

18 November 2014

**BATM Advanced Communications Limited
("BATM" or "the Group")**

Business Update and Appointment of Chairman

BATM Advanced Communications Limited (LSE: BVC; TASE: BATM), a leading provider of real-time technologies for networking solutions and medical laboratory systems, provides the following update on trading and announces the appointment of Dr. Gideon Chitayat, the current Vice-Chairman of the Group, as Chairman of the Group following the previously stated retirement of Peter Sheldon, Chairman, at the end of this year. Dr. Chitayat will assume his post on 1 January 2015.

Business Update

As noted in the Group's interim results, the momentum of the first half of 2014 in the Medical division has been maintained into the second half of the year. However, the Telecom division has suffered from a longer-than-anticipated sales cycle as it continues to rebuild and implement its new strategy of focusing on Tier 1 customers.

In the Medical division, the Distribution unit has continued to grow revenues organically in all territories. The Pathogenic Waste Treatment Sterilisation unit has launched a new version of a smaller sterilizer designed for dialysis centres and laboratories. The Group has already received several orders for the new sterilizer, and will supply 40 devices by the end of the year. The Diagnostics unit is installing additional equipment to expand production capacity to meet the anticipated growth in demand. The installation is scheduled to complete during the first quarter of 2015 and is expected to enable production capacity to almost double in 2015. As the Diagnostics and Pathogenic Waste Treatment Sterilisations units continue to grow, the Medical division is expected to be the main driver of Group revenues over the next six to 12 months.

The Telecom division remains focused on the new strategy of concentrating mainly on Tier 1 clients, SDN (Software Driven Networks) and NFV (Network Functions Virtualization). This has brought its challenges as the sales cycle has been slightly longer than anticipated and, consequently, it has not served to offset the previously-stated decline in sales of end-of-life products as expected. The division is, however, beginning to experience positive momentum. As announced today, it has been awarded a contract, worth approximately \$2m, by a major mobile network operator in the Asia Pacific region to provide services, in 2014 and 2015, as part of its large-scale network modernization that will deliver 4G/LTE services to an expanding subscriber base. BATM is expected to benefit from increasing demand in 2015 as the market transitions to these technologies. The Group also signed a joint collaboration and marketing agreement with Oracle, and is already in discussions with several potential customers, which it believes will be material to the growth of BATM in 2015 and beyond. As a result, whilst revenues in the Telecoms division will be lower in 2014 compared with the previous year, the Group expects to return to growth in 2015.

As a result, BATM expects that revenues and profit for the full year 2014 will be slightly lower compared with 2013 and below market expectations. The Group's balance sheet and cash position remain strong.

Appointment of Chairman

BATM is pleased to announce the appointment of Dr. Gideon Chitayat as Chairman of the Group with immediate effect. Dr. Chitayat replaces Peter Sheldon who retires from his position as Chairman and as a non-executive director of BATM. Dr. Chitayat joined the Board of BATM as a non-executive director in June 2010 and has served as Vice-Chairman since 2012.

Peter Sheldon, Chairman of BATM, said: "I am proud to have headed a company that has not only survived the gyrations that have seen many companies disappear but one that has been able to rebase its activities to provide a platform that promises greater stability and renewed growth. My colleagues on the Board of BATM have been a great support and I thank them for that. I thank, also, our shareholders who have placed their confidence in the Group over many years. I am delighted that Gideon has been chosen to be my successor. He will help to ensure that BATM will fulfil the expectations that our patient shareholders have every reason to expect and which our current business strategy is designed to deliver."

Dr. Zvi Marom, Chief Executive Officer of BATM, said: "On behalf of the management team, the employees of the Group and me personally, I would like to convey my heartfelt thanks to Peter for his energy, enthusiasm and vision. He has been a friend and tremendous counsel to us, charting a course that has seen BATM become a major global business. We wish him all the best in his retirement. We are delighted to have some continuity and stability at the Board with the appointment of Dr. Gideon as our Chairman as the Group continues to rebuild its Telecom division whilst supporting the growth in the Medical division."

Enquiries

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