Press Release **3 August 2015**

Telit Communications PLC

("Telit" or "the Company")

Interim Results for the six months ended 30 June 2015

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 interim results for the six months ended 30 June 2015 which show the continued growth of the Company.

Financial Highlights[1]

- First half revenues increased by 13.1% to $156.3 million (H1 2014: $138.2 million).
- Revenues from the Company's IoT Platform as a Service (PaaS) through its services division increased by 20.6% to $11.1 million (H1 2014: $9.2 million).
- Gross margin increased from 39.5% in H1 2014 to 39.7% in H1 2015.
- Adjusted EBITDA for the first half increased by 28.2% to $21.8 million (H1 2014: $17.0 million).
- EBIT increased by 29.3% from $8.2 million in H1 2014 to $10.6 million in H1 2015.
- Adjusted EBIT increased by 30.8% to $15.7 million (H1 2014: $12.0 million).
- Profit before tax for the period increased by 19.2% to $8.7 million (H1 2014: $7.3 million).
- Adjusted profit before tax for the first half increased by 25.2% to $13.9 million (H1 2014: $11.1 million).
- Adjusted net profit for the first half increased by 34% to $13.4 million (H1 2014: $10.0 million).
- Adjusted basic earnings per share increased by 30% to 11.7 cents (H1 2014: 9.0 cents)
- Net cash generated from operating activities increased by 63% to $20.7 million (H1 2014: $12.7 million).
- Net cash/debt at 30.6.2015 was $nil (31.12.2014: net debt of $3.9 million).
- Total equity at 30.06.2015 increased by 5.9% to $103.6 million (31/12/2014: $97.8 million).

[1] For reconciliation from IFRS financial results to adjusted financial results, please refer to the table in page 17.

Operational highlights

Each and every operational financial parameter improved during the first half compared to the corresponding period in 2014; expenses, while growing in absolute numbers, decreased as a percentage of revenues:

- Revenue for six months increased by 13.1% to $156.3 million (H1 2014: $138.2 million). For the sixth year in a row, the Company has achieved double-digit revenue growth. As recently announced by the company the company has provided guidance for the 2015 annual results as follows[2]:
  - Revenues for the full year $347-$354 million
  - Adjusted EBITDA for the full year $42-$47 million
- Gross margin continued to improve, from 37.6% in H1 2013 to 39.5% in H1 2014 and to 39.7% in H1 2015, due to the Company's strong positioning in the M2M industry, further improvements in the hardware business gross margin and the increasing share of revenues from the IoT platform as a service (PaaS) to the business model, which contributes a higher gross margin.
- Gross profit increased by 13.6% to $62 million (H1:2014: $54.6 million).
- Gross research and development expenses (before capitalization and amortization of internally generated development costs - see also note 4 at page 16) decreased, as percentage of revenues, from 16.6% in H1 2014 to 15.6% in H1 2015.
- Sales and marketing expenses decreased, as a percentage of revenues, from 17% in H1 2014 to 16.9% in H1 2015. In absolute numbers these expenses increased by $2.9 million to $26.4 million (H1 2014: $23.5 million).
- General and administrative expenses decreased, as a percentage of revenues, from 8.1% in H1 2014 to 7.8% in H1 2015. In absolute numbers these expenses increased by $0.9 million to $12.1 million (H1 2014: $11.2 million).

Commenting on the results, Oozi Cats, Chief Executive, said: "the first half of 2015 starts to reveal the strength of the acquisitions in the areas of Automotive and IoT Services. We recorded strong growth in revenue and operating profits together with robust growth in gross margin and in services revenues, which reached $11.1 million in six months. Our strategic acquisitions in the area of IoT connectivity and Application Enablement Platform (AEP) in recent years have added a layer of recurring revenues to Telit's traditional business and we expect them to continue increasing their contribution over the coming years.

Our focus and significant investments over the past few years have started to pay off with an emerging market-leading platform of modules, connectivity and data/application services allowing us to capitalize more and more on the rise of the IoT. With this platform, we can remain bullish in the pursuit of larger and more representative opportunities in the market and continue increasing our market share. We are very excited about the Telit IoT Engine concept we have announced and are developing to deliver even more value to IoT customers and adopters and are confident that with the unparalleled simplification it provides, Telit is even better positioned to continue leading the space of IoT solution enablement worldwide.

[2] This guidance for the full year reflects current business indicators and expectations. Inherent in this guidance are risk factors that are described in greater detail in our regulatory filings. All figures are approximations based on management's current beliefs and assumptions and our actual results could differ from those presented above.

The outlook for the rest of 2015 and the future is positive for the IoT industry and for Telit. We expect our strong position in the IoT modules market together with our fast growing automotive and services business units to lead Telit to further growth and further improvement in financial results".

Below are the key financial results for H1 2015 compared to H1 2014 and FY 2014:

	H1 2015 $'000	H1 2014 $'000	FY 2014 $'000
Revenue	**156,281**	**138,180**	**294,004**
Gross profit	**62,043**	**54,559**	**116,270**
Gross margin	39.7%	39.5%	39.55%
Research and development	(12,812)	(13,054)	(26,986)
Selling and marketing	(26,416)	(23,484)	(50,393)
General and administrative	(12,115)	(11,239)	(26,529)
Other operating income /(expenses)	(145)	1,411	2,855
EBIT	**10,555**	**8,193**	**15,217**
Adjusted EBIT	**15,748**	**12,031**	**24,687**
Adjusted EBITDA	**21,752**	**17,022**	**34,657**
Profit before tax	**8,705**	**7,277**	**13,908**
Adjusted profit before tax	**13,898**	**11,115**	**23,378**
Profit for the year from continuing operations	**7,385**	**6,347**	**12,487**
Adjusted net profit for the year	**13,360**	**9,992**	**20,709**
Adjusted basic profit per share (in USD cents)	**11.7**	**9.0**	**18.4**

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Simon Bridges / Mark Whitmore

CHIEF EXECUTIVE'S STATEMENT AND REVIEW

Introduction

I am pleased to announce the Company's unaudited consolidated interim results for the first half of 2015 and to report continued growth compared to the first half of 2014. This growth helped Telit strengthen its position as a leading M2M module supplier worldwide, with a market share of about 30% according to the company's own analysis of the industrial internet market.

Many of the wireless M2M module providers seek to differentiate themselves by focusing on specific technology standards. Telit is one of the very few vendors to support many different cellular technologies, including GSM/GPRS, CDMA, UMTS/HSPA and LTE, while catering to the arena of short range RF technologies with offerings including ZigBee and proprietary RF mesh, as well as ready-to-use GPS and GNSS modules. Further, Telit offers a unique proposition of value added services including connectivity and Platform as a Service (PaaS) allowing the company to be a "one stop shop" for its customers.

During the first half of 2015 the Company continued on a strong growth trend in number of units shipped, resulting in increased Gross Profit, increased Adjusted EBITDA and increased Adjusted Profit Before Tax compared to those achieved in the first half of 2014.

Continued growth in the number of new customers contributed to the revenue growth achieved in the period. Due to continued revenue growth from its broad customer base, Telit's dependency on major customers continues to be low with the top 10 customers contributing 37% of total revenues during the first half (H1 2014: 37.4%).

The split of revenues on a geographical basis for the six months ended 30 June 2015, 30 June 2014and the full year ended 31 December, 2014 is as follows:

	H1 2015 (M$)	% of Total Revenues	H1 2014 (M$)	% of Total Revenues	FY 2014 (M$)	% of Total Revenues
Americas	64.8	41.5%	65.9	47.7%	135.7	46.1%
EMEA	58.5	37.4%	58.1	42.0%	117.5	40.0%
APAC	33.0	21.1%	14.2	10.3%	40.8	13.9%
Total	**156.3**	**100%**	**138.2**	**100%**	**294.0**	**100%**

Revenues in the Americas region were affected by a components shortage due to strong demand by the smartphone industry, resulting in several component supply constraints. The company has overcome these challenges and expects the full year revenue for this region to reflect substantial growth compared to 2014. The challenging conditions in the Eurozone economy continued into 2015, with the m2m/IoT market remaining flat with virtually no growth. The Company believes it has maintained its leading position in this region and is well positioned to take advantage of its leadership position when the Eurozone economy begins to grow again. Revenues in APAC continued their strong growth, reflecting the coming of age of this market and the fruition of the Company's investment in its penetration.

Technology, Services & Products

Technological innovation is Telit's core capability. Thanks to its 8 R&D centres, the Company was again able in H1 2015 to provide outstanding product 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 H1 2015 include:

- Continuous development of the ATOP product line of automotive connectivity modules; the new products offer embedded security features and processing power. During the period, ATOP 3.5G products achieved major carrier certifications, while development of the ATOP 4G/LTE product continues.
- Continuous development of the Telit IoT Portal that will allow us to offer a one stop one shop approach to our customers, simplify their designs and integration with the connectivity and the Platform as a Service.
- The development and addition of new features to Telit IoT Cloud platform continued in H1 2015. The platform provides 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 Telit IoT connectivity 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 Telit IoT connectivity 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 Telit IoT connectivity offering is currently available for European and North American customers with planned rollouts in other regions.
- The Company integrates 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 795mm2 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 extended 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 continues 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.

Employees

With the stated objective of continued expansion to support and strengthen its position as one of the world's leading M2M/IoT technology providers, Telit leverages the hard work and dedication of its workforce distributed around the globe and which remains crucial to Telit's success. I would like to thank the Company's employees, management team and my fellow directors for their commitment to the Company and its success. Their dedication is an invaluable asset to the Company.

The number of employees of the Group is as follows:

	30 June 2015	31 December 2014	30 June 2014
Total Employees	**814**	**794**	**733**

Market Opportunity

The ABI Research report on M2M and IoT embedded modules, released in July 2015, analyzing market trends and developments in regions around the world has forecast that the market will continue enjoying strong growth over the coming years.

Telit serves the total available market of cellular M2M/IoT services and modules. We segment the market to improve focus and strategy execution. Our focus segment **- Industrial M2M/IoT** - is comprised of application areas engaged in industrial scale, mature operations. This includes all M2M applications in Automotive OEM; Commercial Telematics; Automated Meter Infrastructure/Reading; Telemetry applications including fixed asset management ,"track and trace," with cellular connectivity which is not integrated into vehicles; Point-of-Sales & Vending systems; as well as large portions of Security & Surveillance and Telematics including usage-based auto insurance, broadband-to-the-car, and stolen vehicle recovery.

As we map Telit's Industrial M2M segment onto ABI Research's July 2015 report for M2M/IoT embedded modules, the research firm's adjusted estimates are as follows: the number of shipped M2M/IoT embedded modules for the Industrial IoT segment will reach 208 million by 2020, representing a 2015-2020 CAGR of 23%. With similar adjustments, the report also projects a monetary value increase of the Industrial M2M/IoT segment with total annual revenues for M2M/IoT modules reaching $3 billion in 2020.

According to ABI Research in its July 2014 Cellular M2M Connectivity Services Market Data report, IoT cellular connectivity revenues are forecast to grow at 28% CAGR 2014-19 globally, reaching an annual total of $18.9 billion in 2019. Asia-Pacific is expected to be the leading region in revenue growth with 34% CAGR 2014-19, reaching revenues of $5.9 billion in 2019; Europe at 25%, North America at 28% and Latin America at 20% CAGR for the same period. Telit is actively commercializing IoT connectivity in Europe, North and Latin America.

According to an April 2015 report from Berg Insight, service revenues for IoT platforms come from three categories: connectivity management platforms, device management platforms and application enablement platforms. Berg Insight estimates that total revenues for third party IoT platforms will grow at a CAGR of 32.2% from $574 million in 2014 to $3 billion in 2020. Telit has offerings in all three IoT platform areas with device and connectivity management platform services established in Europe and the Americas and application enablement quickly growing out of North America globally leveraging the company's global distribution and support footprints.

The outlook for demand growth for IoT/M2M modules by the Automotive Industry over the next several years remains strong. Analyst firm ABI Research in its "*M2M and IoT Embedded Modules Market Data*" report published in July 2015, indicated that the sector will sustain a CAGR of 31% (2015-2020) with shipped volumes going from 7.6 million in 2015 to 29.6 million in 2020 for OEM and Tier1 suppliers plus 15.1 million in 2015 growing to 57.9 million for Aftermarket Telematics. The firm in its 2014 report entitled *Connected Device Platforms and Ecosystem Analysis* stated that the "telematics market can only be effectively served by cellular. This market (consisting of auto OEM, aftermarket telematics, and commercial telematics) comprises 44% of all cellular M2M connections in 2013 and will grow to 51% of all cellular connections by 2019". And with respect to the demand for cellular connectivity and Connected Device Platform services, ABI Research stated in the same report that the Automotive "sector has generally been dominated by operators. However, OEMs are expanding their use of third-party CDP vendors to simplify infotainment service enablement regardless of world region. Auto OEM cellular connections that are 16% of total cellular connections in 2013 will grow to nearly 26% by 2019.

Shares and options outstanding

During the period, the Company issued 1,161,864 new ordinary shares of 1 pence each, due to an exercise of options under the Company's share option plan; 329,001 options lapsed and 237,380 options were cancelled due to cashless net exercise (starting from June 2014, all options under the Company's share option plans are exercised on a cashless basis). Following the above-mentioned issuances, the Company's total issued share capital on 30 June 2015 consisted of 115,023,089 ordinary shares. No shares are held in treasury. The number of outstanding options, as at 30 June 2015, was 9,889,840 comprising 4.18% of the Company's share capital on a fully diluted and cashless exercise basis (based on the closing price of the Company's shares on AIM on 30 June 2015, which was 289.50p).

Strategy

In March 2015, at Mobile World Congress in Barcelona, Telit introduced the Telit IoT Engine. The IoT Engine is the evolution of the ONE STOP. ONE SHOP delivery model we introduced to resounding success in 2012. The new concept is an integrated, visionary approach to the creation and deployment of robust, innovative Edge-to-Cloud-to-Application solution enablement. The Edge is where data is acquired; the Cloud is where it is processed into real-time insightful intelligence; and finally delivered via Applications through which important business decisions can be made. The IoT is a development with far reaching implications for businesses, that is driving a new economic order and the IoT Engine is Telit's vision to help accelerate that process, particularly facing the enterprise segment.

One requirement for this evolution in models is scalability of the Telit business. Fundamentally, the Telit operating model has no intrinsic technology barriers to scalability. Our strategy remains firmly based on building our offer versus buying third-party resources. This brings many benefits for our go-to-market strategy, not the least of which is the ability to partner and enable the rich IoT Ecosystem.

Another requirement is business longevity, which Telit ensures with a strategy of hard to enter/duplicate models. The IoT is a growth area now and for years to come. The space is attracting entrants at a high rate, but there are significant barriers to the creation of a model similar to Telit's with our three business units.

Industrial Internet Modules: here we operate and maintain a portfolio of products in all market-relevant cellular, short range and GNSS technologies, such as telematics, healthcare, smart metering, telemetry, industry, point of sales etc. this portfolio currently consists of about 150 different models with more than a 1,000 software versions. These products are powered by chipsets from Intel, Qualcomm, CSR, STM, MTK & Texas Instruments.

Based on the ATOP acquisition from NXP semiconductors in 2014, we established the Automotive Solutions division with over 120 employees, 100 of which are employed in R&D positions. This division will lead our efforts in the connected car initiative with the 25 large OEMs and Tier 1 customers around the world, each of them with individual product and functionality requirements. Telit is one of the few suppliers providing them customization services. Today Telit is supporting about 10 automotive customers, each with different number of projects.

In 2011 we launched the start-up Telit IoT Services, which we coupled with the Communications Platform we acquired in December 2012 and then added the Secure Cloud Platform (PaaS) in September 2013 with the acquisition of ILS Technology. Our strategy is to leverage the hardware and software we provide customers (our real estate) to up-sell services. By providing hardware modules with the relevant drivers, we are able to uniquely position ourselves to market connectivity and cloud with Value-Added Services into a walled-garden platform. We provide our customers global connectivity and value added services (such as device management, diagnostic, location services etc.) and the application enablement cloud platform (AEP), which are all integrated into one single portal in the one-stop-shop approach.

Outlook

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 together with our IoT Platform as a Service (PaaS) is expected to lead Telit to further growth and further improvement in our financial results.

Telit intends to continue to take advantage of the considerable opportunities arising from 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

3 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2015	2014	2014
	Unaudited		Audited
	$'000	$'000	$'000
Revenue	156,281	138,180	294,004
Cost of sales	(94,238)	(83,621)	(177,734)
Gross profit	62,043	54,559	116,270
Research and development expenses, net[3]	(12,812)	(13,054)	(26,986)
Selling and marketing expenses	(26,416)	(23,484)	(50,393)
Administrative expenses	(12,115)	(11,239)	(26,529)
Other income (expenses), net	(145)	1,411	2,855
Operating profit	10,555	8,193	15,217
Finance costs, net	(1,850)	(916)	(1,309)
Profit before income taxes	8,705	7,277	13,908
Tax expenses	(1,320)	(930)	(1,421)
Profit for the period from continuing operations	7,385	6,347	12,487
Loss for the period from discontinued operations	-	-	(540)
Net profit for the period	7,385	6,347	11,947
Other comprehensive income/(loss)			
Foreign currency translation differences	(4,460)	121	(9,381)
Total comprehensive income /(loss) for the period	2,925	6,468	2,566
Profit / (loss) attributable to:			
Owners of the Company	7,385	6,354	11,954
Non–controlling interest	-	(7)	(7)
Profit for the period	7,385	6,347	11,947
Total comprehensive income /(loss) attributable to:			
Owners of the Company	2,925	6,469	2,567
Non–controlling interest	-	(1)	(1)
Total comprehensive income for the period	2,925	6,468	2,566
Basic profit per share (in USD cents)	6.4	5.7	10.6
Diluted profit per share (in USD cents)	6.2	5.5	10,2
Adjusted basic profit per share (in USD cents)	11.7	9.0	18.4
Adjusted diluted profit per share (in USD cents)	11.3	8.6	17.7
Basic weighted average number of equity shares	114,515,414	111,219,567	112,427,822
Diluted weighted average number of equity shares	118,241,937	116,337,684	117,111,456

3 For a breakdown of research and development, expenses, net, please refer to note 4 on page 16.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June		31 December
	2015	**2014**	**2014**
	Unaudited		**Audited**
	$'000	**$'000**	**$'000**
ASSETS			
Non-current assets			
Intangible assets	78,595	67,234	72,576
Property, plant and equipment	19,015	19,572	20,113
Other long term assets	888	819	851
Deferred tax asset	3,871	4,149	4,658
	102,369	91,774	98,198
Current assets			
Inventories	22,987	24,274	21,506
Trade receivables	66,464	68,413	63,967
Other current assets	14,505	17,641	15,306
Deposits – restricted cash	770	307	845
Cash and cash equivalents	36,574	21,308	25,399
	141,300	131,943	127,023
Total assets	243,669	223,717	225,221
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1,960	1,933	1,942
Share premium account	90,746	90,509	90,533
Other reserve	(2,727)	(2,727)	(2,727)
Merger reserve	1,235	1,235	1,235
Translation reserve	(17,340)	(3,752)	(13,254)
Retained earnings	29,703	11,587	20,048
Total equity attributable to owners of the Company	103,577	98,785	97,777
Non-current liabilities			
Other loans	24,588	19,980	17,612
Post-employment benefits	4,595	4,219	4,537
Deferred tax liabilities	5	16	10
Provisions	3,289	3,107	2,626
Other long-term liabilities	23	334	23
	32,500	27,656	24,808
Current liabilities			
Short-term borrowings from banks and other lenders	12,751	16,250	12,497
Trade payables	75,509	62,893	70,463
Provisions	1,327	2,187	1,446
Other current liabilities	18,005	15,946	18,230
	107,592	97,276	102,636
Total equity and liabilities	243,669	223,717	225,221

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2015	**2014**	**2014**
	Unaudited		**Audited**
	$'000	**$'000**	**$'000**
CASH FLOWS – OPERATING ACTIVITIES			
Profit for the period from continued operations	7,385	6,347	12,487
Adjustments for:			
Depreciation of property, plant and equipment	2,434	1,814	4,092
Amortization of intangible assets	5,624	5,280	10,396
Loss (gain) on sale of property, plant and equipment	113	(49)	(99)
Increase in provision for post-employment benefits	277	113	791
Finance costs, net	1,850	916	1,309
Tax (income)/expense	1,320	930	1,421
Change in fair value of earn out	-	-	(301)
Share-based payment charge	2,644	1,052	4,011
Operating cash flows before movements in working capital	21,647	*16,403	34,107
Increase in trade receivables	(3,965)	(7,449)	(6,237)
Increase in other current assets	(2,148)	(2,556)	(1,196)
Decrease in inventories	(2,814)	(1,994)	(869)
Increase in trade payables	9,391	11,103	23,073
Decrease in other current liabilities	(1,652)	*(2,165)	(262)
Increase in provisions and other long term liabilities	802	713	394
Cash from operations	21,261	14,055	49,010
Income tax paid	-	-	(980)
Interest received	71	1	135
Interest paid	(599)	(1,363)	(1,941)
Net cash from operating activities from continued operations	20,733	12,693	46,224
Loss for the period from discontinued operations	-	-	(540)
Increase in provisions	-	-	540
Net cash from operating activities from discontinued operations	-	-	-
CASH FLOWS - INVESTING ACTIVITIES			
Acquisition of business, net of cash acquired	-	(2,100)	(2,100)
Acquisition of property, plant and equipment	(2,979)	(4,291)	(9,611)
Proceeds from disposal of property, plant and equipment	193	61	362
Acquisition of intangible assets	(614)	(1,415)	(2,651)
Capitalized development expenditures	(14,333)	(11,887)	(26,071)
Increase in restricted cash deposits	(65)	(8)	(700)
Net cash used in investing activities	(17,798)	(19,640)	(40,771)

*) reclassified

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Six months ended 30 June		Year ended 31 December
	2015	2014	2014
	Unaudited		Audited
	$'000	$'000	$'000
CASH FLOWS - FINANCING ACTIVITIES			
Proceeds from exercise of options	231	3,086	3,119
Acquisition of non-controlling interest	-	(100)	(100)
Proceeds from other loans	11,562	-	-
Repayment of other loans	(1,645)	(2,084)	(2,924)
Short-term borrowings from banks and other lenders	1,310	3,869	1,647
Net cash from financing activities	11,458	4,771	1,742
(Decrease)/increase in cash and cash equivalents	14,393	(2,176)	7,195
Cash and cash equivalents-balance at beginning of period	25,399	23,886	23,886
Effect of exchange rate differences	(3,218)	(402)	(5,682)
Cash and cash equivalents-balance at end of period	36,574	21,308	25,399

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015 (Unaudited)

	Share capital	Share premium	Merger reserve	Other reserve	Translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2015	1,942	90,533	1,235	(2,727)	(13,254)	20,048	97,777
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	7,385	7,385
Foreign currency translation differences	-	-	-	-	(4,460)	-	(4,460)
Total comprehensive income for the period	-	-	-	-	(4,460)	7,385	2,925
Transaction with owners:							
Exercise of options	18	213	-	-	-	-	231
Share based payment charge	-	-	-	-	-	2,644	2,644
Total transactions with owners	18	213	-	-	-	2,644	2,875
Balance at 30 June 2015	**1,960**	**90,746**	**1,235**	**(2.727)**	**(17,714)**	**30,077**	**103,577**

Six months ended 30 June 2014 (Unaudited)

	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	-	-	-	-	-	6,354	6,354	(7)	6,347
Foreign currency translation differences	-	-	-	-	115	-	115	6	121
Total comprehensive income for the period	-	-	-	-	115	6,354	6,469	(1)	6,468
Transaction with owners:									
Issue of shares	90	8,797	-	-	-	-	8,887	-	8,887
Exercise of options	52	3,034	-	-	-	-	3,086	-	3,086
Purchase of minority interest	-	-	-	266	-	-	266	(366)	(100)
Share based payment charge	-	-	-	-	-	1,052	1,052	-	1,052
Total transactions with owners	142	11,831	-	266	-	1,052	13,291	(366)	12,925
Balance at 30 June 2014	**1,933**	**90,509**	**1,235**	**(2,727)**	**(3,752)**	**11,587**	**98,785**	**-**	**98,785**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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/(loss) for the period	-	-	-	-	-	11,954	11,954	(7)	11,947
Profit/(loss) for the year									
Foreign currency translation differences	-	-	-	-	(9,387)	-	(9,387)	6	(9,381)
Total comprehensive income/(loss) for the period	-	-	-	-	(9,387)	11,954	2,567	(1)	2,566
Transaction with owners:									
Issuance of shares	38	8,849	-	-	-	-	8,887	-	8,887
Exercise of options	113	3,006	-	-	-	-	3,119	-	3,119
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**

NOTES TO THE INTERIM FINANCIAL STATEMENT AT 30 JUNE 2015 (Unaudited)

1. The Company was incorporated and registered in England and Wales as a public limited company on 30 November 2004 under the Companies Act 1985.

2. The interim financial statements include the results of operations and the financial position of the Company and its subsidiaries (together the "Group") as at and for the six months ended 30 June 2015. The consolidated interim financial statements of the Company have been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the AIM Rules using the accounting policies set out in the Group's 31 December 2014 statutory accounts. The AIM Rules do not require compliance with the requirements of IAS 34 "Interim Financial Statements" and these consolidated interim financial statements have not been prepared in compliance with the disclosure requirements of that standard. The consolidated interim financial statements have not been audited or reviewed and do not constitute the Company's statutory accounts within the meaning of Section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2014 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

3. The Directors have not declared an interim dividend.

4. Research and development expenses, net, were:

	H1 2015	H1 2014	FY 2014
	$'000	$'000	$'000
Research and development expenses	24,434	*22,877	48,793
Capitalized development expenses	(14,333)	(11,887)	(26,071)
Amortization of internally generated development costs	2,711	*2,064	4,264
Research and development expenses, net	**12,812**	**13,054**	**26,986**

*) Reclassified

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

	H1 2015 $'000	H1 2014 $'000	FY 2014 $'000
Operating profit	**10,555**	**8,193**	**15,217**
Share based payments	2,573	1,052	4,011
Non-recurring expenses	566	685	941
Amortization intangibles acquired	2,054	2,101	4,518
Adjusted EBIT	**15,748**	**12,031**	**24,687**
Depreciation and amortization	6,004	4,991	9,970
Adjusted EBITDA	**21,752**	**17,022**	**34,657**
Profit before tax (PBT)	**8,705**	**7,277**	**13,908**
Share based payments	2,573	1,052	4,011
Non-recurring expenses	566	685	941
Amortization intangibles acquired	2,054	2,101	4,518
Adjusted PBT	**13,898**	**11,115**	**23,378**
Net Profit for the period attributable to the owners of the Company	**7,385**	**6,354**	**11,954**
Share based payments	2,573	1,052	4,011
Non-recurring (income) expenses	566	685	941
Amortization – acquired intangibles	2,054	2,101	4,518
Change in deferred taxes, net	782	(200)	(715)
Adjusted profit for the period attributable to the owners of the Company	**13,360**	**9,992**	**20,709**

6. The calculations of adjusted basic and adjusted diluted earnings per ordinary share are based on the following results and numbers of shares:

	H1 2015 $'000	H1 2014 $'000	FY 2014 $'000
Adjusted profit for the period attributable to the owners of the Company	13,360	9,992	20,709
	Number of Shares		
Basic weighted average number of equity shares	114,515,414	111,219,567	112,427,822
Diluted weighted average number of equity shares	118,241,937	116,337,684	117,111,456
Adjusted basic earnings per share (in USD cents)	11.7	9.0	18.4
Adjusted diluted earnings per share (in USD cents)	11.3	8.6	17.7

7. Net debt position:

	H1 2015	H1 2014	FY 2014
	$'000	$'000	$'000
Cash and cash equivalent	36,574	21,308	25,399
Restricted cash deposits	770	307	845
Working capital borrowings (1)	(10,384)	(13,390)	(9,949)
Long term loan (2)	(5,595)	(6,726)	(5,372)
Governmental loan (3)	(18,160)	(12,059)	(11,183)
Mortgage loan (4)	(3,200)	(4,055)	(3,605)
Net cash / (debt)	**5**	**(14,615)**	**(3,865)**

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

(2) Representing three long term loans from banks in Italy- (i) $6.2 million bearing interest at a rate of Euribor 3 months plus 3.25%, repayable in 20 quarterly instalments that commenced in September 2013; (ii) $1.3 million bearing interest at a rate of Euribor 6 months plus 5.5% and is repayable in 6 semi-annual instalments that will commence in December 2020; and (iii) $1.1 million bearing interest at a rate of Euribor 6 months plus 5.5% and repayable in 6 semi-annual instalments that will commence in December 2020.

(3) Representing three long term loans with preferential rates (i) $8.2 million received in February 2015; ii) $7.7 million received at December 2013, both with a fixed-rate of 0.5% p.a. and 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; (iii) $6.1 million with a fixed-rate of 0.75% p.a. and 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 mortgage 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 is denominated in Euro, bears interest at a rate of Euribor 6 months minus 20% and 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.