UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

☒ Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2015

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______

000-30061
(*Commission file No.)*

ELEPHANT TALK COMMUNICATIONS CORP.
(Exact name of registrant as specified in its charter)

DELAWARE	**95-4557538**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. employer identification no.)*

100 Park Avenue, New York City, NY 10017
USA
(Address of principal executive offices)(Zip Code)

+ 1 (212) 984-1096+ 1 (212) 984-1096
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒
Non-Accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of May 1, 2015, there were 155,410,343 shares of the Company's common stock outstanding.

ELEPHANT TALK COMMUNICATIONS CORP. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ELEPHANT TALK COMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 994,693	$ 1,904,160
Financing receivable	-	2,000,000
Restricted cash	416,304	312,935
Accounts receivable	13,562,151	8,877,213
Prepaid expenses and other current assets	1,888,499	2,478,681
Total current assets	16,861,647	15,572,989
NON-CURRENT ASSETS		
OTHER ASSETS	1,326,090	1,600,335
PROPERTY AND EQUIPMENT, NET	17,796,754	19,319,202
INTANGIBLE ASSETS, NET	4,111,695	5,076,208
GOODWILL	3,012,954	3,352,264
TOTAL ASSETS	$ 43,109,140	$ 44,920,998
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Overdraft	$ -	$ 433,366
Accounts payable and customer deposits	2,331,938	1,856,014
Obligations under capital leases (current portion)	1,757,809	1,831,050
Deferred Revenue	12,891,050	8,813,385
Accrued expenses and other payables	3,054,813	4,061,652
Loans payable	-	962,269
2014 10% + libor 3rd Party Loan (net of OID of $733,353 at March 31, 2015 and $798,894 at December 31, 2014)	11,266,647	11,201,106
Total current liabilities	31,302,257	29,158,842
LONG TERM LIABILITIES		
Warrant liabilities	1,841,290	2,087,992
Non-current portion of obligation under capital leases	176,298	272,460
Other long term loan	302,533	354,880
Non-current portion of deferred revenue	1,873,088	2,434,257
Total long term liabilities	4,193,209	5,149,589
Total liabilities	35,495,466	34,308,431
Commitments and Contingencies (See Notes)	-	-
STOCKHOLDERS' EQUITY		
Preferred Stock $0.00001 par value, 50,000,000 shares authorized, 0 issued and outstanding	-	-
Common Stock $0.00001 par value, 250,000,000 shares authorized, 154,866,885 issued and outstanding as of March 31, 2015 and 154,671,258 shares issued and outstanding as of December 31, 2014	265,198,811	264,359,674
Accumulated other comprehensive income (loss)	(4,839,570)	(3,127,132)
Accumulated deficit	(252,754,469)	(250,629,296)
Elephant Talk Communications, Corp. stockholders' equity	7,604,772	10,603,246
NON-CONTROLLING INTEREST	8,902	9,321
Total stockholders' equity	7,613,674	10,612,567
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 43,109,140	$ 44,920,998

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ELEPHANT TALK COMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(UNAUDITED)

	March 31, 2015	March 31, 2014 restated
REVENUES	$ 5,013,016	$ 5,384,265
COST AND OPERATING EXPENSES		
Cost of service (excluding depreciation and amortization)	1,868,846	1,635,972
Product development	1,036,121	1,711,817
Sales and marketing	662,160	563,835
General and administrative	2,961,096	3,047,947
Depreciation and amortization of intangibles assets	1,746,147	2,008,214
Total cost and operating expenses	8,274,370	8,967,785
LOSS FROM OPERATIONS	(3,261,354)	(3,583,520)
OTHER INCOME (EXPENSE)		
Interest income	30,272	27,611
Interest expense	(367,340)	(301,944)
Interest expense related to debt discount and conversion feature	(63,972)	(884,740)
Changes in fair value of warrant liabilities	246,702	(210,272)
Gain / (Loss) on Extinguishment of Debt	2,475,799	(426)
Other income & (expense), net	(1,191,270)	3,390
Amortization of deferred financing costs	(62,502)	(136,367)
Total other income (expense)	1,067,689	(1,502,748)
LOSS BEFORE (BENEFIT) PROVISION FOR INCOME TAXES	(2,193,665)	(5,086,268)
(Benefit) / provision for income taxes	(68,492)	135,437
NET LOSS	(2,125,173)	(5,221,705)
OTHER COMPREHENSIVE (LOSS) INCOME		
Foreign currency translation gain (loss)	(1,712,438)	(2,219)
COMPREHENSIVE LOSS	$ (3,837,611)	$ (5,223,924)
Net loss per common share and equivalents - basic and diluted	$ (0.01)	$ (0.04)
Weighted average shares outstanding during the period - basic and diluted	154,854,572	141,752,128

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

ELEPHANT TALK COMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	March 31, 2015	March 31, 2014 restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,125,173)	$ (5,221,705)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,746,147	2,008,214
Provision for doubtful accounts	8,184	611
Stock based compensation	831,813	771,724
Change in fair value of warrant liability	(246,702)	210,272
Amortization of deferred financing costs	62,502	136,367
Interest expense relating to debt discount and conversion feature	63,972	884,740
Unrealized foreign currency translation gain loss	1,191,270	(3,390)
(Profit) / Loss on Extinguishment of Debt	(2,475,799)	426
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(5,983,834)	52,538
Decrease (increase) in prepaid expenses, deposits and other assets	489,564	165,627
Increase (decrease) in accounts payable and customer deposits	626,729	319,553
Increase (decrease) in deferred revenue	2,981,659	809,561
Increase (decrease) in accrued expenses and other payables	296,266	643,281
Net cash (used in) provided by operating activities	(2,533,402)	777,819
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,511,179)	(1,802,951)
Net cash used in investing activities	(1,511,179)	(1,802,951)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing related fees	-	(90,000)
Financing receivable	2,000,000	-
Exercise of warrants & options	5,861	4,093,480
Net cash provided by financing activities	2,005,861	4,003,480
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	1,129,253	(312,617)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(909,467)	2,665,731
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,904,160	1,252,315
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 994,693	$ 3,918,046
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 359,521	$ 68,190
Cash paid during the period for income taxes	14,246	56,881

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Financial Condition

As reflected in the accompanying consolidated financial statements the Company incurred net losses of $2,125,173 for the three month period ended March 31, 2015, and had an accumulated deficit of $252,754,469 as of March 31, 2015.

Cash balance of the company at March 31st 2015 was $994,693 which was negatively impacted by an increase of the accounts receivable of $5,983,834 following the increase of $3,131,407 that already occurred in the fourth quarter 2014, totaling an accounts receivable increase of $9,115,241 over the six months ended March 31, 2015. The primary cause of the accounts receivable increases are the result of Grupo lusacell, S.A.'s ("Iusacell") deferring the payment for services performed during the fourth quarter 2014 to the first quarter 2015. The outstanding receivables of Iusacell constituted 72% and 64% of total accounts receivable at December 31st 2014 and March 31st, 2015 respectively. After Iusacell was acquired by AT&T, AT&T/Iusacell indicated its intention to terminate the five-year agreement between the Company and Iusacell dated September 10, 2013 (the "Iusacell Agreement"). The Company received a settlement proposal from Iusacell/AT&T, in exchange for the termination of the Iusacell Agreement, payment of a certain amount of cash, consisting of outstanding account payables and additional payment to compensate the Company for the loss of future fees to be due under the Iusacell Agreement.Presently management is evaluating the settlement proposal of Iusacell/AT&T. The intended termination of Iusacell Agreement has and will have a significant impact to our revenue, financial conditions and liquidity. We expect reaching a settlement agreement with AT&T/Iusacell in the near future.

During the three months ended March 31, 2015, if Iusacell would have paid the agreed amounts for first quarter 2015 we would have received a cash payments of $1.3 million per month. In addition to the Iusacell termination negotiations and associated expected cash inflow the Company has started to reduce cash expenses, has initiated a staff reduction program, made benefit reductions and payment of stock in lieu arrangements of cash compensation for senior management. Furthermore, sales efforts have increased in order to accelerate new customer take-on. In parallel, the Company is in discussions with its lender Atalaya Administrative LLC in order to resolve the impact of occurrence of events of default as defined in the Credit Agreement as a result of the pending Iusacell termination. The Company anticipates resolution both with AT&T/Iusacell as well as with Atalaya Administrative LLC. There can be no assurance that the outcome will be successful as the Company expected. In case the outcome falls short of the Company's expectations, the Company will need to pursue financing and/or further scale back its operations. Even though the Company has been successful in the past to arrange for sufficient liquidity for the Company, the above conditions raise substantial doubt as to Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2. Description of Business, Basis of Presentation and Use of Estimates

Description of Business

As a mobile Software Defined Network Architecture (ET Software DNA® 2.0) vendor Elephant Talk Communications Corp. and its subsidiaries (also referred to as "Elephant Talk", "ET" and "the Company") provide a one stop solution for a full suite of mobile, fixed and convergent telecommunications software services. We also provide layered security services for mission critical applications in the cloud, through our wholly owned subsidiary, ValidSoft UK Limited ("ValidSoft").

Over the last decade, Elephant Talk has developed a comprehensive virtualized (NFV & SDN) Mobile Software Platform, capable of hosting an integrated IT/BackOffice and Core Network for Mobile Network Operators (MNOs), Mobile Virtual Network Operators (MVNOs), Enablers (MVNEs) and Aggregators (MVNAs) on a fully outsourced basis. Our mobile enabling platform is either made available as an on premise solution or as a fully hosted service in 'the cloud', depending on the individual needs of our customers. Our mobile security services supply voice biometric and telecommunications-based multi-factor authentication, identity and transaction verification solutions for all electronic transaction channels. This integrated suite of security services provides mission critical applications in the cloud to enterprise customers in a range of industries including financial services, government, insurance, as well as electronic medical record providers and MNOs. Our company provides customers the means to effectively combat a variety of electronic fraud while at the same time protecting consumer privacy.

Basis of Presentation of Interim Periods

The interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, for interim financial information and with the instructions to Securities and Exchange Commission, or SEC, Form 10-Q and Article 10 of SEC Regulation S-X. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2014, included in our 2014 Annual Report on Form 10-K filed with the SEC on April 1, 2015, referred to as our 2014 Annual Report.

The interim condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly our results of operations and financial position for the interim periods. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for future quarters or the full year.

For a complete summary of our significant accounting policies, please refer to Note 2, "Business and Summary of Significant Accounting Policies," of our 2014 Annual Report. There have been no material changes to our significant accounting policies during the three months ended March 31, 2015.

Use of Estimates

The preparation of the accompanying financial statements conforms with accounting principles generally accepted in the U.S. and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Significant areas of estimates include bad debt allowance, valuation of financial instruments, useful lives and share-based compensation. Actual results may differ from these estimates under different assumptions or conditions.

Note 3. Supplemental Financial Information

The following tables present details of our condensed consolidated financial statements:

Prepaid expenses and other current assets

	March 31, 2015	December 31, 2014
Recurring prepaid expenses	$ 691,287	$ 455,529
Non recurring prepaid expenses	202,755	731,725
Taxes	321,700	359,087
VAT	665,731	742,773
Inventory SIM cards	7,026	189,567
	$ 1,888,499	$ 2,478,681

Other Assets	**March 31, 2015**	**December 31, 2014**
Long term deposits	$ 415,571	$ 653,002
Deferred Financing Costs	660,609	682,878
Due from third parties	249,910	264,455
	$ 1,326,090	$ 1,600,335

Property and equipment	**March 31, 2015**	**December 31, 2014**
Furniture & fixtures	$ 287,543	$ 281,214
Computer, communications and network equipment	23,590,770	23,904,494
Software	4,694,417	4,556,364
Automobiles	72,183	80,860
Construction in progress	2,438,237	4,044,932
Acc. Depreciation Property & Equipment	(13,286,396)	(13,548,662)
	$ 17,796,754	$ 19,319,202

Intangible assets	**March 31, 2015**	**December 31, 2014**
Validsoft IP & Technology	$ 11,342,770	$ 14,344,604
Customer Contracts, Licenses , Interconnect & Technology	3,282,608	1,870,523
Accumulated amortization Validsoft IP & Technology	(8,111,372)	(9,973,063)
Accumulated amortization Customer Contracts, Licenses, Interconnect & Technology	(2,402,311)	(1,165,856)
	$ 4,111,695	$ 5,076,208

Goodwill	**March 31, 2015**	**December 31, 2014**
Goodwill ValidSoft Ltd	$ 2,646,301	$ 2,964,423
Goodwill Morodo Ltd.	176,252	197,440
Goodwill Telnicity	190,401	190,401
	$ 3,012,954	$ 3,352,264

Accrued expenses and other payables	**March 31, 2015**	**December 31, 2014**
Accrued Selling, General & Administrative expenses	$ 2,058,157	$ 1,863,020
Accrued cost of service	364,929	291,553
Accrued taxes (including VAT)	428,988	570,616
Accrued interest payable	106,222	1,184,418
Other accrued expenses	96,517	152,045
	$ 3,054,813	$ 4,061,652

2014 10% + libor 3rd Party Term Loan Agreement	**March 31, 2015**	**December 31, 2014**
2014 10% Term Loan (principal amount)	$ 12,000,000	$ 12,000,000
Debt Discount - Original Issue Discount	(335,223)	(365,231)
Debt Discount - Warrants	(398,130)	(433,663)
	$ 11,266,647	$ 11,201,106

On March 26, 2015, the Company was notified by Atalaya Capital Management LP , the agent for Corbin Mezzanine Fund I, L. P. that certain events of default as defined in the Credit Agreement have occurred and that for so long as an event of default shall be continuing, interest shall accrue and be payable by the Company in cash at the default rate as defined in the Credit Agreement. Atalaya Capital Management LP indicated in the notification that they will continue to monitor the default situation and reserve all their respective rights and remedies under the Credit Agreement.

Note 4. Fair Value Measurements

In accordance with ASC 820, Fair Value Measurement ("ASC 820"), the Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these financial instruments include cash instruments for which quoted prices are available but are traded less frequently, derivative instruments whose fair values have been derived using a model where inputs to the model are directly observable in the market and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 – Instruments that have little to no pricing observability as of the reported date. These financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

The Company has three asset groups that are valued at fair value categorized within Level 3: Warrant liabilities (recurring measurement), goodwill and intangibles (non-recurring measurements) for the impairment test. Below are discussions of the main assumptions used for the recurring measurements.

The following tables summarize fair value measurements by level as of March 31, 2015 and December 31, 2014 for financial assets and liabilities measured at fair value on a recurring basis:

	March 31, 2015 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Derivative Liabilities				
Warrant Liabilities	$ -	$ -	$ 1,841,290	$ 1,841,290
Total Derivatives Liabilities	$ -	$ -	$ 1,841,290	$ 1,841,290

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Derivative Liabilities				
Warrant Liabilities	$ -	$ -	$ 2,087,992	$ 2,087,992
Total Derivatives Liabilities	$ -	$ -	$ 2,087,992	$ 2,087,992

The Company has classified the outstanding warrant liabilities into level 3 due to the fact that some inputs are not published and not easily comparable to industry peers. The differences in level 3 items from December 31, 2014 to March 31, 2015 were only as a result in changes in the fair values. The Company uses the Monte Carlo valuation model to determine the value of the remaining outstanding warrants from the Registered Direct Offering of June 2013.

Note 5. Stockholders' Equity

(A) Common Stock

The Company is presently authorized to issue 250,000,000 shares common stock. The Company had 154,866,885 and 154,671,258 shares of common stock issued and outstanding as of March 31, 2015 (unaudited) and December 31, 2014, respectively, an increase of 195,627 shares, 8,668 shares were issued to employees as a result of exercised employee stock options, and a total of 186,959 shares were issued from the 2008 Option Plan as compensation to the Company's executive officers and non-executive directors.

Reconciliation with Stock Transfer Agent Records:

The shares issued and outstanding as of March 31, 2015 and December 31, 2014 according to the Company's stock transfer agent's records were 155,112,785 and 154,917,158, respectively. The difference in number of issued shares recognized by the Company of 154,866,885 amounts to 245,900 and it is the result of the exclusion of the 233,900 unreturned shares from 'cancelled' acquisitions (pre-2006) and 12,000 treasury shares issued under the former employee benefits plan.

(B) Preferred Stock

The Company's Certificate of Incorporation ("Articles") authorizes the issuance of 50,000,000 shares of preferred stock $0.00001 par value per share (the "Preferred Stock"). No shares of Preferred Stock are currently issued and outstanding. Under the Company's Articles, the board of directors has the power, without further action by the holders of the common stock, subject to the rules of the NYSE MKT LLC, to designate the relative rights and preferences of the Preferred Stock, and issue the Preferred Stock in such one or more series as designated by the Board of Directors. The designation of rights and preferences could include preferences as to liquidation, redemption and conversion rights, voting rights, dividends or other preferences, any of which may be dilutive of the interest of the holders of the common stock or the Preferred Stock of any other series. The issuance of Preferred Stock may have the effect of delaying or preventing a change in control of the Company without further stockholder action and may adversely affect the rights and powers, including voting rights, of the holders of common stock. In certain circumstances, the issuance of Preferred Stock could depress the market price of the common stock.

For the period ended March 31, 2015, the Company did not issue any shares of Preferred Stock, and no shares of Preferred Stock are outstanding.

(C) Warrants

Throughout the years, the Company has issued warrants with varying terms and conditions related to multiple financing rounds, acquisitions and other transactions. The warrants outstanding at March 31, 2015 (unaudited) and December 31, 2014 have been recorded and classified as equity, except as of March 31, 2015 and December 31, 2014, the Company has recorded $1,841,290 and $2,087,992, respectively, in the balance sheet for the warrant liabilities issued in connection with the Registered Direct Offering from 2013. The Weighted Average Exercise Price for the currently outstanding warrants in the table below is $1.20. The table below summarizes the warrants outstanding as of March 31, 2015 and as of December 31, 2014:

Outstanding Warrants	Exercise/ Conversion price(s) (range)	Expiring	2015	2014
Warrants – Fundraising	$0.853- $2.00	2013 – 2018	29,610,206	29,610,206
Warrants – Other	$2.21	2016	18,659	18,659
			29,628,865	29,628,865

Note 6. 2006 Non-Qualified Stock and Option Compensation Plan and Amended and Restated 2008 Long Term Incentive Compensation Plan

2006 Non-Qualified Stock and Option Compensation Plan

The Company has a 2006 Non-Qualified Stock and Option Compensation Plan (the “2006 Plan”). Under the 2006 Plan, there are no stock options outstanding as of March 31, 2015 and December 31, 2014. All remaining outstanding options expired in December 2013.

Amended and Restated 2008 Long-Term Incentive Compensation Plan

Total Authorized under the plan	56,000,000
Shares issued in prior years	1,951,031
Shares issued in 2015	186,959
Options exercised	2,382,110
Outstanding options	42,037,535
Available for grant at 31 March 2015:	9,442,365

During the first quarter of 2015, the Company issued 186,959 freely tradable shares to various directors and officers under the 2008 Plan, in conjunction with their willingness to receive all or part of their cash compensation for the fourth quarter of 2014 in shares of the Company.

Stock option activity is set forth below:

Options:	Number of Options	Weighted Average Exercise Price
Outstanding as of December 31, 2014	40,056,080	$ 1.32
Granted in 2015	6,685,230	$ 0.81
Exercised (with delivery of shares)	(8,668)	$ 0.68
Forfeitures (Pre-vesting)	(3,875,185)	$ 1.24
Expirations (Post-vesting)	(819,922)	$ 2.20
Exchanged for Cashless exercise	-	$ -
Outstanding as of March 31, 2015	42,037,535	$ 1.31

At March 31, 2015, the unrecognized expense portion of stock-based awards granted to employees under the 2008 Plan was approximately $7,419,546, compared to $11,952,452 for the same period in 2014, under the provisions of ASC 718. The future expensing takes place proportionally to the vesting associated with each stock-award, adjusted for cancellations, forfeitures and returns. If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense.

Note 7. Income taxes

Income Taxes

The following table presents details of the net (benefit) provision for income taxes:

	March 31,	
	2015	2014
Net (Benefit) Provision for income taxes	$ (68,492)	$ 135,437

As a result of our cumulative tax losses in the U.S. and certain foreign jurisdictions, and the full utilization of our loss carryback opportunities, we have concluded that a full valuation allowance should be recorded in such jurisdictions. In certain other foreign jurisdictions where we do not have cumulative losses, we had net deferred tax liabilities.

Note 8. Significant Customer and Geographical Information

Sales to our significant customers, as a percentage of net revenue were as follows:

	Three Months Ended March 31	
	2015	2014
Two largest customers	67.4%	77.5%

The geographical distribution of our revenue, as a percentage of revenue, was as follows:

	Three Months Ended March 31	
	2015	2014
Europe	64.9%	65.6%
All other (non-European) countries	35.1	34.4
	100.0%	100.0%

Note 9. Restatement

In our 2014 Form 10-K, we restated our audited financial statements for fiscal year ended December 31, 2013 and our unaudited interim consolidated financial statements 2013 and 2014 to reflect certain corrections in the manner in which we recognize revenue related to our long term managed service contracts.

The restatement is a result of the failure to identify all delivery obligations associated with multi-element revenue arrangements and an improper interpretation of standalone value of delivered elements. The revenue recognition errors identified by the Company, do not affect the total revenues ultimately earned or to be earned, or the amount or timing of cash received or to be received from individual customer arrangements.

As a result of our restatement and in accordance with U.S. GAAP, revenues that had originally been recognized in 2013 are now being recognized ratably over an extended timeframe. The amount of revenues earned or to be earned over the entire period of recognition essentially remain unchanged from the amount we historically recognized, however the timing of when and the amount of revenues recognized for those periods discussed above were restated and certain amounts of revenues were restated. There was neither change to the cash characteristics of the transactions being restated nor the Company's liquidity directly relating to these transactions. As a result of the restatement, the balance sheet reflects a significant increase in deferred revenue, which will be recognized in revenue over a number of years.

See our 2014 Form 10-K for additional information regarding the restatement of our unaudited consolidated financial statements for the quarter ended March 31, 2014 and for information regarding the restatement in the 2012 Form 10-K of our audited consolidated financial statements for the years ended December 31, 2013 and of our unaudited consolidated financial statements for each of the quarters in the year ended December 31, 2013 and 2014.

This Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (this "Form 10-Q") reflects the impact of the restatement on the applicable unaudited quarterly financial information for the three months ended March 31, 2014.

The combined impact of the adjustments to specified line items included in this Form 10-Q have been restated to reflect the corrections of the above errors, which impact revenues from products, revenues from services and deferred revenues (current and non-current). The following schedules reconcile the amounts as originally reported in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 to the corresponding restated amounts as reported herein and in our 2014 Form 10-K.

	March 31, 2014 (UNAUDITED)	restatement Unaudited	March 31, 2014 Restated Unaudited
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 3,918,046	$ -	$ 3,918,046
Restricted cash	192,161	-	192,161
Accounts receivable, net of allowance for doubtful accounts of $11,307 at March 31, 2014	6,262,041	(1,228,374)	5,033,667
Prepaid expenses and other current assets	2,147,686	-	2,147,686
Total current assets	12,519,934	(1,228,374)	11,291,560
NON-CURRENT ASSETS			
OTHER ASSETS	1,357,728	-	1,357,728
PROPERTY AND EQUIPMENT, NET	19,954,703	-	19,954,703
INTANGIBLE ASSETS, NET	7,903,149	-	7,903,149
GOODWILL	3,769,199	-	3,769,199
TOTAL ASSETS	$ 45,504,713	$ (1,228,374)	$ 44,276,339
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Overdraft	$ 402,234	$ -	$ 402,234
Accounts payable and customer deposits	2,419,325	-	2,419,325
Obligations under capital leases (current portion)	1,348,705	-	1,348,705
Deferred revenue	203,623	468,256	671,879
Accrued expenses and other payables	5,936,989	-	5,936,989
Loans payable	962,269	-	962,269
10% Related Party Loan (net of Debt Discount of $937,814 at March 31, 2014	1,812,506	-	1,812,506
Total current liabilities	13,085,651	468,256	13,553,907
LONG TERM LIABILITIES			
10% 3rd Party Loan (net of Debt Discount of $623,726 at March 31, 2014)	4,876,914	-	4,876,914
Warrant liabilities	2,183,806	-	2,183,806
Non-current portion of obligation under capital leases	465,954	-	465,954
Non-current portion of deferred revenue	-	2,774,415	2,774,415
Loan from joint venture partner	614,169	-	614,169
Total long term liabilities	8,140,843	2,774,415	10,915,258
Total liabilities	21,226,494	3,242,671	24,469,165
Commitments and Contingencies			
STOCKHOLDERS' EQUITY			
Preferred Stock $0.00001 par value, 50,000,000 shares authorized, 0 issued and outstanding	-	-	-
Common Stock $0.00001 par value, 250,000,000 shares authorized, 146,364,577 issued and outstanding as of March 31, 2014	253,383,860	-	253,383,860
Accumulated other comprehensive income	267,650	-	267,650
Accumulated deficit	(229,518,039)	(4,471,045)	(233,989,084)
Elephant Talk Communications, Corp. stockholders' equity	24,133,471	(4,471,045)	19,662,426
NON-CONTROLLING INTEREST	144,748	-	144,748
Total stockholders' equity	24,278,219	(4,471,045)	19,807,174
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 45,504,713	$ (1,228,374)	$ 44,276,339

March 31, 2014		Restatement adjustments	Re-classifications	Restated
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES	$ 6,479,853	$ (1,095,588)	$ -	$ 5,384,265
COST AND OPERATING EXPENSES				
Cost of service (excluding depreciation and amortization)	983,464	-	652,508	1,635,972
Product development	-	-	1,711,817	1,711,817
Sales and marketing	-	-	563,835	563,835
General and administrative	5,976,107	-	(2,928,160)	3,047,947
Depreciation and amortization	2,008,214	-	-	2,008,214
Total cost and operating expenses	8,967,785	-	-	8,967,785
LOSS FROM OPERATIONS	(2,487,932)	(1,095,588)	-	(3,583,520)
OTHER INCOME (EXPENSE)				
Interest income	27,611	-	-	27,611
Interest expense	(301,944)	-	-	(301,944)
Interest expense related to Debt Discount and Conversion Feature	(884,740)	-	-	(884,740)
Change in fair value of warrant liabilities	(210,272)	-	-	(210,272)
Loss on extinguishment of debt	(426)	-	-	(426)
Other income and (expense)	3,390	-	-	3,390
Amortization of deferred financing costs	(136,367)	-	-	(136,367)
Total other income (expense)	(1,502,748)	-	-	(1,502,748)
LOSS BEFORE PROVISION FOR INCOME TAXES	(3,990,680)	(1,095,588)	-	(5,086,268)
Provision for income taxes	(135,437)	-	-	(135,437)
NET LOSS	(4,126,117)	(1,095,588)	-	(5,221,705)
OTHER COMPREHENSIVE (LOSS) INCOME				
Foreign currency translation (loss)	(2,219)	-	-	(2,219)
COMPREHENSIVE LOSS	$ (4,128,336)	$ (1,095,588)	$ -	$ (5,223,924)
Net loss per common share and equivalents - basic and diluted	$ (0.03)	-	$ -	$ (0.04)
Weighted average shares outstanding during the period - basic and diluted	141,752,128	-	-	141,752,128

The correction of the errors described above did not impact our total cash flows from operating activities, investing activities or financing activities within our consolidated statements of cash flows.

	For the three months ended March 31, 2014	Restatement Unaudited*	Restated Unaudited*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (4,126,117)	$ (1,095,588)	$ (5,221,705)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,008,214	-	2,008,214
Provision for doubtful accounts	611	-	611
Stock based compensation	771,724	-	771,724
Change in the fair value of the warrant liability	210,272	-	210,272
Amortization of deferred financing costs	136,367	-	136,367
Interest expense relating to debt discount and conversion feature	884,740	-	884,740
Unrealized foreign currency translation gain/(loss)	(3,390)	-	(3,390)
(Profit)/Loss on Extinguishment of Debt*	-		426
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:			
Decrease (increase) in accounts receivable*	(293,435)	345,973	52,538
Decrease (increase) in prepaid expenses, deposits and other assets	165,627	-	165,627
Increase (decrease) in accounts payable, proceeds from related parties and customer deposits	319,553	-	319,553
Increase (decrease) in deferred revenue*	59,946	749,615	809,561
Increase (decrease) in accrued expenses and other payables*	643,707	-	643,281
Net cash provided by (used in) operating activities	777,819	-	777,819
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	(1,802,951)	-	(1,802,951)
Net cash used in investing activities	(1,802,951)	-	(1,802,951)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Financing related fees	(90,000)	-	(90,000)
Exercise of warrants and Options	4,093,480	-	4,093,480
Net cash provided by financing activities	4,003,480	-	4,003,480
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(312,617)	-	(312,617)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,665,731	-	2,665,731
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,252,315	-	1,252,315
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 3,918,046	$ -	$ 3,918,046

*the Company reclassified the line items Accounts Receivable and Deferred Revenue compared to what was reported in the annual report 2014 on Form 10-K for the above quarter. Accounts Receivable decrease (increase) changed from ($2,440,518) to $52,538, and Deferred Revenue increase (decrease) changed from $3,302,617 to $809,561. In addition minor changes were made to Loss on Extinguishment of Debt ($426 added) and Increase in accrued expenses of 426. There was no impact of these reclassifications on Net Cash provided by (used in) operating activities, Net Loss or Equity.

Note 10. Subsequent Events

The Company's management evaluated subsequent events through the date the financial statements were available to be issued, and concluded that there are no reportable events.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Any forward looking statements made herein are based on current expectations of the Company, involve a number of risks and uncertainties and should not be considered as guarantees of future performance. The factors that could cause actual results to differ materially include: interruptions or cancellation of existing contracts, inability to integrate acquisitions, impact of competitive products and pricing, product demand and market acceptance risks, the presence of competitors with greater financial resources than the Company, product development and commercialization risks, changes in governmental regulations, and changing economic conditions in developing countries and an inability to arrange additional debt or equity financing.

Restatement of Previously Issued Financial Statements

As discussed in the Form 10-K for the fiscal year ended December 31, 2014, we have restated our consolidated financial statements for the year ended December 31, 2013 and our unaudited quarterly financial information (i) for each of the quarters in the year ended December 31, 2013 and (ii) for the first three for each of the quarters in the year ended December 31, 2014 (collectively, the "Restated Periods"). We have restated the revenues and deferred revenues as a result of (i) an overstatement of revenue due to a failure to identify and determine whether contracts that were negotiated as a package with a single customer should have been combined (ASC 605-35-25); and (ii) the application of accounting guidance for multi-element arrangements, specifically an improper interpretation of standalone value of delivered elements. These errors resulted in earlier recognition of the contracted revenue on certain contracts.

The Company has corrected the manner in which it records revenue for its arrangements with multiple-element features and will also enhance its documentation related to its revenue recognition policies and practices. See "Controls and Procedures" included in Part II, Item 9A of the 2014 Form 10-K.

As a result of our restatement and in accordance with U.S. GAAP, revenue that had originally been recognized in 2013 is now being recognized ratably over an extended timeframe. The amount of revenue earned or to be earned over the entire period of recognition essentially remains unchanged from the amount we historically recognized. There was neither a change to the cash characteristics of the transactions being restated nor the Company's liquidity directly relating to these transactions. As a result of the restatement, the balance sheet reflects a significant increase in deferred revenue, which will be recognized as revenue over a number of years.

Overview

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes thereto and the other financial information included elsewhere in this document.

Recent milestones for mobile product line:

- On April 29-30, 2015 Elephant Talk North America was invited to be present at the Verizon Partner Summit in Miami as one of three vendors participating, along with Coriant and Cisco. Elephant Talk North America was highlighted from the stage as the intended partner to power VPS's new pre-paid MVNO offerings in North America. In the United States ETNA will, if selected, provide the platform for VPS's Pre-Paid program as a branded "Powered by Elephant Talk" solution.

- On January 29, 2015 we announced the appointment of Dr. Armin G. Hessler (formerly Vodafone) and Martin Zuurbier, the current CTO of Elephant Talk, as co-Presidents of our mobile platform business effective on April 1, 2015. Both will report to Mr. Steven van der Velden, Chairman and CEO.

- On January 21, 2015 we announced that LOWI, the Low–Cost Brand of Vodafone has been launched on Elephant Talk's fully redundant mobile platform in Spain, joining virtual operators like Lebara, BT, Eroski, NEO and HITS.

- On December 22, 2014 Affirmed Networks and Elephant Talk Communications Corp. (NYSE MKT: ETAK), global leaders in virtualized mobile networks, announced the deployment of Affirmed Networks' Network Functions Virtualization (NFV) solution, called the Affirmed Mobile Content Cloud™, as part of Elephant Talk's Software Defined Network Architecture mobile Software DNA® 2.0 platform with mobile operators in Europe and the Middle East. Affirmed Networks and Elephant Talk are providing current and future clients with a fully virtualized Evolved Packet Core, encompassing a breadth of capability and services for 3G and 4G core networks.

Recent milestones for the ValidSoft security product line:

- On May 12, 2015 ValidSoft announced that the Company has been selected as the preferred voice biometrics technology provider for ImageWare Systems going forward. ImageWare® Systems, Inc. (OTCQB: IWSY) is a market leader in providing identity management solutions, delivering a single platform of best in class biometric solutions to manage millions of identities worldwide with a varied client and partner portfolio including TransUnion, Fujitsu, IBM and CA Technologies.

  On April 1, 2015 ValidSoft announced the signing of a significant new commercial customer contract for its newly enhanced User Authentication platform featuring its Voice Biometric technology with a large US-based corporation.

- On February 24, 2015 ValidSoft announced that it has launched its Device Trust solution with another major UK retail bank with its partner FICO (NYSE:FICO). This is the second such agreement announced for this solution in the UK and continues building on the successful partnership with FICO. The new client, unnamed for security reasons, is the largest UK deployment of this solution to date for ValidSoft.

- On January 14, 2015, research group *Technavio* highlighted ValidSoft as one of the 3 leading vendors for voice biometrics, a market that *Opus Research* predicts to be worth $574 million by 2017.

- On November 2, 2014 ValidSoft expanded its business to Northern America and appointed Shawn Edmunds as Vice-President Northern America.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to revenue recognition, rebates, allowances for doubtful accounts, sales returns and allowances, warranty reserves, inventory reserves, stock-based compensation expense, long-lived asset valuations, strategic investments, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, self-insurance, restructuring costs, litigation and other loss contingencies. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected. For a description of our critical accounting policies and estimates, please refer to the "Critical Accounting Policies and Estimates" section in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2014 Annual Report. There have been no material changes in any of our critical accounting policies and estimates during the three months ended March 31, 2015.

Comparison of three months ended March 31, 2015 and March 31, 2014.

Revenue

Revenue for the three months ended March 31, 2015 was $ 5,013,016, a decrease of $371,249 or 7%, compared to $5,384,265 for the three months ended March 31, 2014. This decrease was caused by the negative exchange rate impact of $739,730 as a result of a decrease of the exchange rate of the euro against the US (dollar).

	Three months ended		
	2015	**2014 restated**	**Variance**
Revenues	$ 5,013,016	$ 5,384,265	$ (371,249)

Note 2 (Financial Condition) in this report mentions the likely termination of the contract with one of our customers. Future revenues will be impacted in a material manner, following the release of all of the deferred revenue related to this customer upon formal termination of the contract and release of any outstanding obligations of the Company towards the customer. The release of these deferred amounts will however have no cash impact.

Non-GAAP Revenue

In order to provide investors additional information regarding our revenue, we are disclosing Non-GAAP revenue, a non-GAAP financial measures which is defined as GAAP revenue adjusted for changes in deferred revenue. A reconciliation of Revenue to Non-GAAP Revenue, for each of the periods indicated, is as follows:

	Three months ended		
Non-GAAP Revenue	**2015**	**2014 restated**	**Variance**
Revenues	$ 5,013,016	$ 5,384,265	$ (371,249)
Deferred Revenue adjustments	2,981,659	1,095,588	1,886,071
	$ 7,994,675	$ 6,479,853	$ 1,514,822

Non-GAAP Revenue for the three months ended March 31, 2015 was $ 7,994,675, an increase of $1,514,822 or 23.4%, compared to $6,479,853 for the three months ended March 31, 2014. This increase was caused by increased usage by our customers of our technology platforms as well as increased monthly fixed pricing with one of our customers. This increase in revenue will not continue for the coming quarters following the likely termination of the contract with one of our customers as mentioned in Note 2. Compared to the three months ended 2015 this termination could lead to a revenue loss of $ 1.3 million per month depending on final settlement negotiations with the customer.

Historic quarterly overview Non-GAAP and GAAP revenue

Non-GAAP and GAAP Revenue (quarterly figures unaudited)	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**
Non-GAAP Revenue	$ 6,596,500	$ 4,994,145	$ 5,204,982	$ 6,031,634
Deferred Revenue adjustments	(356,386)	(1,429,896)	(1,081,188)	(507,987)
GAAP Revenue	$ 6,240,114	$ 3,564,249	$ 4,123,794	$ 5,523,647

Non-GAAP and GAAP Revenue (quarterly figures unaudited)	**Q1 2014**	**Q2 2014**	**Q3 2014**	**Q4 2014**	**Q1 2015**
Non-GAAP Revenue	$ 6,479,853	$ 6,911,768	$ 7,298,988	$ 7,869,631	$ 7,994,675
Deferred Revenue adjustments	(1,095,588)	(1,839,328)	(2,853,749)	(2,415,128)	(2,981,659)
GAAP Revenue	$ 5,384,265	$ 5,072,440	$ 4,445,239	$ 5,454,503	$ 5,013,016

Historic development mobile and security revenues

The following table illustrates historic revenues (excluding landline services) for the quarters ended:

Mobile and Security (Unaudited) Reported Revenue (non-gaap and gaap)

Quarter	**($ in Millions non-gaap)**	**($ in millions) Restated - gaap**	**% of Total Company Revenue (non-gaap)**	**% of Total Company Revenue Restated (gaap)**
2Q12	2.8	2.8	39.3	39.3
3Q12	2.9	2.9	43.8	43.8
4Q12	3.6	3.6	52.1	52.1
1Q13	3.9	3.5	58.5	56.1
2Q13	4.5	3	89.5	85.2
3Q13	5	3.9	95.9	94.8
4Q13	5.9	5.4	97.6	97.3
1Q14	6.4	5.3	98.5	98.2
2Q14	6.9	5	99.4	99.2
3Q14	7.3	4.4	99.9	99.8
4Q14*	7.9	5.4	99.9	99.9
1Q15*	8.0	5.0	100	100

*not restated

Cost of Service

Cost of service includes origination, termination, network and billing charges from telecommunications operators, costs of telecommunications service providers, network costs, data center costs, facility cost of hosting network and equipment and cost in providing resale arrangements with long distance service providers, cost of leasing transmission facilities, international gateway switches for voice, data transmission services, and the cost of professional services of staff directly related to the generation of revenues, consisting primarily of employee-related costs associated with these services, including share-based compensation and the cost of subcontractors. Cost of service excludes depreciation and amortization.

	Three months ended					
	2015		2014 restated		Variance	
Revenues	$	5,013,016	$	5,384,265	$	(371,249)
Cost of service (excluding depreciation and amortization)		1,868,846		1,635,972		232,874
Margin (excluding depreciation and amortization)	$	3,144,170	$	3,748,293	$	(604,123)

Cost of service for the three month period ended March 31, 2015 was $1,868,846, an increase of $232,874 or 14%, compared to $1,635,972 for the three month period ended March 31, 2014. The increase was primarily related to airtime cost for our mobile bundled services.

Margin (excluding depreciation and amortization) as a percent of the total revenue was 63% and 70% for the three month period ended March 31, 2015 and 2014, respectively. This decrease was primarily caused by the negative exchange rate impact of $739,730 as a result of a decrease of the exchange rate of the euro against the US (dollar).

Product Development

Product Development costs consist primarily of salaries and related expenses, including share-based expenses, of employees involved in the development of the Company's services, which are expensed as incurred. Costs such as database architecture, and ET BOSS &IN platform development and testing are included in this function.

Costs incurred during the application development stage of internal-use software projects, such as those used in the Company's operations, are capitalized in accordance with the accounting guidance for costs of computer software developed for internal use. Capitalized costs are amortized on a straight-line basis. When assigning useful lives to internal-use software, the Company considers the effects of obsolescence, competition, technology, and other economic factors. During the three month period ended March 31, 2015 and 2014, the Company capitalized $1,175,027 and $1,055,962, respectively.

Product Development costs for the three month period ended March 31, 2015 and 2014 were $ 1,036,121 and $ 1,711,817, respectively, a decrease of $675,696 or 39%. The decrease is due to reduced use of specialist consultants and re-allocation of certain staff to other functions.

Sales and Marketing

Sales and Marketing expenses consist primarily of salaries and related expenses, including share-based expenses, for our sales and marketing staff, including commissions, payments to partners and marketing programs. Marketing programs consist of advertising, events, corporate communications and brand building.

Sales and Marketing expenses for the three month period ended March 31, 2015 and 2014 were $ 662,160 and $ 563,835, respectively, an increase of $98,325 or 17%. The increase is due to increased staffing for these functions.

General and Administrative

General and administrative expenses are our largest cost and consist primarily of salaries and related expenses, including share-based compensation, for non-employee directors, finance and accounting, legal, internal audit and human resources personnel, legal costs, professional fees and other corporate expenses.

General and Administrative expenses for the three month period ended March 31, 2015 and 2014 were $2,961,096 and $3,047,947, respectively, a decrease of $86,851 or 3%. The decrease was caused by a $778,672 favorable exchange rate impact.

Share-based compensation

Share-based compensation is comprised of:

- the expensing of the options granted under the 2008 Plan to staff and management;
- the expensing of the shares issued under the 2006 and 2008 Plans to the directors and executive officers in lieu of cash compensation;
- the expensing of restricted shares issued for consultancy services.

For the three month period ended March 31, 2015 and 2014, we recognized share-based compensation expense of $831,813 and $ $771,724, respectively, an increase of $60,089 or 8%.

In the following table we show the allocation of share-based compensation according to functions in the Consolidated Statement of Comprehensive Loss:

	March 31, 2015	March 31, 2014
Cost of service	$ 51,363	$ 217,751
Product Development	193,142	398,505
Sales and Marketing	33,348	40,368
General and Administrative	553,960	115,100
Total	$ 831,813	$ 771,724

Depreciation and Amortization

Depreciation and amortization expenses for the three month period ended March 31, 2015 was $1,746,147, a decrease of $262,067 or 13%, compared to $2,008,214 for the same period in 2014. The decrease is primarily due to the effects of fully depreciated or amortized assets.

Interest Income and Expense

Interest income for the three month periods ended March 31, 2015 and 2014 was $30,272 and $27,611, respectively. Interest income consists of interest received on bank balances.

Interest expense for the three month periods ended March 31, 2015 and 2014, was $ 367,340 and $301,944, respectively, an increase of $65,396 or 22%. Higher levels of interest expense were the result of the change of financing sources during 2014.

Interest Expense Related to Debt Discount and Conversion Feature

For the periods ended March 31, 2015 and 2014, interest expenses related to debt discount and conversion feature were $63,972 and $884,740, respectively. Interest expenses related to debt discount and conversion features decreased by $820,768 or 93%. This significant decrease was due to the convertible notes issued in 2013 which were converted and/or repaid in 2014.

Change in Fair Value of Warrant Liabilities

The change in the fair value of the remaining outstanding warrants related to a registered direct public offering made by us in June 2013 was a gain of $246,702 for the three month period ended March 31, 2015, compared to a loss of $210,272 for the same period in 2014.

Such changes were primarily due to the decreased value of our stock price, because this is one of the major variables of the valuation. The value of the warrants was determined by a third party valuation expert using a Monte-Carlo Simulation model.

Gain/(Loss) on extinguishment of debt

There is a net gain on extinguishment of debt amounting to $2,475,799 for the three month period ended March 31, 2015, an increase of $2,476,225,compared to the loss amounting to $426 for the three month period ended March 31, 2014. The gain is the result of the extinguishment of debt related to the Chong Hing Bank debt of our subsidiary Elephant Talk Ltd in Hong Kong following the expiry of the statute of limitations in Hong Kong as well as the verdict by California courts in 2011 that the Company was not liable as a successor in interest or otherwise on the bank loans and overdraft account to Elephant Talk Ltd. The amounts released from the balance sheet were $ $433,480 (overdraft), $962,522 (loan payable) and $1,079,796 (accrued interest).

Amortization of Deferred Financing Costs

Deferred financing cost relate to the 2013 10% Related Party Convertible Loan (see Note 14 of the 2014 Annual Report) and the 2013 10% 3rd Party Convertible Notes (see Note 16 of the 2014 Annual Report), and the related amortization amounted to $62,502 for the three month period ended March 31, 2015, an decrease of $ 73,865 or 54%, compared to $136,367 for the three month period ended March 31, 2014.
The decrease is due to the accelerated amortization on loans received in 2013 and repaid and or converted in 2014 and the 2015 deferred financing costs related to the Credit Facility received in November 2014.

Other Income and (Expense)

Other income & (expense) for the three month period ended March 31, 2015 is an expense of $1,191,270 and represents the unrealized exchange rate losses related to the 2014 10% libor 3rd Party Loan against the primary functional currency (EURO) of the company.

Provision (Benefit) Income taxes

Income tax provision (Benefit) for the three month period ended March 31, 2015was $(68,492), compared to an income tax provision of $135,437 for the same period in 2014.

Net Loss

Net loss for the three month period ended March 31, 2015, was $2,125,173, a decrease of $3,096,532 or 59%, compared to the loss of $5,221,705 for the same period in 2014. The decrease in Net Loss was primarily caused by the gain on extinguishment of debt.

Other Comprehensive (Loss) Income

We record foreign currency translation gains and losses as other comprehensive income or loss, which amounted to losses of $1,712,438 and $2,219 for the three month periods ended March 31, 2015 and 2014, respectively. This change is primarily attributable to the translation effect resulting from the strong fluctuations in the USD/Euro exchange rates.

Reconciliation of Net Loss to Non-GAAP Adjusted EBITDA

In order to provide investors additional information regarding our financial results, the Company is disclosing Adjusted EBITDA, a non-GAAP financial measures. Adjusted EBITDA is defined as earnings before income and income taxes, depreciation and amortization, share-based compensation, changes in deferred revenue, income interest and expenses, expenses from derivative accounting, such as debt discount and conversion feature expensing, changes in fair value of the conversion feature and warrant liabilities, amortization of deferred financing cost, loss on extinguishment of debt, and impairments of related party loans. Adjusted EBITDA further eliminates share-based compensation. Adjusted EBITDA is designed to show a measure of the Company's operating performance. The Company uses Adjusted EBITDA because it removes the impact of items not directly resulting from the Company's core operations, allowing the Company to better assess whether the elements of the Company's growth strategy are yielding the desired results. Accordingly, the Company believes that Adjusted EBITDA provide useful information for investors and others which allow them to better understand and evaluate the Company's operating results. A reconciliation of Net Loss to Non-GAAP Adjusted EBITDA, for each of the periods indicated, is as follows:

EBITDA (adjusted)		**2015 Q1**	**2014 Q1 restated**
Net loss	$	(2,125,173)	(5,221,705)
(Benefit) / provision for income taxes		(68,492)	135,437
Depreciation and amortization		1,746,147	2,008,214
Stock-based compensation		831,813	771,724
Interest income and expenses		337,068	274,333
Interest expense related to debt discount and conversion feature		63,972	884,740
Changes in fair value of warrant liabilities		(246,702)	210,272
(Gain)/Loss on extinguishment of debt		(2,475,799)	426
Other income & (expense)		1,191,270	(3,390)
Amortization of deferred financing costs		62,502	136,367
Changes in deferred revenue		2,981,659	809,561
Adjusted EBITDA	$	2,298,265	5,979

Liquidity and Capital Resources

As reflected in the accompanying consolidated financial statements the Company incurred net losses of $2,125,173 for the three month period ended March 31, 2015, and had an accumulated deficit of $252,754,469 as of March 31, 2015.

Cash balance of the company at March 31st 2015 was $994,693 which was negatively impacted by an increase of the accounts receivable of $5,983,834 following the increase of $3,131,407 that already occurred in the fourth quarter 2014, totaling an accounts receivable increase of $9,115,241 over the six months ended March 31, 2015. The primary cause of the accounts receivable increases are the result of Grupo lusacell, S.A.'s ("Iusacell") deferring the payment for services performed during the fourth quarter 2014 to the first quarter 2015. The outstanding receivables of Iusacell constituted 72% and 64% of total accounts receivable at December 31st 2014 and March 31st, 2015 respectively. After Iusacell was acquired by AT&T, AT&T/Iusacell indicated its intention to terminate the five-year agreement between the Company and Iusacell dated September 10, 2013 (the "Iusacell Agreement"). The Company received a settlement proposal from Iusacell/AT&T, in exchange for the termination of the Iusacell Agreement, payment of a certain amount of cash, consisting of outstanding account payables and additional payment to compensate the Company for the loss of future fees to be due under the Iusacell Agreement.Presently management is evaluating the settlement proposal of Iusacell/AT&T. The intended termination of Iusacell Agreement has and will have a significant impact to our revenue, financial conditions and liquidity. We expect reaching a settlement agreement with AT&T/Iusacell in the near future.

During the three months ended March 31, 2015, if Iusacell would have paid the agreed amounts for first quarter 2015 we would have received a cash payments of $1.3 million per month. In addition to the Iusacell termination negotiations and associated expected cash inflow the Company has started to reduce cash expenses, has initiated a staff reduction program, made benefit reductions and payment of stock in lieu arrangements of cash compensation for senior management. Furthermore, sales efforts have increased in order to accelerate new customer take-on. In parallel, the Company is in discussions with its lender Atalaya Administrative LLC in order to resolve the impact of occurrence of events of default as defined in the Credit Agreement as a result of the pending Iusacell termination. The Company anticipates resolution both with AT&T/Iusacell as well as with Atalaya Administrative LLC. There can be no assurance that the outcome will be successful as the Company expected. In case the outcome falls short of the Company's expectations, the Company will need to pursue financing and/or further scale back its operations. Even though the Company has been successful in the past to arrange for sufficient liquidity for the Company, the above conditions raise substantial doubt as to Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Operating activities

	March 31, 2015	March 31, 2014
Net loss	$ (2,125,173)	$ (5,221,705)
Adjustments to reconcile net loss to net cash used in operating activities:	1,181,387	4,008,538
	(943,786)	(1,213,167)
Changes in operating assets and liabilities:	(1,589,616)	1,990,986
Net cash (used) (in) provided by operating activities	$ (2,533,402)	$ 777,819

Net cash used in operating activities for the period ended March 31, 2015 was heavily impacted by the increase of accounts receivable of almost $ 6 million, largely caused by the intended termination of Iusacell/AT&T contract and their settlement proposal , causing changes in operating assets and liabilities to be negative $1,589,616.

As a result of the above, cash used in operating activities was $2,533,402 for the three months ended March 31, 2015 compared to net cash provided by operating activities of $777,819 for the three months ended March 31, 2014.

Investing activities

Net cash used in investing activities for the three months ended March 31, 2015 was $1,511,179, a decrease of $291,772, or 16% compared to $1,802,951 in the same period in 2014. This change is resulted from the reduced spending on hardware and software licenses.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2015 and 2014 was $2,005,861 and $4,003,480, respectively, a decrease of $1,997,619.

As a result of the above activities, for the three months ended March 31, 2015, we had cash and cash equivalents of $994,693, a net decrease in cash and cash equivalents of $909,467 since December 31, 2014.

Off- Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have either a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, nor we have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 3. Quantitative and Qualitative Disclosure about Market Risks

Foreign currency exchange rate

Although the vast majority of our business activities are carried out in Euros, we report its financial statements in USD. The conversion of Euros and USD leads to period-to-period fluctuations in our reported USD results arising from changes in the exchange rate between the USD and the Euro. Generally, when the USD strengthens relative to the Euro, it has an unfavorable impact on our reported revenue and income and a favorable impact on our reported expenses. Conversely, when the USD weakens relative to the Euro, it produces a favorable impact on our reported revenue and income, and an unfavorable impact on our reported expenses. The above fluctuations in the USD/Euro exchange rate therefore result in currency translation effects (not to be confused with real currency exchange effects), which impact our reported USD results and may make it difficult to determine actual increases and decreases in our revenue and expenses which are attributable to our actual operating activities. We carry out our business activities primarily in Euros, and we do not currently engage in hedging activities. As the vast majority of our business activities are carried out in Euros and we report our financial statements in USD, fluctuations in foreign currencies impact the total amount of assets and liabilities that we report for our foreign subsidiaries upon the translation of those amounts in USD. Since we carry out our business activities primarily in Euros, we do not currently engage in hedging activities.

We do not believe that we have currently material exposure to interest rate or other market risk

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures
As of March 31, 2015, the Company carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the our disclosure controls and procedures, as defined in Rule 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on the evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that its disclosure controls and procedures are effective as of March 31, 2015. Disclosure controls and procedures are necessary to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Disclosure Controls. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Previously Reported Material Weakness in Internal Control over Financial Reporting

A "material weakness" is defined as a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. A “significant deficiency” is defined as a control deficiency, or combination of control deficiencies, that adversely affects the Company’s ability to initiate, authorize, record, process, or report external financial information reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company’s annual or interim financial statements that is more than inconsequential will not be prevented or detected.

For the accounting and financial reporting period ended March 31, 2015 management continues to implement measures to remediate material weaknesses in internal controls over financial reporting relating to the complex revenue accounting involving delivery of multi-element arrangements.

Changes in Internal Control over Financial Reporting

In response to the material weaknesses identified related to the financial reporting of all the quarters in 2013 and the three quarters ended September 30, 2014, the Company restated the 2013 quarters and full year financials, as well as the financials of three quarters ended September 30^{th} 2014. The Company implemented the following measures in the fourth quarter 2014 and first quarter of 2015 in order to remediate this weakness:

- The Company consulted an accounting firm to assist us in respect of selected contracts on revenue recognition aspects under US GAAP and will continue to do so;

- The Company has instituted a review group in the finance and control department, independent from the sales and operations functions, which will be responsible for the assessment and evaluation of all customer contracts, including the collection of these documents and associated invoicing. The files will include all documents related to revenue recognition. The review group will apply the revenue recognition rules, policies, and procedures to every transaction and prepare a "deal sheet" for each transaction that provides a basic analysis of its impact on revenue recognition.

The Company believes that the abovementioned measure remediated the material weakness identified for the periods mentioned above.

Under the direction of the Audit Committee, management continues to review and make any changes it deems necessary to the overall design of the Company's internal control over financial reporting, including implementing improvements in policies and procedures. The Company will continue to assess the effectiveness of our remediation efforts in connection with management's future evaluations of internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various claims and lawsuits incidental to our business. In the opinion of management, the ultimate resolution of such claims and lawsuits will not have a material effect on the Company's financial position, liquidity, or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the Risk Factors included in Part I, "Item 1A. — "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2014. These Risk Factors could materially impact our business, financial condition and/or operating results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely impact our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

31.1	Certification of the CEO pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.2	Certification of the CFO pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
32.1	Certification pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ELEPHANT TALK COMMUNICATIONS CORP.

Date: May 11, 2015

By /s/ Steven van der Velden
Steven van der Velden
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 11 , 2015

By /s/ Mark Nije
Mark Nije
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven van der Velden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elephant Talk Communications Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2015

/s/ Steven van der Velden
Steven van der Velden
President, Chief Executive Officer
Principal Executive Officer

Exhibit 31.2

CERTIFICATION

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark Nije, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elephant Talk Communications Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2015

/s/ Mark Nije
Mark Nije
Chief Financial Officer,
Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(18 U.S.C. 1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned officer of Elephant Talk Communications Corp., a Delaware corporation (the “Company”), does hereby certify, to the best of such officer’s knowledge and belief, that to my knowledge:

(1) The Quarterly Report on Form 10-Q for the year ended December 31, 2014 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all materials respects, the financial condition and results of operations of the Company.

Date: May 11, 2015

/s/ Steven van der Velden
Steven van der Velden, President,
Chief Executive Officer
Principal Executive Officer

Exhibit 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(18 U.S.C. 1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned officer of Elephant Talk Communications Corp., a Delaware corporation (the “Company”), does hereby certify, to the best of such officer’s knowledge and belief, that to my knowledge:

(1) The Quarterly Report on Form 10-Q for the year ended December 31, 2014 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all materials respects, the financial condition and results of operations of the Company.

Date: May 11, 2015

/s/ Mark Nije
Mark Nije, Chief Financial Officer,
Principal Financial
Accounting Officer