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BATM Advanced Communications Limited

("BATM" or "the Company")

Interim Management Statement

Achieved break-even for Q3 2012 as expected

BATM Advanced Communications Limited (LSE: BVC; TASE: BATM), a leading provider of real-time technologies for the networked telecoms and medical laboratory equipment markets, announces its interim management statement for the period from 1 July 2012 to 30 September 2012.

Trading update

Total revenues in the third quarter of 2012 were $24.7 million compared with $26.0 million for the equivalent period in 2011, excluding revenues from the discontinued legacy telecom business. Revenue from the Company's contract with Nokia amounted to only $0.6m in this quarter compared with $2.8m in Q3 2011. As a result, excluding the Nokia contribution, the Company's revenues grew year-on-year by 3.9%.

Specifically, the sales mix consisted of 55% from the Telecoms division and 45% from the Medical division compared with 59% and 41% respectively in Q3 2011, highlighting the growing contribution of the Medical business. The blended gross margin for the quarter was 31.7% compared with 35.9% for the same period of 2011, primarily due to sales mix and a lower margin in the Telecoms division, which is expected to slightly improve with the higher revenues anticipated in Q4 2012.

The decline in gross profit margin in the quarter was offset by lower operating expenses at both the Medical and Telecoms divisions. As a result, as anticipated in its interim results statement, the Company achieved a cumulative break-even result for the nine months to 30 September 2012 and expects to continue into profitability in the final quarter.

Financial position

The Company's balance sheet remains strong and at 30 September the effective cash balance stood at $41.3 million, very similar to the cash position at 30 June 2012 of $42.3 million

Telecoms division

The Telecoms division won several new customers, including in Europe, US and Latin America. During the period, the Company's Telco Systems ("Telco") subsidiary successfully launched its T-Metro 8000 carrier cloud gateway and service aggregation platform. The Company has commenced selling the T-Metro 8000 and further units are in the POC (Proof Of Concept) stage with existing and new customers. The T-Metro 8000 is Telco's largest platform to date, and validates the Company's strategy to focus on providing complete Ethernet access and cloud gateway solutions to customers and to compete successfully with the leading vendors.

Medical division

Through achieving higher revenues and lower operating expenses, operating losses in the Medical division for the quarter were lower than those in the same period last year. The Company is particularly pleased to report the following achievements during the quarter:

· Signed an initial OEM agreement with one of the leading sterilization manufacturers to market one of the Company's products in the US. BATM is now going through the FDA process to obtain the requisite regulatory approvals, and expects to receive certification for the product and start generating revenues in the US market by the end of the first half of 2013;

· Several Integrated Sterilizer and Shredder (ISS) machines, for pathogenic waste disposal, have been sold, with additional countries entering the certification and distribution cycle;

- Significant progress was made in the diagnostics business including with the Company's closed system, Eclectica, where BATM provides both the instrument and its related reagents. The Company has shipped more than 72 units year-to-date, compared with 22 units for the whole of 2011;

- Substantial growth in the sales of the Company's own manufactured reagents is expected before year-end 2012 as BATM ramps manufacturing capacity to meet with the increase in orders. In addition, following the receipt of CE certifications for Hepatitis C and HIV screening kits during the first half of the year in Europe, the Company has continued to progress towards obtaining the equivalent certifications in China, with first approvals expected before the end of the first half of 2013.

Before 31 December 2012, BATM intends to launch several new products in the diagnostics and sterilization businesses, which it expects will have a positive impact on the Company's performance in 2013 and beyond.

Additional listing on Tel Aviv Stock Exchange

The Company successfully listed its shares on the Tel Aviv Stock Exchange ("TASE"), with trading commencing on 19 September 2012 under the symbol "BATM". As the Company is the first to dual list on the LSE's main market and TASE, it has needed to successfully overcome several trading issues in enabling its shares to be available for trading on the TASE.

Outlook

As stated previously, in the Telecoms division, the Company expects to continue to increase contributions from the OEM agreements signed late last year as well as generate growth in the IP business.

In the Medical division, all parts of the business are expected to achieve growth due to:

- Expansion of the distribution business in Eastern Europe

- Significant growth of the diagnostics business following the receipt of certifications as it expands its production and distribution to meet demand

- Increase in demand for the medical waste disposal solutions

Looking ahead, despite the weak global trading environment, the Company expects both the Telecoms and Medical divisions to continue to make good progress and grow in 2013.

Enquiries

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