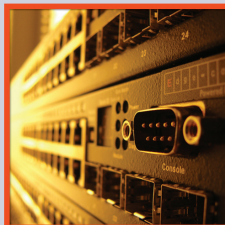
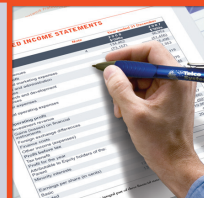


INTERIM RESULTS 2009



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CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

It gives me great pleasure to report on the first six months of 2009 with record revenues of \$69.0m (H1 2008: \$65.8m) - an increase of 4.8% compared with the same period last year. Sales in the Telecoms sector continue to be strong and are still the major revenue generator for the Group, with \$55.9m in H1 2009 (H1 2008: \$60.2 m). As previously documented, sales in Telecoms in the comparative first half of 2008 were particularly strong, benefiting inter alia, from strong demand for our products to support the communications systems being supplied for the Beijing Olympic Games.

Sales in BATM Medical rose from \$5.7m in H1 2008 to \$13.1m in H1 2009, due to our investment in this field in 2008. Sales in this sector are similar to those in H2 2008. We believe that these sales will continue to grow.

The gross profit margin has increased to 43.5% from that achieved in H2 2008 of 41.4%, but is still lower than H1 2008 of 49.9%. The increase over H2 2008 is primarily due to the change of the Euro / US Dollar exchange rate. Margins in BATM Medical are lower than those achieved in the Telecoms sector.

Sales and marketing expenses in the first half of 2009 were \$6.7m (H1 2008: \$6.9m) - a decrease of 3% over the same period last year. The decrease is largely due to efficiency programs that we have successfully implemented without the need for any reduction in staffing levels. As a percentage of revenue, sales and marketing expenses were 9.7% (H1 2008: 10.5%).

General and administrative expenses in the first half of 2009 were \$4.5m (H1 2008: \$4.5m), representing 6.6% of revenue compared with 6.9% in H1 2008. These costs have been kept steady as a result of integrating the activities of newly acquired businesses into the existing group structure, thereby allowing us to expand the Group's business activities without significant increase in overheads.

Net R&D expense in the first half of 2009 was \$5.8m (H1 2008: \$6.6m), a decrease of 11%. This decrease is largely a result of the depreciation of the Israeli Shekel against the US dollar, but also reflects our increased R&D in new fields, offset by efficiency programs in BATM's traditional R&D units.

Operating profit in the first half of 2009 was \$10.8m (H1 2008: \$14.0m), a decrease of \$3.2m primarily because of a decrease in profit margin due to a shift in the sale mix towards medical equipment, slightly offset by moderate cost cutting measures. Importantly, operating profit has increased by 13.8% from H2 2008 primarily due to efficiency programs and an improved gross margin. EBITDA has decreased by 10.7%, from \$15.9m in H1 2008 to \$14.2m in H1 2009.

Net finance income in the first half of 2009 was \$2.9m (H1 2008: \$3.8m loss). During the first half of 2009, we recorded a profit of \$0.7m relating to an open forward exchange contract used to hedge against currency fluctuations between the Euro and US Dollar. In addition, there were positive foreign exchange gains, whilst during H1 2008 foreign currency fluctuation losses of \$4.4m were recorded due to the weakening of the US Dollar against the Euro. As reported in the



Annual Report for 2008, on 01 January 2008 the Company changed its functional currency from the US Dollar to the Euro (see also note 4 to the interim financial statements).

Net profit after tax in the first half of 2009 amounted to \$12.9m (H1 2008: \$11.0m), resulting in a basic profit per share of 3.35 cents (H1 2008: 2.80 cents) - increases of 17.3% and 19.6%, respectively.

Our balance sheet remains strong with effective liquidity of \$69.1m (H1 2008: \$61.7m). This has risen by \$11.8m from \$57.3m as at 31 December 2008. This increase is primarily due to our strong cash from profit ratio (Operating cashflow of \$15.9m, H1 2008: \$5.6m). Period end cash is comprised as follows: cash and deposits up to three months duration of \$28.1m; short-term cash deposits up to one year of \$35.1m; \$5.9m is held in investments including \$2.4m in triple A bank notes falling due in 2010; and \$3.5m in long term bonds, including the remaining \$1.5m related to Nortel.

SALES AND MARKETING

The first half of the year has shown significant payback from our marketing efforts through OEM channels in the Far East. We have continued to place a geographical focus on this market as an area with growth potential. We have also continued to expand our OEM channels in the first half of 2009, which we believe will help us further increase our growth in 2010 and beyond.

RESEARCH AND DEVELOPMENT AND NEW PRODUCTS

Our research and development efforts continue to be focused in areas that will strengthen both our indirect and direct channel advantages. We have developed an easy to build, yet very sophisticated, Metro network product line which provides a versatile configuration management solution. This product allows our channel partners to give their product their own “look and feel” with minimum effort.

In addition, we have migrated our infrastructure to a new component based system built on a new Operating System based on telecom grade Linux. This is the basis for our new T-Metro XG product line. This new infrastructure will allow us to provide fast, flexible and cost effective customizations for both our OEM and direct sales partners.

BATM VERTICAL MARKETS SOLUTIONS

BATM Medical

During 2009 we successfully added three OEM partners for one of our medical products and we expect this to be beneficial as early as 2010. We continue to invest in innovative R&D within the sector and which, for the first time, BATM will be presenting at a major trade show in November 2009. We believe that the gross profit margin in this sector will begin to increase.

BATM Surveillance

In the surveillance sector we are making progress in the restructuring of Vigilant which we acquired in November 2008. We are progressing according to a program that should return the company to profitability in 2010.

INVESTMENTS

As reported in our Annual Report for 2008, in February 2009 we completed the acquisition of a small company that designs and develops clinical chemistry equipment. This acquisition has been integrated into our BATM Medical portfolio. This product line is not expected to make a significant contribution to revenues before 2010.

In March 2009 we strengthened our local presence in the Telecoms business in Israel by purchasing the trade and assets of a local company and integrating it into our existing local structure.

SIGNIFICANT RISKS AND UNCERTAINTY

As reported in our 2008 Annual Report published on 30 April 2009, the Group is exposed to several principal risks. The Group has recently entered the Medical and Surveillance sectors. These are new markets in which the Group has relatively little experience. This carries significant risk and there is no guarantee for success.

The Group has made acquisitions which do not attain one hundred per cent ownership of the target Companies. As a result the group has minority interests, which are usually the local management of the subsidiaries. Relationships with these minority interests are important and carry certain risks.

The Group has several significant indirect sales channels. The loss of any one or more of these channels would have a negative impact on the performance of the Group.

The Global Telecoms market is experiencing a significant amount of uncertainty as a result of the Global financial crisis, and future sales have lower visibility.

PROSPECTS

The results of the first half of 2009 strengthen our cautious optimism for the outcome for the full year. As always, we keep a close eye on general developments in the global economy as well as in our industry which may affect us, and we react accordingly. Despite the challenging market conditions, the current pattern of our trading and forward order book gives us confidence that we will achieve our targets for the full year.



Peter Sheldon
Chairman

30 September 2009



BATM ADVANCED COMMUNICATIONS LTD. CONSOLIDATED INCOME STATEMENTS

Six months ended June 30,		
	2009	2008 *
US\$ in thousands		
	Unaudited	Unaudited
Revenues	68,995	65,844
Cost of revenues	<u>39,012</u>	<u>32,972</u>
Gross profit	29,983	32,872
Operating expenses		
Sales and marketing expenses	6,716	6,925
General and administrative expenses	4,524	4,520
Research and development expenses	5,842	6,564
Amortization of intangible assets	<u>2,080</u>	<u>816</u>
Total operating expenses	<u>19,162</u>	<u>18,825</u>
Operating profit	10,821	14,047
Investment revenue	806	1,234
Gains (losses) on financial instruments	1,057	(389)
Foreign exchange differences	1,158	(4,422)
Finance cost	<u>(160)</u>	<u>(240)</u>
Profit before tax	13,682	10,230
Tax	<u>(800)</u>	<u>800</u>
Profit for the period	<u>12,882</u>	<u>11,030</u>
Attributable to:		
Equity holders of the parent	<u>13,451</u>	<u>10,732</u>
Minority interest	<u>(569)</u>	<u>298</u>
Income for the period	<u>12,882</u>	<u>11,030</u>
Income per share (in cents) basic	<u>3.35</u>	<u>2.80</u>
Income per share (in cents) diluted	<u>3.34</u>	<u>2.76</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Six months ended June 30,		
	2009	2008
US\$ in thousands		
	Unaudited	Unaudited
Profit for the period	12,882	11,030
Translation adjustment	1,138	4,927
Total Comprehensive Income of the Period	<u>14,020</u>	<u>15,957</u>

* see note 4

BATM ADVANCED COMMUNICATIONS LTD. CONSOLIDATED BALANCE SHEETS

	June 30, 2009	June 30, 2008*	December 31, 2008
US\$ in thousands			
	Unaudited	Unaudited	Audited
Non-current assets			
Goodwill	12,345	5,653	9,418
Other intangible assets	26,794	9,228	19,700
Property, plant and equipment	12,956	10,314	10,041
Held to maturity investments	5,871	10,527	5,468
Other investment	-	4,844	-
Deferred tax asset	2,065	2,068	2,102
	60,031	42,634	46,729
Current assets			
Inventories	17,392	19,661	20,984
Investments	35,093	5,209	21,086
Trade and other receivables	36,985	31,107	29,192
Cash and cash equivalents	28,117	45,968	30,737
	117,587	101,945	101,999
Total assets	177,618	144,579	148,728
Current liabilities			
Short-term bank credit	6,477	1,610	3,632
Trade and other payables	32,023	26,545	20,174
Current tax liabilities	-	-	109
Provisions	2,818	2,464	2,181
	41,318	30,619	26,096
Net current assets	76,269	71,326	75,903
Non-current liabilities			
Long-term payables	7,546	3,016	3,933
Retirement benefit obligation	983	824	926
	8,529	3,840	4,859
Total liabilities	49,847	34,459	30,955
Net assets	127,771	110,120	117,773
Equity			
Share capital	1,212	1,195	1,210
Share premium account	405,465	401,990	404,928
Translation and other reserve	(5,115)	4,898	(6,060)
Accumulated Deficit	(277,874)	(300,237)	(286,764)
Equity attributable to equity holders of the:			
Parent	123,688	107,846	113,314
Minority Interest	4,083	2,274	4,459
Total equity	127,771	110,120	117,773

* see note 4



BATM ADVANCED COMMUNICATIONS LTD. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SIX MONTH ENDED ON JUNE 30TH 2009

	Share Capital	Share Premium Account	Translation and other reserve	Accumulated Deficit	Parent	Minority Interest	Total equity
US\$ in thousands							
As at January 1, 2009	1,210	404,928	(6,060)	(286,764)	113,314	4,459	117,773
Exercise of share based options by employees	2	139			141	-	141
Stock options granted to employees		398			398	-	398
Translation adjustment			1,159		1,159	193	1,352
Minority Interest acquired			(214)		(214)	-	(214)
Proposed Dividend				(4,561)	(4,561)	-	(4,561)
Profit for the period	-	-	-	13,451	13,451	(569)	12,882
As at June 30, 2009 (unaudited)	<u>1,212</u>	<u>405,465</u>	<u>(5,115)</u>	<u>(277,874)</u>	<u>123,688</u>	<u>4,083</u>	<u>127,771</u>

BATM ADVANCED COMMUNICATIONS LTD. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SIX MONTH ENDED ON JUNE 30TH 2008*

	Share Capital	Share Premium Account	Translation reserve	Accumulated Deficit	Parent	Minority Interest	Total equity
US\$ in thousands							
As at January 1, 2008	1,186	400,646	(29)	(307,033)	94,770	958	95,728
Exercise of share based options by employees	9	1,016			1,025	-	1,025
Stock options granted to employees		328			328	-	328
Translation adjustment			4,927		4,927	-	4,927
Minority Interest acquired					1,018	-	1,018
Proposed Dividend				(3,936)	(3,936)	-	(3,936)
Profit for the period	-	-	-	10,732	10,732	298	11,030
As at June 30, 2008 (unaudited)	<u>1,195</u>	<u>401,990</u>	<u>4,898</u>	<u>(300,237)</u>	<u>107,846</u>	<u>2,274</u>	<u>110,120</u>

* see note 4



BATM ADVANCED COMMUNICATIONS LTD. CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended June 30		
	2009	2008
US\$ in thousands		
	Unaudited	Unaudited
Net cash from operating activities (Appendix A)	15,943	5,592
Investing activities		
Interest received	736	1,610
Proceeds on disposal of held to maturity investments	1,050	222
Proceeds on disposal of investments	18,095	7,609
Proceeds on disposal of deposits	10,000	13,908
Purchases of property, plant and equipment	(2,407)	(688)
Purchases of held to maturity investments	-	(1,050)
Purchases of available for sale investments	(14,991)	(5,000)
Purchases of deposits	(27,953)	(4,000)
Investment in other business combinations	(4,440)	(4,844)
Acquisition of subsidiaries (Appendix B) (*)	183	(4,052)
Net cash from (used in) investing activities	(19,727)	3,715
Financing activities		
Increase (decrease) in short-term bank credit	191	(205)
Proceeds on issue of shares	141	1,025
Net cash from financing activities	332	820
Decrease from foreign exchange fluctuations	832	32
Increase (decrease) in cash and cash equivalents	(2,620)	10,159
Cash and cash equivalents at the beginning of the period	30,737	35,809
Cash and cash equivalents at the end of the period	28,117	45,968

* see note 3

BATM ADVANCED COMMUNICATIONS LTD. APPENDICES TO CONSOLIDATED STATEMENT OF CASH

APPENDIX A RECONCILIATION OF OPERATING PROFIT FOR THE PERIOD TO NET CASH FROM OPERATING ACTIVITIES

Six months ended June 30		
	2009	2008
US\$ in thousands		
	Unaudited	Unaudited
Operating profit from continuing operations		
Adjustments for:	10,821	14,047
Amortization of intangible assets	2,080	816
Depreciation of property, plant and equipment	1,309	1,073
Stock options granted to employees	398	328
Increase in retirement benefit obligation	62	160
Increase (decrease) in provisions	(13)	140
Operating cash flow before movements in working capital	14,657	16,564
Decrease (increase) in Inventory	3,953	(3,853)
Increase in receivables	(7,844)	(1,906)
Increase (decrease) in payables	5,446	(4,606)
Cash generated by operations	16,212	6,199
Income taxes paid	(109)	(376)
Interest paid	(160)	(231)
Net cash from operating activities	15,943	5,592

APPENDIX B ACQUISITION OF SUBSIDIARIES

Six months ended June 30		
	2009	2008
US\$ in thousands		
	Unaudited	Unaudited
Net assets acquired		
Property, plant and equipment	1,359	1,810
Inventory	205	2,993
Trade and other receivables	446	2,149
Trade and other payables	(2,374)	(3,142)
Short-term bank credit	(2,641)	(1,725)
Retirement benefit obligation	-	(329)
Provisions	-	(178)
Long-term payables	(3,149)	-
Minority Interest	-	(1,018)
	(6,154)	560
Intangible assets	5,971	5,392
Total consideration	(183)	5,952
Less-consideration recorded as liability	-	(1,900)
Total cash consideration (*)	(183)	4,052



BATM ADVANCED COMMUNICATIONS LTD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL

The unaudited results for the six months ended 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) set out in the Annual Report and Financial Statements for the year ended 31 December 2008. The unaudited results for the six months ended 30th June 2008 were prepared on the same basis.

During the period the following standards came into effect:

IAS 1 (revised)	Presentation of Financial Instruments
IFRS 8	Operating segments

NOTE 2 – PROFIT PER SHARE

Profit per share is based on the weighted average number of shares in issue for the period of 401,171,587 (2008 H1: 394,362,614). The number used for the calculation of the diluted profit per share for H1:2008 (which includes the effect of dilutive stock option plans) is 402,239,043 shares (2008 H1: 399,634,970).

NOTE 3 – ACQUISITION OF SUBSIDIARIES

During February 2009 the Group acquired 51% of the issued share capital of I.S.E s.r.l. ("I.S.E") for a consideration of Euro 30k for the share capital, and the provision of a further Euro 3m credit line. I.S.E is engaged in the development, production and sales of clinical chemistry analyzers and their associated reagent kits.

This transaction has been accounted for by the purchase method of accounting.

I.S.E	US\$ in thousands Unaudited
Net assets acquired	
Property, plant and equipment	1,359
Inventory	205
Trade and other receivables	446
Short-term bank credit	(2,641)
Trade payables	(2,374)
Long-term payables	(3,149)
	(6,154)
Intangible assets	5,971
Total consideration	(183)

As of the authorisation of these financial statements, the Purchase Price Allocation ("PPA") of I.S.E had not been completed. The allocation used for these financial statements represent management best estimates.

During March 2009 the Group acquired the trade and assets of an Israeli Telecoms software services provider for a consideration of \$ 4.4m.

This transaction has been accounted for by the purchase method of accounting.

BATM ADVANCED COMMUNICATIONS LTD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – ACQUISITION OF SUBSIDIARIES (CONT.)

As at 31 December 2008, the PPA with respect to the acquisition of Vigilant on November 2008 had not been completed, and the transaction was accounted for based on managements best estimates. As a result of the completion of the PPA, \$4,605 k has been reclassified from Goodwill to Other Intangible assets in the comparative figures as at 31 December 2008. In addition an additional \$ 305 k was amortised in 2008 compared to the numbers published in the Financial Statements for the year ended 31 December 2008.

NOTE 4 – CHANGE OF FUNCTIONAL CURRENCY

As disclosed in Note 2 to the Annual Financial Statement for the financial year ended 31 December 2008, during 2008, the Company became Euro dominant due to a significant increase in orders from European customers. Management believes that this new sales profile will continue in the future. The change in economic environment caused an accounting change of its functional currency from the Dollar to the Euro, which change was recognized in the full year's accounts. At the time of the publication of the interim financial statements for the six months ended 30 June 2008, the Company did not identify this change and the financial statements were based on a USD functional currency.

The effect of this change on the financial statements for the six months ended 30 June 2008 is set out below:

Six months ended June 30, 2008	Previously Reported Figures	Restatement	Revised Figures
Revenues	66,440	(596)	65,844
Cost of revenues	(33,310)	338	(32,972)
General and administrative expenses	(4,553)	33	(4,520)
Finance income (expenses)	597	(4,414)	(3,817)
Tax	815	(15)	800
Profit for the year	15,684	(4,654)	11,030
Property, plant and equipment	10,127	187	10,314
Inventories	19,614	47	19,661
Translation reserve	10	4,888	4,898
Accumulated deficit	(295,583)	(4,654)	(300,237)



BATM ADVANCED COMMUNICATIONS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – SEGMENTS

Business Segment

Six months ended June 30, 2009			
	Telecommunications	Medical	Total
US\$ in thousands			
Revenues	55,915	13,080	68,995
Segment profit (loss)	13,993	(1,111)	12,882
Assets	144,122	33,496	177,618

Six months ended June 30, 2008			
	Telecommunications	Medical	Total
US\$ in thousands			
Revenues	60,180	5,664	65,844
Segment profit	10,483	547	11,030
Assets	127,631	16,948	144,579

NOTE 6 – EVENTS AFTER THE BALANCE SHEET DATE

Dividend

A dividend of GBP 0.069 per share, aggregating to GBP 2,759 thousand (\$3,936 thousand), was declared on March 17, 2009 and paid on July 20, 2009.



BATM ADVANCED COMMUNICATIONS LTD STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 30 June 2009 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the six months ended 30 June 2009 and any material changes in the related party transactions described in the last annual report.

Signed on behalf of the board by
Peter Sheldon
Chairman
30 September 2009



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