections was 12% (pre-tax) and assumed a constant growth rate of 3% (nominal) beyond year five. The Company's analysis of its non-current asset carry value resulted in an impairment of approximately USD 10,0 million. The Company first allocated the impairment to fixed assets which totaled approximately USD 4 million and then allocated the residual balance to goodwill which totaled approximately USD 6 million.

As the public cloud users and customers migrated off the Company's public cloud environment, the Company began to decommission the underlying computer related equipment.

With of the sale of its public cloud customer base, the Company recorded an after taxation Gain on Sale of USD 19, 9 million during 2015. The gain from the transaction is shown separately under "Other Income and Expense". The calculation of the gain is as follows:

(Amounts in USD 1 000)	USD
Proceeds from sale of public cloud customer base	22 500
Less - Transaction sales cost	(2 334)
Less - Estimated taxes	(288)
Net gain on transaction	19 878

In 2014, the Company began its shift from a Hosted Exchange company to a Managed IT Cloud Solutions provider. As disclosed in its 2014 Annual Report, the Company incurred one-time charges related to this realignment totaling USD 5,4 million. Included in the realignment charges were costs associated with office and data center consolidations, personnel staffing changes, licenses and lease termination costs and restructuring costs. The Company also incurred a USD 5,7 million goodwill impairment charge in 2014.

Excluding the aforementioned one-time charges for both 2015 and 2014, the Company recorded a Net Loss of USD 526 000 in 2015 as compared to Net Income of USD 529 000 in 2014. The change in profit was due to the sale of the Company's public cloud customers.

Cash used by operating activities, including the impact of changes in currency rates, totaled USD 3,2 million, as compared to cash generated by operations of USD 3,3 million in 2014. Equipment purchases, net of financings under equipment leases, during the calendar year of 2015 were USD 403 000 compared to USD 234 000 in 2014. Net cash used by financing activities totaled USD 3, 6 million for both comparable periods.

The Company closed the fourth quarter of 2015 with USD 7, 8 million in cash and no amounts outstanding on its working capital facility.

In April 2015, the Company entered into a definitive agreement with its financial institution to replace its expiring working capital facility. The new facilities provided for a USD 2 million revolving line of credit and a USD 4, 7 million term note payable. Amounts available pursuant to the revolving line of credit are based on 80% of eligible accounts receivable and subject to certain limitations such as foreign accounts receivable, accounts receivable older than 90 days and individual customer account balances in excess of 25% of total accounts receivable. The revolving line of credit carries a floating interest rate of prime plus 1.75% with a minimum prime rate of 3.25%.

The USD 4, 7 million term note payable matures on March 31, 2020 and carries a floating interest rate of prime plus 2.25% with a minimum prime rate of 3.25%. During 2015, the Company made interest only payments. The principal repayment schedule of the term note payable is as follows:

Period	Amount	Number of Payments	Total Principal Payments - USD
April 2015 through December 2015	-	-	-
January 2016 through September 2016	39 167	9	352 503
October 2016 through September 2017	58 750	12	705 000
October 2017 through September 2018	58 750	12	705 000
October 2018 through September 2019	78 333	12	939 998
October 2019 through March 2020	78 333	6	469 998
Payment at Maturity March 2020	1 527 501	1	1 527 501
Total			4 700 000

In September and November 2015, the Company entered into amendments with its financial institution to modify the financial covenants related to its debt facilities. As a result, both the revolving line of credit and term note facility are now subject to a minimum adjusted EBITDA threshold and a minimum liquidity ratio.

Throughout the year and on average, Apptix continued to meet or exceed its average Service Level objectives. As of December 31, 2015, the Company had approximately 380 000 billable users as compared to approximately 425 000 users as of December 31, 2014.

The Company did not conduct any research and development activities during 2015 and 2014.

At the end of 2015, Apptix was comprised of two legal entities: Apptix ASA and Apptix, Inc. The Company's operational activities are performed in the United States of America.

2015 Apptix ASA Financial Summary

Apptix ASA recorded no revenues in 2015 as the subsidiary no longer utilizes the legacy provisioning software owned by Apptix ASA. This compares to NOK 121 000 recorded in 2014. Operating expenses, excluding the reversal of the intercompany receivable impairment of NOK 59 549 000 increased from NOK 3 082 thousand in 2014 to NOK 3 331 thousand, or 8%, as a result of increased professional and administrative fees incurred during the year. The operating income for 2015 was NOK 56 218 000 as compared to a loss of NOK 2 961 000 in 2014. The net profit for 2015 was NOK 70 764 000, as compared to net loss of NOK 28 665 000. The change

in operating income and net profit was primarily due to the reversal of the previously impaired intercompany receivable.

Historically investment in subsidiaries had been accounted for in accordance with the equity method. The intercompany receivable had been accounted for together with the cost of shares as a part of the entity's net investment since settlement was neither planned nor likely to occur in the foreseeable future. During 2015 a transaction occurred that changed the likelihood that the subsidiary would be able to pay down its debt. Management reviewed the accounting principle and determined that the equity method of accounting was no longer the best accounting principle for Apptix ASA, and elected to change the accounting principle to the cost method. As a result of this change, the Company recorded a one-time, retroactive adjustment for 2015 of NOK 59 million.

Market conditions

The cloud services market continues to grow at a rapid pace. More than 80% of organizations surveyed by RightScale in January 2016 had deployed some type of cloud service. The RightScale survey did not reveal a significant difference between enterprise and small-to-medium size organization use of the cloud services.¹ Gartner estimates that worldwide spending on public cloud services for 2016 will top USD 113, 6 billion, excluding cloud advertising, with a 19% projected to grow rate.² The Infrastructure-as-a-Service (IaaS) segment continues to remain the fastest growing segment in 2016, forecasted to reach USD 22, 4 billion. The need to access infrastructure, greater scalability and faster time-to-market were cited as the main benefits for cloud adoption in the RightScale survey.³

Despite this dramatic market growth, according to Phil Shih of Structure Research, “adoption of hosting and cloud-based services is still in its early stages and there is plenty of runway left to attack. A typical organization today is only putting a portion of its IT infrastructure in a cloud environment. They continue to store data and run legacy applications on-premise. Many of those workloads, plus all the new ones being written, are going to find their way to cloud-based infrastructure.”

Service providers are gearing to tap into this opportunity by expanding their capabilities. Doing more on the Internet means more complexity. And that will require managed services and consulting. More workloads in the cloud require a ‘best-fit’ approach with performance and capacity matched with the application's requirements. There is no one-size-fits-all platform. The diversity of needs can only be served with a wide range of infrastructure hosting capabilities. This means a choice between bare metal, private clouds and raw virtual infrastructure – supported by a management layer that is both a helping hand and proactive, consultative resource.

While standardized cloud offerings are “good enough” for smaller businesses, these don't meet the unique needs of mid-market firms that lack the resources or expertise to develop and manage customized solutions. Gartner further reports that mid-market firms are actually willing to pay more for an IT solution that includes superior support services. And that as private and hybrid

¹ RightScale, State of The Cloud Report; January 2016

² Gartner, Public Cloud Services, Worldwide, 2013-2019, 4Q15 Update

³ RightScale, State of The Cloud Report; January 2016

cloud adoption continues to increase, so the complexity it is expected to create for organizations using these services also increases.⁴

Lack of resources and expertise has become the biggest challenge for organizations⁵, surpassing security as the prime barrier to cloud adoption. Successful providers are differentiating themselves with specialized, value added services such as integration expertise and hybrid offerings, highly reliable service delivery, and top quality customer service – capabilities Amazon, Google, and Microsoft are unable to match within their mass-market business models.

Board of Directors

Mr. Lindqvist was appointed Chairman of the Board of Apptix in 2007. He is also Chairman of the Board for Nipsoft AB, and Advance AB. 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 Linköping, 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. He is also a Director of Unified Messaging Systems 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.

Mrs. Fåhraeus was appointed Director of Apptix in 2008. She is Chairman of Connect Skåne; Director of Arc Aroma Pure, the faculty of medicine at Lunds University and, CEO of Lunds Life Science Incubator. From 2010 through 2014 she served as Director of Business Development at the private equity company Aquiles 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

Apptix has a stimulating and positive work environment with a highly qualified and motivated staff. No accidents have occurred during 2015. There were no significant absences due to illness in 2015 or 2014. 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, 2015, the members of the senior management team consisted of four males while the Board of Directors consisted of two males and one female. The Company's operations do not pollute the environment.

⁴ Gartner, Market Insight: Midsize-Business Primer, 2014; July 2014

⁵ RightScale, State of The Cloud Report; January 2016

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

The Company's goals and strategies associated with the management of financial risks include evaluating the effects of market, credit and liquidity risks related to the Company's assets, liabilities, financial position and operating results.

Market Risk: The Company's principal operating market is the United States with its functional currency being the US Dollar. The Company has limited operating expense outside of the United States. The Company has limited transactional currency exposure, which results from transactions in a currency other than its functional currency.

Credit Risk: The Company transacts with a wide variety of customers from the Global 1 000 to companies with fewer than five employees. A large percentage of small business customers pay via credit card, significantly reducing the Company's credit risk with respect to these customers. To ensure that credit risk is managed appropriately, the Company monitors its receivables balance regularly and ceases providing service when customer accounts become significantly overdue.

Liquidity Risk: The Company has an ongoing process of ensuring that it has sufficient cash resources to maintain its operations and is currently generating positive cash flow. The Board is fully committed to ensure that the Company's financial position is satisfactory.

Overall, the Company's financial risk is primarily limited to the above referenced areas. The Company's believes it is taking the steps necessary to mitigate exposure and to hedge potential areas of risk.

Future Prospects

2015 was a year of significant change for the Company. The continued realignment of the business and operations to support its managed cloud IT service strategy and the sale of its public cloud customers favorably impacted the future prospects of Apptix.

The Company will continue to leverage its strong operational foundation and solid customer base of nearly 380 000 users under contract during 2016. We anticipate growth in managed cloud IT services, large HEX deployments along with professional service engagements. We have the ability to meet the unique technology challenges and new service requirements of our current and future customers.

However, all predictions of future growth prospects are subject to a variety of uncertainties in the market place. These uncertainties include market-based competition, internal demands for allocation of resources within our existing customer base when considering new products and services, the timing of the various staffing, resource realignment and consolidation efforts currently underway by the Company to name a few.

The Company believes the steps being taken will provide a more solid foundation for topline revenue growth in 2016 and beyond.

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 2016 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 70,7 million. The Board recommends the net profit be transferred to other equity.



Johan Lindqvist

Chairman of the Board



Ebba Asly Fahraeus

Director



Terje Rogne

Director



Christopher Mack

President & Chief Executive
Officer

31 December, 2015 / 6 April, 2016

Apptix ASA

Report on Corporate Governance 2015

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, 2015, Apptix had cash reserves of USD 7, 8 million, approximately USD 1,5 million available and unused pursuant to its working capital facility and an equity ratio of 32.8%. The Company believes it has, or will have through the use of future debt or equity facilities, 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. However, as the Company has not historically earned net profits, the Board has established a policy not to pay dividends. Once profitability has consistently been achieved, the Board will re-evaluate this policy. At the Company's November 2015 extraordinary general meeting, the Company's shareholders approved a distribution of paid capital of 1 NOK per share. The distribution totaled 81 430 178 NOK or approximately USD 10, 1 million.

The registered share capital on December 31, 2015 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, 2016. 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.apptix.com) 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, 2015.

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. Given the Company's current status, the competence and contribution of the Chairman is required at this stage. The additional consulting fee for the Chairman was approved at the May 2015 general shareholders meeting.

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**

As of December 31, 2015, 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 Apptix's Website at www.apptix.com.

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
6 April, 2016**

Apptix ASA

Report on Management Remuneration 2015

Total compensation for each of the Executive Officers, as well as 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 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.

Long-term Compensation through Stock-based Incentives

The Company generally makes periodic grants in the form of Stock Options. Stock Options are 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 vest over varying terms as determined by the Compensation Committee, at the time of grant, but generally 4 years. Individual option grants

are 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.

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”). During the term, the participating and eligible employees can earn an Incentive based on a progressive variable compensation rate for each USD 5 million of incremental value created over USD 30 million. No Incentive or Bonus is earned for a value less than USD 30 million. The maximum variable compensation rate that can be earned for a USD 5 million increment is 20%. Once the Company’s value exceeds USD 75 million, the variable compensation rate that can be earned is limited to 20% for each USD 5 million increment. If after four years from the start date but prior to the end of the five year term or an Exit Date, eligible and participating employees may elect to be paid their allocated management Incentive. The Incentive or Bonus can be paid in either cash or shares of Company stock. If paid in shares, eligible participants will be required to pay NOK 0.333 per share. Only employees of the Company or its affiliates are eligible for participation. The Management Incentive Program will be managed by the Company’s Board of Directors.

Severance Payment

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 for Good Reasons as defined by the agreements.

Pension

The Company offers a 401(k) pension plan (a U.S. tax law based pension scheme) which allows for all employees to make voluntary contributions on a pre-tax basis. During 2015, the Company provided an employer match of 50% of employee contributions up to 6% of the employee’s salary.

Board of Directors

Apptix ASA

6 April, 2016

CONSOLIDATED INCOME STATEMENTS

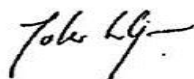
	Note	Apptix Group	
		(Amounts in USD 1 000)	
		Year Ended December 31,	
		2015	2014
OPERATING REVENUE			
Recurring Revenues (subscription revenues)	3	32 929	38 486
Other Revenues (professional services)		1 487	840
Operating Revenue		34 416	39 326
OPERATING EXPENSES			
Cost of Sales	4	10 299	13 350
Employee Compensation and Benefits	5	14 401	13 905
Other Operational and Administrative Costs	6	8 984	9 386
Restructuring Charge	18	-	1 955
Additional Depreciation	11	4 000	-
Goodwill or Intangible Asset Impairment Charge	9,11	6 000	5 681
Depreciations and Amortization	9,10	2 687	4 365
Total Operating Expenses		46 371	48 642
Operating Income (before interest & taxes)		(11 955)	(9 316)
FINANCIAL INCOME AND EXPENSES			
Interest Expense	7	(1 071)	(1 272)
Other Financial Expense		-	(2)
Other Income and Expense	7	20 166	-
Net Financial Expenses		19 095	(1 274)
Income Before Taxes		7 140	(10 590)
TAXES			
Income Tax Expense	19	(288)	-
Net Income for the Period	8	6 852	(10 590)
Attributable to:			
Equity Holders of Parent		6 852	(10 590)
Earnings per share:	8		
* Basic, profit for the year attributable to ordinary equity holders of the parent		0.08	(0.13)
* Diluted, profit for the year attributable to ordinary equity holders of the parent		0.08	(0.13)
Weighted Average Common Shares Outstanding	8	81 430	81 617

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Apptix Group	
	(Amounts in USD 1 000)	
	Year Ended December 31,	
	2015	2014
Income for the Period	6 852	(10 590)
Exchange Rate Differences on Translation of Foreign Operations	358	32
Items that may be Reclassified Subsequently to Income Statement	358	32
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income/(Loss) for the Period	358	32
Total Comprehensive Income for the Period	7 210	(10 558)
Attributed to Equity Holders of Parent	7 210	(10 558)

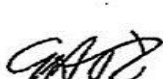
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Apptix Group	
		(Amounts in USD 1 000)	
		Year Ended December 31,	
	Note	2015	2014
ASSETS			
Non-current Assets			
Intangible Assets			
Goodwill	9,11	9 967	15 967
Software and Licenses	9	163	248
Total Intangible Assets		10 130	16 215
Property and Equipment			
Computer Equipment	10,16,17	3 893	9 200
Furniture and Fixtures	10	71	116
Leasehold Improvements	10	74	11
Total Property and Equipment		4 038	9 327
Total Non-Current Assets		14 168	25 542
Current Assets			
Accounts Receivable	13	2 013	1 988
Other Current Assets	14	151	156
Prepaid Expenses		619	400
Cash and Cash Equivalents	15	7 800	2 608
Total Current Assets		10 583	5 152
TOTAL ASSETS		24 751	30 694
EQUITY AND LIABILITIES			
Equity			
Share Capital	21,22	4 666	4 666
Share Premium	7, 21,22	63 319	73 437
Other Paid-in Capital	21,22	6 198	6 175
Translation Reserve	21,22	3 927	3 927
Retained Earnings	21,22	(69 980)	(77 189)
Total Equity		8 130	11 016
Long Term Debt			
Interest-Bearing Long Term Debt	16,17,25	5 852	3 072
Total Long Term Debt		5 852	3 072
Current Liabilities			
Trade Accounts Payable	25	1 913	1 526
Interest-Bearing Short Term Debt	16,17	3 247	8 670
Other Current Liabilities	18	5 609	6 410
Total Current Liabilities		10 769	16 606
TOTAL EQUITY AND LIABILITIES		24 751	30 694



Johan Lindqvist

Chairman of the Board



Ebba Asly Fahraeus

Director



Terje Rogne

Director



Christopher Mack

President & Chief
Executive Officer

31 December, 2015 / 6 April, 2016

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Apptix Group	
		(Amounts in USD 1 000)	
		Year Ended December 31,	
		2015	2014
Cash flows from Operating Activities			
Earnings Before Interest and Taxes		(11 955)	(9 316)
Share-based Employee Compensation Expense	20,21	23	68
Depreciation and Amortization	9,11	2 687	4 365
Goodwill Impairment	11	6 000	5 681
Impairment/Loss on Sale of Fixed Assets	10	4 000	2
Change in Accounts Receivable		(25)	(188)
Change in Trade Accounts Payable		387	381
Change in Other Assets and Liabilities		(3 636)	3 518
Cash Flows Provided by Operating Activities		(2 519)	4 511
Interest paid		(1 071)	(1 272)
Income tax paid		-	-
Net Cash Flows Provided by Operating Activities		(3 590)	3 239
Cash Flows from Investing Activities			
Purchases of Property and Equipment, net	10	(403)	(234)
Proceeds from Sale of Customer Base	7	22 500	-
Net Cash Flows Used in Investing Activities		22 097	(234)
Cash Flows from Financing Activities			
Payments on Interest-Bearing Debt	16,17	(3 554)	(3 553)
Distribution of Paid in Capital	7	(10 118)	-
Net Cash flows Used in Financing Activities		(13 672)	(3 553)
Effect of Exchange Rates on Cash and Cash Equivalents		357	32
Net Increase/(Decrease) in Cash		5 192	(516)
Cash at Beginning of Period	15	2 608	3 124
Cash at End of Period		7 800	2 608

CONSOLIDATED STATEMENTS 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	Retained Earnings	Total Equity
Equity December 31, 2013		4 666	73 437	6 107	3 927	(66 632)	21 505
Net Income for the Period		-	-	-	-	(10 590)	(10 590)
Other Comprehensive Income		-	-	-	-	32	32
Total Comprehensive Income		-	-	-	-	(10 558)	(10 558)
Equity Element of Expensed Options	20	-	-	68	-	-	68
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	7	-	(10 118)	-	-	-	(10 118)
Equity Element of Expensed Options	20	-	-	23	-	-	23
Equity December 31, 2015		4 666	63 319	6 198	3 927	(69 980)	8 130

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. The Company’s head office is located at 13461 Sunrise Valley Drive, Suite 300, Herndon, Virginia (USA) and its registered business address is Nesoyveien 4, Billingstad, Norway. Apptix is the premier provider of managed and hosted business communication, collaboration, compliance & security, and infrastructure solutions to mid-market and enterprise customers and blue chip channel partners. A cloud services pioneer in the managed hosted space, Apptix has almost 380 000 users under contract around the world; with more than one-third of users in highly regulated industries.

Apptix’s comprehensive portfolio of Cloud solutions includes Microsoft® Exchange, Microsoft Office 365®, SharePoint®, and Lync®, as well as hosted VoIP, encryption, archiving, mobile device management, enterprise back-up, disaster recovery, file synch and share and virtual desktops. Apptix hosted services are delivered across an advanced network infrastructure and built upon best-in-class hardware and software housed in Tier IV, SSAE 16 SOC 1 Type II certified, geographically dispersed interconnected datacenters to ensure the highest level of availability and reliability. 24/7 customer service and support is provided by a fully U.S.-based, industry recognized support department.

The financial statements were approved by the Board of Directors for publication on 6 April, 2016.

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. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 New and Amended Standards and Interpretations Applicable to December 2015 Year-End

The accounting principles used in 2015 are the same as in 2014. 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 and its fully owned subsidiary Apptix, Inc. 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 has 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, except where a transaction was specifically denominated in NOK. The functional currency of Apptix ASA is NOK and the Company presents its income statement, balance sheet, cash flow and notes in NOK only. The translation principles are as follows: (a) balance sheet figures for companies with a functional currency other than the presentation currency have been translated to the presentation currency at the rate applicable at the balance sheet date (b) income statement figures for companies with a functional currency other than the presentation currency have been translated to the presentation currency at the average exchange rate for the month in which the transaction occurred and (c) exchange rate differences are recognized as part of the other comprehensive income.

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.

Goodwill is not amortized; however an assessment is made quarterly, and when there is an indication the carrying amount cannot be justified by future cash flows. If there is any indication that an impairment loss needs to be recognized, an assessment will be made to determine whether or not the discounted cash flow exceeds the carrying amount of goodwill. If the discounted cash flow is less than the carrying amount, goodwill will be written down to its fair value.

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 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 or 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.

2.11 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. The carrying amount 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 10), 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. The reversal is recognized as revenue or an increase in other reserves. 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.

2.12 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.

2.13 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.

2.14 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 20. 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).

2.15 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.

2.16 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.

2.17 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.

2.18 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.

Key Estimates and Assumptions

The key assumptions concerning the future and other key sources of 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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The most significant uncertainty in the Company's judgment relates to impairment testing of goodwill. The Company reviews whether or not goodwill has been impaired on a quarterly basis. Estimating the value in use requires the Company to estimate the expected cash flows from the cash-generating unit as well as a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2015 was USD 9,9 million. Additional information related to goodwill appears in Note 9. Other significant areas of judgment and estimates include fixed asset impairment, determining expense associated with the issuance of stock options and the establishment of allowances for doubtful accounts.

2.19 Future Changes in Accounting Principles

In the financial statements for 2016 and beyond, the following standards, amendments and interpretations will be effective, along with annual improvements. While early adoption is permitted, the Group has chosen not to adopt these changes prior to 2015.

The Group does not expect these standards, revisions and interpretations to have a material impact on the financial position or performance of the Group.

The standards and interpretations are summarized below:

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment adopted by the EU is effective for annual periods beginning on or after 1 January 2016. It is expected that the changes will not give any effect on the financial statements.

IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The standard is not yet approved by the EU. It is expected that the changes will not give any material effect on the financial statements.

IFRS 16 Leases

IFRS 16 Leases replaces existing IFRS leases requirements. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, relating to the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognize assets and liabilities for most leases, which is a significant change from current requirements. For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is not yet approved by the EU. The company's preliminary assessment is that this standard will result in changes to the accounting for operational lease.

Annual Improvements to IFRSs (2010 - 2012)*IAS 16 and IAS 38: Revaluation method – proportionate restatement of accumulated depreciation*

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

- Adjust the gross carrying amount of the asset to market value

Or

- Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value.

The IASB also clarified that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount of the asset (i.e., gross carrying amount – accumulated depreciation/amortization = carrying amount). The amendment to IAS 16.35(b) and IAS 38.80(b) clarifies that the accumulated depreciation/amortization is eliminated so that the gross carrying amount and carrying amount equal the market value. The amendment adopted by the EU is effective for annual periods beginning on or after 1 February 2015. It is expected that the changes will not give any effect on the financial statements.

Note 3 – 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. The Company only delivers services that are exposed to the same risk and return (business segment), and the business of the Company is not engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments (geographical segment).

The Company delivers 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.

The following table summarizes the components of the Company's recurring revenue:

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Exchange	22 506	28 571
Archiving	2 299	2 123
SharePoint	2 014	2 460
VoIP	1 896	2 227
Mobility	1 634	2 300
Targeted Attack Protection (TAP)	1 559	-
Other Services	1 021	805
Total Recurring Revenue	32 929	38 486

Exchange - Microsoft Exchange based corporate class hosted email, shared calendaring, contacts and task capabilities.

Archiving - Secure indexing of all messages in a tamper-proof storage environment to meet security and regulatory requirements.

SharePoint - Microsoft SharePoint solution allowing corporate collaboration through document sharing, workflows and discussion forums.

VoIP - Enterprise class hosted business phone service replacing traditional PBX business phone systems.

TAP - Comprehensive, cloud-based solution for combatting targeted email attacks.

Mobility - Instant access to email, calendars, contacts, and task lists through a mobile device.

Other Services - All other recurring revenue sources provided by the company

Note 4 - Cost of Sales

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

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
License Fees	8 229	8 993
Communications	18	18
Hardware & Software	73	71
Data Center Facilities	1 689	3 940
Commissions and Referrals	290	328
Total Cost of Sales	10 299	13 350

The Company incurred USD 1,4 million of one-time charges in 2014 related to the Company's 2014 Operational Streamlining and Restructuring Initiative of which USD 421 000 is included in License Fees and USD 1,1 million is included in Data Center Facilities.

Note 5 – Employee Compensation and Benefits**5.1 Compensation and Benefits**

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

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Salaries	11 190	10 944
Share-based Compensation	23	68
Social Security Tax	703	832
Pension expense	224	256
Other Compensation	2 261	1 805
Total Employee Compensation and Benefits	14 401	13 905
Average Number of Employees	98	119

With the sale of the public cloud customers, the Company realigned its existing business model to support its go-forward managed IT cloud business strategy. During the second half of 2015, the Company reduced its workforce by approximately 45% and took a one-time compensation related charge totaling USD 1, 5 million. The charge included the monthly carrying cost of the employees through December 2015, severance payments to be made to the impacted staff, outplacement assistance and other residual employee termination costs.

The tables below set forth the compensation summary for the Executive Team and Board of Directors for the years ended December 31, 2015 and 2014.

(Amounts in USD 1 000)	2015 Compensation					
	Salary	Bonus	Other	Board Fees	Value of Options	Total Remuneration
Executive Team and Board Members						
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

(Amounts in USD 1 000)	2014 Compensation					
	Salary	Bonus	Other	Board Fees	Value of Options	Total Remuneration
Executive Team and Board Members						
Chris Mack (President & CEO)	265	23	7	-	22	317
Shane Smith (SVP Technology)	207	15	3	-	9	234
Chris Damvakaris (VP Sales & Business Development)	70	-	2	-	-	72
David Ehrhardt (Former CEO)	211	23	134	-	9	377
Aubrey Smoot (Former SVP Business Development)	176	10	43	-	10	239
Johan Lindqvist (Chairman)	-	-	139	64	-	203
Ebba Fahraeus (Board Member)	-	-	-	32	-	32
Terje Rogne (Board Member)	-	-	-	32	-	32
Total	929	71	328	128	50	1 506

The Company offers 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.

The value of options included in the above tables represents the cost amortized during 2015 and 2014, respectively. Other compensation consists of matching 401(k) contributions made by the Company during 2015 and 2014 and severance amounts paid.

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, 2015. Mr. Lindqvist is also entitled to a fee of NOK 400 000 for consulting services as approved annually by the shareholders, all of which was paid as of December 31, 2015. 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 was approved by the shareholders in May 2015.

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, 2015. All outstanding board fees were paid in February 2016.

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, 2015 and 2014. See Note 20 in connection with valuation.

	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
Executive Team							
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

	Options - Dec. 31, 2013	Options Granted 2014	Options Exercised in 2014	Options Expired/ Forfeited in 2014	Options - Dec. 31, 2014	Avg Exercise Price	Maturity Period
Executive Team							
Chris Mack (President & CEO)	925 000	-	-	-	925 000	2,80	1,02
Shane Smith (SVP Technology)	250 000	25 000	-	-	275 000	2,75	1,64
David Ehrhardt (Former CEO)	1 715 000	-	-	(1715 000)	-	-	-
Aubrey Smoot (Former SVP Business Development)	375 000	25 000	-	(96 250)	303 750	2,81	,94
Joy Nemitz (Former CMO)	120 000	-	-	(120 000)	-	-	-
Total	3 385 000	50 000	-	(1931 250)	1 503 750	2,80	1,12

There were no options exercised during 2015 or 2014.

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 2015 Report on Management Remuneration.

Note 6 - Other Operational and Administrative Costs

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

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Marketing	667	820
Travel & Entertainment	440	393
Rent	698	914
Professional Fees	1 188	1 418
Communications	608	645
Maintenance and Support	2 379	1 221
Utilities and Maintenance Costs	644	769
Computer Equipment and Software	1 604	2 254
Other SG&A	756	952
Total Other Operating Expenses	8 984	9 386

Audit Fees

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

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Audit Services	152	89
Other Attestation Services	-	-
Tax Services	-	-
Other Non-audit services	-	6
Total Audit Fees	152	95

Note 7 - Financial Income and Expenses

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

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Interest on Bank Deposits	-	-
Interest Expense	(1 071)	(1 272)
Other Income and Expense	20 166	-
Gain & Losses on Sale of Fixed Assets	-	(2)
Interest, Net	19 095	(1 274)

Other Income and Expense:

Proceeds from sale of public cloud customer base	22 500
Less - Transaction sales costs	(2 334)
Net Gain on transaction	20 166

Sale of Company's Public Cloud Customer Base

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.

Note 8 - 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 2015 of USD 6,9 million is divided by the weighted average number of ordinary shares outstanding of 81 430 000 resulting in an earnings per share of USD 0,08. For 2014, net loss of USD 10,6 million is divided by the weighted average number of ordinary shares outstanding of 81 617 000 resulting in loss per share of USD 0,13.

The following table presents the earnings per share:

(Amounts in USD 1 000 Except for Share Data)	Year Ended December 31,	
	2015	2014
Income for the Year	6 852	(10 590)
Total Income for the Year to Holders of Ordinary Shares	6 852	(10 590)
Weighted average number of ordinary shares for basic earnings per share	81 430	81 617
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	81 430	81 617
Basic and Diluted Earnings Per Share From Continuing Operations	0.08	(0.13)
Basic and Diluted Earnings Per Share for the Year	0.08	(0.13)

Note 9 - Intangible Assets

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

(Amounts in USD 1 000)	Goodwill	Software Licenses	Internally Developed Software	Total Software Licenses
Cost December 31, 2013	29 648	8 154	1 144	9 298
Additions	-	548	-	548
Cost December 31, 2014	29 648	8 702	1 144	9 846
Additions 2015	-	430	-	430
Cost December 31, 2015	29 648	9 132	1 144	10 276

Accumulated Depreciation/

Impairment - December 31, 2013	8 000	7 556	1 144	8 700
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Depreciation Charges / Impairment Charge	5 681	898	-	898
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Accumulated Depreciation/

Impairment - December 31, 2014	13 681	8 454	1 144	9 598
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Depreciation Charges / Impairment Charge	6 000	515	-	515
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Accumulated Depreciation/

Impairment - December 31, 2015	19 681	8 969	1 144	10 113
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Net Book Value:

Balance December 31, 2013	21 648	598	-	598
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Balance December 31, 2014	15 967	248	-	248
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Balance December 31, 2015	9 967	163	-	163
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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.

Note 10 - 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, 2013	25 817	440	157	26 414
Additions	4 261	-	-	4 261
Disposals	(2 431)	-	(27)	(2 458)
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
Accumulated Depreciation - December 31, 2013	17 482	267	131	17 880
Depreciation Charges For The Year	3 395	57	15	3 467
Disposals	(2 430)	-	(27)	(2 457)
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
Net Book Value:				
Balance December 31, 2014	9 200	116	11	9 327
Balance December 31, 2015	3 893	71	74	4 038

Computer equipment and furniture and fixtures are depreciated on a straight-line basis over three to seven years, respectively. Leasehold improvements are 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.

Finance leases accounted for USD 910 thousand and USD 4 426 thousand of the property, equipment and intangible assets acquired in 2015 and 2014, respectively. Assets acquired utilizing finance leases are pledged as security by the Company to the Lessor until the finance lease obligation is satisfied.

The net carrying value of property and equipment acquired via finance leases was USD 3 649 thousand and USD 9 224 thousand at December 31, 2015 and 2014, respectively.

Change of estimate regarding depreciation of fixed assets

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 off 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 11 - Impairment Testing of Goodwill

As part of the Company's annual review process it assesses whether or not acquired goodwill or other non current assets have been impaired. The estimate reflects the Company's assessment of the value of the cash-generating unit to which the goodwill is allocated or the non current assets are associated. Calculating the value in use requires the Company to estimate the expected cash flows from the cash-generating unit (if available) and also to choose a suitable discount rate in order to calculate the present value of cash flow.

Apptix has historically operated in the highly competitive and price sensitive Hosted Exchange and public cloud market. With the aggressive expansion efforts of Microsoft, Google and AWS, the Company's longer term growth potential was at risk. The highly competitive and price sensitive public cloud market was a main driver for the sale of the Company's public cloud customer base in September 2015 (please refer to Note 7). As noted in previous annual reports, one of the primary factors impacting future carrying value of the Company's intangible assets is revenue growth. Given the limited revenue growth achieved over the past five years in comparison to projected revenues along with the Company's shift in business strategy from primarily a Hosted Exchange provider to a Managed Services Provider, the Company's analysis of its non current assets carrying value resulted in an impairment of USD 5,7 million in 2014 and USD 6,0 million in 2015. These one-time, non-cash charges are based on the Company's financial forecasts over the next 5 years and the discounted cash flow model supporting such financial forecast.

The Company evaluates its non current assets on a consolidated basis as a single cash generating unit. The recoverable amount for the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections was 12,3% (pre-tax) and assumed a constant growth rate of 3% (nominal) beyond year five.

Key assumptions used in value in use calculations for the Company for December 31, 2015 and December 31, 2014

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of non current assets:

Revenues - The basis for determining the value assigned to budgeted revenue growth is a combination of the average percentage change in revenue in the year immediately prior to the budgeted year and management's estimates for the next five years. The Company's FY16 forecast has been adjusted to reflect the impact of the customer sold to GoDaddy and for the expected growth rate in the remaining business. The Company has historically struggled to grow its top-line revenues over the past 5 years despite double digit user growth over the same period.

There are a number of contributing factors to this challenge including the downward pricing pressure (in the market) being applied by Microsoft, Google and others. While the Company has added users over the past few years, the ARPU associated with the new users have been at lower rates and not sufficient to offset the higher ARPU churn. The churn has been largely due to customers moving to the largely public cloud service providers such as Microsoft. In the impairment analysis, the assumption used is an average increase in revenue of 5% for the period 2017 to 2020 and thereafter a 3% revenue growth. For fiscal year 2016, the revenue growth assumption used was 6%.

Gross Margins - The basis for determining the value assigned to budgeted gross margins is the average gross margins achieved in the year immediately prior to the budgeted year and management's estimates for the next five years. In the impairment analysis, the Company expects a declining gross margin compared to prior years. In 2015 the Company achieved a 70% gross margin and is expecting a gross margin closer to 60% in 2016 and beyond.

Operating Expenses - The basis for determining the value assigned to operating expenses is the forecasted operating expenses based on the revenue projections, using historical costs adjusted for inflation. The Company expects the operating costs to follow changes in revenue. The basis used in the impairment analysis is a consistent percentage of revenue of 48% which an improvement over prior year. The Company expects to remain in this range for the next 5 years. The Company has established a track record of effectively managing its costs and believes its operating expense scalability to be reasonable.

Capital Expenditures – The Company believes future capital expenditures will be significantly less than historical levels given the sale of the Company's public cloud customer base. The primary reason for this is the shift in business strategy from a Hosted Exchange service provider to provider of broader, technology based managed services. Some of these services will be self-hosted by the Company while other services will be deployed via a syndication model. Additionally, the cost of hardware or capital equipment continues to become more scalable due to advances in technology. Over the past few years, the Company has made substantial capital investments related to storage and to a lesser degree, servers to free up the storage capacity. These sizable investments (roughly 10% of revenues) were made based on the Company's previous go-to-market user aggregation strategy. With such excess capacity, the Company has taken a more stringent capex approach for the next 3-5 years. The Company expects to benefit and utilize these new technologies and incorporate such offerings into its service delivery models. The Company used a capital expenditure rate of 5% of revenues for its impairment analysis for future periods beyond 2015.

Pre-Tax Discount Rates – To determine the present value of the future cash flows, the Company has calculated a pre-tax discount rate. The discount rate used is 12,3%. The Company has used a WACC model (Weighted Average Cost of Capital). The basis for the calculations is a presumption of a market premium of 6%, a beta of approximately 0,95, interest free rate of 2,5% and liquidity premium of 2,0%. The Beta is based upon actual trading of the Company shares, but since there are minimal trades of the Company stock, a liquidity premium of 2,0 has been added to the calculation. To determine the cost of debt the Company has used the general market conditions on current availability of equipment lease debt. Pre-tax discount rates reflect management's estimates of the risk specific to the business as a whole. This benchmark is used by management to assess operating performance and to evaluate future investment proposals.

Effect of changes in key assumptions:

With regard to the assessment of value of intangible assets in use, management has evaluated the impact of potential changes in key assumptions on future carrying values of the intangible assets. Depending upon future growth rates, acceptance of the Company's product and services in the markets it serves, operating costs as well as cost of capital, any adverse change in these key assumptions would, in isolation, have an impact on the carrying value of the Company's intangible assets in future periods.

The impairment test shows that the recoverable amount of goodwill is USD 10, 7 million. The changes in the following table to assumptions used in the impairment analysis would, in isolation, lead to an (increase)/decrease to the aggregate impairment loss recognized in the year ended December 31, 2015. The table shows how recoverable amount of goodwill will be affected:

Assumption		Change in recoverable amount
Discount rate	+/- 1%	+/- USD 2,4 million
Revenue growth after 5 years	+/- 1%	+/- USD 2,1 million
CAPEX	+/- 1%	+/- USD 2,9 million
Gross margins	+/- 1%	+/- USD 2,9 million

Note 12 - Shares in Subsidiary Companies

The following table summarizes the Company's subsidiaries:

Companies	Incorporation/ Acquisition	Office Location	Ownership Interest & Voting Shares
Apptix, Inc.	1999	Virginia, USA	100%

Apptix, Inc. is 100% owned by Apptix ASA.

Note 13 - Accounts Receivable

The table below sets forth the Company's trade receivables, net of the allowance provision as of December 31, 2015 and 2014:

(Amounts in USD 1 000)	Total	Neither Past Nor Impaired	Past Due, Not Impaired		
			30-60 Days	60-90 Days	>90 Days
2015	2 013	1 028	845	140	-
2014	1 988	1 507	479	2	-

The Company evaluates its provision for trade receivables on a regular basis. Key factors that are considered when determining whether a provision is required due to potential impairment include the age of the trade receivable, the amount past due and the payment history of the customer. The table below sets forth the movement in the Company's trade receivable provision for 2014 and 2015:

(Amounts in USD 1 000)

December 31, 2013	4
Charge for the Period	90
Increase in Reserve	105
Amounts Utilized	(132)
December 31, 2014	67
Charge for the Period	60
Increase in Reserve	110
Amounts Utilized	(188)
December 31, 2015	49

Included in the Company's income statement are losses on trade receivables totaling USD 60 000 and USD 90 000, respectively. Additionally, the Company reduced current year revenues by USD 110 000 related to potential future revenue disputes.

Note 14 - Other Current Assets

The following table summarizes the Company's Other Current Assets. The components contained within are non-interest bearing items.

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Security Deposit	151	151
VAT Receivable/Other	-	5
Total Other Current Assets	151	156

Note 15 - 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,	
	2015	2014
Cash at the Bank	7 776	2 554
Restricted Cash	24	54
Total Cash and Cash Equivalents	7 800	2 608

Note 16 - Interest-Bearing Debt

The following table summarizes the Company's Interest-Bearing Debt:

(Amounts in USD 1 000)			Year Ended	
			December 31,	
Current	Effective Interest		2015	2014
	Rate	Maturity		
Obligations Under Finance Leases	13.32%	2016	2 719	3 970
Term Note Payable	6.47%	2016	528	-
Revolving Line of Credit	6.50%		-	4 700
Total Current Obligations			3 247	8 670
Long Term				
Obligations Under Finance Leases	13.56%	2017-2018	1 680	3 072
Term Note Payable	6.47%	2017-2020	4 172	-
Total Long Term Obligations			5 852	3 072

16.1 Finance Leases

The Company utilizes finance leases to fund purchases of its property and equipment needs. All such finance leases have either a USD 1 buyout option or a percentage of fair market value bargain purchase option. At the beginning of the lease term the Company calculates the expected buyout and includes this in the calculation of the asset and liability. In 2015, the Company discovered the calculation of the buyout value has been too low in some circumstances and an extra charge of USD 500 000 has been paid or accrued for. Normally this extra charge should have increased the value of the asset and been depreciated over the remaining of the life of the asset, however due to the Company's impairment situation the extra buyout expense has been expensed. The total expensed amount in 2015 totaled USD 500 000. See note 17 for more details about finance lease obligation.

16.2 Line of Credit Facility

On April 10, 2015, the Company entered into a definitive agreement with its financial institution to replace its expiring working capital facility. The new facility provides for a USD 2 million revolving line of credit and a USD 4,7 million term note payable. Amounts available pursuant to the revolving line of credit will be based on 80% of eligible accounts receivable subject to certain limitations such as foreign accounts receivable, accounts receivable older than 90 days and individual customer account balances in excess of 25% of total accounts receivable. The revolving line of credit will carry a floating interest rate of prime plus 1.75% with a minimum prime rate of 3.25%. As of December 31, 2015 there was no amount outstanding on the Company's line of credit facility.

The USD 4,7 million term note payable matures on March 31, 2020 and carries a floating interest rate of prime plus 2.25% with a minimum prime rate of 3.25%. For the period of April through December of 2015, there were no principal repayments. Interest only payments applied for this period of time. The principal repayment schedule of the term note is provided below:

Period	USD Monthly Payment	Number of Months	Total Principal Payments
January 2016 through September 2016	39 167	9	352 503
October 2016 through September 2017	58 750	12	705 000
October 2017 through September 2018	58 750	12	705 000
October 2018 through September 2019	78 333	12	939 996
October 2019 through March 2020	78 333	6	470 000
Payment at Maturity - March 2020	1527 501	1	1527 501
Total			4700 000

Following the sale of the Company's public cloud customer base, the Company entered into two amendments with its financial institution to modify its credit facility covenants. As such, both the revolving line of credit and term note facility are subject to a Minimum Adjusted EBITDA calculation and a Minimum Net Liquidity Ratio.

Note 17 – Lease Related Obligations

The Company has funded investments in property and equipment and office space through various lease agreements. The following information summarizes the Company's operating and finance lease obligations:

17.1 Operating Leases

The following table summarizes the Company's future operating lease commitments at December 31, 2015:

(Amounts in USD 1 000)	Year Ended December 31, 2015
Operating Leases	
Payable in 2016	838
Payable in 2017	74
Payable in 2018	37
Thereafter	68
Total Minimum Lease Payments	1 017

The Company's current lease agreement for its Herndon, Virginia office space expires in December 2016, the Company's lease agreement for its Davie, Florida location expires in February 2017 and the Company's lease agreement for its Austin, Texas location expires in 2020. The Company has deemed the Herndon lease and the Florida lease to be onerous contracts where the cost of meeting the obligation under contracts exceeds the economic benefit expected. Therefore, per IAS 37, a provision has been established to cover the obligation arising from the onerous contracts (see note 18).

17.2 Finance Leases

The Company has finance leases that are 3-year capital leases with a USD 1 buyout. The Company has one capital lease with a term of 5 years with a USD 1 buyout option. Additionally, the Company has capital leases with terms ranging from two to four years and bargain purchase options based on a percentage of fair market value. The capitalized lease amount is included in the net property and equipment balances summarized in Note 11.

Equipment funded under finance leases are pledged as collateral in support of the amounts borrowed.

The following table summarizes the Company's Finance Lease commitments:

(Amounts in USD 1 000)	Year Ended December 31,			
	2015		2014	
	Minimum Payments	Present Value	Minimum Payments	Present Value
Finance Leases				
Payable Within One Year	2 935	2 718	4 656	3 970
Payable After One Year, But Not More Than Five Years	2 153	1 680	3 433	3 072
Total Minimum Lease Payments	5 088	4 398	8 089	7 042
Less Amounts Representing Finance Charges	(690)	-	(1 047)	-
Present Value of Minimum Lease Payments	4 398	4 398	7 042	7 042

Note 18 - Other Current Liabilities

The following table summarizes the Company's Other Current Liabilities:

(Amounts in USD 1 000)	Year Ended December 31,	
	2015	2014
Deferred Revenue	359	771
Cost of Sales Accrual	1 017	1 006
Employee Compensation Accrual	434	480
Other Operational Costs Accrual	1 313	877
Deferred Rent	115	204
Restructuring Provision	2 371	3 072
Total Accrued Expenses	5 609	6 410

Deferred Revenue

Deferred revenue consists of upfront payments on a 12 month subscription. The revenue is recognized over the period the service is provided.

(Amounts in USD 1 000)

December 31, 2013	876
Billings Deferred	1 775
Revenue Recognized	(1 880)
December 31, 2014	771
Billings Deferred	1 371
Revenue Recognized	(1 783)
December 31, 2015	359

Restructuring Provision

The Company incurred USD 2,5 and 5,4 million of one-time charges in 2015 and 2014 related to the Company's Operational Streamlining and Restructuring Initiatives. Included in the December 31, 2015 and 2014 Accrued Expenses balance was the remaining provision of USD 2,4 and 3,1 million associated with the Operational Streamlining and Restructuring Initiatives.

The table below summarizes the activity related to the restructuring provision:

(Amounts in USD 1 000)

Description	Provision at December 31, 2014	Increase in Provision	Amount Utilized	Reclass	Provision at December 31, 2015
Leadership Changes	332	-	(332)	-	-
Facility Consolidations	1 535	300	(897)	-	938
Restructuring	637	1 500	(1 547)	-	590
Leases & Licenses	43	700	-	-	743
Other Prepaids & Assets	525	-	(425)	-	100
Total	3 072	2 500	(3 201)	-	2 371

Leadership Changes

Provisions related to severance agreements associated with former executive management pursuant to contractual employment agreements. Anticipated cash outflows are based on terms of employment agreements.

Facility Consolidations

Provisions related to the shut down and consolidation of the Company's Florida office space and Florida datacenter. The timing of the cash flows can be reasonably estimated based on Company's defined project plans.

Restructuring

Provisions related to severance payments, outplacement assistance or relocation assistance associated with the Company's facility consolidations. The anticipated cash outflows can be reasonably estimated based on the Company's defined project plans.

Leases & Licenses

Provisions related to certain license fees and equipment leases. The timing of the anticipated cash outflows can be reasonably estimated based on vendor agreements.

Other Prepaids & Assets

Provisions related certain sales, marketing, and operational initiatives. The timing of the anticipated cash outflows can be reasonably estimated based on Company project plans.

As a result of its new managed service business strategy, the Company implemented a USD 5,4 million operational streamlining and restructuring initiative (“the Restructuring”) during the fourth quarter of 2014. The Restructuring initiative included the consolidation of the Florida office facility and datacenter operations, the reduction and consolidation of staff in all three Company locations, and the write-down of certain non-performing assets. The one-time charges for 2014 totaled USD 5,4 million. The Company also expects to incur about USD 800 000 of residual, one-time costs related to the 2014 Restructuring during 2015. The total savings associated with the streamlining initiative is approximately USD 2 million and is expected to be fully incorporated into the Company’s financial statements by the end of 2015. The 2015 cash implications related to the Restructuring initiative is approximately USD 4,4 million and will be expended over the course of 2015 and 2016.

As a result of the sale of the Company’s public cloud customer base, the Company implemented an additional restructuring initiative during 2015. The Company reduced its workforce by approximately 45% during the fourth quarter of 2015. In September 2015, the Company notified the impacted staff of the pending change in their work status. Since the impacted staff will not be remaining with the business in 2016, the Company recorded a one-time compensation related charge totaling USD 1,5 million. The charge included the monthly carrying cost of the employees through December 2015, severance payments to be made to the impacted staff, outplacement assistance and other residual employee termination costs. These cash disbursements took place during the fourth quarter of 2015 and the first quarter of 2016.

In addition to the realignment of staffing, the Company began the process of discontinuing a number of its current operating expenditures and agreements. The operating agreements and expenditures include such items as rents, licenses, maintenance, professional fees, and other costs that will no longer be required by the Company due to the sale of its public cloud customer base. In order to terminate these agreements in advance of their contractual end date, the Company estimated a USD 1,0 million charge as it finalizes this initiative and completes the negotiations with the various parties. These cash disbursements took place during the fourth quarter of 2015 and the first quarter of 2016.

Note 19 - 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	2015	2014
Tax payable	288	-
Changes in deferred tax	-	-
Income tax expense	288	-

Reconciliation of tax expense	2015	2014
Profit before tax	7 140	(10 590)
Tax assessed	2 429	(4 742)
Permanent differences	2 251	28
Change of unrecognized deferred tax asset	(4 054)	5 126
Translation adjustment	(338)	(413)
Income tax expense	288	-

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

(Amounts in USD 1 000)

	Balance Sheet 2015	Balance Sheet 2014
Deferred tax and tax advantage		
Deferred tax assets		
Non-current assets	1 397	600
Current assets	8 097	7 901
Loss carry forward	44 055	50 901
Tax advantage - gross	53 549	59 402
Deferred tax liabilities		
Non-current assets	(1 582)	(1 410)
Current assets	-	-
Other	-	-
Deferred tax liabilities - gross	(1 582)	(1 410)
Net deferred tax asset	51 967	57 993
Net unrecognized deferred tax asset continued operations	51 967	57 993

In the US, there is approximately USD 121 million of federal loss carry forwards at December 31, 2014, which expire in future years starting in 2018 through 2032.

Note 20 - 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 2015. There were 160 000 options granted in 2014. For the Company's 2014 stock option grants, the Company used a risk-free interest rate of 1.73% and a volatility percentage of 79%. The Company also assumed an estimated life of 365 days once the option becomes vested. In 2015, the Company recognized a total of USD 23 thousand in stock option expense and USD 68 thousand in stock option expense for 2014.

The share options granted could lead to a dilutive effect on the Company shareholders. As of December 31, 2015 and 2014, only 2014 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, 2015 and 2014 follows:

	2015		2014	
	Weighted Avg		Weighted Avg	
	Exercise		Exercise	
	Shares	Price	Shares	Price
Outstanding at Beginning of Period	2 103 750	2,80	3 925 000	2,76
Granted	-	-	160 000	3,10
Exercised	-	-	-	-
Forfeited	(303 750)	2,81	(1981 250)	2,74
Canceled	-	-	-	-
Expired	(990 000)	2,70	-	-
Outstanding at End of Period	810 000	2,92	2 103 750	2,80
Exercisable at End of Period	588 250	2,91	1 694 750	2,77

The following table summarizes the Company's stock options at December 31, 2015:

	Outstanding Stock Options			Exercisable Stock Options	
		Weighted Avg	Weighted Avg		Weighted Avg
		Remaining	Exercise		Exercise
Exercise Price	Shares	Contractual Life	Price	Shares	Price
NOK 0 - 2,99	575 000	1,09	2,87	456 250	2,87
NOK 3,00 - 3,10	235 000	1,91	3,06	132 000	3,03
Total	810 000	1.20	2,92	588 250	2,91

Note 21 - Consolidated Shareholders Equity

There were no share issuances during 2015 and 2014. There were also no options exercised during 2015 and 2014.

Shareholder	Number of Shares Owned	Percentage of Shares Owned
BNP PARIBAS SECS SERVICES S.C.A	25 964 540	31.9%
WINDCHANGE AS	9 120 000	11.2%
BNP PARIBAS SECS SERVICES PARIS	7 086 820	8.7%
SPENCER TRADING INC	5 396 419	6.6%
TTC INVEST AS	4 200 000	5.2%
HAADEM INVEST AS	3 183 751	3.9%
UBS SWITZERLAND AG	2 379 807	2.9%
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 AS	1 347 747	1.7%
NORDNET BANK AB	1 062 506	1.3%
HÜBERT LEIF	958 080	1.2%
HAADEM	924 369	1.1%
SØGNE SHIPPING AS	882 701	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%
SVENSKA HANDELSBANKEN AB	411 514	0.5%
Total Largest 20 Shareholders	71 552 884	87.9%
Other Shareholders	9 877 294	12.1%
Total Shares Outstanding	81 430 178	100.0%

Note 22 - Shareholder Structure

At December 31, 2015, 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, 2015 were 81 430 178.

BNP PARIBAS SECS Services S.C.A 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, 2015 is provided in the table below:

Name	Position	Shares	Options	Average Exercise Price
Chris Mack	President & CEO	38 949	400 000	2,94
Johan Lindqvist	Chairman	11 155 059	-	-
Terje Rogne	Board member	1 942 694	-	-
Ebba Fahraeus	Board member	240 053	-	-
Total		13 376 755	400 000	2,94

At December 31, 2015, Jon Schultz, the Company's legal counsel, owned directly and indirectly 556 342 shares of Apptix ASA.

Note 23 - 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, 2015. Mr. Lindqvist is also entitled to a fee of NOK 400 000 for consulting services as approved by the shareholders in May 2012, all of which was paid as of December 31, 2015. In 2015, the annual shareholder meeting, also approved an additional consulting fee of USD 15 000 per month for the Chairman as part of the Company's changes in executive leadership.

The Company contracts with Jon Schultz, a former Board member, to provide legal services. The Company paid Mr. Schultz's legal firm NOK 420 000 in 2015 for professional legal services. The Company believes the remuneration paid to Mr. Schultz's legal firm during 2015 was equivalent to prevailing market rates.

Mr. Schultz along with shareholders Richard Urbanski and Fredrik Stenmo are members of the Company's nominating committee. In 2015, 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 compensation to key management and Board of Directors as summarized in Note 5 and the equity related transactions as summarized in Notes 20, 21 and 22.

Note 24- Events after the Balance Sheet Date

None.

Note 25 - Financial Risk Management Objectives and Policies

Financial Risk Management

The Company's principal financial instruments include operating leases, finance leases, and cash. The primary purpose of these financial instruments is to finance the Company's operations and strategic acquisition plans. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which are a direct result of the Company's operations.

It is the Company's policy not to engage in trading of financial instruments.

The primary risks arising from the Company's financial instruments are foreign currency risk, credit risk, interest risk and liquidity risk. The Company evaluates its risk exposure in order to determine the potential effect on its business operations by reviewing the products and services provided to the markets the Company serves and the countries in which it conducts business. The Company believes it does not have any significant single concentration of risk.

The policies are summarized below.

Foreign Currency Risk

The Company's principal operating market is the United States with its functional currency being the US Dollar. The Company has limited operating expense outside of the United States. The Company has limited transactional currency exposure, which results from transactions in a currency other than its functional currency.

Credit Risk

The Company transacts with a wide variety of customers. Most small business customers pay via credit card, dramatically reducing the Company's credit risk. To ensure that credit risk is managed appropriately, the Company monitors its receivables balance regularly and ceases providing service when customer accounts become significantly overdue. At December 31, 2015, the Company's maximum credit risk is the carrying value of its trade accounts receivable of 2 013 thousand. The Company believes it does not have any material credit risk associated with trade accounts receivables that are neither past due nor impaired.

Interest Rate Risk

The Company's exposure to the risk of interest rate fluctuations relates primarily to the Company's need to obtain equipment financing for computer hardware and equipment and the Company's working capital facility, as required to support the business. The Company's lease agreements are primarily fixed rate agreements and not subject to fluctuation while the Company's working capital facility is subject to changes in its financial institution's prime interest rate. Interest rate fluctuation related to the working capital facility is limited to a maximum increase of two percent above the prime interest rate.

Interest Rate Table

The following table demonstrates the sensitivity to a reasonably possible change in US interest rates (full % points), with all other variables held constant, of the Company's loss before tax. There is no impact on the Company's equity.

	Increase / Decrease In Interest Rates	Effect on Profit Before Taxes
2015	3%	141
	-3%	(141)
2014	3%	141
	-3%	(141)

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of operating leases and finance leases.

The table below summarizes the maturity profile of the Company's financial liabilities as of December 31, 2015 and 2014 based on contractual undiscounted payments:

(Amounts in USD 1 000)	Due within 12 Months	Due within 1 to 5 Years	Total
Year Ended December 31, 2015			
Trade Accounts Payable	1 913	-	1 913
Other Current Liabilities	8 856	-	8 856
Other Long Term Debt	-	5 852	5 852
Total	10 769	5 852	16 621
Year Ended December 31, 2014	Due within 12 Months	Due within 1 to 5 Years	Total
Trade Accounts Payable	1 526	-	1 526
Other Current Liabilities	15 080	-	15 080
Other Long Term Debt	-	3 072	3 072
Total	16 606	3 072	19 678

The Company reviews and analyzes its cash flow projections on a consistent basis. While the Company currently operates in a small working capital deficit, the following assumptions apply to the Company's cash flow forecasts:

- The timing of the USD 2,7 million of lease payments occur over the next 12 months providing the Company sufficient time to match current EBITDA earnings against such lease obligations.
- The Company's deferred revenues are amortized into revenues and income over time. The Company does not have a history of refunding annual subscription payments once contracts have been executed.

- The Company's restructuring provision of USD 2,4 million will be paid throughout 2016, allowing the Company's current EBITDA to generate sufficient cash flow to fund the disbursements.
- The Company's operating accruals of USD 2,9 million can be sufficiently funded by current assets (primarily cash, accounts receivable and borrowings under the Company's working capital facility).

Financial Instruments

The table below sets forth the carrying amounts and fair values of the Company's financial instruments:

(Amounts in USD 1 000)	Carrying Amount		Fair Value	
	2015	2014	2015	2014
Cash and Cash Equivalents	7 800	2 608	7 800	2 608
Accounts Receivable	2 013	1 988	2 013	1 988
Interest-bearing loans and borrowings:				
Bank Equipment Loans & Line of Credit Facility	4 700	4 700	4 700	4 700
Obligations under Finance Lease	4 399	7 042	4 399	7 042

The market interest rates associated with the fair value of the loans and finance leases are consistent with the effective rates of the carrying amounts for such loans and finance leases. Therefore, there is not a difference in the carrying amounts and fair value for such financial liabilities.

The Company's 2015 line of credit facility is secured by a first priority position in all of the assets of the Company except for those assets financed via capital leases. At December 31, 2015, the Company had no amount outstanding under its line of credit facility. The Company's term loan facility extends through March, 31, 2020 and requires the Company to maintain certain financial covenants such as liquidity ratio (as defined by the financial institution). At December 31, 2015, the Company had USD 4,7 million outstanding under its term loan credit agreement.

Capital Management

The primary objective of the Company's capital management is to ensure it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company considers both equity and debt financing (i.e. subordinated or convertible debt) as part of the capital resources that it actively manages.

Given the Company's operating losses, the Company has historically relied on debt and equity financings, equipment financings and working capital loans to meet its on-going working capital needs. The Company monitors earnings before interest, taxes, depreciation and amortization (EBITDA) both in absolute currency and as a percentage of net revenues in order to determine whether or not the Company has sufficient capital resources to satisfy its contractual debt obligations and business plan for the next twelve months. When evaluating the Company's current business plan, the Company will assess the likelihood of securing the financing needed to satisfy its capital resources for the upcoming year. The Company will also assess the cost and risk associated with the various financing options and when appropriate, modify its business plan to correspond with an acceptable cost of capital.

External reporting requirements related to securing capital are likely to include EBITDA, tangible net worth and minimum cash balances. The table below sets forth the Company's EBITDA from continuing operations for 2015 and 2014:

(Amounts in USD 1 000)	EBITDA
2015	732
2014	730

As detailed in Note 18 the Company incurred USD 2,5 million of one-time charges in 2015 and USD 5,4 million in 2014 related to the Company's Operational Streamlining and Restructuring Initiatives. Excluding these one-time charges, the Company's 2015 EBITDA was USD 3,2 million and the Company's 2014 EBITDA was USD 5,9 million.

Working Capital Line of Credit

As detailed in Note 16, the Company has entered into a new working capital facility that provides the Company working capital advances up to a maximum of USD 2 million.

APPTIX ASA

2015 Financial Statements

APPTIX ASA INCOME STATEMENTS

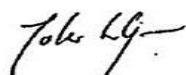
(Amounts in NOK 1 000)

		Year Ended December 31,	
	Note	2015	2014
OPERATING REVENUE			
Other Revenue	10	-	121
Operating Revenue		-	121
OPERATING EXPENSES			
Employee Benefits	4	913	913
Reversal of impaired intercompany receivable (income)	6	(59 549)	-
Other Operational and Administrative Costs		2 418	2 169
Total Operating Expenses		(56 218)	3 082
Operating Profit (Loss)		56 218	(2 961)
FINANCIAL INCOME AND EXPENSES			
Income/(Loss) From Investment in Subsidiaries	5	-	(38 662)
Interest income from group companies	6	14 485	12 958
Interest income other		61	-
Net Financial Expenses		14 546	(25 704)
Profit/Loss Before Taxes		70 764	(28 665)
TAXES			
Income Tax Expenses	7	-	-
Net Profit/Loss		70 764	(28 665)
Allocated as follows			
Transferred to share premium		70 764	(28 665)
Total allocations		70 764	(28 665)
Profit/Loss Per Share:			
Basic and Diluted Loss Per Share		0.87	(0.35)
Common Shares Outstanding		81 430	81 430

APPTIX ASA BALANCE SHEETS

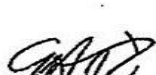
(Amounts in NOK 1 000)

		Year Ended December 31,	
	Note	2015	2014
ASSETS			
Financial Non-current Assets			
Intercompany Receivable	6	72,311	-
Investment in Subsidiaries	5	-	-
Total Financial Non-current Assets		72 311	-
Total Non-current Assets		72 311	-
Current Assets			
Other Current Assets		306	101
Cash and Cash Equivalents	3	208	384
Total Current Assets		514	485
TOTAL ASSETS		72 825	485
EQUITY AND LIABILITIES			
Equity			
Share Capital	8, 9	27 116	27 116
Share Premium	8	44 909	(27 044)
Other Paid-in Capital	8	-	-
Total Equity		72 025	72
Total Long Term Debt		-	-
Current Liabilities			
Trade Accounts Payable		443	57
Other Current Liabilities		357	356
Total Current Liabilities		800	413
TOTAL EQUITY AND LIABILITIES		72 825	485



Johan Lindqvist

Chairman of the Board



Ebba Asly Fahraeus

Director



Terje Rogne

Director



Christopher Mack

President & Chief Executive Officer

31 December, 2015 / 6 April, 2016

APPTIX ASA STATEMENT OF CASH FLOWS

(Amounts in NOK 1 000)

(Amounts in NOK 1 000)	Note	Year Ended December 31,	
		2015	2014
Cash Flows From Operating Activities			
Profit/Loss Before Tax		70 764	(28 665)
Reversal of impaired intercompany receivable (income)	6	(59 549)	-
Loss From Investment in Subsidiaries	5	-	38 662
Change in intercompany receivable (interest)	6	(14,485)	-
Change in Trade Accounts Payable		386	52
Change in Other Assets and Liabilities		(204)	(6)
Cash Flows Provided by Operating Activities		(3 088)	10 043
Cash Flows Used in Investing Activities			
Other		-	-
Cash Flows Used in Investing Activities		-	-
Cash Flows From Financing Activities			
Payments received from subsidiary	6	84,342	3,029
Paid in capital distribution to shareholders	8	(81,430)	-
Cash Flows Used in Financing Activities		2,912	3,029
Net (Decrease) Increase in Cash and Cash Equivalents		(176)	13 072
Cash and Cash Equivalents at Beginning of Period		13 342	270
Cash and Cash Equivalents at End of Period		13 166	13 342

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 Investment in Subsidiaries

Investments in Subsidiaries are valued using the cost method in the Company accounts. The investment is valued as the cost of acquiring shares in the subsidiary, 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 Revenue Recognition

Royalty revenue from Apptix Inc. is recognized when the services have been delivered.

2.6 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.

2.7 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.

2.8 Monetary Items in Foreign Currencies

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

2.9 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.

2.10 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.

2.11 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.

Note 3 – Restricted Cash

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

(Amounts in NOK 1 000)	Year Ended December 31,	
	2015	2014
Cash at the Bank	73	249
Restricted Cash	135	135
Total Cash and Cash Equivalents	208	384

Note 4 – Compensation and Employee Benefits

The following table summarizes the Compensation and Employee Benefits:

(Amounts in NOK 1 000)	Year Ended December 31,	
	2015	2014
Board of Director Fees	800	800
Social Security Tax	113	113
Total Employee Benefits	913	913
Average Number of Employees	-	-

As of December 31, 2015 and 2014, Apptix ASA did not have any employees.

For further information regarding compensation, refer to Note 5 in the Apptix Group consolidated financial statements. For further information regarding share based compensation, refer to Note 20 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 22 in the Apptix Group consolidated financial statements.

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

(Amounts in NOK 1 000)	Year Ended December 31,	
	2015	2014
Audit Services	438	189
Other Attestation Services	-	-
Tax Services	-	-
Other Non-audit Services	-	-
Total Audit Fees	438	189

Note 5 - Shares in Subsidiary Companies

The following table summarizes the Company's subsidiaries:

Companies	Incorporation/ Acquisition	Office Location	Ownership Interest & Voting Shares
Apptix, Inc.	1999	Virginia, USA	100%

Apptix, Inc. is 100% owned by Apptix ASA.

Historically investment in subsidiaries has been accounted for in accordance with the equity method. The intercompany receivable has been accounted for together with the cost of shares as a part of the entity's net investment since settlement was neither planned nor likely to occur in the foreseeable future. During 2015 a transaction occurred that changed the likelihood that the subsidiary would be able to pay down its debt. Management reviewed the accounting principle and determined that the equity method of accounting was no longer the best accounting principle for Apptix ASA, and decided to change the accounting principle to the cost method.

Using the cost method, the subsidiary and the intercompany balances are valued separately in the financial statement.

Management reviewed its budgets and forecast and determined that the fair value of the shares was impaired, and an impairment charge has been made. The write down will be reversed when the causes of the initial write down are no longer present.

To calculate the impairment charge the Company has used a Value in Use (VIU) calculation. The accounting standards require the valuation to be done in “*hindsight*” meaning the valuation is based upon the information available at each point in time. The Company has used its historical goodwill impairment assessment which is based upon Board approved budgets and forecasts. The cash flow is then discounted based upon historical discount rates. The table below summarizes the Apptix shares in subsidiary.

(Amounts in NOK 1 000)

Shares in Apptix Inc. At cost	131,071
Impairment charge	(131,071)
Net amount capitalized as of December 31, 2015	-

Note 6 - Intercompany Receivable

As described in Footnote 5, the intercompany receivable has historically been combined with the shares in subsidiary in accordance with the equity method of accounting. From January 1, 2015 the Company changed the accounting principle from the equity method of accounting to the cost method. By changing to the cost method of accounting, the subsidiary and intercompany balances are valued separately in the financial statements. The face value of the intercompany as of January 1, 2015 was NOK 337,9 million. Management reviewed its budgets and forecast and determined the fair value of the receivable was impaired, and an impairment charge has been made. The write down will be reversed when the causes of the initial write down are no longer present.

To calculate the impairment charge as of January 1, 2015, the Company has used the VIU calculation. The Norwegian accounting standards require the valuation to be done in “*hindsight*” meaning the valuation is based upon the information available at each point in time. The Company has used its historical goodwill impairment assessment which is based upon Board approved budgets and forecasts. The cash flow is then discounted based upon historical discount rates.

Based upon the valuation Apptix ASA calculated an impairment of NOK 255,4 million as of January 1, 2015. The net value of the intercompany receivable of NOK 82,6 million, has been capitalized as long term receivable by offsetting equity.

In October 2015 the Company prepared an interim balance sheet to reimburse invested capital to the shareholders. In this regard, the valuation of the intercompany was updated and the impairment charge was reversed by NOK 59 million. Since there has been no significant changes to the business since the last valuation date, the figures as of October 15, 2015 as used

in the interim balance sheet and approved by the BOD to distribute the paid in capital, is still applicable and only interest has been capitalized since that date.

The table below reflects the changes in Apptix ASA's Capitalized Intercompany Receivable from Apptix, Inc.:

Apptix Intercompany Receivable

(Amounts in NOK 1 000)

Net face value of intercompany December 31, 2013	328,050
Interest	12,958
Payment received	(3,029)
Net face value Intercompany Balance at December 31, 2014	337,979
Impairment *)	(255,359)
Net Capitalized Intercompany Receivable at January 1, 2015 **)	82,620
Interest ***)	14,485
Payment received ****)	(84,343)
Reversal of impairment *****)	59,549
Net Capitalized Intercompany Receivable at December 31, 2015	72,311

*) Impairment January 1, 2015 based upon hindsight valuation

** Intercompany receivable capitalized as of January 1, 2015 by increasing equity

***) Interest on intercompany interest used 2,61 %

****) On September 8, 2015, the subsidiary signed and closed an Asset Purchase Agreement with GoDaddy, LLC for the sale of a majority of Apptix, Inc.'s direct public cloud customers. The subsidiary was paid USD 22.5 million in cash at closing, and has used USD 10 million to pay down on its debt to the parent.

*****) The management believes it is reasonable to assume that Apptix, Inc. may be able to provide additional distributions to Apptix ASA in the future. The Company updated its valuation in Q4 and reversed part of the impairment.

Note 7 - Income tax

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

(Amounts in NOK 1 000)

Income tax expense	2015	2014
Tax payable	-	-
Changes in deferred tax	-	-
Income tax expense	-	-

Reconciliation of tax expense	2015	2014
Loss before tax	70 764	(28 665)
Permanent differences	(59 549)	-
Net loss from investing in subsidiary	-	38 662
Change of unrecognized deferred tax asset	(295)	(425)
Loss carry forward used	(10 920)	(9 572)
Total basis for tax payable	-	-

Deferred tax assets	2015	2014
Loss carry forward	197 399	208 320
Fixed assets	658	953
Tax advantage - gross	198 057	209 273
Net deferred tax asset	49 514	56 504
Net recognized deferred tax asset	-	-
Unrecognized tax asset	49 514	56 504

Note 8 - Equity

There were no options exercised or share issuances during 2015 and 2014.

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, 2013	27 116	1 620	-	28 736
Net Loss 2014	-	(28 665)	-	(28 665)
Shareholders' Equity December 31, 2014 as previously stated	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

*) 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, 2015, 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, 2015 were 81 430 178.

Shareholder	Number of Shares Owned	Percentage of Shares Owned
BNP PARIBAS SECS SERVICES S.C.A	25 964 540	31.9%
WINDCHANGE AS	9 120 000	11.2%
BNP PARIBAS SECS SERVICES PARIS	7 086 820	8.7%
SPENCER TRADING INC	5 396 419	6.6%
TTC INVEST AS	4 200 000	5.2%
HAADEM INVEST AS	3 183 751	3.9%
UBS SWITZERLAND AG	2 379 807	2.9%
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 AS	1 347 747	1.7%
NORDNET BANK AB	1 062 506	1.3%
HÜBERT LEIF	958 080	1.2%
HAADEM	924 369	1.1%
SØGNE SHIPPING AS	882 701	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%
SVENSKA HANDELSBANKEN AB	411 514	0.5%
Total Largest 20 Shareholders	71 552 884	87.9%
Other Shareholders	9 877 294	12.1%
Total Shares Outstanding	81 430 178	100.0%

BNP PARIBAS SECS Services 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, 2015:

Name	Position	Shares	Options	Average Exercise Price
Chris Mack	President & CEO	38 949	400 000	2,94
Johan Lindqvist	Chairman	11 155 059	-	-
Terje Rogne	Board member	1 942 694	-	-
Ebba Fahraeus	Board member	240 053	-	-
Total		13 376 755	400 000	2,94

At December 31, 2015, Jon Schultz, the Company's legal counsel, owned directly and indirectly 556 342 shares of Apptix ASA

Note 10 – Transactions with Related Parties

The revenue generated and interest earned by Apptix ASA is related to its wholly owned subsidiary, Apptix, Inc. The table below summarizes the Company's revenue and interest income:

(Amounts in NOK 1 000)	Year Ended December 31,	
	2015	2014
Other Revenue	-	121
Intercompany Interest	14 485	12 958

Note 11 – The effect of change in accounting principle

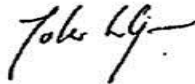
As described in Footnote 5, the investment in subsidiary has in prior years been accounted for using the equity method of accounting. In 2015 the company has changed their accounting principle to the cost method of accounting. The Norwegian Company Act §4-3 and NRS 5 states that when changing accounting principle, the prior year's financial statement should be adjusted to reflect this change, except in those cases where it is not significant for understanding the Financial Statement. The Company has chosen not to adjust the prior year balances, but has shown effect of change in the accounting principle in the footnotes to the financial statement. The effect of the change in accounting principle on January 1, 2015 was capitalization of intercompany receivable of NOK 82,6 million and corresponding increase in equity by the same amount. The change has been described in detail in Footnotes 5, 6 and 8. The effect in the income statement in 2015 is an income adjustment of NOK 59,5 million as a result of reversing the impairment charge performed on the opening balance.

Responsibility Statement

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2015 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

6 April, 2016



Johan Lindqvist

Chairman of the Board



Ebba Asly Fahraeus

Director



Terje Rogne

Director



Christopher Mack

President & Chief Executive
Officer

31 December, 2015 / 6 April, 2016



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Apptix ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Apptix ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2015, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are 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 the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Apptix ASA 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 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Drammen, April 6, 2015
ERNST & YOUNG AS

Marius Nergaard
State Authorised Public Accountant (Norway)

Apptix 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

Chairman 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

President, Chief Executive Officer & Chief Financial Officer

Tom Tighe

Chief Revenue Officer

Management Team

Christopher E. Mack

President, Chief Executive Officer & Chief Financial Officer

Tom Tighe

Chief Revenue Officer

Shane Smith

Senior Vice President, Technology

Chris Damvakaris

Vice President, Sales & Business Development

Operator of the Share Register Account

Nordea Bank Norge ASA

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Stock Information

Stock traded on the Oslo Stock Exchange

OSE Symbol: APP

www.ose.no

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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.