

MIND CTI LTD  
Form 6-K  
February 09, 2005

## **MIND CTI Reports 21% Operating Income in Q4 2004 2004 EPS of 32 cents**

- \* 38% year over year revenue growth**
- \* Board declares cash dividend**

### **Key Highlights**

- Fourth quarter 2004 revenues were \$4.88 million, a 34% increase over the fourth quarter of 2003.
- Fourth quarter operating income was \$1.03 million, a 138% increase over the fourth quarter of 2003.
- Net income for the fourth quarter was \$2.14 million or \$0.10 per diluted share.
- Revenues for 2004 were \$17.8 million, a 38% increase over 2003.
- Net income for 2004 was \$6.88 million or \$0.32 per diluted share
- 11<sup>th</sup> consecutive quarter of revenue growth and improved profitability of operations.

**Yoqneam, Israel, February 8, 2005-** MIND C.T.I. LTD. (NASDAQ: MNDO), a leading global provider of real-time mediation, rating, billing and customer care solutions for pre-paid and post-paid voice, data and content, today announced results for the fourth quarter and year ended December 31, 2004.

Monica Eisinger, President and CEO, commented: "During 2004 we continued to successfully execute on our plan of growth and improved profitability. In 2004 we have reached our goals - sequential revenue growth, 16 new customers, over 20% operating income in Q4 2004 and expansion of the workforce.

Looking ahead, we expect to see four to five new customer wins per quarter, mainly in the VoIP area. At the same time the timing of both the order and revenue recognition for our solutions may be delayed as it occurs typically only after other vendors have provided the network infrastructure, a process that is subject to delay. MIND is not providing guidance for the first quarter at this time, due to uncertainty in the revenue recognition timing for two large recent wins. Delayed delivery by the equipment vendor of the hardware comprising the customer's network infrastructure might delay the acceptance process in one project and internal customer's issues might delay the delivery in the second case.

We have the right ingredients: our sophisticated technology, our proven ability to deliver solutions on time and our worldwide team. We believe that in the long term we will continue along the same path that we have built for over two years."

As of December 31, 2004, we had 252 employees in our four offices.

### **Financial Highlights of Q4 2004**

- Revenues were \$4.88 million, a 34% increase over the fourth quarter of 2003.
- Operating income was \$1.03 million, an increase of 138% over the fourth quarter of 2003 and interest income was \$1.14 million.
- Net income was \$2.14 million or \$0.10 per diluted share, compared with a net income of \$1.08 million or \$0.05 per share in the fourth quarter of 2003.
- Cash position increased by \$2.55 million to \$48.9 million on December 31, 2004.

## Year 2004 Financial Highlights

- Revenues were \$17.8 million, a 38% increase over 2003.
- Operating income was \$3.2 million, a 168% increase over 2003.
- Net income was \$6.88 million or \$0.32 per diluted share, compared with a net income of \$3.6 million or \$0.17 per diluted share in 2003.
- Cash flow from operations was \$7.67 million.

## Revenue Distribution for Q4 2004

The geographic revenue breakdown, as a percentage of total revenues, was as follows: sales in Europe represented 80%, the Americas represented 4%, Africa represented 9%, APAC represented 3% and Israel represented 4%.

Revenue from our customer care and billing software totaled \$4.34 million, while revenue from our enterprise call management software was \$536 thousand. The revenue breakdown from our business lines of products was \$3.28 million, or 67%, from licenses, \$1.22 million, or 25%, from maintenance and \$380 thousand, or 8%, from services.

## Revenue Distribution for Full Year 2004

The geographic revenue breakdown, as a percentage of total revenues, was as follows: sales in Europe represented 67%, the Americas represented 12%, Africa represented 10%, APAC represented 6% and Israel represented 5%.

Revenue from our customer care and billing software totaled \$15.23 million, while revenue from our enterprise call management software was \$2.58 million. The revenue breakdown from our business lines of products was \$11.7 million, or 66%, from licenses, \$4.43 million, or 25%, from maintenance and \$1.68 thousand, or 9%, from services.

## Dividend Distribution

As previously announced, the Company adopted a dividend policy on July 15, 2003 according to which, subject to Board approval prior to each dividend declaration and subject to the Companies Law, the Company will declare a cash dividend once per calendar year in an amount equal to the Company's net profits for the preceding calendar year.

On February 8, 2005, the Board declared a cash dividend in the amount equal to our 2004 net income, which is approximately \$6.88 million. After deduction of a 25% tax payable by the Company on the amount of the dividend (because the dividend is from income that was tax exempt), a cash dividend of \$0.24 per share will be distributable to shareholders, subject to an Israeli withholding tax of 15%. Accordingly, each shareholder will receive \$0.204 per share after deduction of taxes required by the Israeli Tax Authority.

The record date for the dividend will be March 1, 2004, at 5:00 p.m. Eastern Standard Time and the payment date will be March 15, 2004.

**Conference Call Information** MIND will host a conference call on February 9, at 8:30 a.m., Eastern Standard Time, to discuss the Company's fourth quarter and 2004 results and other financial and business information. The call will be carried live on the Internet via <http://www.fulldisclosure.com> and the MIND website, <http://www.mindcti.com>. For those unable to listen to the live web cast, a replay will be available.

## About MIND

MIND CTI Ltd. (<http://www.mindcti.com>) is a leading global provider of real-time billing and customer care solutions for pre-paid and post-paid voice, data and video. Since 1997 MIND has been a pioneer in enabling the VoIP technology for emerging and incumbent service providers. MIND solutions include "best-in-class" solutions for Service Enabling of IP services in the wireless arena, end-to-end convergent billing solutions and internal billing for large enterprises. MIND operates from offices in Europe, Israel, the United States and China.

For financial information, reports and presentations, please visit the Investor Relations site: <http://www.mindcti.com/ir>

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995: All statements other than historical facts included in the foregoing press release regarding the Company's business strategy are "forward looking statements." These statements are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements are not guarantees of future performance, and actual results may materially differ. The forward looking statements involve risks, uncertainties, and assumptions, including the risks discussed in the Company's filings with the United States Securities Exchange Commission. The Company does not undertake to update any forward-looking information.

**For more information please contact:**

Andrea Dray  
MIND CTI Ltd.  
Tel: +972-4-993-6666  
investor@mindcti.com

(tables to follow)

[Back to top](#)**CONDENSED CONSOLIDATED BALANCE SHEETS**

	December 31 2004	2003	September 30 2004
U.S. \$ in thousands			
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	18,687	4,391	7,870
Accounts receivable:			
Trade	3,418	2,181	3,071
Interest accrued on long-term bank deposits	242	482	1,511
Other	773	864	800
Inventories	18	11	11
<b>T o t a l current assets</b>	<b>23,138</b>	<b>7,929</b>	<b>13,263</b>
<b>LONG-TERM BANK DEPOSITS</b>	<b>30,000</b>	<b>40,000</b>	<b>47,000</b>
<b>PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization</b>	<b>1,790</b>	<b>1,182</b>	<b>1,768</b>
<b>OTHER ASSETS, net of accumulated amortization</b>	<b>788</b>	<b>868</b>	<b>785</b>
<b>T o t a l assets</b>	<b>55,716</b>	<b>49,979</b>	<b>62,816</b>
<b>Liabilities and shareholders' equity</b>			
<b>CURRENT LIABILITIES -</b>			
accounts payable and accruals:			
Trade	466	718	322
Deferred revenues	1,680	1,607	1,675
Other	2,124	1,116	1,944
<b>T o t a l current liabilities</b>	<b>4,2701</b>	<b>3,441</b>	<b>3,941</b>
<b>BANK LOANS</b>			<b>10,000</b>
<b>EMPLOYEE RIGHTS UPON RETIREMENT</b>	<b>1,200</b>	<b>998</b>	<b>1,117</b>
<b>T o t a l current liabilities</b>	<b>5,470</b>	<b>4,439</b>	<b>15,058</b>

**SHAREHOLDERS' EQUITY:**

Share capital	53	53	53
Additional paid-in capital	59,079	58,514	58,728
Accumulated deficit	(8,886)	(13,027)	(11,023)
	<hr/>	<hr/>	<hr/>
Total shareholders' equity	50,246	45,540	47,758
	<hr/>	<hr/>	<hr/>
Total liabilities and shareholders' equity	55,716	49,979	62,816
	<hr/>	<hr/>	<hr/>

I

[Back to top](#)**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

Twelve months ended June 30

Three months ended June 30

II

[Back to top](#)**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31

Three months ended December 31

III

[Back to top](#)

- end of file -