Apptix Reports Fourth Quarter and Year End 2010 Results

Herndon, VA and Oslo, Norway – **February 9, 2011 –** Apptix (OSE: APP), the leader in Hosted Unified Communications services including Hosted Exchange email, Office Communicator Server (OCS), business VoIP, and Microsoft SharePoint, today announced its unaudited financial results for the three and twelve months ended December 31, 2010.

Interim Management Report

Overview of the fourth quarter results:

- **User counts increased to 311,000 during the quarter, an increase of 26% quarter over quarter. Speedway reached 100,000 users with the account fully on board as of December 31, 2010.**
- **Revenue increased to USD 9.92 million, an increase of 3.5% quarter over quarter.**
- **EBIT Loss of USD 0.02 million, a USD 0.4 million improvement quarter over quarter.**
- **Net Loss of USD 0.41 million compared to a Net Loss of USD 0.84 million in the third quarter 2010.**
- **Bookings (i.e. new users) from new customers increased 13% in 2010 over 2009 with a 100% increase in user bookings from accounts with over 100 users.**
- **Signed channel agreements with CPA2Biz, the marketing arm of the American Institute of Certified Public Accountants (AICPA) and Cox Communications (a cable services provider) to resell the Company's hosted communication services.**

Highlights

The Company's user counts continued to grow during the fourth quarter as the on-boarding of Speedway was completed ending the year with a user count of 311,000, an increase of 26% quarter over quarter and 58% year over year. Also contributing to the Company's increased user count was higher overall bookings from new customers during the year with bookings increasing 13% over 2009. Additionally, the Company's focus on moving "upstream" to larger customers continues to show success with increases in both the number and average size of bookings from customers with greater than 100 users. These larger customer bookings represented almost 30% of all user bookings in 2010 compared to 15% in 2009 demonstrating the increasing acceptance of cloud based solutions in the small to mid-market enterprise. The Company's pipeline of mid market opportunities continues to build, however, sales cycles are growing longer as prospects engage in more formal evaluations. Lastly, the Company is beginning to show success in its channel development efforts as it signed agreements with CPA2Biz, the marketing arm of the American Institute of Certified Public Accounts (AICPA) as the exclusive provider of hosted communication solutions and Cox Communications, a cable services provider, for hosted communications services in the state of Virginia.

Revenue during the quarter was USD 9.92 million, an increase of 3.5% quarter over quarter and 2.8% year over year. The increase in revenue is primarily attributable to the on-boarding of Speedway which was completed during the quarter. The Company continues to make progress towards net income positive results as the net loss during the fourth quarter of USD 0.41 million was a 51% reduction from the third quarter.

"We believe 2010 will prove to be a pivotal year in the turnaround of the Company. After weathering the economic down turn while completing a multi-year platform consolidation effort, the Company is beginning to demonstrate success in renewing top line growth. We believe the Company's increasing success in signing larger accounts as well as the addition of two significant channel partners in the fourth quarter further demonstrates the Company's on-going commitment to operational and service excellence," said David Ehrhardt, CEO of Apptix. "On a net basis, we remain committed to achieving positive net results in 2011 as demonstrated by the significant reduction in net loss achieved in the fourth quarter," said Ehrhardt.

Financial Results – Fourth Quarter and Year to Date 2010

Revenues totaled USD 9.92 million for the three months ended December 31, 2010, representing increases of 3.5% quarter over quarter and 2.8% year over year. The growth in revenues was due to the increase in active users during the quarter, primarily as a result of the Speedway on-boarding. The year over year revenue increase was partially mitigated by the price concessions granted by the Company as an incentive to migrate to its AOD platform during 2010 along with residual effects of the 2009 economic recession. Revenue for the year ended December 31, 2010 was USD 38.6 million compared to USD 39.7 million in 2009. The decline in revenue was due to pricing concessions granted as a result of the Company's platform consolidation efforts (of approximately USD 5 million on an annual basis) and business failure and workforce reductions in the customer base as a result of the recession (of approximately USD 6 million on an annual basis) which was almost entirely offset by increased revenues resulting from Speedway and gains in new customer bookings, particularly in the mid market.

ARPU (excluding the effects of Speedway) was flat quarter over quarter and down 8% year over year. The year over year decline is primarily the result of pricing concessions granted in conjunction with the Company's platform consolidation efforts and the Company's continued focus on the mid-market; trading volume based ARPU concessions for stickier customers, broader uptake on the Company's service portfolio and lower relative cost of acquisition and support.

Operating expenses (including depreciation and amortization) totaled USD 7.1 million during the fourth quarter of 2010, down 2% quarter over quarter and 8% year over year. Total operating expenses were USD 29.9 million for the year ended December 31, 2010 compared to USD 31.0 million during 2009, a 4% decrease. The favorable variances were primarily due operating efficiencies gained as a result of the platform consolidation efforts, including lower depreciation and amortization expense.

As presented in Table 1 below, Pro Forma EBIT (excluding Speedway operating results and one-time expenses) for the fourth quarter 2010 totaled USD 0.13 million down slightly quarter over quarter. Pro Forma EBIT (Table 2 below) totaled USD 1.0 million for the year ended December 31, 2010, an increase of USD 1.1 million compared to 2009. The significant gains were primarily the result of improved operating efficiencies from the Company's platform consolidation efforts as well as lower overhead expenses.

Table 1			
Three months ended	**December 31, 2010**	**September 30, 2010**	**December 31, 2009**
EBIT Loss as reported:	**(22)**	**(400)**	**5**
Add backs:			
One - time stock option expense	-	-	-
Speedway EBIT Loss	149	562	-
Migration/platform consolidation costs (including D&A)	-	-	279
Pro Forma EBIT Income (Loss)	**127**	**162**	**284**

Table 2		
Twelve months ended	**December 31, 2010**	**December 31, 2009**
EBIT Loss as reported:	**(1,427)**	**(1,113)**
Add backs:		
One - time stock option expense	210	-
Speedway EBIT Loss	1,770	-
Migration/platform consolidation costs (including D&A) & other one-time expenses	468	1,078
Pro Forma EBIT Income (Loss)	**1,020**	**(36)**

As presented in Table 3 below, Pro Forma Net Income for the fourth quarter was a loss of USD 0.09 million compared to breakeven in the third quarter of 2010. Pro Forma Net Income (Table 4 below) for the year ended December 31, 2010 was USD 0.12 million compared to a loss of USD 2.1 million in 2009. The improvements in the net results were the result of operational efficiencies gained from the Company's platform consolidation efforts.

Table 3			
Three months ended	**December 31, 2010**	**September 30, 2010**	**December 31, 2009**
Net Loss as reported:	**(413)**	**(840)**	**(746)**
Add backs:			
One - time stock option expense	-	-	-
Speedway net loss (including D&A and interest)	318	747	-
Migration/platform consolidation costs (including D&A) & other one-time expenses	-	87	279
Pro Forma Net Income (Loss)	**(95)**	**(6)**	**(467)**

Table 4		
Twelve months ended	**December 31, 2010**	**December 31, 2009**
Net Loss as reported:	**(3,110)**	**(3,213)**
Add backs:		
One - time stock option expense	210	-
Speedway net loss (including D&A and interest)	2,467	-
Migration/platform consolidation costs (including D&A) & other one-time expenses	555	1,078
Pro Forma Net Income (Loss)	**121**	**(2,136)**

Cash generated by operating activities, including the impact of changes in currency rates, totaled USD 0.74 million during the fourth quarter of 2010 compared to cash used by operating activities of USD 0.37 million during the third quarter of 2010 and cash generated by operating activities of USD 1.1 million during the fourth quarter of 2009.

Equipment purchases, net of financing under equipment leases, during the fourth quarter of 2010 was USD 0.12 million compared to USD 0.05 million in the third quarter of 2010 and USD 0.16 million in the fourth quarter of 2009. Cash used to satisfy debt and capital lease obligations was USD 0.83 million in the fourth quarter of 2010, down from USD 0.94 million in the third quarter 2010 and down from USD 6.8 million in the fourth quarter 2009. The year over year variance is mostly due to the November 2009 convertible bond repayment.

The Company closed the fourth quarter of 2010 with USD 0.97 million in cash and USD 4.35 million outstanding on its working capital facility.

For the year ended December 31, 2010, cash generated by operating activities, including the impact of changes in currency rates, totaled USD 1.2 million down from prior year levels of USD 1.7 million due mostly to changes in working capital accounts.

Equipment purchases, net of financing under equipment leases, for the year ended December 31, 2010 was USD 0.28 million compared to USD 0.75 million in 2009. Net cash used by financing activities totaled USD 2.0 million for the year ended December 31, 2010, compared to USD 2.5 million during the same period of 2009. During the fourth quarter of 2009, the Company completed a 56 million share rights offering (0.50 NOK per share) to fund the repayment of the Company's 33.5 million NOK convertible bond.

Financial Statements – Basis for Preparation

The enclosed consolidated condensed financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting Standards (IFRS).

Significant Accounting Policies

The accounting policies and methods of computation used in the preparation of the enclosed financial statements are consistent with the policies used in the annual financial statements for the year ended December 31, 2009. The enclosed consolidated condensed financial statements should be read in conjunction with the Company's 2009 annual financial statements, which include a full description of the Company's accounting policies. The enclosed consolidated condensed financial statements are unaudited. As a result of rounding differences, numbers or percentages may not add up to the total.

The financial statements are attached.

About Apptix

Headquartered in Herndon, Virginia, USA, Apptix is the leader in Hosted Unified Communications services including Hosted Exchange email, Office Communicator Server (OCS), business VoIP, and Microsoft SharePoint. A Microsoft Gold Certified Partner, Apptix is an award-winning pioneer in the hosted services space providing best-in-class, reliable, secure, and affordable products and services to over 300,000 users. Apptix's cost-effective solutions eliminate the need for expensive on-site infrastructure and remove the hassles of daily IT management. For more information, visit www.apptix.com or follow at www.twitter.com/apptix.

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Apptix ASA

Interim Consolidated Income Statement

(Amounts in USD 1,000)	Three months ended December 31, 2010 IFRS	Three months ended December 31, 2009 IFRS	Twelve months ended December 31, 2010 IFRS	Twelve months ended December 31, 2009 IFRS
Operating Revenues				
Recurring revenues	9,633	9,508	37,775	38,925
Other revenues	291	149	865	746
Total Operating Revenues	9,924	9,657	38,640	39,671
Cost of Sales				
Direct costs of recurring revenues	2,736	1,842	9,953	9,578
Direct costs of other revenues	82	51	248	177
Total Cost of Sales	2,818	1,893	10,201	9,755
Gross Profit	7,106	7,764	28,439	29,916
Operating Expenses				
Employee compensation and benefits	3,466	3,728	14,783	15,133
Other operational and administrative costs	2,874	3,024	11,370	12,277
Depreciation and amortization	788	1,007	3,713	3,619
Total Operating Expenses	7,128	7,759	29,866	31,029
Operating Loss	(22)	5	(1,427)	(1,113)
Other (Expense)/Income				
Interest, net	(348)	(356)	(1,436)	(1,149)
Other financial (expense)/income	(48)	(404)	(196)	(932)
Other (Expense)/Income	(396)	(760)	(1,632)	(2,081)
Loss Before Income Taxes	(418)	(755)	(3,059)	(3,194)
Income tax benefit/(expense)	5	9	(51)	(19)
Net Loss for the Period	(413)	(746)	(3,110)	(3,213)
Attributable to Equity Holders of Parent	(413)	(746)	(3,110)	(3,213)
Loss Per Share for the Period	(0.01)	(0.01)	(0.04)	(0.09)
Attributable to Equity Holders of Parent	(0.01)	(0.01)	(0.04)	(0.09)
Weighted Average Common Shares Outstanding	81,430	64,630	81,430	35,510

Apptix ASA

Interim Consolidated Income Statement

(Amounts in NOK 1,000)	Three months ended December 31, 2010 IFRS	Three months ended December 31, 2009 IFRS	Twelve months ended December 31, 2010 IFRS	Twelve months ended December 31, 2009 IFRS
Operating Revenues				
Recurring revenues	57,027	54,149	228,280	245,681
Other revenues	1,718	843	5,219	4,748
Total Operating Revenues	58,745	54,992	233,499	250,429
Cost of Sales				
Direct costs of recurring revenues	16,144	10,464	60,085	60,871
Direct costs of other revenues	483	294	1,489	1,114
Total Cost of Sales	16,627	10,758	61,574	61,985
Gross Profit	42,118	44,234	171,925	188,444
Operating Expenses				
Employee compensation and benefits	20,557	20,354	89,477	94,624
Other operational and administrative costs	17,042	18,100	68,763	78,411
Depreciation and amortization	4,673	5,741	22,487	22,709
Total Operating Expenses	42,272	44,195	180,727	195,744
Operating Loss	(154)	39	(8,802)	(7,300)
Other (Expense)/Income				
Interest, net	(2,352)	(2,117)	(8,974)	(7,255)
Other financial (expense)/income	-	(2,224)	(912)	(5,748)
Other (Expense)/Income	(2,352)	(4,341)	(9,886)	(13,003)
Loss Before Income Taxes	(2,506)	(4,302)	(18,688)	(20,303)
Income tax benefit/(expense)	31	52	(320)	(126)
Net Loss for the Period	(2,475)	(4,250)	(19,008)	(20,429)
Attributable to Equity Holders of Parent	(2,475)	(4,250)	(19,008)	(20,429)
Loss Per Share for the Period	(0.03)	(0.07)	(0.23)	(0.58)
Attributable to Equity Holders of Parent	(0.03)	(0.07)	(0.23)	(0.58)
Weighted Average Common Shares Outstanding	81,430	64,630	81,430	35,510

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Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three months ended December 31, 2010 IFRS	Three months ended December 31, 2009 IFRS	Twelve months ended December 31, 2010 IFRS	Twelve months ended December 31, 2009 IFRS
Loss for the Period	**(413)**	**(746)**	**(3,110)**	**(3,213)**
Other Comprehensive Income/(Loss):				
Exchange rate differences on translation of foreign operations	-	-	-	(656)
Total Other Comprehensive Loss for the Period	**-**	**-**	**-**	**(656)**
Total Comprehensive Loss for the Period	**(413)**	**(746)**	**(3,110)**	**(3,869)**
Attributed to Equity Holders of Parent	**(413)**	**(746)**	**(3,110)**	**(3,869)**

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Interim Consolidated Statement of Comprehensive Income

(Amounts in NOK 1,000)	Three months ended December 31, 2010 IFRS	Three months ended December 31, 2009 IFRS	Twelve months ended December 31, 2010 IFRS	Twelve months ended December 31, 2009 IFRS
Loss for the Period	**(2,475)**	**(4,250)**	**(19,008)**	**(20,429)**
Other Comprehensive Income/(Loss):				
Exchange rate differences on translation of foreign operations	954	(838)	2,345	(30,167)
Total Other Comprehensive Loss for the Period	**954**	**(838)**	**2,345**	**(30,167)**
Total Comprehensive Loss for the Period	**(1,521)**	**(5,088)**	**(16,663)**	**(50,596)**
Attributed to Equity Holders of Parent	**(1,521)**	**(5,088)**	**(16,663)**	**(50,596)**

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Interim Consolidated Statement of Finanical Position

(Amounts in USD 1,000)	December 31, 2010 IFRS	December 31, 2009 IFRS
ASSETS		
Non-Current Assets		
Intangible assets	23,074	23,067
Total Intangible Assets, net	23,074	23,067
Property, Plant and Equipment, net	6,208	4,567
Total Non-Current Assets	29,282	27,635
Current Assets		
Accounts receivable	1,558	1,672
Other current assets	507	588
Prepaid expenses	1,078	1,494
Cash and cash equivalents	966	2,031
Total Current Assets	4,110	5,786
TOTAL ASSETS	33,392	33,421
LIABILITIES AND SHAREHOLDERS EQUITY		
Equity Attributed to Equity Holders of the Parent		
Common stock	4,666	4,666
Paid-in premium reserve	73,437	73,437
Other paid-in capital	5,479	5,127
Retained earnings	(65,446)	(62,336)
Total Shareholders Equity	18,136	20,894
Long-Term Debt		
Other long-term debt	2,078	4,891
Total Long-Term Debt	2,078	4,891
Current Liabilities		
Trade accounts payable	2,263	2,130
Interest bearing short-term debt	7,579	2,487
Other current liabilities	3,336	3,019
Convertible debt	-	-
Total Current Liabilities	13,178	7,636
TOTAL LIABILITIES AND EQUITY	33,392	33,421

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Interim Consolidated Statement of Finanical Position

(Amounts in NOK 1,000)	December 31, 2010 IFRS	December 31, 2009 IFRS
ASSETS		
Non-Current Assets		
Intangible assets	136,172	134,064
Total Intangible Assets, net	136,172	134,064
Property, Plant and Equipment, net	36,636	26,542
Total Non-Current Assets	172,808	160,606
Current Assets		
Accounts receivable	9,197	9,720
Other current assets	2,993	3,419
Prepaid expenses	6,364	8,685
Cash and cash equivalents	5,697	11,805
Total Current Assets	24,251	33,629
TOTAL ASSETS	197,059	194,235
LIABILITIES AND SHAREHOLDERS EQUITY		
Equity Attributed to Equity Holders of the Parent		
Common stock	27,116	27,116
Paid-in premium reserve	426,800	426,800
Other paid-in capital	32,025	29,800
Retained earnings	(378,948)	(362,285)
Total Shareholders Equity	106,993	121,431
Long-Term Debt		
Other long-term debt	12,266	28,426
Total Long-Term Debt	12,266	28,426
Current Liabilities		
Trade accounts payable	13,387	12,377
Interest bearing short-term debt	44,726	14,454
Other current liabilities	19,687	17,547
Convertible debt	-	-
Total Current Liabilities	77,800	44,378
TOTAL LIABILITIES AND EQUITY	197,059	194,235

Apptix ASA
Interim Consolidated Cash Flow Statement

(Amounts in USD 1,000)	Twelve months ended December 31, 2010 IFRS	Twelve months ended December 31, 2009 IFRS
Cash Flows from Operating Activities		
Net loss for the period	(3,110)	(3,213)
Stock based compensation expense	352	348
Depreciation and amortization	3,713	3,619
Amortized interest on convertible debt	-	201
Loss on sale of of fixed assets	-	14
Change in accounts receivable	114	1,118
Change in trade accounts payable	133	(438)
Change in other assets and liabilities	22	76
Cash Flows From Operating Activities	**1,224**	**1,725**
Cash Flows from Investing Activities		
Purchases of intangibles and property and equipment	(283)	(746)
Cash Flows Used in Investing Activities	**(283)**	**(746)**
Cash Flows from Financing Activities		
Payments on interest-bearing debt	(3,779)	(8,390)
Proceeds from interest-bearing debt	1,775	1,475
Proceeds from share offerings	-	4,366
Cash Flows Used in Financing Activities	**(2,004)**	**(2,549)**
Effect of Exchange Rates on Cash and Cash Equivalents	(2)	1
Net change in cash and cash equivalents	(1,065)	(1,569)
Cash and cash equivalents at beginning of period	2,031	3,600
Cash and Cash Equivalents at End of Period	**966**	**2,031**

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Interim Consolidated Cash Flow Statement

	Twelve months ended December 31,	
	2010	**2009**
(Amounts in NOK 1,000)	**IFRS**	**IFRS**
Cash Flows from Operating Activities		
Net loss for the period	(19,008)	(20,429)
Stock based compensation expense	2,225	2,222
Depreciation and amortization	22,487	22,709
Amortized interest on convertible debt	-	1,289
Loss on sale of fixed assets	-	88
Change in accounts receivable	673	7,050
Change in trade accounts payable	901	(2,759)
Change in other assets and liabilities	109	473
Cash Flows From Operating Activities	**7,387**	**10,643**
Cash Flows from Investing Activities		
Purchases of intangibles and property and equipment	(1,889)	(5,479)
Cash Flows Used in Investing Activities	**(1,889)**	**(5,479)**
Cash Flows from Financing Activities		
Payments on capital lease and debt obligations	(22,858)	(48,936)
Proceeds from interest-bearing debt	10,737	8,711
Proceeds from share offerings	-	24,915
Cash Flows Used in Financing Activities	**(12,122)**	**(15,310)**
Effect of Exchange Rates on Cash and Cash Equivalents	516	(3,463)
Net change in cash and cash equivalents	(6,108)	(13,610)
Cash and cash equivalents at beginning of period	11,805	25,415
Cash and Cash Equivalents at End of Period	**5,697**	**11,805**

Interim Consoliated Statement of Changes in Equity

Attributed to Equity Holders of the Parent

(Amounts in USD 1,000)	Share Capital	Share Premium Reserve	Other Paid in Capital	Foreign Currency Translation Reserves	Retained Earnings	Total Equity
Equity December 31, 2008	**1,210**	**60,086**	**3,940**	**8,412**	**(53,122)**	**20,526**
Net Loss for the Period					(3,213)	(3,213)
Translation Adjustment	545	12,373	839	(4,485)	(9,928)	(656)
Total Comprehensive Income	**545**	**12,373**	**839**	**(4,485)**	**(13,141)**	**(3,869)**
Issue of Share Capital	2,911	1,460				4,371
Transaction Costs Related to Issue of Share Capital		(482)				(482)
Equity Element of Expensed Options			348			348
Equity December 31, 2009	**4,666**	**73,437**	**5,127**	**3,927**	**(66,263)**	**20,894**
Net Loss for the Period					(3,110)	(3,110)
Translation Adjustment				-		-
Total Comprehensive Income				**-**	**(3,110)**	**(3,110)**
Equity Element of Expensed Options			352			352
Equity December 31, 2010	**4,666**	**73,437**	**5,479**	**3,927**	**(69,373)**	**18,136**

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Interim Consoliated Statement of Changes in Equity

Attributed to Equity Holders of the Parent

(Amounts in NOK 1,000)	Share Capital	Share Premium Reserve	Other Paid in Capital	Foreign Currency Translation Reserves	Retained Earnings	Total Equity
Equity December 31, 2008	**8,468**	**420,533**	**27,578**	**6,055**	**(317,744)**	**144,890**
Net Loss for the Period					(20,429)	(20,429)
Other Comprehensive Income (Loss)				(30,167)		(30,167)
Total Comprehensive Income				**(30,167)**	**(20,429)**	**(50,596)**
Issue of Share Capital	18,648	9,352				28,000
Transaction Costs Related to Issue of Share Capital		(3,085)				(3,085)
Equity Element of Expensed Options			2,222			2,222
Equity December 31, 2009	**27,116**	**426,800**	**29,800**	**(24,112)**	**(338,173)**	**121,431**
Net Loss for the Period					(19,008)	(19,008)
Other Comprehensive Income (Loss)				2,345		2,345
Total Comprehensive Income				**2,345**	**(19,008)**	**(16,663)**
Equity Element of Expensed Options			2,225			2,225
Equity December 31, 2010	**27,116**	**426,800**	**32,025**	**(21,767)**	**(357,181)**	**106,993**

Selected Explanatory Notes to Apptix ASA Interim Condensed Financial Statements

Working Capital Facility

Effective January 31, 2011, the Company entered into a Fourth Loan Modification Agreement (FLMA) with its financial institution related to its expiring working capital facility. Under the terms of the FLMA, the Company's working capital facility was increased to USD 6 million. Amounts available under the working capital facility are subject to a borrowing base equal to 75% of the Company's trailing two months cash collections. As of January 31, 2011, the Company had USD 4.35 million outstanding on its working capital facility and approximately USD 0.7 million of borrowing capacity. Borrowings under the working capital facility are subject to the bank's prime interest rates plus up to 2.5% additional percentage points. Any amounts under the revolving line of credit may be repaid and re-borrowed at any time prior to the maturity date. The working capital facility is secured by a first priority position in all of the assets of the Company except for those assets financed via capital leases. The term of the new working capital facility is through January 31, 2013.

Working Capital

The Company is currently operating in a negative working capital position. The negative working capital position is primarily the result of the aforementioned expiring working capital facility that matured on January 31, 2011 and equipment financing leases as discussed below.

The Company entered into a five-year agreement with a healthcare customer (Speedway) in late 2009. During late 2009 and early 2010, the Company focused its efforts on acquiring approximately USD 4.5 million in equipment under capital lease agreements to support the customer infrastructure, implementing the systems including staffing of personnel and other required on-boarding initiatives. The 2010 financial results included within this report contain a partial year's revenues because the on-boarding of Speedway users only began in August 2010; however the financial results reflect an entire year of operating costs. During the fourth quarter of 2010, the Company completed the on-boarding process and as a result, the Company's net loss during the fourth quarter of 2010 was reduced by 51% as compared to the previous quarter. The Company believes the full run rate revenues to be recognized as part of this contract will have a material impact on the net operating results during the first quarter of 2011 and beyond, thus continuing to improve the Company's overall working capital position.

For more information related to this subject, refer to the Company's 2009 Annual Report and 2009 Director's Report.

2010 Annual Report

The Company expects to file its 2010 Annual Report on or about April 15, 2011. Historically, the Company has presented its financial results in both *Norwegian Kroner* and *US Dollar*. Given the Company's principal operation and business results are primarily *US Dollar* denominated, effective with the 2010 Annual Report, the Company will present its financial results in *US Dollar* only. The Company has evaluated the overall impact of this change on its financial statements. As a result of the presentation change, there will be a reclassification of amounts previously identified as Share Capital, Share Premium Reserves, Other Paid in Capital and Translations Reserves to Retained Earnings. There will be no overall impact on the Company's Total Shareholder's Equity balances.