

Apptix Reports Third Quarter and Year to Date 2012 Results

Herndon, VA and Oslo, Norway – November 7, 2012 – 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, 2012.

Interim Management Report

Overview of the third quarter results:

- **Dollar value of bookings increased 15% quarter over quarter to USD 456 thousand of quarterly recurring revenue.**
- **Revenue of USD 11 million, an increase of 3% quarter over quarter and 8% year over year.**
- **Ending user count of 376,000, an increase of 4% quarter over quarter and 15% year over year.**
- **Net Income of USD 423 thousand, an increase of 40% quarter over quarter and 56% year over year.**
- **Signed channel partnership agreement with Infian, an information and security focused technology integrator for healthcare, government, education and commercial organizations, to resell the Company's communications and collaboration services on a white-label basis.**

Highlights

The Company again experienced solid increases in bookings during the quarter as the value of bookings increased 15% quarter over quarter and 48% year over year to USD 456 thousand of quarterly recurring revenues. The increase in bookings during the quarter was primarily driven by sales to accounts with greater than 100 users, including new Speedway facilities, which accounted for approximately 66% of user bookings during the third quarter. Additionally, the Company continues to see progress in its channels first growth strategy with channel sales accounting for 30% of all bookings value year to date and the addition of Infian, an information and security focused technology integrator, to its channel partner network during the third quarter. Infian will be reselling the Company's communications and collaboration services on a white-label basis. As a result of the Company's increased sales activity, the Company ended the quarter with 376,000 end users, an increase of 4% quarter over quarter and 15% year over year.

Revenue for the quarter was USD 11 million, an increase of 3% quarter over quarter and 8% year over year. Additionally, backlog (recurring revenue sold, but not yet implemented and therefore not being realized) continued to develop during the third quarter increasing 150% to USD 303 thousand of quarterly recurring revenue, a trend expected to continue as the Company increasingly relies on sales to mid-market customers and sales through its expanding channel network which typically have implementation cycles of 90 to 120 days.

Net income was USD 423 thousand during the third quarter, an increase of 40% quarter over quarter and 56% year over year. As previously discussed, the Company continued to make targeted investments during the quarter in support of the Company's expanding partner network; however, these costs were

primarily offset by operating efficiencies gained elsewhere resulting in a better than anticipated overall net margin for the quarter.

“We saw solid progress in all facets of our growth strategy during the third quarter; expanding sales to mid market and enterprise accounts, expanding our channel partner network as well as sales volume through that network and upsell of our expanding service portfolio into our customer base,” said David Ehrhardt, CEO of Aptix. “Additionally, we continue to demonstrate the operating leverage of our platform as net income continues to grow. Our challenge moving forward will be to further strengthen our channel partner network and to increase the sales leverage of the partners within the network. As I have discussed, developing a reliable, consistently performing channel partner network is more like running a marathon than a sprint and while we are pleased with the progress to date, we recognize we have further work to do in order to achieve consistent double digit revenue growth on an annual basis” said Ehrhardt.

Financial Results – Third Quarter and Year to Date 2012

Revenues totaled USD 10.98 million for the three months ended September 30, 2012, representing an increase of 3% quarter over quarter and 8% year over year. The growth in the Company’s revenues continues to be driven by increases in active user counts, primarily from user gains in the mid-market and enterprise accounts. Revenues for the nine months ended September 30, 2012 totaled USD 31.98 million up 5% from the same period in 2011.

Average Revenue per User (“ARPU”) for the period was USD 10.05 as compared to USD 10.15 during the second quarter of 2012 and USD 10.41 for the comparable period in 2011. The year over year decline of 3% was due to a combination of price concessions related to conversions to longer term contracts along with sales from our wholesale channel model which typically carry a lower ARPU.

Operating expenses (including depreciation and amortization) were USD 7.4 million during the third quarter of 2012, an increase of 3% quarter over quarter and 13% year over year. Total operating expenses for the nine months ended September 30, 2012 were USD 21.5 million, an increase of 7% from the same period in 2011. During the first nine months of 2012, the Company made targeted investments of approximately USD 900 thousand related to support of pending channel growth, customer acquisition, migration and support toolset enhancements and staff augmentation.

EBIT for the third quarter 2012 was USD 697 thousand, an increase of 10% quarter over quarter and 11% year over year. EBIT for the nine months ended September 30, 2012 was USD 1.8 million, an increase of 15% over the comparable period in 2011. These improvements were driven primarily by revenue gains in the mid-market which have higher relative margin contributions.

Net Income for the third quarter of 2012 was USD 423 thousand an increase of 40% quarter over quarter and 56% year over year. Net Income was 827 thousand for the nine months ended September 30, 2012, an increase of 92% compared to the same period in 2011. As mentioned above, the improvements in the net results were the result of gains in revenue along with improvements in operational efficiencies.

Cash generated by operating activities, including the impact of changes in currency rates, totaled USD 1.4 million during the third quarter of 2012 compared to USD 1.5 million during the second quarter of 2012 and USD 624 thousand in the third quarter of 2011. For the nine months ended September 30, 2012, cash generated by operating activities, including the impact of changes in currency rates, totaled USD 4.0 million, up from prior year levels of USD 2.6 million.

Equipment purchases, net of financings under equipment leases, during the third quarter of 2012 was USD 136 thousand consistent with the second quarter of 2012 and up from USD 80 thousand in the third quarter of 2011. Equipment purchases, net of financings under equipment leases, during the first nine months of 2012 was USD 393 thousand compared to USD 374 thousand during the same period in 2011.

Cash used to satisfy debt and capital lease obligations (excluding proceeds from the Company's working capital facility) was USD 860 thousand in the third quarter of 2012, down from second quarter 2012 of USD 884 thousand and the third quarter 2011 of USD 960 thousand. Net cash used by financing activities totaled USD 2.7 million during the first nine months of 2012 as compared to USD 2.4 million during the same period of 2011. The Company utilized USD 350 thousand of its working capital facility during the third quarter of 2011.

The Company closed the third quarter of 2012 with USD 1.7 million in cash and USD 4.7 million outstanding on its working capital facility. There has been no change in the amount outstanding on the Company's working capital facility during 2012. As of September 30, 2012, the Company had approximately USD 3.0 million of combined cash and available borrowing capacity under its working capital facility.

Apptix ASA
Interim Consolidated Income Statement

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
(Amounts in USD 1,000)	IFRS	IFRS	IFRS	IFRS
Operating Revenues				
Recurring Revenues	10,710	9,910	31,265	29,657
Other Revenues	272	246	712	708
Total Operating Revenues	<u>10,982</u>	<u>10,156</u>	<u>31,977</u>	<u>30,365</u>
Total Cost of Sales	<u>2,933</u>	<u>3,036</u>	<u>8,751</u>	<u>8,838</u>
Gross Profit	8,049	7,120	23,226	21,526
Operating Expenses				
Employee Compensation and Benefits	3,683	3,382	10,969	10,580
Other Operational and Administrative Costs	2,732	2,254	7,736	6,916
Depreciation and Amortization	937	854	2,768	2,502
Total Operating Expenses	<u>7,352</u>	<u>6,490</u>	<u>21,473</u>	<u>19,998</u>
Operating Income	697	630	1,753	1,528
Other Expense				
Interest, net	(233)	(328)	(785)	(995)
Total Other Expense	<u>(233)</u>	<u>(328)</u>	<u>(785)</u>	<u>(995)</u>
Income Before Income Taxes	464	302	968	533
Income Tax Expense	(41)	(31)	(141)	(101)
Net Income for the Period	<u>423</u>	<u>271</u>	<u>827</u>	<u>431</u>
Earnings Per Share: Basic	0.00	0.00	0.01	0.01
Earnings Per Share: Diluted	0.00	0.00	0.00	0.00
Weighted Average Common Shares Outstanding	<u>82,487</u>	<u>81,430</u>	<u>82,184</u>	<u>81,430</u>

Aptix ASA
Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three Months Ended		Nine Months Ended	
	September 30, 2012 IFRS	September 30, 2011 IFRS	September 30, 2012 IFRS	September 30, 2011 IFRS
Income for the Period	423	271	827	431
Other Comprehensive Income / (Loss)				
Exchange Rate Differences on Translation of Foreign Operations	23	24	(22)	(13)
Total Other Comprehensive Income / (Loss) for the Period	23	24	(22)	(13)
Total Comprehensive Income / (Loss) for the Period	446	295	805	418
Attributed to Equity Holders of Parent	446	295	805	418

Apptix ASA
Interim Consolidated Statement of Financial Position

(Amounts in USD 1,000)	September - 30	December - 31	September - 30
	2012	2011	2011
	IFRS	IFRS	IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	22,744	22,931	23,021
Total Intangible Assets, net	22,744	22,931	23,021
Property, Plant and Equipment, net	6,162	6,753	6,594
Total Non-Current Assets	28,906	29,684	29,615
Current Assets			
Accounts Receivable	1,613	1,640	1,538
Other Current Assets	362	451	498
Prepaid Expenses	1,192	992	1,110
Cash and Cash Equivalents	1,719	768	796
Total Current Assets	4,886	3,851	3,942
TOTAL ASSETS	33,792	33,535	33,557
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	5,933	5,749	5,687
Retained Earnings	(63,941)	(64,746)	(65,032)
Total Shareholders Equity	20,095	19,106	18,758
Long-Term Debt			
Other Long-Term Debt	1,050	5,798	6,054
Total Long-Term Debt	1,050	5,798	6,054
Current Liabilities			
Trade Accounts Payable	1,130	1,425	1,608
Interest Bearing Short-Term Debt	7,172	3,497	3,381
Other Current Liabilities	4,345	3,709	3,756
Total Current Liabilities	12,647	8,631	8,745
TOTAL LIABILITIES AND EQUITY	33,792	33,535	33,557

Apptix ASA
Interim Consolidated Cash Flow Statement

(Amounts in USD 1,000)	Nine Months Ended September 30	
	2012	2011
	IFRS	IFRS
Cash Flows from Operating Activities		
Net Income for the Period	827	431
Stock Based Compensation Expense	184	208
Depreciation and Amortization	2,768	2,502
Change in Accounts Receivable	27	20
Change in Trade Accounts Payable	(295)	(660)
Change in Other Assets and Liabilities	516	118
Cash Flows From Operating Activities	4,027	2,619
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	(393)	(374)
Cash Flows Used in Investing Activities	(393)	(374)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	(2,680)	(2,760)
Proceeds from Debt Facilities	-	350
Cash Flows Used in Financing Activities	(2,680)	(2,410)
Effect of Exchange Rates on Cash and Cash Equivalents	(3)	(5)
Net Change in Cash and Cash Equivalents	951	(170)
Cash and Cash Equivalents at Beginning of Period	768	966
Cash and Cash Equivalents at End of Period	1,719	796

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	-	-	-	-	827	827
Other Comprehensive Income / (Loss)	-	-	-	-	(22)	(22)
Total Comprehensive Income	-	-	-	-	805	805
Equity Element of Expensed Options	-	-	184	-	-	184
Equity September 30, 2012	4,666	73,437	5,933	3,927	(67,869)	20,095

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 – and blue chip channel partners including Insight Enterprises, Inc., MegaPath Corp., Cincinnati Bell, Inc., Web.com, and Sprint Nextel Corporation. A pioneer in the hosted services space, Apptix currently serves over 375,000 users around the world. Apptix's comprehensive portfolio of Cloud solutions includes Microsoft Exchange email, VoIP, Microsoft SharePoint, Web Conferencing, and Secure IM with Presence. Services are delivered over a highly reliable network leveraging best-in-class technology, housed in SSAE 16/SAS 70-compliant datacenters, and backed by U.S.-based 24/7 support. For more information, visit www.apptix.com

For further information:

Johan Lindqvist (Chairman)
johan.lindqvist@windchange.se
+46 733 55 09 35

David Ehrhardt (CEO)
david.ehrhardt@apptix.com
+ 1 703 890 2800

Chris Mack (CFO)
chris.mack@apptix.com
+ 1 703 890 2800

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 September 30, 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 September 30, 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 has begun discussions with its financial institution regarding its 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 423 thousand during the third quarter of 2012 marking the seventh consecutive quarter of positive net income. Additionally, the Company generated cash of USD 1.4 million during the third 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.