



INSIDE Secure first-half 2014 results

- 1st half of 2014 results confirm successful execution of strategic repositioning
- First success of strategy of monetization of the Group's NFC technology and IP with the new license agreement with Intel completed in June 2014
- Strong growth in adjusted gross margin¹ in the 1st half of 2014 at 59% of revenue (compared with 38% in the 1st half of 2013), reflecting the impact of the shift in the Group's revenue model and product mix
- Second consecutive half-year of positive adjusted operating income with \$3.2 million in the 1st half of 2014 (compared with a loss of \$6.3 million in the 1st half of 2013)
- EBITDA of \$5.6 million in the first half of 2014 (compared with a loss of \$3.5 million in the 1st half of 2013)

Aix-en-Provence, France, July 31, 2014 – INSIDE Secure (Euronext Paris: INSD), a leader in embedded security solutions for mobile and connected devices, today reports its consolidated results² for the six-month period ended June 30, 2014.

Financial results for the 1st half of 2014 - Key figures (unaudited)

(in thousands of US\$)	Adjusted		IFRS	
	H1 2014	H1 2013	H1 2014	H1 2013
Revenue	64 247	70 765	64 247	70 765
Gross profit	37 822	26 850	31 860	20 821
<i>As a % of revenue</i>	58,9%	37,9%	49,6%	29,4%
Operating income	3 240	(6 313)	(5 699)	(20 559)
Net income	-	-	(5 477)	(21 002)
EBITDA	5 627	(3 542)	-	-
<i>As a % of revenue</i>	8,8%	-5,0%	-	-

Commenting on these results, Rémy de Tonnac, Chief Executive Officer of INSIDE Secure, said: "The strong results posted for the first half of 2014 confirm the effectiveness of our strategic repositioning. Embedded security technologies of INSIDE Secure aim at protecting the most popular applications on smartphones and tablets around transactions and contents protection. Our solutions offering target the main applications driving the sector: entertainment content delivery, enterprise, driven by the BYOD³ move, and financial, driven by mobile payment. The structure of our revenue is moving gradually towards a higher value-added mix, including a greater contribution from our intellectual property portfolio."

¹ Some financial measures and performance indicators are presented on an adjusted basis as defined in Appendix 2 of this press release. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the consolidated financial statements in Appendix 1.

² The consolidated interim financial statements were prepared by the Management Board and reviewed by the Supervisory Board, and have been subject to a limited review by the statutory auditors.

³ Bring Your Own Device

Financial information for the 2nd quarter of 2014 and 1st half of 2014

2nd quarter 2014 and 1st half 2014 Revenue

(in thousands of US\$)	Q2-2014	Q2-2013	Q1-2014	Q2-2014 vs. Q2-2013	Q2-2014 vs. Q1-2014	H1-2014	H1-2013	2014 vs. 2013
Mobile Security	25 677	15 630	7 073	64%	263%	32 750	26 473	24%
Secure Transactions	13 658	21 095	16 325	-35%	-16%	29 984	44 292	-32%
Unallocated	1 513	0	0	-	-	1 513	0	
Total	40 848	36 726	23 399	11%	75%	64 247	70 765	-9%

At \$40.8 million, consolidated revenue for the 2nd quarter of 2014 was up relative to both the 1st quarter of 2014 and the 2nd quarter of 2013.

Being repositioned around two strategic divisions, the Group started to monetize its NFC technology and intellectual property rights in the 1st half of 2014 while concentrating sales efforts on a cutting edge product range in embedded security. The revenue from this is gradually replacing the volume sales from NFC connectivity components, a large part of which came to an end in the 4th quarter of 2013. As a result, in the 1st half of 2014, consolidated revenue which amounted to \$64.2 million showed a decline of 9.3% compared with the 1st half of 2013, but driven by different underlying businesses compared to that period.

The Group also confirmed its position as leader in advanced mobile payment technologies through the acquisition of Metaforic in April 2014.

(in thousands of US\$)	Q2-2014	Q2-2013	Q1-2014	Q2-2014 vs. Q2-2013	Q2-2014 vs. Q1-2014	H1-2014	H1-2013	2014 vs. 2013
Revenue from sale of products	15 343	30 963	16 818	-50%	-9%	32 161	57 363	-44%
Revenue from development and license agreements	19 577	1 789	2 533	994%	673%	22 110	5 397	310%
Royalties	4 968	3 013	3 066	65%	62%	8 035	6 193	30%
Maintenance	960	960	981	0%	-2%	1 942	1 812	7%
Total	40 848	36 726	23 399	11%	75%	64 247	70 765	-9%

High-margin revenue from licences, royalties and maintenance services amounted to \$32.1 million in the 1st half of 2014, and now accounts for 50% of revenue, a strong increase compared with last year (\$13.4 million or 19% of revenue). This increase has mainly been driven by the license agreement with Intel in NFC technology and intellectual property.

Adjusted operating income

(in thousands of US\$)	H1 2014	H1 2013
Revenue	64 247	70 765
Adjusted gross profit	37 822	26 850
<i>As a % of revenue</i>	<i>58,9%</i>	<i>37,9%</i>
Research and development expenses	(18 133)	(18 107)
<i>As a % of revenue</i>	<i>-28,2%</i>	<i>-25,6%</i>
Selling and marketing expenses	(10 569)	(10 646)
<i>As a % of revenue</i>	<i>-16,4%</i>	<i>-15,0%</i>
General and administrative expenses	(6 363)	(4 937)
<i>As a % of revenue</i>	<i>-9,9%</i>	<i>-7,0%</i>
Other gains / (losses), net	482	527
Adjusted operating expenses	(34 582)	(33 163)
<i>As a % of revenue</i>	<i>-53,8%</i>	<i>-46,9%</i>
Adjusted operating income / (loss)	3 240	(6 313)
<i>As a % of revenue</i>	<i>5,0%</i>	<i>-8,9%</i>

Adjusted gross margin improved strongly in the 1st half of 2014 to 58% of revenue, compared with 38% in the same period last year and 40% in the 2nd half of 2013, buoyed by a positive product mix effect and the effects of the 2013 reorganization plan. This strong increase demonstrates the tangible results of the Group's strategic repositioning to offer a full product range in the high value-added embedded security business.

The decrease of the operating expenses following the implementation of the 2013 reorganization plan was partly offset by the impact of incremental operating expenses relating to the integration of Metaforic into the Group in the 2nd quarter of 2014 and by a decrease of the R&D tax credit (0.8 million dollars). In addition, in accounting terms, part of the R&D expenses were capitalized in the balance sheet in 2013 (0.7 million dollars) while in the 1st half of 2014, all were recognised as expenses.

Finally, the euro's appreciation against the dollar also weighed on operating expenses during the 1st half of 2014. At constant exchange rates, operating expenses would have been lower by \$1.3 million than those posted in the 1st half of 2014.

Nonetheless, thanks to the sharp increase in gross margin, adjusted operating income rose significantly in the 1st half of 2014 to \$3.2 million (compared with a loss of \$6.3 million a year ago).

(in thousands of US\$)	H1 2014	H1 2013	2014 vs. 2013
EBITDA	5 627	(3 542)	9 169
Amortization and depreciation of assets (*)	(2 387)	(2 771)	384
Adjusted operating income	3 240	(6 313)	9 553
Business combinations	(8 387)	(6 988)	(1 399)
Restructuring expenses	(314)	(6 883)	6 569
Share based payments	(239)	(376)	137
Operating income	(5 699)	(20 559)	14 860
Finance income / (losses), net	538	(222)	760
Income tax expense	(315)	(221)	(94)
Net income	(5 477)	(21 002)	15 526

(*) *excluding amortization and depreciation of assets acquired through business combinations*

EBITDA

In the 1st half of 2014, EBITDA amounted to \$5.6 million (8.8% of consolidated revenue), compared with a loss of \$3.5 million in the 1st half of 2013. Moreover, the Group achieved for the first time positive EBITDA over two consecutive half-year periods.

Net financial income

Net financial income to June 30, 2014 amounted to \$0.5 million, compared with a loss of \$0.2 million to June 30, 2013, with the difference deriving mostly from the fluctuations in the euro/dollar exchange rate.

Consolidated net income

Consolidated net income (IFRS) for the 1st half of 2014 amounted to a loss of \$5.5 million. This marks a strong improvement compared with the prior year (\$21 million loss in the 1st half of 2013) despite the amortization of assets (non-cash item) recognised on acquisitions (SMS, ESS and, most recently, Metaforic) totalling \$8.4 million in the 1st half of 2014.

Business segment analysis

First Half 2014

(in thousands of US\$)	Mobile Security	Secure Transactions	Unallocated (*)	Total H1 2014
Revenue	32 750	29 984	1 513	64 247
<i>Contribution to revenue</i>	51,0%	46,7%	-	100%
Adjusted gross profit	28 444	7 865	1 513	37 822
<i>As a % of revenue</i>	86,9%	26,2%	-	58,9%
Adjusted operating income	6 749	(5 504)	1 995	3 240
<i>As a % of revenue</i>	20,6%	-18,4%	-	5,0%
EBITDA	7 201	(3 570)	1 995	5 627
<i>As a % of revenue</i>	22,0%	-11,9%	-	8,8%

(*) unallocated amounts correspond mainly to non-recurring revenue

First Half 2013

(in thousands of US\$)	Mobile Security	Secure Transactions	Unallocated (*)	Total H1 2013
Revenue	26 473	44 292	-	70 765
<i>Contribution to revenue</i>	37,4%	62,6%	-	100%
Adjusted gross profit	13 797	14 463	(1 410)	26 850
<i>As a % of revenue</i>	52,1%	32,7%	-	37,9%
Adjusted operating income	(9 619)	4 493	(1 187)	(6 313)
<i>As a % of revenue</i>	-36,3%	10,1%	-	-8,9%
EBITDA	(9 101)	6 745	(1 187)	(3 542)
<i>As a % of revenue</i>	-34,4%	15,2%	-	-5,0%

(*) unallocated expenses correspond mainly to unused capacity not allocated to business segments

Mobile security

At \$32.8 million, revenue in the 1st half of 2014 was up 24% on the prior year.

Activity in the second quarter of 2014 was primarily driven by the following:

- Completion of a new NFC technology and intellectual property license agreement with Intel extending the pre-existing 2011 license agreement into a broad and fully paid-up license. At closing INSIDE Secure received \$19.2 million in cash from Intel. This payment led to the recognition of an incremental license revenue of \$16.2 million in the second quarter of 2014, while respectively \$1.1 million, \$1.0 million and \$0.9 million were recognized as revenue during the fourth quarter of 2013 and first and second quarters of 2014 under the pre-existing agreement.
- A very good performance by the embedded security solutions product line, including in particular royalties which hit a historical record level.
- The acquisition of Metaforic, which is consolidated since April 5, 2014, date of completion of the acquisition. In June 2014, the Group also signed the first contracts in relation with its HCE⁴ mobile payment solution with banks and “payment associations”.

Besides, the Group confirms that it has not sold any more NFC components to BlackBerry since the 4th quarter of 2013. Note that such sales amounted to about \$9.3 million in the 1st half of 2013 (35% of the division’s revenue) and \$36 million in the whole of 2013 (49% of the division’s revenue).

⁴ Host Card Emulation. Introduced on Android 4.4 (KitKat) and recently supported by major payment brands, HCE allows for contactless payments (and other services including loyalty programs, building access and transit passes) to be made directly between consumers' banks mobile application and retailers point-of-sale terminals using NFC technology. It allows sensitive data used to facilitate transactions to be securely stored on, and accessed from, cloud servers rather than a mobile device and without the use of a secure element or a SIM card.

The sharp rise in adjusted gross margin between 2013 (52.1% of revenue) and 2014 (86.9% of revenue) is mainly due to favourable changes in the product mix. In particular, it includes the first revenue from the Groups's NFC technology in line with the Group's strategy which aims to monetise its NFC technology and related intellectual property rights portfolio.

The Mobile Security division had already reached profitability in the 2nd half of 2013 and generated \$6.7 million in adjusted operating income in the 1st half of 2014 (compared with a loss of \$9.6 million in the 1st half of 2013). This was due to the strong increase in gross profit and, to a lesser extent, the reduction in underlying operating expenses.

The division generated \$7.2 million of EBITDA in the 1st half of 2014 (compared with a loss of \$9.1 million in the 1st half of 2013).

Overall, the mobile security sector experienced strong traction thanks to the wide reporting of an outbreak of cyber-attacks in recent months. Over the last 18 months, the Group has strengthened its position in the market for embedded security for mobile devices by expanding its range of solutions to applications considered to be the strongest drivers for mobile security: entertainment (digital content), enterprise and financial (mobile payment and eWallets). The Group continues to position itself as the only supplier whose product and solutions offering enable it to target all of these fast growing applications.

At the same time, the Group is actively pursuing its strategy of licensing its NFC technology and patent portfolio.

Secure transactions

The Secure Transactions division generated \$ 30 million of revenue in the 1st half of 2014. This was down substantially on the prior year, mainly because of a continuing decline in the Group's legacy EMV business in Europe (sale of EMV payment chips), and pending the take-off of the EMV market in the US.

In the first half of 2014, the division's adjusted gross margin deteriorated from 32.7% in 2013 to 26.2% in first half of 2014, mainly as a result of the decline in volume delivered in the 1st half of 2014, leading to poorer fixed cost absorption. At the same time, the Group increased its R&D spending to develop future generation products, particularly in the area of new-generation secure microcontrollers, using embedded flash memory, as well as the expansion of its offer of secure software embedded on these semiconductor platforms. These new products under development will target the markets of authentication, as well as securing data and transactions for connected devices and the Internet of Things.

As a result, the division recorded an adjusted operating loss of \$5.5 million (compared with an operating income of \$4.5 million in 2013), while 1st half 2014 EBITDA amounted to a loss of \$3.6 million (compared with an income of \$6.7 million in 2013).

The Group plans to continue investing in the "Internet of things" and in anti-counterfeiting ("the Internet of secure objects"). It is also continuing with its marketing efforts to take advantage of the implementation of the EMV standard in the US.

Cash and other key figures

Over the last six months, the Group once again maintained its cash position thanks primarily to cash generated by operations and very tight control of working capital requirement.

At June 30, 2014, the Group's available cash stood at \$38.8 million, compared with \$40.2 million at December 31, 2013 and \$41.8 million at June 30, 2013.

At June 30, 2014, net cash⁵ amounted to \$38.1 million, compared with \$39.7 million at December 31, 2013 and \$40.7 million at June 30, 2013.

⁵ Net cash is defined as cash on hand, marketable securities, time deposits and derivative financial instruments, less obligations under finance leases, bank overdrafts, bank loans and any additional payment related to business combinations. Debt relating

The main movements in cash in the 1st half of 2014 were as follows:

- On-going operations⁶ generated \$3.8 million
- A reduction in working capital requirement (including the financing of the 2013 research tax credit) helped generate \$9.6 million
- The Group paid out \$13 million to acquire all the shares in Metaforic (\$11.6 million) and pay the company's debts.
- Purchase of tangible and intangible assets in the 1st half of 2014 remained limited at \$1 million (compared with \$2.2 million in the 1st half of 2013).

The Group has a strong balance sheet, with \$90.6 million of consolidated equity at June 30, 2014.

Outlook for 2014

The second half of 2014 should confirm the results of the strategic repositioning initiated in 2013 and in particular through:

- Continuing efforts to license its technology and NFC patents, with an intended impact from the second half of 2014;
- Signing new licenses on mobile security embedded products, for applications in content protection as well as enterprise security;
- Pursuing the integration of Metaforic in the Group's product offer and winning new customers after the first contracts signed at the end of the second quarter of 2014 in mobile payment (deployment of HCE solutions as defined by Visa and Mastercard);
- Registering first volumes in the EMV in the U.S. market;
- Pursuing business development in anti-counterfeiting solutions for wine and liquor and luxury goods industries with field trial implementations.

Conference call

A conference call will be held at 11 am (Paris time) on August 1, 2014 when the 1st half 2014 results are published. Access to the call will be by dialling one of the following numbers: +33 (0)1 70 77 09 41 (France), +44 20 3367 9453 (United Kingdom) or + 1 866 907 5928 (USA). The presentation will be available on our website: www.insidesecond.com. An audio webcast of the presentation and the Q&A session will be available on the INSIDE Secure website approximately three hours after the end of the presentation and will remain posted there for one year.

Financial calendar

- Publication of revenue for the 3rd quarter of 2014: October 27, 2014 (after trading)
- Publication of a registration document ("Document de référence") approved by the AMF: September 2014

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to the financing of research tax credit claims is not recognised since it is to be extinguished when the research tax credit claims are repaid by the government.

⁶ Cash generated by operations before changes in working capital and before the exceptional payment of \$1.5 million relating to the departure in the 1st quarter of the last employees affected by the 2013 reorganization plan (which had no impact on earnings since the expense was fully accrued for in 2013).

About INSIDE Secure

INSIDE Secure (Euronext Paris FR0010291245 – INSD) provides comprehensive embedded security solutions. World-leading companies rely on INSIDE Secure's mobile security and secure transaction offerings to protect critical assets including connected devices, content, services, identity and transactions. Unmatched security expertise combined with a comprehensive range of IP, semiconductors, software and associated services gives INSIDE Secure customers a single source for advanced solutions and superior investment protection. For more information, visit www.insidesecond.com.

Supplementary non-IFRS financial information

The supplementary non-IFRS financial information presented in this press release are defined within the press release. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Group's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of a strictly accounting nature, as presented in the Group's Consolidated Financial Statements and the corresponding notes. The Group uses these indicators because it believes they are useful measures of its activity. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently to the Group, even though they use similar terms.

Forward-looking statements

This press release contains certain forward-looking statements concerning the INSIDE Secure group. Although INSIDE Secure believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. The Group's actual results may accordingly differ materially from those anticipated in these forward-looking statements owing to a number of risks and uncertainties. For a more detailed description of these risks and uncertainties, please refer to the "Risk Factors" section of the annual financial report of April 28, 2014, available on www.insidesecond.com

Appendix 1 - Consolidated income statement, balance sheet and cash flow statement (IFRS)

The following tables form part of the interim consolidated financial statements, prepared in accordance with IFRS, which are available on the Company's website.

Consolidated income statement

In thousands of US\$	as at June 30,	
	2013	2014
Revenue	70 765	64 247
Cost of sales	(49 945)	(32 386)
Gross profit	20 821	31 860
Research and development expenses	(19 263)	(18 961)
Selling and marketing expenses	(10 770)	(10 659)
General and administrative expenses	(4 991)	(6 422)
Other gains / (losses), net	(6 356)	(1 517)
Operating loss	(20 559)	(5 699)
Finance income / (loss), net	(222)	538
Loss before income tax	(20 781)	(5 162)
Income tax expense	(221)	(315)
Loss for the period	(21 002)	(5 477)
Attributable to:		
Equity holders of the Company	(21 002)	(5 477)
Non-controlling interests	-	-
Earnings per share:		
Basic earnings per share	(0,62)	(0,16)
Diluted earnings per share	(0,62)	(0,16)

Consolidated balance sheet

	Assets	
In thousands of US\$	December 31, 2013	June 30, 2014
Goodwill	15 287	25 448
Investments accounted for under the equity method	-	862
Intangible assets	32 720	31 945
Property and equipment	10 411	7 143
Other receivables	24 863	28 227
Non-current assets	83 282	93 625
Inventories	14 830	10 857
Trade receivables	17 521	10 550
Other receivables	7 652	8 746
Derivative financial instruments	587	57
Cash and cash equivalents	40 213	38 771
Current assets	80 804	68 980
Total assets	164 086	162 605
	Equity and liabilities	
In thousands of US\$	December 31, 2013	June 30, 2014
Ordinary shares	17 822	17 836
Share premium	225 599	225 716
Other reserves	14 140	14 119
Retained earnings	(134 053)	(161 613)
Income / (loss) for the period	(27 560)	(5 477)
Equity attributable to equity holders of the Company	95 947	90 580
Non-controlling interests	-	-
Total equity	95 947	90 580
Intangible liabilities - Non-current portion	7 962	6 429
Borrowings	6 862	21 050
Repayable advances	3 592	6 348
Retirement benefit obligations	1 596	1 452
Non-current liabilities	20 012	35 278
Intangible liabilities - Current portion	3 011	3 235
Financial instruments	215	63
Trade and other payables	32 525	28 227
Additional conditional payment	-	1 013
Borrowings	7 386	500
Provisions for other liabilities and charges	2 312	838
Unearned revenues	2 678	2 871
Current liabilities	48 127	36 747
Total liabilities	68 138	72 025
Total equity and liabilities	164 086	162 605

Consolidated cash flow statement

In thousands of US\$	6-month period ended	
	June 30, 2013	June 30, 2014
Loss for the year	(21 002)	(5 477)
Adjustments for:		
Depreciation of tangible assets	2 752	2 010
Amortization of intangible assets	6 908	7 079
Impairment of fixed assets	140	1 684
Impairment of receivables	132	(754)
Impairment of inventories	(32)	(291)
Financial result	-	(910)
(Profit) / loss on disposal of property and equipment	(155)	-
Share-based payment	375	239
Change in retirement benefit obligation	(51)	(136)
Income tax	221	315
Variation in provisions for risks	4 826	(1 463)
Cash generated by / (used in) operations before changes in working capital	(5 886)	2 297
Changes in working capital		
Inventories	(6 213)	4 265
Trade receivables	1 252	8 274
Trade receivables transferred	(4 729)	(603)
Other receivables	(585)	(1 117)
Research tax credit and grants	(4 606)	(3 389)
Trade and other payables	6 683	1 078
Non refundable advance on order backlog	-	(2 683)
Other payables	(1 247)	(3 797)
Cash generated by / (used in) changes in working capital	(9 445)	2 028
Cash generated by / (used in) operations	(15 330)	4 325
Interest received, net	37	(252)
Income tax paid	(106)	(584)
Net cash used in operating activities	(15 399)	3 489
Cash flows from investing activities		
Acquisition of business, net of cash acquired	-	(13 036)
Additional payment related to the ESS acquisition	(5 188)	-
Investments accounted for under the equity method	-	(952)
Purchases of property and equipment	(1 852)	(506)
Purchases of intangible assets	(382)	(523)
Research and development capitalized costs	(696)	55
Payments corresponding to intangible liabilities	(592)	(399)
Disposal of fixed assets	165	-
Net cash used in investing activities	(8 545)	(15 361)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net of issuance costs	28	130
Repayable advance	-	2 756
Proceeds from / (Repayment of) borrowings, net of issuance costs	-	7 606
Principal repayment under finance lease	(253)	(245)
Treasury shares	24	36
Bank overdraft	(276)	-
Net cash generated by / (used in) financing activities	(477)	10 283
Net decrease in cash and cash equivalents	(24 421)	(1 588)
Cash and cash equivalents at beginning of the year	66 321	40 213
Effect of exchange rate fluctuations	(53)	147
Cash, cash equivalents at end of the period	41 846	38 771

Appendix 2 - Non-IFRS measures -- Reconciliation of IFRS results with adjusted results

The performance indicators presented in this press release that are not strictly accounting measures are defined below. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Group's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of a strictly accounting nature, as presented in the Group's Consolidated Financial Statements and the corresponding notes. The Group uses these indicators because it believes they are useful measures of its operating performance and of its operating cash flow generation. Although they are generally used by companies in the same sector around the world, these indicators are not necessarily strictly comparable to those of other companies, which may have defined or calculated their indicators differently to the Group, even though they use similar terms.

Adjusted gross profit is defined as gross profit before (i) the amortization of intangible assets and masks related to business combinations purchased through a business combination, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and acquisitions carried out by the Group.

Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets and masks related to business combinations purchased through a business combination, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and acquisitions carried out by the Group.

EBITDA is defined as adjusted operating income before amortization and depreciation not related to business combinations.

The tables below present reconciliations between the income statement figures in this document and the adjusted financial aggregates as defined above, for the interim periods ended June 30, 2013 and 2014:

(in thousands of US\$)	H1 2014 adjusted	Business combinations	Share-based payment	Other non- recurring costs (*)	H1 2014 IFRS
Revenues	64 247	-	-	-	64 247
Cost of sales	(26 425)	(5 924)	(38)	-	(32 386)
Gross profit	37 822	(5 924)	(38)	-	31 860
<i>As a % of revenue</i>	58,9%				49,6%
R&D expenses	(18 133)	(777)	(51)	-	(18 961)
Selling & marketing expenses	(10 569)	-	(91)	-	(10 659)
General & administrative expenses	(6 363)	-	(59)	-	(6 422)
Other (losses)/gains, net	482	(2 028)		28	(1 517)
Operating income / (loss)	3 240	(8 729)	(239)	28	(5 699)
<i>As a % of revenue</i>	5,0%				-8,9%
Amortization and depreciation of assets (**)	2 387	-	-	-	2 387
EBITDA	5 627				(3 312)

(in thousands of US\$)	H1 2013 adjusted	Business combinations	Share-based payment	Other non- recurring costs (*)	H1 2013 IFRS
Revenue	70 765	-	-	-	70 765
Cost of sales	(43 915)	(5 976)	(54)	-	(49 944)
Gross profit	26 850	(5 976)	(54)	-	20 821
<i>As a % of revenue</i>	37,9%				29,4%
R&D expenses	(18 107)	(1 012)	(144)	-	(19 263)
Selling & marketing expenses	(10 646)	-	(124)	-	(10 770)
General & administrative expenses	(4 937)	-	(54)	-	(4 991)
Other (losses)/gains, net	527	-	-	(6 883)	(6 356)
Operating income / (loss)	(6 313)	(6 988)	(376)	(6 883)	(20 559)
<i>As a % of revenue</i>	-8,9%				-29,1%
Amortization and depreciation of assets (**)	2 771	-	-	-	2 771
EBITDA	(3 542)				(17 788)

(*) the amount corresponds mainly to restructuring expenses

(**) excluding amortization and depreciation of assets acquired through business combinations