Apptix Reports Third Quarter and Year to Date 2011 Results

Herndon, VA and Oslo, Norway – November 16, 2011 – Apptix® (OSE: APP), the premier provider of hosted business communication and collaboration services, today announced its unaudited financial results for the three and nine months ended September 30, 2011.

Interim Management Report

Overview of the third quarter results:

- **Net Income of USD 271 thousand, a USD 117 thousand improvement quarter over quarter and USD 1.11 million improvement year over year.**
- **EBIT of USD 630 thousand, a USD 110 thousand improvement quarter over quarter and USD 1.03 million improvement year over year.**
- **Revenue of USD 10.2 million, flat quarter over quarter and a 6% increase year over year.**
- **User counts increased to 328,000 during the quarter, an increase of 2% quarter over quarter and 33% year over year.**
- **New user bookings in Q3 increased 22% quarter over quarter; churn improved 24% quarter over quarter.**
- **Signed a partnership with Insight Enterprises, Inc., a global provider of information technology (IT) hardware, software and service solutions to business and public sector organizations. Insight's 2010 revenue was USD 4.8 billion and they are listed at no. 471 on the 2011 Fortune 500 list.**

Highlights

The Company continued its trend of improved operating results in the third quarter reporting Net Income of USD 271 thousand, a USD 117 thousand improvement over the second quarter. The Company saw similar gains in both EBIT and EBITDA during the quarter, now having returned 13 consecutive quarters of positive EBITDA.

As discussed in the Company's second quarter earnings release, the Company reorganized its field organization during the second quarter in an effort to drive efficiency and increase the effectiveness of its market capture strategy by targeting the mid-market and enterprise sector, and aligning both indirect and direct channels to capitalize on specific market segments. The third quarter results showed early success in this new structure with new user bookings increasing 22% quarter over quarter. Additionally, the Company experienced a 28% increase in the dollar value of its direct sales channel as well as a 125% increase in the bookings value from its indirect sales channel, with indirect sales representing about 15% of all bookings in the third quarter. Furthermore, revenues from the Company's voice, and security and compliance products increased by 8% during the quarter. Finally, the Company signed a reseller agreement with Insight to resell the Company's messaging communication services further expanding the Company's indirect sales capability. The Company expects to have this relationship operational by early 2012.

To complement the success it is having in gaining mid-market and enterprise customers, the Company launched an enhanced customer management and priority routing model in July to provide an additional level of focus and service for this market segment. This model has shown early success as measured by a 24% decrease in churn during the third quarter.

"As we head into 2012, driving profitable increases in top line is our priority and we believe the third quarter demonstrated early success from our newly reorganized field organization with substantive gains in both bookings volume and value as well as significantly increased contributions from our channel partners," said David Ehrhardt, President & CEO of Apptix. "Additionally, with our new partnership with Insight and with the success we are seeing from our increasing level of focus on the mid and enterprise market, we believe we have the resources in place to drive double digit top line growth in 2012," said Ehrhardt.

Financial Results – Third Quarter and Year to Date 2011

Revenues totaled USD 10.2 million for the three months ended September 30, 2011, representing nominal growth quarter over quarter and 6% 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 with mid-market and enterprise customers, including Speedway. Revenues for the nine months ended September 30, 2011 totaled USD 30.4 million up 6% from the same period in 2010.

ARPU was relatively stable at USD 14.85 (excluding Speedway) and down 3% 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 10.40.

Operating expenses (including depreciation and amortization) were USD 6.5 million during the third quarter of 2011, down 3% quarter over quarter and 11% year over year. Total operating expenses for the nine months ended September 30, 2011 were USD 20.0 million, down 12% 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 third quarter 2011 was USD 630 thousand, an improvement of USD 110 thousand quarter over quarter and USD 1.03 million year over year. EBIT for the nine months ended September 30, 2011 was USD 1.53 million, compared to a loss of USD 1.4 million during the comparable period in 2010, an improvement of USD 2.9 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 third quarter of 2011 was USD 271 thousand compared to USD 154 thousand in the second quarter of 2011 and a loss of USD 840 thousand in the third quarter of 2010. Net Income was USD 431 thousand for the nine months ended September 30, 2011, compared to a loss of USD 2.7 million during the comparable period in 2010, an improvement of USD 3.1 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 624 thousand during the third quarter of 2011 compared to USD 1.1 million during the second quarter of 2011 and cash usage of USD 373 thousand during the third quarter of 2010. For the first nine months of

2011, cash generated by operating activities, including the impact of changes in currency rates, totaled USD 2.6 million, up from prior year levels of USD 479 thousand.

Equipment purchases, net of financing under equipment leases, during the third quarter of 2011 was USD 80 thousand compared to USD 175 thousand in the second quarter of 2011 and USD 54 thousand in the third quarter of 2010. Equipment purchases, net of financing under equipment leases, during the first nine months of 2011 was USD 374 thousand compared to USD 164 thousand during the first nine months of 2010.

Cash used to satisfy debt and capital lease obligations totaled USD 960 thousand in the third quarter of 2011, no change from second quarter 2011 and third quarter 2010 levels. For the nine months ended September 30, 2011 the Company used USD 2.8 million to satisfy debt and capital lease obligations as compared to USD 2.9 million during the same period of 2010. During the third quarter of 2011, the Company leveraged its working capital facility by USD 250 thousand.

The Company closed the third quarter of 2011 with USD 796 thousand in cash and USD 4.7 million outstanding on its working capital facility. As of September 30, 2011, the Company had approximately USD 1.1 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

Apptix (OSE: APP) is the premier provider of hosted business communication, collaboration, and IT solutions to business of all sizes – from SOHO to Fortune 500 – with particular expertise supporting legal, financial, healthcare, and telecom firms. A pioneer in the hosted services space, Apptix currently serves approximately 330,000 users around the world. Apptix's comprehensive portfolio of Cloud solutions includes Microsoft Exchange email, 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

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Interim Consolidated Income Statement

	Three Months Ended		Nine Months Ended	
	September 30, 2011	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
(Amounts in USD 1,000)	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Operating Revenues				
Recurring Revenues	9,910	9,341	29,657	28,142
Other Revenues	246	249	708	574
Total Operating Revenues	10,156	9,590	30,365	28,716
Cost of Sales				
Direct Costs of Recurring Revenues	2,915	2,650	8,582	7,217
Direct Costs of Other Revenues	121	54	257	166
Total Cost of Sales	3,036	2,704	8,838	7,383
Gross Profit	7,120	6,886	21,526	21,333
Operating Expenses				
Employee Compensation and Benefits	3,382	3,596	10,580	11,317
Other Operational and Administrative Costs	2,254	2,775	6,916	8,496
Depreciation and Amortization	854	915	2,502	2,925
Total Operating Expenses	6,490	7,286	19,998	22,738
Operating Income / (Loss)	630	(400)	1,528	(1,405)
Other Expense				
Interest, net	(328)	(350)	(995)	(1,088)
Other Financial Expense	-	(95)	-	(148)
Total Other Expense	(328)	(445)	(995)	(1,236)
Income / (Loss) Before Income Taxes	302	(845)	533	(2,641)
Income Tax Expense	(31)	5	(101)	(56)
Net Income / (Loss) for the Period	271	(840)	431	(2,697)
Earnings Per Share: Basic	0.00	(0.01)	0.01	(0.03)
Diluted	0.00	0.00	0.01	0.00
Weighted Average Common Shares Outstanding	81,430	81,430	81,430	81,430

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Interim Consolidated Statement of Comprehensive Income

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
(Amounts in USD 1,000)	IFRS	IFRS	IFRS	IFRS
Income / (Loss) for the Period	271	(840)	431	(2,697)
Other Comprehensive Income / (Loss)				
Exchange Rate Differences on Translation of Foreign Operations	24	(34)	(13)	(11)
Total Other Comprehensive Income / (Loss) for the Period	24	(34)	(13)	(11)
Total Comprehensive Income / (Loss) for the Period	295	(874)	418	(2,708)
Attributed to Equity Holders of Parent	295	(874)	418	(2,708)

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Interim Consolidated Statement of Financial Position

(Amounts in USD 1,000)	September - 30 2011 IFRS	December - 31 2010 IFRS	September - 30 2010 IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	23,021	23,043	23,181
Total Intangible Assets, net	23,021	23,043	23,181
Property, Plant and Equipment, net	6,594	6,208	6,717
Total Non-Current Assets	29,615	29,251	29,898
Current Assets			
Accounts Receivable	1,538	1,558	1,706
Other Current Assets	498	539	537
Prepaid Expenses	1,110	1,078	1,649
Cash and Cash Equivalents	796	966	1,172
Total Current Assets	3,942	4,141	5,064
TOTAL ASSETS	33,557	33,392	34,962
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Common Stock	4,666	4,666	4,666
Paid-in Premium Reserve	73,437	73,437	73,437
Other Paid-in Capital	5,687	5,479	5,508
Retained Earnings	(65,032)	(65,451)	(65,042)
Total Shareholders Equity	18,758	18,131	18,569
Long-Term Debt			
Other Long-Term Debt	6,054	6,428	2,817
Total Long-Term Debt	6,054	6,428	2,817
Current Liabilities			
Trade Accounts Payable	1,608	2,268	2,634
Interest Bearing Short-Term Debt	3,381	3,229	7,610
Other Current Liabilities	3,756	3,336	3,332
Total Current Liabilities	8,745	8,833	13,576
TOTAL LIABILITIES AND EQUITY	33,557	33,392	34,962

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Interim Consolidated Cash Flow Statement

	Nine Months Ended September 30	
	2011	**2010**
(Amounts in USD 1,000)	**IFRS**	**IFRS**
Cash Flows from Operating Activities		
Net Income / (Loss) for the Period	431	(2,697)
Stock Based Compensation Expense	208	381
Depreciation and Amortization	2,502	2,925
Change in Accounts Receivable	20	(34)
Change in Trade Accounts Payable	(660)	504
Change in Other Assets and Liabilities	118	(589)
Cash Flows From Operating Activities	2,619	490
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	(374)	(164)
Cash Flows Used in Investing Activities	(374)	(164)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	(2,760)	(2,949)
Proceeds from Debt Facilities	350	1,775
Cash Flows Used in Financing Activities	(2,410)	(1,174)
Effect of Exchange Rates on Cash and Cash Equivalents	(5)	(11)
Net Change in Cash and Cash Equivalents	(170)	(859)
Cash and Cash Equivalents at Beginning of Period	966	2,031
Cash and Cash Equivalents at End of Period	796	1,172

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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	-	-	-	-	431	431
Other Comprehensive Income	-	-	-	-	(13)	(13)
Total Comprehensive Income	-	-	-	-	418	418
Equity Element of Expensed Options	-	-	208	-	-	208
Equity September 30, 2011	**4,666**	**73,437**	**5,687**	**3,927**	**(68,960)**	**18,758**

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 September 30, 2011, the Company had USD 4.7 million outstanding on its working capital facility and approximately USD 0.3 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.

On October 28, 2011, the Company signed a term sheet with its current financial institution to expand its borrowing ratio from trailing two months cash collections to trailing 2.5 months cash collections. Based on the new borrowing ratio, the Company will have USD 1.3 million of borrowing capacity (as compared to USD 0.3 million as noted above) upon completion of the new agreement. Additionally, the borrowings under the working capital facility will now be subject to the bank's prime interest rates up to 2.0% additional percentage points. The new agreement is expected to be completed prior to November 30, 2011.

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 271 thousand during the third quarter of 2011 as compared to USD 154 thousand in the second 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.