

13 April 2007

**Adamind Ltd**

**Results for the year to 31 December 2006**

Adamind Ltd (Adamind or “the Company”) (LSE: ADA) announces its financial results for the year ended 31 December 2006.

**Summary**

- Revenues were broadly in line with revised guidance at \$5.95m (2005: \$6.1m). Second half revenues amounted to \$4.2m reflecting primarily the increase in MMS traffic in US and Asia and deployment of the Company’s software within global network operators
- Net loss amounted to \$6.52m (2005: \$1.35m) primarily due to the planned increase in building sales and marketing infrastructure
- Loss per share was \$0.18 (2005: \$0.04)
- In the first half, the Company’s revenues were impacted due to delays in customer upgrades via channel partners, in particular, the Company's largest channel partner; delays in the completion of a number of content deals; and increased emphasis on direct sales which have a longer sales cycle
- Consequently, in September 2006, the Board of Adamind announced a series of decisive steps undertaken to address the challenging market conditions faced by the Company. These steps included the appointment of Orna Berry as Executive Chairperson, and the strengthening of the Company's management team
- At 12 April 2007, the Company's cash balances amounted to approximately \$20.5m

Orna Berry, Executive Chairperson of Adamind, said: “The measures taken in the third quarter resulted in a strong finish to the year thereby helping to reduce the losses. The Board remains committed to achieving the best possible outcome for shareholders in the Company. Yesterday, at an EGM of the Company, the shareholders approved the sale of assets of the Company to Mobixell Networks (Israel) Ltd and the Board will be progressing this with speed.”

**Enquiries:**

|  |                             |
|--|-----------------------------|
| <b>Adamind</b>   | +44 20 7929 8989 on day and |
| Orna Berry, Executive Chairperson<br>Gideon Marks, CFO | +972 9769 9500 thereafter   |
|  |                             |
| <b>Corfin Communications</b>                           |                             |
| Harry Chathli, Neil Thapar                             | +44 20 7929 8989            |

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands

|   | Note | 31 December      |                  |
|---|------|------------------|------------------|
|   |      | 2005             | 2006             |
| ASSETS  |      |                  |                  |
| CURRENT ASSETS:                                     |      |                  |                  |
| Cash and cash equivalents                           | 3    | \$ 1,877         | \$ 15,213        |
| Short-term available-for-sale marketable securities | 4    | 16,726           | 7,451            |
| Short-term held-to-maturity marketable securities   | 4    | 2,131            | -                |
| Trade receivables                                   |      | 1,522            | 1,535            |
| Other accounts receivable and prepaid expenses      |      | 148              | 468              |
| <u>Total current assets</u>                         |      | <u>22,404</u>    | <u>24,667</u>    |
| NON-CURRENT ASSETS:                                 |      |                  |                  |
| Long-term held-to-maturity marketable securities    | 4    | 7,448            | -                |
| Property and equipment, net                         | 5    | 424              | 477              |
| Intangible assets, net                              | 6    | 2,803            | 2,087            |
| <u>Total non-current assets</u>                     |      | <u>10,675</u>    | <u>2,564</u>     |
|   |      | <u>\$ 33,079</u> | <u>\$ 27,231</u> |

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands, except share data

|  | <b>31 December</b> |                  |
|--|--------------------|------------------|
|  | <b>2005</b>        | <b>2006</b>      |
| <b>LIABILITIES AND EQUITY</b>  |                    |                  |
| <b>CURRENT LIABILITIES:</b>  |                    |                  |
| Trade payables   | \$ 304             | \$ 577           |
| Employees and payroll accruals   | 859                | 936              |
| Accrued expenses and other liabilities   | 1,570              | 1,211            |
| Deferred revenues  | 416                | 657              |
| <u>Total current liabilities</u>   | <u>3,149</u>       | <u>3,381</u>     |
| <b>EQUITY:</b>   |                    |                  |
| Share capital -  |                    |                  |
| Ordinary shares of NIS 0.01 par value: Authorized:<br>50,000,000 shares at 31 December 2005 and 2006; Issued<br>and fully paid: 35,388,636 and 35,546,636 shares at 31<br>December 2005 and 2006, respectively | 80                 | 81               |
| Additional paid-in capital   | 31,285             | 31,768           |
| Net unrealized loss reserve  | -                  | (46)             |
| Accumulated deficit  | (1,435)            | (7,953)          |
| <u>Total equity</u>  | <u>29,930</u>      | <u>23,850</u>    |
|  | <u>\$ 33,079</u>   | <u>\$ 27,231</u> |

**CONSOLIDATED STATEMENTS OF OPERATIONS****U.S. dollars in thousands, except share and per share data**

|   | Year ended<br>31 December |                   |
|---|---------------------------|-------------------|
|   | 2005                      | 2006              |
| Revenues  | \$ 6,154                  | \$ 5,946          |
| Cost of revenues  | 632                       | 739               |
| Gross profit  | 5,522                     | 5,207             |
| Operating expenses:   |                           |                   |
| Research and development, net   | 3,157                     | 3,002             |
| Sales and marketing   | 3,087                     | 5,550             |
| General and administrative  | 1,127                     | 2,137             |
| Amortization of intangible assets   | 878                       | 831               |
| Impairment of intangible assets   | -                         | 1,165             |
| <u>Total operating expenses</u>   | <u>8,249</u>              | <u>12,685</u>     |
| Operating loss  | 2,727                     | 7,478             |
| Financial income, net   | 1,379                     | 960               |
| Net loss  | <u>\$ 1,348</u>           | <u>\$ 6,518</u>   |
| Basic and diluted net loss per share  | <u>\$ 0.04</u>            | <u>\$ 0.18</u>    |
| Weighted average number of shares used in computing basic<br>and diluted net loss per share | <u>33,548,392</u>         | <u>35,516,186</u> |

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

U.S. dollars in thousands, except share data

|   | Series A Convertible Preferred shares |        | Ordinary shares |        | Additional paid-in capital | Net unrealized loss reserve | Accumulated deficit | Total equity | Total recognized income and expenses |
|---|---------------------------------------|--------|-----------------|--------|----------------------------|-----------------------------|---------------------|--------------|--------------------------------------|
|   | shares                                | Amount | shares          | Amount |                            |                             |                     |              |                                      |
| Balance as of January 1, 2005   | 4,800,000                             | \$ 11  | 19,200,000      | \$ 43  | \$ 5,956                   | \$ -                        | \$ (87)             | \$ 5,923     | \$ -                                 |
| Issuance of Ordinary shares upon Initial Public Offering and conversion of Series A Convertible Preferred shares *) | (4,800,000)                           | (11)   | 16,163,636      | 37     | *) 25,113                  | -                           | -                   | 25,139       | -                                    |
| Issuance of Ordinary shares upon exercise of employees' share options   | -                                     | -      | 25,000          | **)-   | 9                          | -                           | -                   | 9            | -                                    |
| Share-based compensation  | -                                     | -      | -               | -      | 207                        | -                           | -                   | 207          | -                                    |
| Net loss  | -                                     | -      | -               | -      | -                          | -                           | (1,348)             | (1,348)      | (1,348)                              |
| Balance as of 31 December 2005  | -                                     | -      | 35,388,636      | 80     | 31,285                     | -                           | (1,435)             | 29,930       | (1,348)                              |
| Issuance of shares upon exercise of employees' share options  | -                                     | -      | 158,000         | 1      | 64                         | -                           | -                   | 65           | -                                    |
| Cancellation of issuance expense  | -                                     | -      | -               | -      | 298                        | -                           | -                   | 298          | -                                    |
| Unutilized losses on available for sale marketable securities   | -                                     | -      | -               | -      | -                          | (46)                        | -                   | (46)         | (46)                                 |
| Share based compensation  | -                                     | -      | -               | -      | 121                        | -                           | -                   | 121          | -                                    |
| Net loss  | -                                     | -      | -               | -      | -                          | -                           | (6,518)             | (6,518)      | (6,518)                              |
| Balance as of 31 December 2006  | -                                     | \$ -   | 35,546,636      | \$ 81  | \$ 31,768                  | \$ (46)                     | \$ (7,953)          | \$ 23,850    | \$ (6,564)                           |

\*) Net of issuance expenses of \$ 2,906.

\*\*) Represents an amount lower than \$ 1.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands, except share and per share data  
CONSOLIDATED STATEMENTS OF CASH FLOWS****U.S. dollars in thousands**

|   | <b>Year ended<br/>31 December</b> |                  |
|---|-----------------------------------|------------------|
|   | <b>2005</b>                       | <b>2006</b>      |
| <u>Cash flows from operating activities:</u>  |                                   |                  |
| Net loss  | \$ (1,348)                        | \$ (6,518)       |
| Adjustments to reconcile net loss to net cash provided by operating activities:                               |                                   |                  |
| Depreciation, amortization and capital loss   | 1,125                             | 1,106            |
| Impairment of intangible assets   | -                                 | 1,165            |
| Increase in trade receivables, other accounts receivable and prepaid expenses                                 | (1,535)                           | (259)            |
| Increase (decrease) in trade payables, employees and payroll accruals, accrued expenses and other liabilities | 1,439                             | (87)             |
| Increase in deferred revenues   | 112                               | 84               |
| Share-based compensation  | 207                               | 121              |
| Net cash used in operating activities   | -                                 | (4,388)          |
| <u>Cash flows from investing activities:</u>  |                                   |                  |
| Purchase of property and equipment  | (258)                             | (326)            |
| Proceeds from sale of property and equipment  | -                                 | 6                |
| Investment in short-term available-for-sale marketable securities, net  | (16,700)                          | 9,341            |
| Investment in short-term held-to-maturity marketable securities, net  | (2,018)                           | 9,420            |
| Investment in long-term held-to-maturity marketable securities  | (7,448)                           | -                |
| Payment for the acquisition of SenseStream Ltd. (1)   | -                                 | (782)            |
| Net cash provided by (used in) investing activities   | (26,424)                          | 17,659           |
| <u>Cash flows from financing activities:</u>  |                                   |                  |
| Proceeds from exercise of employees' share options  | -                                 | 65               |
| Issuance of shares upon Initial Public Offering   | 28,056                            | -                |
| Issuance expenses   | (2,554)                           | -                |
| Net cash provided by financing activities   | 25,502                            | 65               |
| Increase (decrease) in cash and cash equivalents  | (922)                             | 13,336           |
| Cash and cash equivalents at the beginning of the year  | 2,799                             | 1,877            |
| Cash and cash equivalents at the end of the year  | <u>\$ 1,877</u>                   | <u>\$ 15,213</u> |
| <u>Supplemental disclosure of cash flow activities:</u>   |                                   |                  |
| Cash received during the year for:  |                                   |                  |
| Interest  | <u>\$ 688</u>                     | <u>\$ 1,162</u>  |
| <u>Non-cash financing activities:</u>   |                                   |                  |
| Cancellation of issuance expense payables   | <u>\$ -</u>                       | <u>\$ 298</u>    |
| <u>(1) Payment for the acquisition of SenseStream Ltd.</u>  |                                   |                  |
| Estimated fair value of assets acquired and liabilities assumed at the date of acquisition:                   |                                   |                  |
| Working capital deficiency, excluding cash and cash equivalents   | \$ -                              | \$ 489           |
| Property and equipment  | -                                 | (8)              |
| Intangible assets   | -                                 | (1,280)          |
| Accrued severance pay, net  | -                                 | 17               |
|   | <u>\$ -</u>                       | <u>\$ (782)</u>  |