Apptix Reports Second Quarter and Half Year 2011 Results

Herndon, VA and Oslo, Norway – **August 10, 2011 –** Apptix® (OSE: APP), the premier provider of hosted business communication and collaboration services, today announced its unaudited financial results for the three and six months ended June 30, 2011.

Interim Management Report

Overview of the second quarter results:

- **Net Income of USD 154 thousand, a USD 148 thousand improvement quarter over quarter and USD 1.24 million improvement year over year.**
- **EBIT of USD 520 thousand, a USD 142 thousand improvement quarter over quarter and USD 1.15 million improvement year over year.**
- **Revenue of USD 10.1 million, flat quarter over quarter and an 8% increase year over year.**
- **User counts increased to 321,000 during the quarter, an increase of 1% quarter over quarter and 60% year over year.**
- **Restructured field leadership to capitalize on targeted market segments, resulting in temporary decline in bookings.**

Highlights

The Company continued to show substantial improvement in operating results reporting Net Income of USD 154 thousand, a USD 148 thousand improvement over the first quarter. The Company saw similar gains in both EBIT and EBITDA during the quarter, now having returned 12 consecutive quarters of positive EBITDA and its first two quarters ever of positive Net Income.

In an effort to drive efficiency and increase the effectiveness of the Company's strategy to target the mid-market and enterprise as well as specific verticals such as Healthcare, Legal, Financial, and Telecommunications, the Company reorganized its field organization under Aubrey Smoot (SVP of Field Sales) and has aligned both its indirect and direct channels to capitalize on these targeted market segments. Accordingly, going forward the Company will reach the rising small business market segment through its broadband and business service organization channel partners such as Bell Canada, Cox Communications, and Network Solutions. The Company is "retooling" its direct sales organization to focus primarily on mid-market businesses in the Healthcare, Legal and Financial Services and Telecommunications industries. In addition to new leadership already on board, the Company is adding sales resources with industry experience in our targeted verticals. The Company continues to utilize channel relationships with world class integrators like Fujitsu America and industry-leading data centers providers such as SAVVIS to address enterprise market customers.

We believe the focus driven by this approach will enhance the progress already made in revenue growth in the mid-market enterprises. Additionally, revenues from customers with greater than 100 employees ("mid-market enterprises") have grown to 41% of total revenues, up from about 30% a year ago. Moving up market is a key focus of the Company because incremental margins are 15 to 35 percentage points greater than the Company's traditional SOHO customer base.

"While we are impatient with the development of top line revenue growth, the scalability and profitability of our business model has clearly been proven," said David Ehrhardt, President & CEO of Apptix. "We have demonstrated the ability to absorb year over year user growth of 50% plus, and delivered consistent quarterly growth in EBITDA and net income. Further, we believe the focus driven by new consolidated leadership in the field and a targeted approach to addressing our market segments and verticals will drive further gains already achieved in growing mid-market revenue. While bookings during the second quarter were down as the Company refocused its field organization, our pipeline has continued to grow and we remain confident we will see user growth in 2011 of approximately 20% providing a solid foundation for double digit growth in 2012," said Ehrhardt.

Financial Results – Second Quarter and Half Year 2011

Revenues totaled USD 10.1 million for the three months ended June 30, 2011, representing nominal growth quarter over quarter and 8% growth year over year. The growth in revenues was due to the increases in the active user counts, primarily as a result of user gains in the mid-market and enterprise, including Speedway. Revenues for the six months ended June 30, 2011 totaled USD 20.2 million up 6% from the same period in 2010.

ARPU was stable at USD 14.95 (excluding Speedway) and down 4% 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 (which were completed in June 2010) and the Company's continued focus on the mid-market; trading volume based ARPU concessions for stickier customers, lower relative cost of acquisition and support, and the potential for broader uptake on the Company's service portfolio. Including the impact of Speedway, ARPU was stable at USD 10.53.

Operating expenses (including depreciation and amortization) were USD 6.7 million during the second quarter of 2011, down 2% quarter over quarter and 14% year over year. Total operating expenses for the six months ended June 30, 2011 were USD 13.5 million, down 13% from the same period in 2010. These improvements were driven primarily by operating efficiencies gained as a result of scale economies associated with an increased user base and the Company's 2010 platform consolidation efforts.

EBIT for the second quarter 2011 was USD 0.52 million, an improvement of USD 0.14 million quarter over quarter and USD 1.15 million year over year. EBIT for the six months ended June 30, 2011 was USD 0.9 million, compared to a loss of USD 1.0 million during the comparable period in 2010, an improvement of USD 1.9 million. These improvements were driven primarily by revenue gains in the mid-market which contribute higher relative margin contributions and operating efficiencies gained as a result of the Company's 2010 platform consolidation efforts.

Net Income for the second quarter of 2011 was USD 154 thousand compared to USD 6 thousand in the first quarter of 2011 and a loss of USD 1.1 million in the second quarter of 2010. Total Net Income was 160 thousand for the six months ended June 30, 2011, compared to a loss of USD 1.9 million during the comparable period in 2010, an improvement of USD 2 million. As mentioned above, the improvements in the net results were the result of gains in revenue, specifically in the mid-market and operational efficiencies.

Cash generated by operating activities, including the impact of changes in currency rates, totaled USD 1.1 million during the second quarter of 2011 compared to USD 0.93 million during the first quarter of 2011 and USD 0.30 million during the second quarter of 2010. For the first half of 2011, cash generated by operating activities, including the impact of changes in currency rates, totaled USD 2.0 million, up from prior year levels of USD 0.85 million.

Equipment purchases, net of financing under equipment leases, during the second quarter of 2011 was USD 0.18 million compared to USD 0.12 million in the first quarter of 2011 and USD 85 thousand in the second quarter of 2010. Equipment purchases, net of financing under equipment leases, during the first half of 2011 was USD 0.3 million compared to USD 0.11 million during the first half of 2010.

Net cash used to satisfy debt and capital lease obligations (including proceeds from the Company's working capital facility) was USD 0.85 million in the second quarter of 2011, no change from first quarter 2011 levels, but down from second quarter 2010 levels of USD 0.9 million. The year over year variance is mostly due to principal payments required from the purchases of equipment related to the Company's Speedway initiative. Net cash used by financing activities totaled USD 1.7 million during the first six months of 2011, compared to USD 1.6 million during the same period of 2010.

The Company closed the second quarter of 2011 with USD 1.0 million in cash and USD 4.4 million outstanding on its working capital facility. As of June 30, 2011, the Company had approximately USD 1.5 million of combined cash and available borrowing capacity under its working capital facility.

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, 2010. The enclosed consolidated condensed financial statements should be read in conjunction with the Company's 2010 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 (OSE: APP) is the premier provider of hosted business communication services for businesses of all sizes, with particular expertise serving Legal, Financial, and Healthcare firms. An award-winning pioneer in the hosted services space, Apptix provides secure, reliable, and affordable products and services to over 300,000 users. The extensive Apptix product portfolio includes integrated solutions (e.g. Unified Communications) and point solutions including Exchange, VoIP, SharePoint, Web Conferencing, and Secure IM with Presence. Services are delivered over a highly reliable network leveraging best-in-class technology, housed in SAS 70-compliant data centers, and backed by U.S.-based 24/7 support. For more information, visit www.apptix.com or follow us at www.twitter.com/apptix.

For further information:

Johan Lindqvist (Chairman)	David Ehrhardt (CEO)	Chris Mack (CFO)
johan.lindqvist@windchange.se	david.ehrhardt@apptix.com	chris.mack@apptix.com
+46 733 55 09 35	+ 1 703 890 2800	+ 1 703 890 2800

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Interim Consolidated Income Statement

	Three Months Ended		Six Months Ended	
	June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
(Amounts in USD 1,000)	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Operating Revenues				
Recurring Revenues	9,857	9,233	19,747	18,801
Other Revenues	266	174	462	325
Total Operating Revenues	10,123	9,407	20,209	19,126
Cost of Sales				
Direct Costs of Recurring Revenues	2,856	2,242	5,667	4,567
Direct Costs of Other Revenues	75	51	136	112
Total Cost of Sales	2,930	2,293	5,802	4,679
Gross Profit	7,192	7,114	14,406	14,447
Operating Expenses				
Employee Compensation and Benefits	3,524	3,819	7,198	7,721
Other Operational and Administrative Costs	2,327	2,890	4,662	5,721
Depreciation and Amortization	821	1,037	1,648	2,010
Total Operating Expenses	6,672	7,746	13,508	15,452
Operating Income / (Loss)	520	(632)	898	(1,005)
Other Expense				
Interest, net	(321)	(369)	(667)	(738)
Other Financial Expense	-	(30)	-	(53)
Total Other Expense	(321)	(399)	(667)	(791)
Income / (Loss) Before Income Taxes	199	(1,031)	231	(1,796)
Income Tax Expense	(44)	(50)	(70)	(61)
Net Income / (Loss) for the Period	154	(1,081)	160	(1,857)
Earnings Per Share: Basic	0.00	(0.01)	0.00	(0.02)
Diluted	0.00	0.00	0.00	0.00
Weighted Average Common Shares Outstanding	81,471	81,430	81,545	81,430

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Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three Months Ended June 30, 2011 IFRS	Three Months Ended June 30, 2010 IFRS	Six Months Ended June 30, 2011 IFRS	Six Months Ended June 30, 2010 IFRS
Income / (Loss) for the Period	154	(1,081)	160	(1,857)
Other Comprehensive Income / (Loss)				
Exchange Rate Differences on Translation of Foreign Operations	(16)	27	(37)	23
Total Other Comprehensive Income / (Loss) for the Period	(16)	27	(37)	23
Total Comprehensive Income / (Loss) for the Period	138	(1,054)	123	(1,834)
Attributed to Equity Holders of Parent	138	(1,054)	123	(1,834)

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Interim Consolidated Statement of Financial Position

(Amounts in USD 1,000)	June - 30 2011 IFRS	December - 31 2010 IFRS	June - 30 2010 IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	23,166	23,043	23,310
Total Intangible Assets, net	23,166	23,043	23,310
Property, Plant and Equipment, net	5,669	6,208	7,011
Total Non-Current Assets	28,835	29,251	30,321
Current Assets			
Accounts Receivable	1,421	1,558	1,729
Other Current Assets	539	539	526
Prepaid Expenses	1,170	1,078	1,890
Cash and Cash Equivalents	962	966	1,192
Total Current Assets	4,092	4,141	5,338
TOTAL ASSETS	32,927	33,392	35,659
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Common Stock	4,666	4,666	4,666
Pain-in Premium Reserve	73,437	73,437	73,437
Other Paid-in Capital	5,629	5,479	5,428
Retained Earnings	(65,328)	(65,451)	(64,169)
Total Shareholders Equity	18,405	18,131	19,362
Long-Term Debt			
Other Long-Term Debt	5,570	6,428	3,318
Total Long-Term Debt	5,570	6,428	3,318
Current Liabilities			
Trade Accounts Payable	2,027	2,268	3,449
Interest Bearing Short-Term Debt	3,049	3,229	6,308
Other Current Liabilities	3,877	3,336	3,223
Total Current Liabilities	8,953	8,833	12,979
TOTAL LIABILITIES AND EQUITY	32,927	33,392	35,659

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Interim Consolidated Cash Flow Statement

	Six Months Ended June 30	
	2011	**2010**
(Amounts in USD 1,000)	**IFRS**	**IFRS**
Cash Flows from Operating Activities		
Net Income / (Loss) for the Period	160	(1,857)
Stock Based Compensation Expense	150	301
Depreciation and Amortization	1,648	2,010
Change in Accounts Receivable	137	(57)
Change in Trade Accounts Payable	(241)	1,319
Change in Other Assets and Liabilities	172	(886)
Cash Flows From Operating Activities	2,026	829
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	(294)	(110)
Cash Flows Used in Investing Activities	(294)	(110)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	(1,800)	(2,006)
Proceeds from Debt Facilities	100	425
Cash Flows Used in Financing Activities	(1,700)	(1,581)
Effect of Exchange Rates on Cash and Cash Equivalents	(36)	23
Net Change in Cash and Cash Equivalents	(4)	(839)
Cash and Cash Equivalents at Beginning of Period	966	2,031
Cash and Cash Equivalents at End of Period	962	1,192

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Interim Consolidated 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, 2009	**4,666**	**73,437**	**5,127**	**3,927**	**(66,263)**	**20,894**
Net Loss for the Period	-	-	-	-	(3,110)	(3,110)
Other Comprehensive Income	-	-	-	-	(5)	(5)
Total Comprehensive Income	-	-	-	-	(3,115)	(3,115)
Equity Element of Expensed Options	-	-	352	-	-	352
Equity December 31, 2010	**4,666**	**73,437**	**5,479**	**3,927**	**(69,378)**	**18,131**
Net Loss for the Period	-	-	-	-	160	160
Other Comprehensive Income	-	-	-	-	(37)	(37)
Total Comprehensive Income	-	-	-	-	123	123
Equity Element of Expensed Options	-	-	150	-	-	150
Equity June 30, 2011	**4,666**	**73,437**	**5,629**	**3,927**	**(69,255)**	**18,405**

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 June 30, 2011, the Company had USD 4.45 million outstanding on its working capital facility and approximately USD 0.5 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 equipment finance lease agreements entered into during late 2009 and early 2010 in support of the Company's Speedway contract (see below) and deferred revenues related to annual subscription contracts.

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. As the on-boarding of Speedway was completed during the second half of 2010, the Company's overall operating results were significantly improved.

As outlined in this report, the Company recorded a net profit of USD 154 thousand during the second quarter of 2011 as compared to USD 6 thousand in the first quarter of 2011. The Company believes this positive trend in net income will continue throughout 2011. Accordingly, with the Company's working capital facility (as noted above) along with current cash reserves, the Company believes it has sufficient liquidity to meet its future obligations.

For more information related to this subject, refer to the Company's 2010 Annual Report and Director's Report.

Risk and Uncertainty

As described in the Company's Annual Report for 2010 (Note 26), the Company's financial risk exposure includes foreign currency risk, credit risk, interest rate risk, and liquidity risk.

In addition to the above described financials risks, the Company is subject to a variety of operating and market risks including but not limited to:

- Network infrastructure could fail which would damage our ability to provide guaranteed levels of service and result in increased customer churn.

- Continued pricing pressure and other competitive developments in the market could impact the Company's ability to grow.
- The Company's ability to grow could be limited as a result of the continued deterioration in the overall U.S. economy and accordingly could impact the net realizable value of the assets of the Company.
- The U.S. and world economic conditions may continue to adversely impact the Company's customer base, leading to additional customer losses or slower growth.
- The Company's success depends on the increased acceptance and use of Software as a Service (SaaS) or hosted service business model by commercial users in the geographical markets where Apptix delivers services to its customers.
- The Company's business model is dependent upon the implementation and execution of a successful channel driven sales strategy.
- The Company's business model requires investment in technology, intellectual property, and other assets that are potentially subject to technological change, impairment and/or obsolescence.
- The Company's results may be adversely affected by currency fluctuations.

The Company has implemented a number of initiatives designed to enhance operating control and efficiency, including taking steps necessary to simplify the Company's overall technical architecture. Over the past 24 months the Company has consolidated its multiple operating platforms and data center facilities into two primary data center facilities and platforms. The Company believes the operational efforts taken over the past 24 months, including its platform consolidation efforts, reduces the Company's exposure of a serious platform outage.

The Company believes the U.S. economy may continue to impact the Company's growth during the second half of 2011. However, the Company believes its efforts with regard to enhancing operating control and efficiency, expanded product/service offerings, and its newly established distribution channels will help mitigate any negative impact that the U.S. economy may have on the Company's near term growth.

Related Parties

Note 24 in the Company's Annual Report for 2010 provides details of transactions with related parties. As described in Note 24, the Company enters into certain transactions with related parties as part of its ordinary course of business. The transactions include a consulting agreement with its Chairman which is approved annually by the Company's shareholders, a services contract with a former Board member and current shareholder to provide legal services at prevailing market rates and an agreement to provide remuneration fees to three shareholders (elected annually by the shareholders) to be members of the Company's nominating committee. Excluding the aforementioned transactions and the compensation of key management and Board of Directors, there were no other related party transactions during the first half of 2011.

Responsibility Statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of June 30, 2011 and for the six month period January 1, 2011 to June 30, 2011 has been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and gives a true and fair view of the Company's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any of the significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

The Board of Directors and Chief Executive Officer
Apptix ASA

/s/Johan Lindqvist
Chairman of the Board

/s/ David Ehrhardt
President and CEO

/s/Terje Rogne
Board Member

/s/Ebba Asly Fahraeus
Board Member

Oslo, Norway/Herndon, Virginia
August 10, 2011