24 August 2015

BATM Advanced Communications Limited
(“BATM” or the “Group”)

Interim results for six months ended 30 June 2015

BATM Advanced Communications Limited (LSE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, announces its interim results for the six months ended 30 June 2015.

Financial Summary

- Group revenue of $47.6m (H1 2014: $56.7m); decline due to the adverse effect of foreign exchange rate fluctuations
- Gross margin of 31.7% (H1 2014: 33.2%)
- Cash out flow from operations of $0.5m (H1 2014: $4.1m out flow)
- Gross operating loss of $0.3m (H1 2014: $0.4m profit)
- As at 30 June 2015, the Group had cash and financial assets of $30.2m (31 December 2014: $34.9m; 30 June 2014: $36.1m)

Operational Summary

Bio-Medical Division (56% of total sales)

- For the first time in division’s history, it reported an operating profit
- Margins improved to 25% compared with 23% in H1 2014
- Distribution business grew, in absolute terms, in all markets
- Diagnostics unit profitable for the first time: gross margin **increased to 35.1%**, compared with 23.5% in the equivalent period of last year, as sales of reagents increased by 100%
- Diagnostics unit was granted a licence by the Food and Drug Administration of People's Republic of China for the importation, marketing and sale of its diagnostic kit for hepatitis C in China
- Pathogenic Waste Treatment Sterilisation unit revenues reduced due to contracts being signed towards the end of the period and will be delivered, and revenue recognised, in H2 2015

Telecom Division (44% of total sales)

- Sequential improvement of gross margin to 40% from 36% in H2 2014 resulting in reduction of operating loss to $0.2m compared to $1.0m loss in H2 2014
- Selected by a tier 1 network operator in APAC to support the company’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
- Post period, the Group’s cyber unit, together with the Celare cyber security subsidiary, was awarded a significant contract – with an initial value of $3.7m – as sole supplier for the delivery of a cyber-security solution to a government defence ministry

Commenting on the results, Dr Zvi Marom, Chief Executive Officer of BATM, said: “In the first half of the year, the underlying business was robust as both divisions made significant operational advances as new products and technologies continued to replace legacy products. Specifically, we are pleased that the Diagnostics unit reached a major milestone by being profitable for the first time. We believe that we have transformed the Group in both divisions and have positioned them for growth as market demand to our products and solution increases.

“Looking ahead, the Group entered the second half in a better position than this time last year. The Bio-Medical division will continue to accelerate through the second half and the Telecom division remains on track for improved performance compared with the first half of 2015. Whilst we cannot predict the extent, full year 2015 revenues will be adversely effected by foreign exchange fluctuations. However, the effect of reduced revenues in our reporting currency has an immaterial impact on operating profit because expenses are mostly in the same currency as revenues. As a result, we expect to report full year profitability in line with market expectations.”

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Operational Review

In the first half of the year, the underlying business was robust as both divisions made significant operational advances as new products and technologies continued to replace legacy products. Revenues for the first half of 2015 were $47.6m (H1 2014: $56.7m; H2 2014: $52.6m). The Group's revenues continued to be impacted by movements in foreign currencies, particularly of the Moldavian lei, Euro and Romanian Ron against the US Dollar. Whilst this had an effect of reducing revenues in its reporting currency, there was immaterial impact on Group operating profit because expenses are mostly in the same currency as revenues.

In absolute terms, the Group's performance demonstrated considerable improvement compared with the second half of 2014. Gross margin in H1 2015 improved to 32% sequentially from 29% in H2 2014 and operating losses (excluding other operating expenses) decreased from $1.4m in H2 2014 to $0.6m in H1 2015.

The Bio-Medical division accounted for 56% of total Group sales with the contribution from the Telecom division being 44%.

Bio-Medical division

	H1 2015	H1 2014	H2 2014	FY 2014
Revenues	**$26.5m**	$30.2m	$28.6m	$58.8m
Gross margin	**25%**	23%	23%	23%
Operating profit (loss)	**$0.2m**	$(1.0m)	$(0.5m)	$(1.5m)

In H1 2015, revenues in the Bio-Medical division were 12.4% less than the equivalent period last year at $26.5m (H1 2014: $30.2m) as a result of adverse impact of currency exchange. Without this adverse impact, revenues would have been 10.3% higher than H1 2014 at $33.3m. The gross profit margin was higher in H1 2015 at 25% compared with 23% in H1 2014. Operating profit, excluding amortisation of intangible assets, was $0.2m in H1 2015 compared with an operating loss of $1.0m during H1 2014.

Distribution

The Distribution business unit contributed approximately 67% of Bio-Medical division revenues in H1 2015 compared with 61% of revenues in H1 2014. In absolute terms (when ignoring the impact of currency fluctuations), the unit's revenues grew in all territories. Gross margin in H1 2015 was higher by 100 basis points compared with the first half of 2014. As a result, the Distribution unit generated an operating profit of $0.9m for H1 2015 compared with an operating profit of $0.4m in H1 2014.

Pathogenic Waste Treatment Sterilisation

The Pathogenic Waste Treatment Sterilisation unit accounted for 14% of the Bio-Medical division's revenues in H1 2015 compared with 17% of revenues in H1 2014. The reduced revenues were as a result of contracts being signed towards the end of the first half of 2015, which will be delivered during H2 2015. The unit continues to focus on the treatment of biological waste, based on unique patented technology, including the launch of a new version of a smaller Integrated Sterilizer and Shredder ("ISS") designed for dialysis.

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 will be installed at one of the customer's production sites in Europe this 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 bio-hazardous waste that is created during the manufacture of vaccines, and will enable customers 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. The Group expects to receive initial orders for this solution within Q3 2015.

Diagnostics

The Diagnostics unit represented 19% of Bio-Medical division revenues in H1 2015 compared with 22% during the first half of 2014. The Diagnostics unit has reached a significant milestone by moving into profitability for the first time. This was primarily due to the increased capacity resulting from automation of the production facility, which enabled sales of reagents to increase by 100% compared with the equivalent period last year. This included the increase in sales of reagents that were produced in-house, which contributed to increase in gross margin to 35.1% compared with 23.5% in H1 2014.

During the first half, a significant milestone was achieved when the business unit was granted a licence by the Food and Drug Administration of People's Republic of China for the importation, marketing and sale of its diagnostic kit for hepatitis C in China. BATM's innovative process identifies the virus by detecting antibodies to the virus using an ELISA screen. The Diagnostics unit currently has a backlog of orders and expects an increased level of orders from this new opportunity with China during the second half of the year. Overall, the Group's management expects the Diagnostics business to continue to grow and remain profitable for the full year 2015.

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

Telecom Division

	H1 2015	H1 2014	H2 2014	FY 2014
Revenues	**$20.9m**	$26.2m	$23.8m	$50.0m
Gross margin	**40%**	45%	36%	41%
Operating profit (loss)	**$(0.2m)**	$1.5m	$(1.0m)	$0.5m

In H1 2015, there was a $5.3m decrease in revenues to $20.9m as the division continued to wind down the legacy products business. Gross profit margin was 40% in H1 2015 compared to 45% in H1 2014. However, the gross margin was higher than the 36% in H2 2014, demonstrating solid recovery.

Operating loss, excluding amortisation of intangible assets, for the first half of 2015 was $0.2m (H1 2014: $1.5m profit). However, this was a vast improvement from a loss of $1.0m incurred in H2 2014.

During the first half of 2015, the Telecom division was selected by a tier 1 network operator in APAC to support the company's migration from SDH-based network nodes to Carrier Ethernet 2.0. The project includes multi-year delivery of several thousand industry-leading 1GE T-Marc® devices together with the EdgeGenie Orchestrator CE 2.0 & SDN/NFV service management system. The division also expects to expand this win with its advanced premium 10GE solution.

In the first quarter of 2015, the 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 Check Point, Broadcom, AudioCodes and Netrounds. As testament to its leadership in the SDN/NFV industry, the Telecom division has won three major industry awards: 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.

The Group has made a significant investment into the consortium for the construction of a new fibre optic network in Israel ("IBC"). As planned, the consortium has started the rollout of the network with deployments in several major cities throughout Israel including Tel-Aviv. Also, the cyber business continued to attract increased interest.

The Group continues to maintain tight cost control in this division and has reduced operating expenses by 20% compared with the same period last year.

Post-period development

In July 2015 the Group announced that its Cyber Unit, together with Celare, the Group's cyber security subsidiary, has been awarded a significant contract as the sole supplier for the delivery of a cyber-security solution to a government defence ministry. The contract is, initially, worth approximately $3.7m, however the Group expects this to increase to over $10m by 2017, with a total value estimated by the customer of approximately $20m over the coming five years.

BATM was awarded the contract following a rigorous proof of concept (POC) programme, conducted over a two-year period, in which its solution was deemed the best-of-breed amongst its peers. The Group will commence supplying the cyber solution, based on BATM's 10G networking platform and its proprietary software, in Q4 2015, which it expects to complete in Q2 2016. Installation is scheduled to be conducted in 2016.

In addition to the 10G networking platform to be deployed for this customer, Celare has developed other solutions that enable comprehensive network monitoring for detecting, investigating and analysing network threats and advanced persistent threats (APTs), which are undergoing POC programmes with potential customers. Unknown threats are detected based on complex algorithms for identifying network anomalies.

Financial Review

Revenues in the first half of 2015 decreased by $9.1m to $47.6m (H1 2014: $56.7m). Bio-Medical division revenues decreased by 12.4% to $26.5m (H1 2014: $30.2m) whilst Telecom division revenues decreased by 20.0% to $20.9m (H1 2014: $26.2m). The decrease in the Bio-Medical division revenues is mostly due to the adverse impact of foreign exchange fluctuations in the first half of 2015 (particularly of Moldavian lei, Euro and Romanian Ron against the US Dollar (34.3%, 22.7% and 22.3%, respectively)).

The blended gross profit margin for the first half of 2015 was 31.7% (H1 2014: 33.2%). This decrease is mostly due to a higher contribution to total revenues from the Bio-Medical division (H1 2015: 56%; H1 2014: 53%). The Diagnostics unit achieved a significant improvement in gross margin to 35% compared with 24% in the same period of the prior year due to a revenue mix shift to higher reagent revenues and lower instruments and self-production reagent revenues. Margins declined in the Pathogenic Waste Treatment Sterilisation unit due to lower revenues.

Sales and marketing expenses were $7.3m (H1 2014: $7.9m), representing 15% of revenue compared with 14% in the first half of 2014.

General and administrative expenses were $5.0m (H1 2014: $5.7m), representing a decrease compared with the same period of last year. This decrease reflects lower expenses, mostly due to a one-time allowance of $0.4m for doubtful debts in the Diagnostics unit of the Bio-Medical division in H1 2014.

R&D investment in the first half of 2015 decreased to $3.5m (H1 2014: $4.8m). This decrease of $1.3m was primarily due to a change in the focus of Telecom division R&D towards a new solution for tier 1 service provider clients.

Net finance expense was $0.8m (H1 2014: $0.07m). The increase is mainly due to the adverse effect of foreign exchange rate fluctuations.

Net loss after tax attributable to equity holders of the parent amounted to $1.5m (H1 2014: $0.4m profit), resulting in a basic loss per share of 0.38¢ (H1 2014: profit of 0.10¢).

The Group's balance sheet remains strong with effective liquidity of $30.2m compared with $34.9m as at 31 December 2014. Period end cash is comprised as follows: cash and deposits up to three months duration of $19.1m and short-term cash deposits up to one year of $11.1m. The decline in cash balances is mainly due to tax payment of $3.3m resulting from final tax assessments for the years 2007-2012 and payment of $1.6m related to the investment in the IBC construction of a new nationwide fibre optic network.

Inventories decreased to $23.2m (31 December 2014: $24.2m). The decrease is due to a lower level of inventory in the Moldavian Company, Becor.

Trade and other receivables decreased to $27.3m from $31.0m at the end of 2014 mostly due to a decrease in trade receivable in both Telecom and Bio-Medical divisions and collections from the Israeli Chief Scientist.

Intangible assets and goodwill decreased to $15.6m (31 December 2014 $16.4m). This decrease is due to the amortisation of intangible assets.

Property, plant and equipment decreased to $19.4m (31 December 2014: $20.2m). The decrease is due to the amortisation of property, plant and equipment.

The balance of trade and other payables decreased to $24.5m (31 December 2014: $28.0m).The decrease is due to the payment of the $1.6m the investment in IBC, which was recorded as liability last year and reduction in trade payables.

Cash out flow from operations was $0.5m for the first half of 2015 compared with an outflow of $4.1m for the first half of the prior year.

Outlook

The Group has entered the second half in a better position than this time last year. The Bio-Medical division will continue to accelerate through the second half as the Distribution unit is expected to maintain the growth it has seen in the early part of the year. The Pathogenic Waste Treatment Sterilisation unit will increase sales as a result of greater capacity and penetration into new territories, and the Diagnostics unit will maintain the growth of in-house made reagents and commence sales into China. The Telecom division remains on track for improved performance compared with the first half of 2015 as the strategy to focus on tier 1 customers continues to show promise.

Full year 2015 revenues will be adversely effected by foreign exchange fluctuations, although the Group cannot predict the extent of the impact and is taking steps to mitigate it. In addition, when measuring sales in the local currency of the respective geographies, the Group is achieving growth. Importantly, the effect of reducing revenues in its reporting currency has an immaterial impact on operating profit because expenses are mostly in the same currency as revenues.

As a result of this and continuing control over operating expenses, the Group expects to report full year 2015 profitability in line with market expectations.

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED INCOME STATEMENTS

	Six months ended 30 June 2015	2014
	US$ in thousands	
	Unaudited	Unaudited
Revenues	47,566	56,663
Cost of revenues	32,482	37,812
Gross profit	15,084	18,851
Operating expenses		
Sales and marketing expenses	7,259	7,921
General and administrative expenses	4,959	5,742
Research and development expenses	3,476	4,781
Other operating expenses	442	905
Total operating expenses	16,136	19,349
Operating loss	(1,052)	(498)
Finance income	103	390
Finance expenses	(920)	(461)
Loss before tax	(1,869)	(569)
Income tax	(102)	772
Profit (loss) for the period	**(1,971)**	**203**
Attributable to:		
Owners of the Company	**(1,543)**	**392**
Non-controlling interests	**(428)**	**(189)**
Profit (loss) for the period	**(1,971)**	**203**

Profit (loss) per share (In cents):

From continuing and discontinued operations Basic and Diluted	(0.38)	0.10
From continuing operations Basic and Diluted	(0.38)	0.10

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

	Six months ended 30 June	
	2 0 1 5	2 0 14
	US$ in thousands	
	Unaudited	Unaudited
Profit (loss) for the period	(1,971)	203
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translating foreign operations	(2,797)	(427)
Total Comprehensive loss of the Period	**(4,768)**	**(224)**
Attributable to:		
Owners of the Company	(4,145)	145
Non-controlling interests	(623)	(369)
	(4,768)	**(224)**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2015	30 June 2014	31 December 2014
	US$ in thousands		
	Unaudited	Unaudited	Audited
Current assets			
Cash and cash equivalents	19,081	9,625	15,940
Trade and other receivables	27,257	37,362	31,025
Financial assets	11,159	26,511	18,974
Inventories	23,246	24,760	24,202
Assets classified as held for sale	-	-	916
	80,743	98,258	91,057
Non-current assets			
Property, plant and equipment	19,417	20,392	20,250
Investment property	2,542	3,753	2,659
Goodwill	11,611	12,275	11,459
Other intangible assets	3,997	5,360	4,946
Available for sale Investments carried at fair value	6,009	3,758	5,741
Other assets	5,041	-	-
Deferred tax asset	5,937	6,203	5,990
	54,554	51,741	51,045
Total assets	**135,297**	**149,999**	**142,102**
Current liabilities			
Short-term bank credit	3,978	3,910	4,187
Trade and other payables	24,466	29,810	27,973
Other liabilities	5,041	-	-
Provisions	242	2,800	3,562
	33,727	36,520	35,722
Non-current liabilities			
Long-term liabilities	5,087	4,750	4,983
Deferred tax liabilities	1,046	1,211	1,174
Retirement benefit obligation	746	1,015	786
	6,879	6,976	6,943
Total liabilities	**40,606**	**43,496**	**42,665**
Equity			
Share capital	1,216	1,216	1,216
Share premium account	407,367	407,322	407,345
Foreign currency translation reserve and other reserves	(18,276)	(12,060)	(15,674)
Accumulated deficit	(294,607)	(289,496)	(293,064)
Equity attributable to equity holders of the:			
Owners of the Company	95,700	106,982	99,823
Non-controlling interest	(1,009)	(479)	(386)
Total equity	**94,691**	**106,503**	**99,437**
Total equity and liabilities	**135,297**	**149,999**	**142,102**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 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				
As at 1 January 2015	1,216	407,345	(15,812)	138	(293,064)	99,823	(386)	99,437
Recognition of share-based payments		22				22		22
Profit (loss) for the period					(1,543)	(1,543)	(428)	(1,971)
Comprehensive income (loss) for the period			(2,602)		-	(2,602)	(195)	(2,797)
Total comprehensive loss for the year			**(2,602)**		**(1,543)**	**(4,145)**	**(623)**	**(4,768)**
As at 30 June 2015 (unaudited)	**1,216**	**407,367**	**(18,414)**	**138**	**(294,607)**	**95,700**	**(1,009)**	**94,691**

Six months ended 30 June 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				
As at 1 January 2014	1,216	407,300	(11,478)	(335)	(289,888)	106,815	(110)	106,705
Recognition of share-based payments		22				22		22
Profit for the period					392	392	(189)	203
Comprehensive income (loss) for the period			(247)		-	(247)	(180)	(427)
Total comprehensive loss for the year			**(247)**		**392**	**145**	**(369)**	**(224)**
As at 30 June 2014 (unaudited)	**1,216**	**407,322**	**(11,725)**	**(335)**	**(289,496)**	**106,982**	**(479)**	**106,503**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	US$ in thousands	
	Unaudited	Unaudited
Net cash used in operating activities (Appendix A)	**(3,601)**	**(4,440)**
Investing activities		
Interest received	78	60
Proceeds on disposal of property, plant and equipment	1,409	182
Proceeds on disposal of deposits	9,750	13,912
Proceeds on available for sale investments carried at fair value	-	133
Purchases of property, plant and equipment	(651)	(531)
Purchases of financial assets carried at fair value through profit and loss	(291)	-
Purchases of deposits	(1,650)	(13,376)
Investment in available for sale investments carried at fair value	(1,709)	(84)
Net Cash outflow on acquisition of business combinations	(346)	(229)
Net cash from investing activities	**6,590**	**67**
Financing activities		
Increase (decrease) in short-term bank credit	(42)	216
Bank loan repayment	(1,822)	(1,251)
Bank loan received	2,222	1,298
Net cash from financing activities	**358**	**263**
Increase (decrease) in cash and cash equivalents	3,347	(4,110)
Cash and cash equivalents at the beginning of the period	15,940	13,812
Effects of exchange rate changes on the balance of cash held in foreign currencies	(206)	(77)
Cash and cash equivalents at the end of the period	19,081	9,625

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

APPENDIX A

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

	Six months ended 30 June	
	2015	**2014**
	US$ in thousands	
	Unaudited	Unaudited
Operating loss from continuing operations	**(1,052)**	**(498)**
Adjustments for:		
Amortization of intangible assets	789	905
Depreciation of property, plant and equipment	870	938
Capital gain on disposal of property, plant and equipment	(490)	-
Share based payments	22	22
Decrease in retirement benefit obligation	(40)	(13)
Increase in provisions	(76)	(20)
Operating cash flow before movements in working capital	**23**	**1,334**
Decrease (increase) in inventory	956	(1,698)*
Decrease (Increase) in receivables	3,204	(3,212)*
Decrease in payables	(1,614)	(97)*
Effects of exchange rate changes on the balance sheet	(3,075)	(441)*
Cash used in operations	**(506)**	**(4,114)**
Income taxes paid	(3,471)	(190)
Income taxes received	649	31
Interest paid	(273)	(167)
Net cash used in operating activities	**(3,601)**	**(4,440)**

*Reclassified

Note 1 - Basis of preparation

The interim consolidated financial statements of the Company have been prepared in conformity with International Accounting Standard No. 34 "interim financial reporting" (hereafter "IAS 34").

In preparing these interim consolidated financial statements, the Company implemented accounting policies, presentation principles and calculation methods identical to those implemented in preparation of its consolidated financial statements as of 31 December 2014 and for the period ended on that date. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs.

Note 2 – Profit/(loss) per share

Profit/(loss) per share is based on the weighted average number of shares in issue for the period of 403,150,820 (H1 2014: 403,141,538). The number used for the calculation of the diluted profit per share for the period (which includes the effect of dilutive stock option plans) is 403,150,820 shares (H1 2014 403,185,660).

Note 3 – Segments

Business Segment

Six months ended 30 June 2015

	Telecommunications	Medical	Unallocated	Total
		US$ in thousands		
Revenues	20,948	26,479	**139**	**47,566**
Segment profit/(loss)	(151)	240	**(699)**	**(610)**
Reconciliation- Other operating expenses				**(442)**
Net Finance cost				**(817)**
Loss before tax				**(1,869)**

Six months ended 30 June 2014

	Telecommunications	Medical	Unallocated	Total
		US$ in thousands		
Revenues	26,214	30,218	**231**	**56,663**
Segment profit/(loss)	1,712	(1,038)	**(267)**	**407**
Reconciliation- Other operating expenses				**(905)**
Net Finance cost				**(71)**
Loss before tax				**(569)**

Note 3 – Financial Instruments

The fair value of the financial instruments of the Group carried at amortised cost is not considered to be materially different from the amortised cost.

The following provides information of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 3 based on the degree to which their fair value is observable:

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the liabilities that are not based on observable market data (unobservable inputs).
Financial liabilities-Government grants total amount: $3.8m
Available for sale investments carried at fair value-IBC total amount: $5.5m

Note 4 – Investments

As reported in the last Annual Report (note 31), as part of the investment in IBC, the Company committed to give a shareholder loan of NIS 18.75m ($5m), which was requested by the IBC during June 2015.