

Apptix Reports First Quarter 2012 Results

Herndon, VA and Oslo, Norway – May 9, 2012 – Apptix® (OSE: APP), the premier provider of hosted business communication and collaboration services, today announced its unaudited financial results for the three months ended March 31, 2012.

Interim Management Report

Overview of the first quarter results:

- **Dollar value of bookings/sales increased 59% quarter over quarter to USD 390,000 of quarterly recurring revenues, user value increased 65% quarter over quarter, driven by increases in security and compliance, sharepoint and sales from expanding channel.**
- **Ending user count of 351,000, an increase of 4.5% quarter over quarter and 11% year over year.**
- **Revenue of USD 10.3 million, flat quarter over quarter and an increase of 2% year over year, as sales backlog (contracted revenue, but not yet implemented or billable) grows.**
- **Net Income of USD 102 thousand, a decrease of USD 170 thousand quarter over quarter and an increase of USD 96 thousand year over year, as the Company makes targeted investments to support expanding channel.**
- **Signed channel partnership agreement with the wholesale division of Sprint Nextel Corporation, a USD 34 billion provider of wireless and wire line voice and data transmission services to resell the Company's communications and collaboration services on a white-label basis.**

Highlights

The Company experienced a record breaking quarter as the dollar value of bookings increased to approximately USD 390,000 in quarterly recurring revenue, an increase of 59% quarter over quarter. Bookings during the quarter were driven primarily by increases in security and compliance services, sharepoint services and sales to mid-market accounts. Sales to accounts greater than 100 users represented approximately 59% of the first quarter sales, while sales through the Company's expanding partner network contributed approximately 10%. However, Insight Enterprises, Inc. and MegaPath Corp., channel relationships signed in the fourth quarter of 2011, launched their private labeled cloud services in late February and, therefore, had only a minor contribution during the first quarter. Additionally, the Company continued to expand its channel partner network with the addition of Sprint Nextel Corporation, a USD 34 billion provider of wireless and wire line voice and data transmission services. Sprint with be reselling the Company's communications and collaboration services on a white-label basis through its wholesale partner network.

The Company exited the quarter with 351,000 end users, an increase of 4.5% quarter over quarter as a result of the strong sales experienced during the quarter. However, because 59% of the first quarter sales were to accounts with greater than 100 users and sales through the Company's partner network, the Company experienced an increase in the average implementation time. As a result, the Company ended

the quarter with over 10,000 users of backlog (sold, but not yet implemented) and did not experience a corresponding increase in revenue because most of the user growth completed implementation in the final weeks of the quarter. Accordingly, revenue for the quarter was flat at USD 10.3 million. As the Company increasingly relies on sales to mid-market customers and sales through its expanding channel network it is anticipated that increases in revenue will trail user growth by approximately one quarter.

The Company continued to operate at net income positive levels, however, as anticipated the Company made targeted investments during the first quarter in support of the Company's expanding partner network which totaled about USD 300 thousand. Accordingly, net income was USD 102 thousand for the first quarter, a decrease of USD 170 thousand quarter over quarter. While additional investments remain to be made, the Company anticipates future revenue increases will more than offset these investments and the Company's net income growth trend will return in the second half of 2012.

"Our channel first growth strategy focused on the mid-market and enterprise is beginning to deliver results," said David Ehrhardt, CEO of Aptix. "The Company experienced record bookings in the first quarter both in terms of dollars and users as we continued to add accounts with greater than 100 users and began to see our channel partner network produce. Further, our efforts made to expand the number of large user accounts continues to drive opportunity for service upsell as sales of security and compliance and sharepoint services expand significantly. As a result, we continue to see margin enhancement which allows us to increasingly support our expanding partner network with targeted investments like sales and account management headcount increases and enhanced customer acquisition, migration and support toolsets without the need for additional capital, while at the same time keeping the Company operating in the black, which in turn will drive further increases in sales," said Ehrhardt.

Financial Results – First Quarter 2012

Revenues totaled USD 10.3 million for the three months ended March 31, 2012, flat quarter over quarter 2011 and 2% higher than the corresponding period in 2011. During the quarter, the Company recorded bookings (related to recurring revenue values) of approximately USD 130,000 representing increases of 59% quarter over quarter and 12% year over year. The record bookings were driven by sales of security & compliance, VoIP and SharePoint products primarily within the Company's mid market accounts. ARPU was USD 10.00 down 3.8% from fourth quarter 2011 levels and down 6% from first quarter 2011. During the fourth quarter of 2011, the Company recorded a higher than normal level of Non-Recurring Revenues ("NRR") which lifted Q4-11 ARPU by USD 0.15 per user. Excluding the effects of the aforementioned NRR, the decline quarter over quarter was 2.4%. The year over year decline was due to a combination of price concessions related to conversions to longer term contracts along with a shift in the mobility service market to Active Synch versus Blackberry.

Operating expenses (including depreciation and amortization) totaled USD 7.0 million during the first quarter of 2012, up 2% both quarter over quarter and year over year. During the first quarter of 2012, the Company made targeted investments of approximately USD 300 thousand related to support of pending channel growth, customer acquisition, migration and support toolset enhancements and staff augmentation.

EBIT for the first quarter 2012 totaled USD 420 thousand, down USD 207 quarter over quarter (due to the aforementioned investments) and up USD 42 thousand year over year.

Net Income for the first quarter of 2012 totaled USD 102 thousand compared to USD 272 thousand in the fourth quarter of 2011 and USD 6 thousand in the first quarter of 2011.

Cash generated by operating activities, including the impact of changes in currency rates, totaled USD 1.1 million during the first quarter of 2012 flat quarter over quarter and up USD 171 thousand as compared to the first quarter of 2011.

Equipment purchases, net of financing under equipment leases, during the first quarter of 2012 were USD 122 thousand compared to USD 142 thousand during the fourth quarter of 2011 and USD 119 thousand in the first quarter of 2011. Cash used to satisfy debt and capital lease obligations was USD 936 thousand in the first quarter of 2012, compared to USD 983 thousand in the fourth quarter of 2011 and USD 850 thousand in the first quarter of 2011.

The Company closed the first quarter of 2012 with USD 812 thousand in cash and USD 4.7 million outstanding on its working capital facility. Overall cash balances increased USD 44 thousand during the first quarter with no change in the Company's outstanding working capital facility as compared to December 31, 2011.

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, 2011. The enclosed consolidated condensed financial statements should be read in conjunction with the Company's 2011 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.

Apptix ASA
Interim Consolidated Income Statement

(Amounts in USD 1,000)	Three Months Ended	
	March 31, 2012	March 31, 2011
	IFRS	IFRS
Operating Revenues		
Recurring Revenues	10,063	9,890
Other Revenues	238	196
Total Operating Revenues	<u>10,301</u>	<u>10,086</u>
Cost of Sales		
Direct Costs of Recurring Revenues	2,857	2,811
Direct Costs of Other Revenues	55	61
Total Cost of Sales	<u>2,912</u>	<u>2,872</u>
Gross Profit	7,389	7,214
Operating Expenses		
Employee Compensation and Benefits	3,648	3,674
Other Operational and Administrative Costs	2,415	2,335
Depreciation and Amortization	906	827
Total Operating Expenses	<u>6,969</u>	<u>6,836</u>
Operating Income	420	378
Other Expense		
Interest, net	(280)	(346)
Other Financial Expense	-	-
Total Other Expense	<u>(280)</u>	<u>(346)</u>
Income Before Income Taxes	140	32
Income Tax Expense	(38)	(26)
Net Income for the Period	<u>102</u>	<u>6</u>
Earnings Per Share:		
Basic	<u>0.00</u>	<u>0.00</u>
Diluted	<u>0.00</u>	<u>0.00</u>
Weighted Average Common Shares Outstanding	<u>81,912</u>	<u>81,430</u>

Aptix ASA
Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three Months Ended	
	March 31, 2012	March 31, 2011
	IFRS	IFRS
Income for the Period	102	6
Other Comprehensive Income / (Loss)		
Exchange Rate Differences on Translation of Foreign Operations	(20)	(21)
Total Other Comprehensive Income / (Loss) for the Period	(20)	(21)
Total Comprehensive Income / (Loss) for the Period	82	(15)
Attributed to Equity Holders of Parent	82	(15)

Apptix ASA
Interim Consolidated Statement of Financial Position

	March - 31	December - 31	March - 31
(Amounts in USD 1,000)	2012	2011	2011
	IFRS	IFRS	IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	22,811	22,931	23,239
Total Intangible Assets, net	22,811	22,931	23,239
Property, Plant and Equipment, net	6,114	6,753	5,904
Total Non-Current Assets	28,925	29,684	29,143
Current Assets			
Accounts Receivable	1,578	1,640	1,547
Other Current Assets	445	451	492
Prepaid Expenses	1,306	992	921
Cash and Cash Equivalents	812	768	928
Total Current Assets	4,141	3,851	3,888
TOTAL ASSETS	33,066	33,535	33,031
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	5,823	5,749	5,549
Retained Earnings	(64,664)	(64,746)	(65,466)
Total Shareholders Equity	19,262	19,106	18,186
Long-Term Debt			
Other Long-Term Debt	553	5,798	5,928
Total Long-Term Debt	553	5,798	5,928
Current Liabilities			
Trade Accounts Payable	1,310	1,425	2,041
Interest Bearing Short-Term Debt	7,831	3,497	3,184
Other Current Liabilities	4,110	3,709	3,692
Total Current Liabilities	13,251	8,631	8,917
TOTAL LIABILITIES AND EQUITY	33,066	33,535	33,031

Aptix ASA
Interim Consolidated Cash Flow Statement

(Amounts in USD 1,000)	Three Months Ended March 31	
	2012	2011
	IFRS	IFRS
Cash Flows from Operating Activities		
Net Income for the Period	102	6
Stock Based Compensation Expense	74	70
Depreciation and Amortization	906	827
Change in Accounts Receivable	62	11
Change in Trade Accounts Payable	(115)	(227)
Change in Other Assets and Liabilities	75	265
Cash Flows From Operating Activities	1,104	952
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	(122)	(119)
Cash Flows Used in Investing Activities	(122)	(119)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	(936)	(850)
Cash Flows Used in Financing Activities	(936)	(850)
Effect of Exchange Rates on Cash and Cash Equivalents	(2)	(21)
Net Change in Cash and Cash Equivalents	44	(38)
Cash and Cash Equivalents at Beginning of Period	768	966
Cash and Cash Equivalents at End of Period	812	928

Apptix ASA
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 / (Loss)	-	-	-	-	(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 Income for the Period	-	-	-	-	703	703
Other Comprehensive Income / (Loss)	-	-	-	-	1	1
Total Comprehensive Income	-	-	-	-	704	704
Equity Element of Expensed Options	-	-	270	-	-	270
Equity December 31, 2011	4,666	73,437	5,749	3,927	(68,674)	19,106
Net Income for the Period	-	-	-	-	102	102
Other Comprehensive Income / (Loss)	-	-	-	-	(20)	(20)
Total Comprehensive Income	-	-	-	-	82	82
Equity Element of Expensed Options	-	-	74	-	-	74
Equity March 31, 2012	4,666	73,437	5,823	3,927	(68,592)	19,262

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 over 350,000 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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Selected Explanatory Notes to Aptix ASA Interim Condensed Financial Statements

Working Capital Facility

The Company maintains a revolving credit facility with its bank with a borrowing limit of USD 6 million. Amounts available under the working capital facility were previously subjected to a borrowing base formula equal to 75% of the Company's trailing two months cash collections. However, on November 16, 2011, the Company entered into a Fifth Loan Modification Agreement whereby its borrowing ratio calculation was adjusted from trailing two months cash collections to trailing 2.5 months cash collections. Additionally, the interest rate to which borrowings under the facility are subjected was lowered to the bank's prime interest rates plus up to 2 additional percentage points (down from up to 2.5 additional percentage points previously). No other material terms were modified. The term of the working capital facility continues through January 31, 2013. As of March 31, 2012, the Company had USD 4.7 million outstanding on its working capital facility and approximately USD 1.3 million of borrowing capacity. As of March 31, 2012 the working capital facility is reflected as a current obligation pending renewal in January 2013. Any amounts under the revolving credit facility may be repaid and re-borrowed at any time prior to the maturity date. This 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 Company will begin discussions with its financial institution in the next three to six months regarding a renewal. The Company has renewed its current working capital facility three times since original inception in 2008.

Working Capital

The Company is currently operating in a negative working capital position. The negative working capital position is primarily the result of the current obligations related to equipment finance lease agreements, deferred revenues related to annual subscription contracts and the Company's aforementioned working capital facility which matures in January 2013.

As outlined in this report, the Company recorded a net profit of USD 102 thousand during the first quarter of 2012 marking the fifth consecutive quarter of positive net income. Additionally, the Company generated cash of USD 1.1 million during the first quarter from operating activities, amounts sufficient to satisfy the Company's debt and capital lease obligations. The Company believes this positive trend in net income and cash flow from operating activities will continue for the foreseeable future. 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 current and future obligations.

For more information related to this subject, refer to the Company's 2011 Annual Report and Director's Report.