Press Release **23 March 2015**

Telit Communications PLC

(“Telit” or “the Company” or “the Group”)

Preliminary results for the year ended 31 December 2014

Telit Communications PLC (AIM: TCM), a global leader in machine-to-machine (m2m) communications, the chief enabler technology area for the Internet of Things (IoT), is pleased to announce its preliminary results for the year ended 31 December 2014 and the continued growth of the Company.

Financial Highlights[1]

- Revenues for the full year ended 31 December 2014 increased year on year by 20.9% to $294.0 million (2013: $243.2 million).
- Revenues include a contribution of $20 million from m2mAIR, Telit’s Platform as a Service (PaaS), the Company’s value added, connectivity, cloud platform and other services (2013: $9.8 million) an increase of 104.1%.
- Gross margin increased significantly from 38.02% in 2013 to 39.55% in 2014.
- Adjusted EBITDA for the year increased by 29% to $34.7 million (2013: $26.9 million).
- EBIT increased by 7.8% to $15.2 million (2013: $14.1 million).
- Adjusted EBIT increased by 31.4% to $24.7 million (2013: $18.8 million).
- Profit before tax for the year increased by 16.8% to $13.9 million (2013: $11.9 million).
- Adjusted net profit for the year increased by 33.5% to $20.7 million (2013: $15.5 million)
- Adjusted basic earnings per share increased by 23.5% to 18.4 cents (2013: 14.9 cents).
- Cash flow from operating activities increased by 81.9% to $46.2 million (2013: $25.4 million).
- Total equity at 31 December 2014 increased by $18.4 million to $97.8 million (31 December 2013: $79.4 million).
- Net debt at 31 December 2014 decreased by $7.8 million to $3.9 million (31 December 2013: net debt of $11.7 million).

[1] For reconciliation from IFRS financial results to adjusted financial results, please refer to the table in note 4.

Operational highlights

- Revenues increased by 20.9% to $294.0 million (2013: $243.2 million). For the fifth year in a row, the Company has achieved double-digit growth with an average CAGR of 27%.
- Gross margin increased from 38.02% in 2013 to 39.55% in 2014, due to improvements in the hardware gross margins and a greater mix of services revenues, which provide a higher gross margin.
- Gross profit for the year increased by 25.7% to $116.3 million (2013: $92.5 million).
- Research and development operating expenses (expenses before capitalization and amortization of internally generated development costs – see also note 5 on page 17) increased by $17.4 million to $48.8 million (16.6% of revenues) compared to $31.4 million in 2013 (12.9% of revenues). R&D expenses increased mainly due to the acquisitions of ILST in late 2013 and the ATOP automotive division from NXP semiconductors in April 2014, as well as due to the development of LTE modules designed for use in the most demanding automotive and industrial M2M applications, continued development of many automotive customized products, continuing investment in m2mAIR, Telit's Platform as a Service (PaaS), the Company's value added, connectivity, cloud platform and a significant investment in the "ONE STOP. ONE SHOP" concept.
- Sales and marketing expenses increased by $11.8 million to $50.4 million (17.1% of revenues) compared to $38.6 million in 2013 (15.9% of revenues). The increase is mainly due to the acquisitions of ILST and ATOP.
- General and administrative expenses increased by $4.2 million to $26.5 million compared to $22.3 million in 2013 but decreased to a lower proportion of revenues at 9% compared to 9.2% in 2013.
- Each and every financial parameter including: EBIT, PBT, EBITDA, EPS and cash flow from operational activities, improved during 2014 compared to the prior year.
- The Company's total equity increased significantly to $97.8 million in 31.12.2014 (31.12.2013: $79.4 million). This increase is mainly due to the Company's continued profit making and the issuance of new shares as part of the acquisition of ATOP and in connection with the exercise of options, offset in part by the significant increase in the value of the US dollar, particularly against the euro, which had a negative impact on the value of some of the Group's assets which are denominated in euro.

Acquisitions:

On 31 March 2014 Telit completed the acquisition from NXP Semiconductors N.V. (Nasdaq: NXPI), of NXP's ATOP business. ATOP is an automotive grade solution for vehicle manufacturers enabling them, amongst other features, to implement telematics services like eCall, the European initiative to bring rapid assistance to motorists involved in a collision anywhere in the EU, on a single compact and cost efficient package, whilst reducing complexity and minimizing costs in vehicle designs. The final consideration was $2.1 million in cash and $8.9 million by way of allotment to NXP of 2,255,943 ordinary shares of the Company.

The acquisition of ATOP includes sales, engineering and support staff, all of which were fully integrated during the year into Telit's automotive organization, extending the Company's market reach with solutions leveraging the expanded engineering and sales expertise serving to better address automotive and telematics customers.

Commenting on the results, Oozi Cats, Chief Executive, said:

2014 has been another record year for Telit, with revenue growing by 21%, continuing the trend of double digit growth rate over the past 5 years. The acquisition of ATOP from NXP semiconductors during 2014 is a key milestone in setting the foundation for Telit's growth in the automotive sector, by building a dedicated Automotive business unit to better address Automotive opportunities and execute our strategy to become the market leader in this segment. Together with a significant customer base, ATOP brings additional expertise in automotive platforms to complement our already thriving automotive business.

The outlook for 2015 and the future looks positive for the M2M industry and promising for Telit. Our entrenched position in the M2M market together with our m2mAIR business unit is expected to lead Telit to further growth and further improvement in our financial results.

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Simon Bridges / Peter Stewart

Notes to readers

Telit Communications PLC (AIM: TCM) is the global leader in industrial internet modules, connectivity, value added and cloud services for the market known as the Internet of Things (IoT). For the first time in the industry, the connection and integration of remote assets to business systems can be delivered from a single vendor. The Telit standard-setting ONE STOP. ONE SHOP. includes all necessary elements to accomplish this connection in a simplified manner, with a broad offerings portfolio including 2G, 3G, 4G automotive and commercial grade cellular modules, short-range radio communication modules and positioning (GPS/GNSS) receivers. Telit's global technical support reduces technical risks and together with m2mAIR connectivity, value-added, cloud and PaaS services, enables solutions with comprehensive data management, application development, operational control plus full integration with existing enterprise IT and back-end business systems. More information at www.telit.com.

Brief introduction to the machine to machine (m2m) and internet of things market

Machine to machine (m2m) technology establishes wireless communication between machines and information systems at the enterprise. m2m is the key enabler of the IoT, which is turning into the next evolution of the Internet, and has the power to enable a quantum leap in the ability to gather, analyse and distribute data that can turn into information, knowledge and, ultimately, improve business processes and deliver productivity gains in all economic sectors. At the heart of each IoT implementation is a communication module which receives, processes and transmits information.

The international market for machine to machine (m2m) wireless communications remains strong, as wireless communication is a feature consistently seen in more and more devices such as connected cars, smart meters and wearable consumer electronics.

The IHS Technology report on the m2m sector "Cellular Modules for M2M - 2014", predicts that this market will enjoy robust growth over the coming years. IHS believes the number of units to be shipped will reach 166.6 million by 2018, representing a 2012-18 CAGR of 22.8%. The report, which was published June 2014, projects an average selling price decline for the period of 2012-18 of 10% CAGR for 2G modules, 12.5% CAGR for WCDMA/HSPA (3G) and 13.6% for LTE (4G). Considering the product mix forecast by IHS, the market will grow in monetary value at a CAGR of 20.2 % from 2012 through 2018 with a total value of m2m module market of $3 billion in 2018.

CHAIRMAN'S STATEMENT

I am pleased to deliver our 2014 results. Our strong competitive position has helped us achieve significant growth.

Outlook

The outlook for 2015 looks positive for the m2m industry as a whole and for Telit in particular. Notwithstanding the fact that we are operating in a competitive environment, we believe we are well positioned to continue to take advantage of the opportunities in the market and believe that our acquisitions over the past few years enhance our platform as a service (PaaS) including M2M managed and value added services, application enablement and connectivity, including the mobile network side and cloud back-end services. Telit is M2M's top ONE STOP. ONE SHOP offering synergistic hardware and value added services bundles along with low-entry cost PaaS for rapid application development. With our new m2mAIR business unit, this will reinforce our already strong position within our industry. We look forward to continued organic business growth and are constantly seeking further expansion opportunities through investment in new technologies or by gaining access to new territories and new market segments.

We look to 2015 and beyond with excitement, as we continue to gain market share and strive constantly to improve our profitability while continuing to provide the market with first rate products as well as value added services.

People

At the end of 2014, Telit employed 794 employees worldwide, an increase of 23.9% (2013: 641). A major part of the growth is driven by the ATOP acquisition together with additional hirings for Telit’s R&D hardware and services centres. During 2014 we have made significant progress and this is a reflection of the excellent team we are proud to have at Telit. The Board believes that our skilled staff is, and will continue to be, the cornerstone of Telit’s success. I would like personally to thank all of the Company’s employees for their hard work and to welcome all the new employees that have joined the Telit family, including those joining us from the most recent acquisitions.

Dividend

The Company is not proposing to pay a dividend in respect of the period (2013: $ nil).

Enrico Testa
Chairman of the Board

CHIEF EXECUTIVE'S STATEMENT

2014 was the fifth consecutive year of double-digit revenue growth for Telit and improvements in absolute profitability. In 2014 we implemented another major step within our strategic roadmap - the acquisition of the ATOP business from NXP that augmented our position in the automotive sector.

During the year, we continued to invest in Telit's Platform as a Service (PaaS), generating revenues of $20 million, representing a year over year growth rate of 104%. Our strategic investments and acquisitions in recent years have added a layer of recurring revenues to Telit's traditional business and we expect them to increase their contribution over the coming years.

Our hard work and significant investments over the past few years have created a market-leading platform to capitalise on the 'Internet of Things' ("IoT") through which we will continue to pursue the many exciting opportunities in the market and continue increasing our market share. We are very excited about the ONE STOP. ONE SHOP. concept we are already delivering to IoT customers and adopters and are confident that with the unparalleled simplification it provides, Telit is very strongly positioned to continue leading the space of M2M solutions providers worldwide.

Financial results[2]

	2014 ***$'000***	**2013** ***$'000***
Revenue	**294,004**	**243,224**
Gross profit	**116,270**	**92,482**
Gross margin	39.55%	38.02%
Research and development	(26,986)	(24,049)
Selling and marketing	(50,393)	(38,617)
General and administrative	(26,529)	(22,348)
Other operating income /(expenses)	2,855	6,668
Operating profit	**15,217**	**14,136**
Adjusted EBIT	**24,687**	**18,795**
Adjusted EBITDA	**34,657**	**26,901**
Profit before tax	**13,908**	**11,951**
Adjusted profit before tax	**23,378**	**16,610**
Profit for the year from continuing operations	**12,487**	**10,886**
Adjusted net profit for the year	**20,709**	**15,466**
Adjusted basic profit per share (in USD cents)	**18.4**	**14.9**

Strategy

Having successfully integrated the ILST Platform as a Service in 2013 into the Company's global organization and our m2mAIR business unit, Telit is confident in its position as a leading global company in the IoT industry and intends to continue to focus on its strategy of becoming a single point of reference, with its unique ONE STOP. ONE SHOP concept, while increasing our recurring revenues.

Telit's portfolio of value added services includes connectivity, value added services and cloud platform as a service (PaaS). These services, delivered to our customers with full project support, are designed to provide the building blocks required to implement an IoT/m2m solution and easily run applications in the cloud, with a quick time to market.

[2] For reconciliation from IFRS financial results to adjusted financial results please refer to the table in note 4.

Our ONE STOP. ONE SHOP concept enables customers to source from Telit the necessary products and services it needs to connect assets and devices to enterprise systems and business processes. The combination of Telit's hardware products coupled with m2mAir connectivity and PaaS and other value added services, delivers features and performance exceeding the sum of the standalone capabilities.

Our hardware strategy continues to focus on the industrial and automotive segments. Our position in the automotive segment was greatly enhanced by the acquisition of the ATOP business from NXP semiconductors, which included highly skilled engineering and support staff, fully integrated during the year into Telit's automotive organization, extending the Company's market reach and catering to the Connected Car trend, driven by such factors as safety, regulation, and smart infotainment.

While the driverless car may still be in research stage, vehicles equipped with location receivers and cellular connectivity have become the norm today. Telit is an established key supplier in this area and has 6 dedicated Automotive sales offices in Detroit, Munich, Hamburg, Shanghai, Seoul and Tokyo in order to address the car makers as well as their the relevant 1-st tier suppliers.. Telit's long-term strategy is to become the market leader in this segment not only with cellular and location products but also with V2X (vehicle to vehicle/infrastructure) solutions and to service those clients with our value added services offering.

In the industrial segment, we deal with many verticals including; asset tracking, health care, security, point of sale, wearables, telemetry, industry and energy and smart metering. These verticals are set to grow strongly during the next few years, with significant projects at advanced stages around the world (like SMIP in the UK) in energy and smart metering) and the Company is well positioned to be a major player in this field.

Telit looks forward to continuing the implementation of this strategy, both through its robust organic growth (which is buoyed by the strong growth in the m2m industry and other verticals of the IoT) and through the selective acquisition of businesses that will enhance our products and services offering with strong synergies with our current portfolio.

Regional information

The split of revenue on a geographical basis for the years ended 31 December 2014 and 2013 is as follows:

	2014 $ (m)	**% of Total Revenue**	**2013 $ (m)**	**% of Total Revenue**
Americas	135.7	46.1%	105.2	43.3%
EMEA	117.5	40%	110.1	45.3%
APAC	40.8	13.9%	27.9	11.4%
Total	**294.0**	**100%**	**243.2**	**100%**

<u>Americas</u>

In 2014 we continued to see strong sales growth in the Americas, which became our largest geographic market. A strong economy and an increase in the average selling price (ASP) due to technology migration, contributed to the significant growth in the region.

In North America, we continued to benefit from the transition from 2G to 3G technology. There has been a strong trend over the past 18 months, particularly in fixed applications like home security, to upgrade existing alarm panels from 2G to 3G technology due to the planned shutdown of the AT&T GPRS network in December 2016, resulting in additional business above normal run rate business. The financial benefit we have enjoyed as a result of the AT&T 2G to 3G conversion is expected to be mostly completed by the end of 2015.

In 2014 we certified our first industrial LTE module (LE910), on both AT&T and Verizon. Although sales in 2014 were modest due to LTE price points and customer design cycles, we expect to see LTE sales become a more relevant percentage of our business in 2015, serving customer applications that require higher bandwidth and long term network availability, such as applications in the energy and router markets. However, the most significant growth in LTE is likely to come with the launch of modules that support LTE Category Zero (Cat-0). Expected to be included in Release 12 of the LTE specification in 2015, it will be further refined into a Machine Type Communications (MTC) specification in Release 13, which is expected to be finalized in March 2016. Unlikely to be supported by global mobile network operators (MNOs) until 2017, Cat 0 devices will have many of the advantages that made GPRS such a suitable technology for M2M, including low cost, better battery performance, low latency and improved in-building coverage.

2014 was a challenging year in Latin America due to the impact of the Brazilian presidential election, the World Cup and economic instability in Argentina. These macro-economic issues resulted in modest unit growth year-to-year and a slight decline in revenue. On the positive side, we continued to see very strong sales growth in our GNSS portfolio and secured a number of key design wins which should help to improve our performance in 2015.

2015 is expected to be another year of strong growth in the Americas as we continue to benefit from the increase in popularity of LTE, continued deployments of 3G technology and the early results from our "One Stop, One Shop" strategy of combining hardware with value-added services, network connectivity, and application development platform.

EMEA

The challenging conditions in the Eurozone economy continued in 2014. . The slowdown in the European economy, became evident in the second half of the year, with fears of re-entering a recession. This, combined with the ongoing political uncertainty created by the situation in Greece, the conflict in the Ukraine and the Ukraine-related sanctions against Russia, resulted in delays in the deployments of some projects in various verticals including Sales and Payment, Energy and Telematics, meaning that the growth rate was slightly lower than could otherwise have been achieved. Despite this adverse backdrop, Telit still managed to keep growing over market average, reaffirming our leadership in EMEA

We achieved important design wins in different verticals with new customers that are well-established players in various verticals like Energy, Telematics, Security, Vending Machines and Gateways & routers that will contribute to our growth during 2015 and beyond, but visibility on how the economy will evolve in EMEA during 2015 remain unclear, with many challenges facing Telit and the market as a whole.

The shift towards 3G and 4G cellular technologies that we see in other regions is not replicated in EMEA yet and 2G is still largely the dominant technology. This limits the growth possibilities in revenue despite the growth in the number of units sold. We expect to see a substantial increase in revenues when the shift to 3G and 4G technologies in EMEA begins in earnest, but it is difficult to predict when the shift will begin.

Looking forward to 2015 these uncertainties in the political situation in EMEA continue to prevail and may block the progress of certain projects and consequently slow down the market growth. Based on this we can expect a modest growth and many big projects shifting into 2016. Our OSOS strategy and diversification towards services will contribute into softening the effects of the political climate in this area and will allow us to reinforce our leadership.

APAC

Revenues in APAC enjoyed substantial growth of 45% over 2013 revenues, despite fierce price pressure in low end applications utilizing 2G modules in certain countries in the region. The growth was driven by our focus on high value added segment in 2G and expansion in 3G and 4G modules.

Certain consumer and low end industrial segments 2G applications continue to face fierce price pressure due to low requirement on quality and differentiable features. Although the low end 2G price floor seemed to have stabilized, this segment remains challenging from a margin perspective.

Many of the key APAC countries are accelerating the adoption of 3G and 4G technologies for M2M applications. We were able to capture many of these opportunities. In 2014, we saw multiple key accounts launching new systems in remote health, point of sales devices and remote monitoring resulting in significant module sales growth in these segments. We expect these key accounts to continue to drive the system sales in the coming years and our module sales will benefit from it.

Technology, Services & Products:

Technological innovation is Telit's core capability. Thanks to its 8 R&D centres, the Company was again able in 2014 to provide outstanding module quality ranging from cellular to short-range RF and location technologies. Our modules are currently integrated in a wide range of applications, including asset tracking, remote industrial monitoring, automated utility meter reading, insurance telematics, consumer electronics, mobile health devices and many more. In addition, Telit's m2m Air division expanded its offering of PaaS cloud services and premium managed connectivity plans. Highlights in 2014 include:

- Following the acquisition ATOP business unit from NXP, a new product line of automotive connectivity modules was added to the Telit portfolio, expanding its offering for this market segment. The new products offer embedded security features and processing power.
- During the second half of the year, we launched the m2mAir Cloud platform, powered by deviceWISE to provide customized network connectivity as well as a host of value added services. Our deviceWISE M2M/IoT Application Enablement Platform (AEP) provides seamless connectivity and integration across any remote device, any network and any enterprise application in the back office - without any programming. The developer-friendly platform reduces the risk, time-to-market, complexity and cost of deploying solutions for remote monitoring and control, industrial automation, asset tracking and field service operations across operations around the world.
- Continued investment and development of the m2mAIR Mobile managed services business, which provides Telit with a recurring revenue stream in addition to the revenues achieved by the Company from its established module business. The m2mAIR Mobile offering covers all customer connectivity needs, including subscription management, remote module management, security, reporting and monitoring, supply of SIM cards, rate plans and customer support. With Telit's wireless module technology, these services enable M2M solution providers to easily create and manage their M2M applications, reducing total cost of ownership (TCO) necessary to operate and support M2M user-applications while ensuring the highest network quality and reliability. The m2mAIR Mobile offering is currently available for European and North American customers with planned rollouts in other regions.
- The 2013 acquisition of ILS Technology and the integration into Telit of its management, engineering and support staff created the m2mAir Cloud services unit, expanding Telit's successful "ONE STOP. ONE SHOP." market approach with solutions to boast a broader offering in value added services. With ILST enabling m2mAIR Cloud, Telit expanded the reach of m2mAIR much deeper into Internet-side services where M2M adopters have been seeking better, more integrated solutions, particularly for on-boarding M2M assets to Cloud enabled IT infrastructures in low entry-cost, PaaS service models.
- The Company integrated the m2m Cloud connector in its cellular modules, launching "Cloud Ready" products that significantly shorten the development time and reduces the risks of developing solutions from scratch.
- The Company continued to invest in the development of its flagship xE910 family of wireless modules featuring a single, compact form factor that is interchangeable so that solution providers and integrators can easily deploy their applications under most of the top regional cellular networks, with ubiquitous, cost effective coverage for M2M connected assets and consumer electronics devices worldwide. Based on a Land-Grid-Array (LGA) form factor with a footprint of just $795mm^2$ and a total size of 28.2 x 28.2 x 2.2mm, the Telit xE910 family's uniform design gives customers the ability to choose between global or regional cellular technologies depending upon the location and requirements of a specific application

for optimum data rates and module costs. Supporting GSM/GPRS, UMTS/HSPA+ and CDMA/EV-DO and LTE cellular technologies, the xE910 family also allows applications to be easily upgraded, such as when migrating from 2G to 3.5G, while maintaining the core design of an application or device throughout its lifecycle.

- The Company completed the certification of LE910 variants for the US market, which include a single mode LTE variant for Verizon Wireless and a multi-mode LTE variant for the AT&T network. Also new regional variants of LTE products including the EU, Japan and Korea were introduced to the market.
- The Company continued the development of third generation multi-constellation GNSS modules which dramatically improve navigation performance by providing access to both the Russian GLONASS global navigation satellite system and Chinese Beidou, supplementing GPS. Third generation modules offer improved performance and power consumption. In 2014 the Jupiter family was further expanded with the addition of the new variants: SL869-V2S, SL871 and SL871-S.
- During 2014 we followed the deployment of LPWA (Low Power Wide Area) networks in different countries, specifically Spain and the UK. As part of our Short Range offering, we have extended our product portfolio to support Sigfox technology by adding a new member to our family concept that facilitate the adoption to our customers and allow them to address the new opportunities arising in the market.

Outlook

2015 has started positively and in line with our expectations. The outlook for the rest of 2015 and the future looks positive for the m2m industry and promising for Telit. Our strong position in the m2m market and enhanced position in the automotive segment following the acquisition of the ATOP business unit, together with our m2mAIR business unit is expected to lead Telit to further growth and further improvement in our financial results.

The hard work and dedication of Telit's staff across the globe is and will continue to be crucial to Telit's success. I would like to thank the Company's management team and all employees for their continued commitment to the Company and its success. Their dedication is an invaluable asset, indeed the core asset of the Company.

Telit intends to continue to take advantage of the considerable opportunities arising in this growing global market. 2015 has started well, and I look forward to providing further news of the Group’s progress over the coming months.

Oozi Cats

Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 Audited $'000	2013 Audited $'000
Revenue	294,004	243,224
Cost of sales	(177,734)	(150,742)
Gross profit	116,270	92,482
Research and development expenses	(26,986)	(24,049)
Selling and marketing expenses	(50,393)	(38,617)
General and administrative expenses	(26,529)	(22,348)
Other income (expenses) net	2,855	6,668
Operating profit	15,217	14,136
Finance costs, net	(1,309)	(2,185)
Profit before income taxes	13,908	11,951
Tax expenses	(1,421)	(1,065)
Profit for the year from continuing operations	12,487	10,886
Loss for the year from discontinued operations	(540)	-
Net profit for the year	11,947	10,886
Other comprehensive income / (loss)		
Foreign currency translation differences	(9,381)	1,092
Total comprehensive income for the year	2,566	11,978
Profit attributable to:		
Owners of the Company	11,954	10,933
Non-controlling interests	(7)	(47)
Profit for the year	11,947	10,886
Total comprehensive income / (loss) attributable to:		
Owners of the Company	2,567	12,033
Non-controlling interests	(1)	(55)
Total comprehensive income / (loss) for the year	2,566	11,978
Basic profit per share (in USD cents)	10.6	10.5
Diluted profit per share (in USD cents)	10.2	9.8
Adjusted basic profit per share[3] (in USD cents)	18.4	14.9
Adjusted diluted profit per share[4] (in USD cents)	17.7	13.9
Basic weighted average number of equity shares	112,427,822	103,826,885
Diluted weighted average number of equity shares	117,111,456	111,067,069

3 Adjusted basic profit per share is defined as adjusted profit for the year divided by basis weighted average number of equity shares.

4 Adjusted diluted profit per share is defined as adjusted profit for the year divided by diluted weighted average number of equity shares.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2014 Audited $'000	2013 Audited $'000
ASSETS		
Non-current assets		
Intangible assets	72,576	49,459
Property, plant and equipment	20,113	16,182
Other long term assets	851	807
Deferred tax asset	4,658	3,954
	98,198	70,402
Current assets		
Inventories	21,506	18,520
Trade receivables	63,967	63,118
Other current assets	15,306	14,338
Deposits - restricted cash	845	291
Cash and cash equivalents	25,399	23,886
	127,023	120,153
Total assets	225,221	190,555
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	1,942	1,791
Share premium account	90,533	78,678
Merger reserve	1,235	1,235
Other reserve	(2,727)	(2,993)
Translation reserve	(13,254)	(3,867)
Retained earnings	20,048	4,181
Equity attributable to owners of the Company	97,777	79,025
Non-controlling interest	-	367
Total equity	97,777	79,392
Non-current liabilities		
Other loans	17,612	22,134
Post-employment benefits	4,537	3,780
Deferred tax liabilities	10	21
Provisions	2,626	2,236
Other long-term liabilities	23	369
	24,808	28,540
Current liabilities		
Short-term borrowings from banks and other lenders	12,497	13,790
Trade payables	70,463	51,860
Provisions	1,446	1,217
Accruals and other current liabilities	18,230	15,756
	102,636	82,623
Total equity and liabilities	225,221	190,555

CONSOLIDATED STATEMENT OF CASH FLOW

	2014 Audited $'000	2013 Audited $'000
CASH FLOWS - OPERATING ACTIVITIES		
Profit for the period from continued operations	12,487	10,886
Adjustments for:		
Depreciation of property, plant and equipment	4,092	2,800
Amortization of intangible assets	10,396	7,994
Gain on sale of property, plant and equipment	(99)	(37)
Change in fair value of earn-out	(301)	(1,667)
Increase / (decrease) in provisions for post-employment benefits	791	(50)
Finance costs, net	1,309	2,185
Tax expenses	1,421	1,065
Fair value of preferential rate loan	-	(3,754)
Share-based payment charge	4,011	742
Operating cash flows before movements in working capital:	34,107	20,164
Increase in trade receivables	(6,237)	(3,807)
Increase in other current assets	(1,196)	(3,678)
(Increase) / decrease in inventory	(869)	3,776
Increase in trade payables	23,073	11,487
Increase / (decrease) in other current liabilities	(262)	(273)
(Decrease) / increase in provisions and other long term liabilities	394	320
Cash from operations	49,010	27,989
Income tax paid	(980)	(741)
Interest received	135	25
Interest paid	(1,941)	(1,901)
Net cash from operating activities from continued operations	**46,224**	**25,372**
Loss for the period from discontinued operations	**(540)**	**-**
Increase in provisions	**540**	**-**
Net cash from operating activities from discontinued operation	**-**	**-**
CASH FLOWS - INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(9,611)	(4,847)
Acquisition of intangible assets	(2,651)	(3,320)
Proceeds from disposal of property, plant and equipment	362	51
Capitalized development expenditures	(26,071)	(11,177)
Acquisition of business, net of cash acquired	(2,100)	(9,509)
Settlement of earn out	-	(1,149)
Decrease / (increase) in restricted cash deposits	(700)	56
Net cash used in investing activities	**(40,771)**	**(29,895)**

CONSOLIDATED STATEMENT OF CASH FLOW

	2014 Audited $'000	2013 Audited $'000
CASH FLOWS - FINANCING ACTIVITIES		
Proceeds from exercise of options	3,119	259
Acquisition of non-controlling interest	(100)	-
Short-term borrowings from banks and others	1,647	(10,870)
Proceeds from other loans	-	19,301
Repayment of other loans	(2,924)	(2,361)
Net cash from financing activities	**1,742**	**6,329**
Increase in cash and cash equivalents	7,195	1,806
Cash and cash equivalents at beginning of year	23,886	21,044
Effect of exchange rate differences	(5,682)	1,036
Cash and cash equivalents at end of year	**25,399**	**23,886**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014 (audited)

	Share capital	Share premium	Merger reserve	Other reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014	1,791	78,678	1,235	(2,993)	(3,867)	4,181	79,025	367	79,392
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	11,954	11,954	(7)	11,947
Foreign currency translation differences	-	-	-	-	(9,387)	-	(9,387)	6	(9,381)
Total comprehensive income for the period	-	-	-	-	(9,387)	11,954	2,567	(1)	2,566
Transaction with owners:									
Issue of shares	38	8,849	-	-	-	-	8,887	-	8,887
Exercise of options	113	3,006	-	-	-	-	3,119	-	3,119
Purchase of minority interest	-	-	-	266	-	-	266	(366)	(100)
Share based payment charge	-	-	-	-	-	3,913	3,913	-	3,913
Total transactions with owners	151	11,855	-	266	-	3,913	16,185	(366)	15,819
Balance at 31 December 2014	**1,942**	**90,533**	**1,235**	**(2,727)**	**(13,254)**	**20,048**	**97,777**	**-**	**97,777**

Year ended 31 December 2013 (audited)

	Share capital	Share premium account	Merger reserve	Other reserve	Translation reserve	Retained earnings	Total	Minority interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2013	1,781	78,429	1,235	(2,993)	(4,967)	(7,494)	65,991	422	66,413
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	10,933	10,933	(47)	10,886
Foreign currency translation differences	-	-	-	-	1,100	-	1,100	(8)	1,092
Total comprehensive income	-	-	-	-	1,100	10,933	12,033	(55)	11,978
Transaction with owners									
Exercise of options	10	249	-	-	-	-	259	-	259
Share-based payment charge	-	-	-	-	-	742	742	-	742
Total transaction with owners	10	249				742	1,001	-	1,001
Balance at 31 December 2013	**1,791**	**78,678**	**1,235**	**(2,993)**	**(3,867)**	**4,181**	**79,025**	**367**	**79,392**

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. The Group's accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 2013. Statutory accounts for 2014 will be delivered to the Registrar of Companies. The auditors have reported on the 2014 and 2013 statutory accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

3. The Group meets its day to day working capital requirements through overdraft facilities and invoice advance facilities. Some of these facilities are cancellable on demand or have renewal dates within one year of the date of approval of the financial statements. In addition, the Group has received a long-term preferential rate loan supported by the Ministry of Trade and Commerce in Italy. Further information is provided within note 5.

   The management considers the uncertainty over (a) the level of demand for the Group's products which may also affect the possibility of utilizing some of these facilities since they depend upon the level of sales in specific markets and in some instances to specific customers; (b) the exchange rate between Euro and US dollar and thus the consequence for the cost of the Group's raw materials; (c) the availability of bank finance in the foreseeable future; (d) the continuity of supply from key suppliers; and (e) the forecasts in current market environments.

   The Group's forecasts and projections taking into account the Group's history of successfully renewing its facilities in the past and the fact that there are actions available to the Group to address these risks, show that the Group should be able to operate within the level of its current facilities. The Group maintains constant negotiations with its banks for renewing and increasing the credit facilities to meet the required working capital for the Group's future growth. After making enquiries, the directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

4. Reconciliation of operating profit, profit before tax and net profit to the adjusted figures:

	2014	2013
	$ ’000	$ ’000
Operating profit	**15,217**	**14,136**
Share-based payments	4,011	742
Non-recurring expenses	941	1,229
Amortization intangibles acquired	4,518	2,688
Adjusted EBIT	**24,687**	**18,795**
Depreciation & amortization	9,970	8,106
Adjusted EBITDA	**34,657**	**26,901**
Profit before tax	**13,908**	**11,951**
Share-based payments	4,011	742
Non-recurring expenses	941	1,229
Amortization of intangibles acquired	4,518	2,688
Adjusted profit before tax	**23,378**	**16,610**
Net profit for the year	**11,947**	**10,886**
Loss attributable to non-controlling interest	(7)	(47)
Profit attributable to the owners of the Company	**11,954**	**10,933**
Share-based payments	4,011	742
Non-recurring expenses	941	1,229
Amortization of intangibles acquired	4,518	2,688
Change in deferred tax asset, net	(715)	(126)
Adjusted net profit for the year	**20,709**	**15,466**

5. Research and development expenses, net, were:

	2014	2013
	$’000	$’000
Research and development operating expenses	48,793	31,439
Capitalized development expenses	(26,071)	(11,177)
Amortization of internally generated development costs	4,264	3,787
Research and development expenses, net	**26,986**	**24,049**

6. Net debt position

The table below presents the net debt position at the year-end:

	2014	2013
	$ ’000	$ ’000
Cash and cash equivalents	25,399	23,886
Restricted cash deposits	845	291
Working capital borrowing (1)	(9,949)	(10,960)
Long term loan (2)	(5,372)	(7,482)
Governmental loan (3)	(11,183)	(13,060)
Mortgage loan (4)	(3,605)	(4,422)
Net debt	**(3,865)**	**(11,747)**

(1) Short term borrowings, less than one year, arising from invoice advances used for working capital.

(2) Representing two long term loans from banks in Italy- (i) for $6.2 million with interest at a rate of Euribor 3 months plus 3.25% and is repayable in 20 quarterly instalments that commenced in September 2013, and (ii) $1.3 million with an interest rate of Euribor 6 months plus + 5.5% and is repayable in 6 semi-annual instalments that will commence in December 2020.

(3) Representing preferential two long term loans (i) for $7.7 million with fixed-rate of 0.5% and is repayable in 14 semi-annual instalments that will commence in December 2016, supported by the Italian MISE (Ministry of Economic Development) to develop an innovative platform for the application of M2M technologies and, (ii) for $6.1 million with a fixed-rate of 0.75% and is repayable in 10 annual instalments that commenced in March 2009, supported by the Ministry of Trade and Commerce in Italy, provided in connection with the Group’s business development program in Sardinia.

(4) Representing a preferential rate loan from a regional fund in Italy provided in connection with the Group’s acquisition of the campus used for the Company's main R&D facility in Trieste, Italy. The mortgage loan is denominated in Euro, attracts interest at a rate of Euribor 6 months less 20% and is repayable in 15 semi-annual instalments that commenced in June 2012.

The directors believe, based on the past performance of the relevant subsidiaries and the history of the relationships with the lending banks, that the credit facilities will remain available to the Group in the foreseeable future and that therefore the Group will be able to continue to fund its operations from these credit facilities.

7. On August 11, 2014, our subsidiaries Telit Communications SpA and Telit Wireless Solutions, Inc. amicably resolved the legal proceedings with Mentor Graphics Corporation and its Irish subsidiary, described in note 21C to the Company’s 2013 annual report. The parties entered into a settlement agreement, which fully and finally settled all disputes among the parties, and dismissed all claims and counterclaims in the case with prejudice.

8. Claims filed by M2M Solutions LLC ("**M2M**")

The 2012 Case:

On January 13, 2012, M2M filed a Complaint in the United States District Court for the District of Delaware against Motorola Solutions, Inc. ("Motorola"), the Company and Telit Americas (collectively with the Company, the "Telit Defendants"), alleging that Motorola infringed one of the asserted patents, and that the Telit Defendants infringed two patents.

In February 2012, Motorola asserted a claim for indemnification against the Company. Motorola, the Company and their relevant subsidiaries entered into a Tolling Agreement, reserving all rights to challenge Motorola's claim in an arbitration to be held after the resolution of the litigation.

On November 12, 2013, the Court entered its claim construction order, which invalidated the patent asserted against Motorola. Claims against Motorola have been stayed until the case against the Telit Defendants (and other co-pending cases filed by M2M) are resolved. The Telit Defendants' case is in the expert discovery stage. The parties exchanged expert reports in 2014, and expert depositions are scheduled to be held in April and May 2015.

As of May 5, 2014, M2M's damages expert report demands a royalty of approximately $4.2 million for the period January 10, 2012 to mid-May 2015. The Telit Defendants' damages expert report estimates a non-material lump-sum royalty or running royalty rate for the period January 10, 2012 to mid-2014, if the remaining patent is found to be valid and enforceable, and the Telit Defendants are found to infringe. In addition, regardless of which damages analysis is adopted, M2M has asked the Court to award it damages for future alleged infringements, treble damages, post-judgment interest, and attorneys' fees. M2M has also asked the Court to issue an injunction prohibiting the Telit Defendants from selling any allegedly infringing products in the future.

In the opinion of the Company's management based, among other things, on the opinion of its professional advisers, no provision is considered necessary.

The 2014 Case:

On August 26, 2014, M2M filed another Complaint in the same Court against the Telit Defendants, alleging infringement of a related patent. Telit Americas moved for a stay pending the outcome of the prior litigation, which M2M has opposed. On February 13, 2015, the Court will hear oral argument on the motion. On January 26, 2015, the Company filed a motion to dismiss M2M's claim against it, which is still pending.

The prayers for relief in the Complaint include damages for past alleged infringements, damages for future alleged infringements, treble damages, post-judgment interest, and attorneys' fees. The Company does not believe that M2M would be entitled to duplicative damages on the same allegedly infringing products and/or features that were identified in the earlier case. M2M has also asked the Court to issue an injunction prohibiting the Telit Defendants from selling any allegedly infringing products in the future.

In the opinion of the Company's management based, among other things, on the opinion of its professional advisers, and as M2M has not disclosed the amount of damages it seeks in connection with the 2014 Case, no provision is considered necessary.

9. In December 2014 Telit Communications SpA received 3 VAT assessments from the Italian tax authorities in the amount of approximately €7 million plus interest and penalties, which when taken together could amount to approximately €15.6 million in aggregate, in connection with tax years 2005, 2006 and 2007. The assessments, which due to a recent change in the practices of the Italian tax authorities have been issued simultaneously in relation to 3 fiscal years, are wholly related to the Company's discontinued EVAR business unit which was divested in January 2008 and have no relation to the Company's current business. The Company believes it has strong arguments against the assessments to be brought before the Tax Court and intends to defend its position vigorously and further notes that it regularly receives and defends tax assessments, and has successfully defended or substantially reduced amounts claimed by the Italian tax authorities in the past, including recently prevailing (in December 2014 and January 2015 separate court decisions) against a VAT assessment served by the Italian tax authorities against the Company’s Italian subsidiary in connection with the 2004 tax year and tax assessments served by the Italian tax authorities against the Company’s Italian subsidiary in connection with the 2008 and 2009 tax years.