

23 March 2016

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

Preliminary results for the year ended 31 December 2015

BATM Advanced Communications Limited (LSE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, announces its preliminary results for the year ended 31 December 2015.

Transformational Year Completed

- Overall Group performance amounted to growth of 2.3% in revenue compared with 2014 on a constant currency basis. However, currency fluctuations had an adverse impact of \$14.6m on reported revenue, but an immaterial effect on the operating profit
- Group returned to operating profitability driven by growth of Bio-Medical Division
- Bio-Medical Division profitable for the first time in the Group's history
- Telecom Division started showing recovery as it reported operating profit in H2 2015
- New products and technologies continued to increase sales and replace legacy products, positioning the Group to further improve revenues and gross margins

Financial Summary

- Group revenues of \$97.1m (2014: \$109.2m); on a constant currency basis, revenues amounted to \$111.7m (2014: \$109.2m)
- Gross margin of 31.8% (2014: 31.2%)
- EBITDA of \$2.5m (2014: \$0.9m)
- Adjusted* operating profit of \$0.7m (2014: \$1m loss)
- Adjusted** basic earnings per share of 0.02¢ (2014: 0.36¢ loss per share)
- Cash outflow of \$2.2m (2014: outflow of \$5.3m)
- As at 31 December 2015, the Group had cash and cash equivalents and financial assets of \$23.8m (30 June 2015: \$30.2m; 31 December 2014: \$34.9m)

*Adjusted to exclude the amortisation of intangible assets

**Adjusted to exclude the amortisation of intangible assets and certain non-operational items (note 3)

Operational Summary

Bio-Medical Division (54% of total sales)

- Gross margin improved to 25% compared with 23% in 2014
- Distribution business grew, in absolute terms, in all markets
- Diagnostics unit reached breakeven
 - Gross margin grew to 34.3%, compared with 21.3% in 2014, as sales of reagents increased dramatically
 - Entered into an agreement with Gamida for Life ("Gamida") to establish a joint venture company, Ador, to progress the development and marketing of a unique rapid-results molecular diagnostics system
- Pathogenic Waste Treatment and Sterilisation unit received its first significant contract for its biological waste solution developed for the biopharmaceutical industry and its first two major contracts in the agricultural sector with an initial value of approximately \$2.2m
- Post period, BATM acquired Green Lab Hungary Engineering Ltd ("Green Lab"), a developer and distributor of analytical instruments, for \$3.8m in cash. For full year 2015, Green Lab generated unaudited revenues of \$3.3m and an operating profit of \$0.62m

Telecom Division (cyber security and networked telecoms) (46% of total sales)

- Achieved an operating profit for H2 2015 due to tight cost control, resulting in FY 2015 adjusted operating profit of \$0.3m compared with \$0.9m loss in H2 2014 and \$0.2m loss in H1 2015
- Selected by a tier 1 network operator in APAC region to support the customer's migration from SDH-based network nodes to Carrier Ethernet 2.0
- Awarded contract for a major mobile backhaul 10GE upgrade by a leading North American operator
- Launched industry's first quad-tech demarcation device, T-Marc 3308
- The Group's cyber unit, together with the Celare cyber security subsidiary, was awarded a significant contract – with an initial value of \$3.7m, which is expected to increase with further orders to a total value of at least \$10m – as sole supplier for the delivery of a cyber-security solution to a government defence ministry, and subsequently received an additional \$1m contract modification

Commenting on the results, Dr Zvi Marom, Chief Executive Officer of BATM, said:

"We believe that we have turned a corner and transformed the Group in both our divisions. In particular, the Diagnostics unit reached a major milestone by reaching breakeven for the first time and also increased its production capacity, for both instruments and reagents, to cater for anticipated demand in 2016. We also gained significant traction in our other emerging growth units with the first multi-million dollar contracts for cyber and treatment of biohazardous waste in the biopharma and agri-business sectors. As a result, on a constant currency basis, we achieved an increase in Group revenues.

"Looking ahead, we entered 2016 in a stronger position, with a higher backlog, than at the same time in the prior year. We expect to maintain the momentum of last year across our divisions, supported by our recent Green Lab acquisition, and are particularly excited by the interest being received by Ador, our Diagnostics joint venture company with Gamida. As a result, the Board expects to deliver growth in line with market expectations."

Enquiries:

BATM Advanced Communications	
Dr Zvi Marom, Chief Executive Officer	+972 9866 2525
Moti Nagar, Chief Financial Officer	
finnCap	
Stuart Andrews	+44 20 7220 0500
Shore Capital	
Mark Percy, Anita Ghanekar	+44 20 7408 4050
Luther Pendragon	
Harry Chathli, Claire Norbury	+44 20 7618 9100

Operational Review

This was a transformational year for BATM. During the year, the Group made significant operational advances as new products and technologies received increasing interest and sales. In particular, the Bio-Medical Division had its best year to date as it reached breakeven for the first time and helped the Group to return to full year profitability. However, Group revenues showed a drop to \$97.1m (2014: \$109.2m) as fluctuations in currency, in particular of the Moldavian lei, Euro and Romanian Ron against the reporting currency, the US dollar, had a negative impact of \$14.6m. Without the currency fluctuations, the Group would have reported an increase in revenues of 2.3% to \$111.7m.

Significant growth was experienced by the Diagnostics business as more home-grown reagents were sold than ever before. The Telecom Division launched the industry's first quad-tech demarcation device, T-Marc 3308, and the cyber business, Celare, received its first multi-million dollar contract.

The Bio-Medical Division accounted for 54% of total Group sales with the contribution from the Telecom Division being 46%.

Bio-Medical Division

	H1 2015	H2 2015	FY 2015	FY 2014
Revenues	\$26.5m	\$26.2m	\$52.7m	\$58.8m
Gross margin	25%	25%	25%	23%
Adjusted operating profit (loss)	\$0.2m	\$0.2m	\$0.4m	\$(1.5m)

In 2015, the decline in revenues was due to the impact of adverse foreign exchange: on a constant currency basis, revenues grew 12.8% to \$66.3m (2014: \$58.8m). The gross profit margin was higher in 2015 at 25% compared with 23% in 2014. Adjusted operating profit was \$0.4m in 2015 compared with an adjusted operating loss of \$1.5m in 2014.

Distribution

The Distribution business unit contributed approximately 67% of Bio-Medical Division revenues in 2015 compared with 64.2% of revenues in 2014. On a constant currency basis, the unit's revenues grew in all territories (27% increase in revenues). Gross margin in 2015 was higher by 0.6% compared with 2014. As a result, the Distribution unit generated an adjusted operating profit of \$1.3m for 2015 compared with an adjusted operating profit of \$1.2m in 2014.

Post period, BATM acquired the entire issued and to be issued share capital of Green Lab Hungary Engineering Ltd, a Hungary-based developer and distributor of analytical instruments, for a total consideration of \$3.8m payable in cash over a three-year period. In addition to supplying analytical laboratory instruments, Green Lab provides emphasis on development, sales and support of environmental measuring systems. Green Lab's unaudited revenues for the full year 2015 amounted to \$3.3m with operating profit of \$0.62m.

Pathogenic Waste Treatment Sterilisation

The Pathogenic Waste Treatment Sterilisation unit accounted for 16% of Bio-Medical Division revenues in 2015 compared with 17% of revenues in 2014.

In June 2015, the Pathogenic Waste Treatment Sterilisation unit was awarded its first significant contract for its biological waste solution for the biopharma industry, which the Group believes is the first of its kind globally. The unit received an initial order of \$0.3m from the customer, which is a major manufacturer of vaccines for animal health. The first order was installed at one of the customer's production sites in Europe

during the year. This project is expected to grow to \$1.2m following further orders for the customer's European and US-based production sites in 2016. The Pathogenic Waste Treatment Sterilisation unit's solution will automate the safe disposal of biohazardous waste that is created during the manufacture of vaccines, and will enable the customer to treat the waste on site, mitigating the risk of cross-contamination.

The Sterilisation unit launched a unique solution, based on its patented ISS technology, for agri-business, which treats waste from poultry and larger animals such as cattle, pigs and cows. Over the last year, the solution has been tested with the relevant regulatory authorities to confirm its uniqueness and efficiency. In September 2015, the Pathogenic Waste Treatment Sterilisation unit was awarded two major contracts in the agricultural sector with an initial value of approximately \$2.2m, which the Group believes could increase to approximately \$7.5m over the next two years.

Diagnostics

The Diagnostics unit represented 17% of Bio-Medical Division revenues in 2015 compared with 18% during 2014, and reached a significant milestone by achieving breakeven in 2015. This was primarily due to the increased capacity resulting from the automation of the production facility, which enabled sales of reagents to increase dramatically compared with the prior year. This included the increase in sales of reagents that were produced in-house, which contributed to an increase in gross margin to 34.3% compared with 21.3% in 2014.

Towards the end of the year, the Diagnostics unit entered into an agreement with Gamida group. Under the terms of the agreement, Adaltis, a wholly-owned diagnostics subsidiary of BATM, and Gamida will invest \$1.5m respectively into a joint venture company, Ador, based on the attainment of defined milestones. Ador will prepare for production, and market, a novel nucleic acids molecular diagnostics platform (NAT), which has been jointly developed by Adaltis and Gamida. The new company has already been granted more than 10 patents in the US and is receiving great interest from the medical community. The Group anticipates converting this in to sales when the first instruments and kits become commercially available, which is expected to occur by the end of this year.

Additionally, the Diagnostics business is developing a new disruptive technology in the US. Whilst still in the early stages of development, patents have been granted and research grants have been received.

Telecom Division (cyber security and networked telecoms)

	H1 2015	H2 2015	FY 2015	FY 2014
Revenues	\$20.9m	\$23.5m	\$44.4m	\$50.4m
Gross margin	40%	40%	40%	41%
Adjusted operating profit (loss)	\$(0.2m)	\$0.5m	\$0.3m	\$0.5m

In 2015, there was a \$6.0m decrease in revenues to \$44.4m as the division continued to wind down the legacy products business. Gross profit margin was 40% in 2015 compared with 41% in 2014. However, the gross margin was higher than the 36% in H2 2014, demonstrating solid recovery. In addition, adjusted operating profit for the second half of 2015 was \$0.5m (H1 2015: \$0.2m loss).

In 2015, the Telecom Division was awarded a major contract for mobile backhaul 10GE upgrade by a leading North American operator. This project will enable the operator to support advanced LTE deployments with large high bandwidth needs. In order to support this extensive deployment of hundreds of mobile sites, the Telecom Division will supply the operator with its state-of-the-art 10GE CE2.0 switches and its outdoor units.

The Telecom Division has continued with its market leadership and innovation by introducing the Open Edge Alliance to create an industry-leading ecosystem of best-of-breed SDN and distributed NFV (D-NFV) solutions for the network edge. The Open Edge Alliance has already attracted several key industry players: amongst them CheckPoint, AudioCodes and Netrounds. As testament to its leadership and innovation specifically in the SDN/NFV industry, the Telecom Division won three major industry awards during the year: NFV Pioneer Award, SDN Excellence Award and the Mobility Tech Zone Wireless Backhaul Distinction Award.

In June 2015, the Telecom Division announced the release of the industry's first quad-tech demarcation device, T-Marc 3308. Combining the four technologies of CE 2.0, MPLS, IP Layer 3 and SDN, the T-Marc 3308 delivers the most cost-effective and flexible solution to communications service providers today and includes the value-added advantage of risk-free transitioning to future intelligent networks.

In July 2015, the Telecom Division was awarded a significant contract to be the sole supplier for the delivery of a leading-edge cyber-security solution to a government defence ministry. In December 2015, the Telecom Division was awarded a further \$1m under this contract to develop future platforms and design modifications to broaden the applications. Initially worth \$4.7m, the Telecom Division expects accumulated orders to increase to over \$10m by 2017, with a total value estimated by the customer of approximately \$20m over the next five years. The Telecom Division was awarded the long-term contract following a rigorous proof-of-concept (POC) program conducted over a two-year period in which its solution was deemed the best-of-breed among its competitors. Deployment is expected to be completed in 2016 with expansion to follow.

In October 2015, the Telecom Division launched a new cyber-protection solution to address many of the security vulnerabilities associated with deploying SDN and NFV technologies and infrastructures. The new NFV CyberGuard solution consists of advanced network monitoring sensors embedded on the CloudMetro virtualisation platform, a big data analytics engine and an SDN controller running on the Division's EdgeGenie Orchestrator.

The Group continues to maintain tight cost control in this division and reduced operating expenses by 12.8% compared with last year.

Financial Review

Revenues in 2015 decreased to \$97.1m (2014: \$109.2m). However, on a constant currency basis, Bio-Medical Division revenues increased by 12.8% to \$66.3m (2014: \$58.8m) whilst Telecom Division revenues decreased by 9.9% to \$45.4m (2014: \$50.4m), resulting in total revenues of \$111.7m.

The blended gross profit margin for the year was 31.8% (2014: 31.2%). This increase is mostly due to an improvement in the Diagnostics unit. The Diagnostics unit achieved a significant improvement in gross margin to 34.3% compared with 21.3% in the prior year due to a revenue mix shift to higher reagent revenues and lower instruments and self-production reagent revenues.

Sales and marketing expenses were \$14.4m (2014: \$15.2m), representing 15% of revenues compared with 14% in 2014.

General and administrative expenses were \$9.6m (2014: \$11.2m), representing 9.8% of revenues compared with 10.2% in 2014, a decrease of \$1.6m compared with 2014. This decrease reflects lower expenses, mostly due to a decrease in salary and related expenses in both the Diagnostics and Sterilisation units and a one-time allowance of \$0.4m for doubtful debts in the Diagnostics unit in H1 2014.

R&D investment in 2015 decreased to \$6.7m (2014: \$8.7m). This decrease of \$2m was primarily due to a change in the focus of Telecom Division R&D towards a new solution for tier 1 service provider clients.

The Group continues to have a 7.5% equity interest in IBC and, in June 2015, extended a loan to IBC of \$5m with interest of 11%. The Group is required to evaluate this asset every reporting period and engages valuation specialists, GSE (Giza Singer Even Ltd.), to provide this service. On their advice, the Group is reducing the value of the asset on its balance sheet by \$9.6m for the time being. IBC is seeking to raise additional capital and has retained the services of Rothschild Bank to secure the funding required to continue its fibre deployment. The Group is currently not committed to any additional funding obligations to IBC. IBC has a commitment to purchase, by 2023, equipment from BATM worth a total amount of \$15m.

As a result of the reduction in available-for-sale financial assets (namely, IBC), the net finance expense was \$10.7m (2014: \$0.9m).

Adjusted net profit attributable to equity holders of the parent Company amounted to \$0.1m (2014: \$1.5m loss), resulting in a basic earnings per share of 0.02¢ (2014: 0.36¢ loss).

The Group's balance sheet remains strong with effective liquidity of \$23.8m at 31 December 2015 compared with \$30.2m at 30 June 2015 and \$34.9m at 31 December 2014. Period-end cash is comprised as follows: cash and deposits up to three months duration of \$17.0m and short-term cash deposits up to one year of \$6.8m. The decline in cash balances is mainly due to a tax payment of \$3.3m resulting from final tax assessments for the years 2007-2012, a payment of \$1.6m related to the investment in the IBC construction of a new nationwide fibre optic network and the extended loan to IBC of \$5m.

Inventories decreased to \$22.6m (30 June 2015: \$23.2m; 31 December 2014: \$24.2m). The decrease is due to a lower level of inventory in the Moldavian company, Becor, and in the Telecom Division.

Trade and other receivables increased to \$31.2m from \$27.3m at 30 June 2015 and \$31.0m at the end of 2014, mostly due to an increase in trade receivables in the Telecom Division.

Intangible assets and goodwill was \$15.6m (30 June 2015: \$15.6m; 31 December 2014 \$16.4m). This decrease compared with the prior year was due to the amortisation of intangible assets.

Property, plant and equipment and investment property decreased slightly to \$21.9m (30 June 2015: \$22.0m; 31 December 2014: \$22.9m). The decrease is due to the depreciation of property, plant and equipment.

The balance of trade and other payables was \$27.4m (30 June 2015: \$24.5m; 31 December 2014: \$28.0m).

Cash out flow from operations was reduced to \$2.2m for 2015, compared with an outflow of \$5.3m for the prior year, due to improvement in working capital.

Outlook

The Group entered 2016 in a stronger position, with a higher backlog, than at the same time the prior year. Growth in the Bio-Medical Division will continue to accelerate, driven by the Diagnostics unit which is expected to grow significantly. This growth will be based on the increase in production capacity, both for instruments and reagents, which was implemented during 2015 to cater for anticipated demand in 2016. The strategy of the Telecom Division to focus on tier 1 customers continue to show promise and the Group expects the division to continue to be profitable in H1 2016.

Whilst foreign exchange fluctuations will continue to have an impact, the Group expects to maintain gross margin and overall profitability as expenses are in the same currency.

As a result, the Board believes that, after a transformational year, the Group is on track for sustained growth in line with market expectations and looks forward to the future with confidence.

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December	
	2 0 1 5	2 0 1 4
	US\$ in thousands	
Revenues	97,096	109,247
Cost of revenues	<u>66,175</u>	<u>75,143</u>
Gross profit	<u>30,921</u>	<u>34,104</u>
Operating expenses		
Sales and marketing expenses	14,388	15,243
General and administrative expenses	9,556	11,165
Research and development expenses	6,692	8,716
Other operating expenses	<u>959</u>	<u>1,708</u>
Total operating expenses	<u>31,595</u>	<u>36,832</u>
Operating loss	<u>(674)</u>	<u>(2,728)</u>
Finance income	257	510
Finance expenses	<u>(10,937)</u>	<u>(1,454)</u>
Loss before tax	(11,354)	(3,672)
Income (expenses) tax	<u>(2,746)</u>	<u>140</u>
Loss for the year	<u>(14,100)</u>	<u>(3,532)</u>
<u>Attributable to:</u>		
Owners of the Company	(13,250)	(3,176)
Non-controlling interests	<u>(850)</u>	<u>(356)</u>
Loss for the year	<u>(14,100)</u>	<u>(3,532)</u>
Profit (loss) per share (in cents):		
From continuing operations		
Basic and Diluted	<u>(3.29)</u>	<u>(0.79)</u>
From continuing operations		
Basic and Diluted	<u>(3.29)</u>	<u>(0.79)</u>

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended 31 December	
	2 0 1 5	2 0 1 4
	US\$ in thousands	
Loss for the year	(14,100)	(3,532)
Items that may be reclassified subsequently to profit or loss :		
Net gain (loss) on available-for-sale financial assets	(473)	473
Exchange differences on translating foreign operations	<u>(4,463)</u>	<u>(4,254)</u>
Total Comprehensive loss for the year	<u>(19,036)</u>	<u>(7,313)</u>
Attributable to:		
Owners of the Company	(17,964)	(7,037)
Non-controlling interests	<u>(1,072)</u>	<u>(276)</u>
	<u>(19,036)</u>	<u>(7,313)</u>

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December **31 December**
2 0 1 5 **2 0 1 4**

US\$ in thousands

Current assets

Cash and cash equivalents	17,042	15,940
Trade and other receivables	31,180	31,025
Financial assets	6,778	18,974
Inventories	22,630	24,202
Assets classified as held for sale	-	916
	<u>77,630</u>	<u>91,057</u>

Non-current assets

Property, plant and equipment	18,140	20,250
Investment property	3,791	2,659
Goodwill	11,430	11,459
Other intangible assets	4,168	4,946
Available for sale investments carried at fair value	611	5,741
Deferred tax assets	3,582	5,990
	<u>41,722</u>	<u>51,045</u>

Total assets

119,352 **142,102**

Current liabilities

Short-term bank credit	2,763	4,187
Trade and other payables	27,442	27,973
Provisions	217	3,562
	<u>30,422</u>	<u>35,722</u>

Non-current liabilities

Long-term liabilities	6,636	4,983
Deferred tax liabilities	1,095	1,174
Retirement benefit obligation	707	786
	<u>8,438</u>	<u>6,943</u>

Total liabilities

38,860 **42,665**

Equity

Share capital	1,216	1,216
Share premium account	407,436	407,345
Reserves	(20,388)	(15,674)
Accumulated deficit	<u>(306,314)</u>	<u>(293,064)</u>

Equity attributable to equity holders of the:

Owners of the Company	81,950	99,823
Non-controlling interest	<u>(1,458)</u>	<u>(386)</u>

Total equity

80,492 **99,437**

Total equity and liabilities

119,352 **142,102**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share Capital	Share Premium Account	Translation reserve	Other Reserve	Accumulated Deficit	Attributable to owners of the Parent	Non- Controlling Interests	Total equity
	US\$ in thousands							
Balance as at 1 January 2015	1,216	407,345	(15,812)	138	(293,064)	99,823	(386)	99,437
Recognition of share-based payments		91				91		91
Profit (loss) for the year					(13,250)	(13,250)	(850)	(14,100)
Other Comprehensive income (loss) for the year			(4,241)	(473)	-	(4,714)	(222)	(4,936)
Total comprehensive loss for the year			(4,241)	(473)	(13,250)	(17,964)	(1,072)	(19,036)
Balance as at 31 December 2015	<u>1,216</u>	<u>407,436</u>	<u>(20,053)</u>	<u>(335)</u>	<u>(306,314)</u>	<u>81,950</u>	<u>(1,458)</u>	<u>80,492</u>

Year ended 31 December 2014

	Share Capital	Share Premium Account	Translation reserve	Other Reserve	Accumulated Deficit	Attributable to owners of the Parent	Non- Controlling Interests	Total equity
	US\$ in thousands							
Balance as at 1 January 2014	1,216	407,300	(11,478)	(335)	(289,888)	106,815	(110)	106,705
Exercise of share based options by employees		3				3		3
Recognition of share-based payments		42				42		42
Loss for the year					(3,176)	(3,176)	(356)	(3,532)
Other comprehensive loss for the year			(4,334)	473	-	(3,861)	80	(3,781)
Total comprehensive loss for the year			(4,334)	473	(3,176)	(7,037)	(276)	(7,313)
Balance as at 31 December 2014	<u>1,216</u>	<u>407,345</u>	<u>(15,812)</u>	<u>138</u>	<u>(293,064)</u>	<u>99,823</u>	<u>(386)</u>	<u>99,437</u>

**BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended 31 December
2 0 1 5 2 0 1 4

US\$ in thousands

Net cash used in operating activities (Appendix A)	(2,247)	(5,282)
	-----	-----
	-	
Investing activities		
Interest received	128	150
Proceeds on disposal of property, plant and equipment	1,402	293
Proceeds on disposal of financial assets carried at fair value through profit and loss	270	240
Proceeds on disposal of deposits	14,222	32,556
Proceeds on available-for-sale investments carried at fair value	-	133
Purchases of property, plant and equipment	(2,460)	(1,788)
Increase of other intangible assets	(1,361)	-
Purchases of financial assets carried at fair value through profit and loss	(573)	(157)
Purchases of deposits	(1,800)	(24,946)
Investment in available-for-sale investments carried at fair value and loan	(6,621)	(408)
Net Cash outflow on acquisition of business combinations	(546)	(676)
	-----	-----
Net cash from investing activities	2,661	5,397
	-----	-----
Financing activities		
Increase (decrease) in short-term bank credit	(55)	478
Bank loan repayment	(1,717)	(1,427)
Bank loan received	2,778	2,537
Proceeds on issue of shares	-	3
	-----	-----
Net cash from financing activities	1,006	1,591
	-----	-----
Increase in cash and cash equivalents	1,420	1,706
Cash and cash equivalents at the beginning of the year	15,940	13,812
Effects of exchange rate changes on the balance of cash held in foreign currencies	(318)	422
	-----	-----
Cash and cash equivalents at the end of the year	17,042	15,940
	=====	=====

BATM ADVANCED COMMUNICATIONS LTD.
APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A

RECONCILIATION OF OPERATING LOSS FOR THE YEAR TO NET CASH USED IN OPERATING ACTIVITIES

	Year ended 31 December	
	2 0 1 5	2 0 1 4
	US\$ in thousands	
Operating loss from operations	(674)	(2,728)
Adjustments for:		
Amortization of intangible assets	1,354	1,708
Depreciation of property, plant and equipment and investment property	1,783	1,883
Capital gain of property, plant and equipment	(495)	-
Stock option granted to employees	91	42
Increase (decrease) in retirement benefit obligation	(79)	91
Decrease in provisions	<u>(101)</u>	<u>(77)</u>
Operating cash flow before movements in working capital	1,879	919
Decrease (increase) in inventory	1,683	(1,140)
Decrease (increase) in receivables	(768)	2,395
Increase (decrease) in payables	1,771	(1,326)
Effects of exchange rate changes on the balance sheet	<u>(3,631)</u>	<u>(5,997)</u>
Cash from (used in) operations	934	(5,149)
Income taxes paid	(3,505)	(222)
Income taxes received	743	341
Interest paid	<u>(419)</u>	<u>(252)</u>
Net cash used in operating activities	<u>(2,247)</u>	<u>(5,282)</u>

BATM ADVANCED COMMUNICATIONS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General

The preliminary results for the year ended 31 December 2015 and the comparative 2014 information will be presented in the full Annual Report in accordance with International Financial Reporting Standards (“IFRS”).

Note 2 – Profit/(loss) per share

Profit/(loss) per share is based on the weighted average number of shares in issue for the year of 403,150,820 (2014: 403,146,217). The number used for the calculation of the diluted profit per share for the year (which includes the effect of dilutive stock option plans) is 403,150,820 shares (2014: 403,146,217).

Note 3 – Adjusted performance measures

	Year ended 31 December	
	2 0 1 5	2 0 1 4
	US\$ in thousands	
Net loss	(13,250)	(3,176)
Amortisation of Intangible assets	1,354	1,708
Deferred tax movement	2,354	-
Loss on available-for-sale financial asset and loan	<u>9,618</u>	<u>-</u>
Adjusted net profit (loss)	<u>76</u>	<u>(1,468)</u>
Adjusted EPS (US cents)	<u>0.02</u>	<u>(0.36)</u>