ESPEED INC
Form 4
December 17, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
SLOANE BARRY R

(Last) (First) (Middle)

5 SPINNAKER DRIVE, PO BOX 247

(Street)

BARRINGTON, RI 02806

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ESPEED INC [ESPD]

3. Date of Earliest Transaction (Month/Day/Year)
12/13/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Class A Common Stock, par value $0.01 per share	$ 0	12/13/2007		A		3,421 (1)		12/13/2008 (2)	12/13/2008	Class A Common Stock, par value $0.01 per share	3,421

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SLOANE BARRY R 5 SPINNAKER DRIVE PO BOX 247 BARRINGTON, RI 02806	X			

Signatures

/s/ Barry R. Sloane	12/17/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These 3,421 shares of Class A Common Stock ar represented by restricted stock units granted to Mr. Sloane, on December 13, 2007, under the Amended and Restated eSpeed, Inc. 1999 Long-Term Incentive Plan. Each restricted stock unit represents a contingent right to receive one share of eSpeed, Inc. Class A Common Stock.

(2) The 3,421 restricted stock units will vest on December 13, 2008, provided that Mr. Sloane continues to serve as a member of the eSpeed, Inc. Board of Directors on such date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Additional Directors:

/s/ CHRISTOPHER BAKER

Director

December 23, 2008

Christopher Baker

/s/ Vincent PINO

Director

December 23, 2008

Vincent Pino

/s/ LARRY SCHAFRAN

Director

December 23, 2008

Larry Schafran

/s/ FILIPE SOBRAL

Director

December 23, 2008

Filipe Sobral

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Insignia Solutions plc

We have audited the accompanying consolidated balance sheet of Insignia Solutions plc (the "Company") as of December 31, 2007 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2007 and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ MALONE & BAILEY, PC

www.malone-bailey.com
Houston, Texas
December 12, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders of
Insignia Solutions plc:

We have audited the accompanying consolidated balance sheet of Insignia Solutions plc and subsidiaries (the "Company") as of December 31, 2006, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for the year then ended. Our audit also included the financial statement schedule listed in Item 15(a)(2). These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor have we been engaged to perform, an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Insignia Solutions plc and subsidiaries as of December 31, 2006, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in April 2007 the Company sold substantially all of its assets to Smith Micro Software, Inc. As a result of this transaction, the Company has no ongoing business operations. Management's plans as to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2006 the Company changed its method of accounting for stock-based compensation as a result of adopting Statement of Financial Accounting Standards No. 123 (revised 2004), "Share Based Payment" applying the modified prospective method.

/s/ Burr, Pilger & Mayer LLP

San Jose, California
June 1, 2007

INSIGNIA SOLUTIONS PLC
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except for share and per share data)

	December 31, 2007	December 31, 2006
Assets		
Cash and equivalents	$ 5,340	$ 341
Restricted cash	-	20
Accounts receivable, net of allowance for doubtful accounts of $0 in 2007 and $100 in 2006	-	926
Other Receivables	7	-
Prepaid expenses	37	115
Total current assets	5,384	1,402
Property and equipment, net	-	102
Intangible assets, net	-	1,703
Goodwill	-	1,115
Other assets	-	42
Total assets	$ 5,384	$ 4,364
Liabilities and Shareholders' Equity (Deficit)		
Accounts payable	$ 59	$ 1,544
Accrued liabilities	867	2,562
Deferred revenue	-	153
Short-term debt	-	1,278
Notes payable to related parties	-	873
Total current liabilities	926	6,410
Commitments and contingencies (Note 9)		
Shareholders' equity (deficit):		
Preferred shares, 1 pence par value, 3,000,000 shares authorized, no shares issued or outstanding	-	-
Ordinary shares, 1 pence par value, 110,000,000 shares authorized, 50,438,247 shares issued and outstanding	14,750	14,750
Additional paid in capital	70,545	72,769
Ordinary share subscription	160	840
Accumulated deficit	(80,997)	(89,944)
Accumulated other comprehensive loss	-	(461)
Total shareholders' equity (deficit)	4,458	(2,046)
Total liabilities and shareholders' equity (deficit)	$ 5,384	$ 4,364

See accompanying notes to consolidated financial statements

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INSIGNIA SOLUTIONS PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except for share and per share data)

	Year ended December 31, 2007	2006
Net revenues:		
License	$ 508	$ 1,813
Service	375	1,025
Total net revenues	883	2,838
Cost of net revenues:		
License	74	300
Service	152	383
Total cost of net revenues	226	683
Gross Profit	657	2,155
Operating expenses:		
Sales and marketing	467	2,193
Research and development	354	2,511
General and administrative	3,551	3,135
Amortization of intangible assets	23	92
Total operating expenses	4,395	7,931
Operating loss	(3,738)	(5,776)
Other income (expense):		
Interest income (expense), net	180	(153)
Other income (expense), net	(742)	(368)
Gain on sale of assets	13,132	-
Liquidated gain (damages) on subsidiary preferred stock	614	(680)
Total other income (expense)	13,184	(1,201)
Income (loss) before income tax expense	9,446	(6,977)
Income tax expense	12	9
Net income (loss)	9,434	(6,986)
Accretion of dividend on subsidiary preferred stock	-	(404)
Dividends paid on subsidiary preferred stock	(487)	-
Net income (loss) attributable to ordinary shareholders	$ 8,947	$ (7,390)
Net income (loss) per share:		
Basic and diluted	$ 0.18	$ (0.15)
Weighted average common shares outstanding:		
Basic and diluted	50,438,247	48,864,799

See accompanying notes to consolidated financial statements

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INSIGNIA SOLUTIONS PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except for share and per share data)

	Ordinary Shares		Additional	Ordinary		Accumulated Other	
	Shares	Amount	Paid in Capital	Share Subscription	Accumulated Deficit	Comprehensive Loss	Total
Balance at January 1, 2006	42,897,776	$ 14,634	$ 66,850	$ 729	$ (82,958)	$ (461)	$ (1,206)
Shares issued upon conversion of subsidiary shares to parent company shares	2,627,183	47	(47)	-	-	-	-
Shares issued upon exercise of warrants, net of issuance costs and unamortized debt discount	3,923,392	52	1,032	-	-	-	1,084
Reclassification of subsidiary preferred stock and warrant liabilities	-	-	3,950	-	-	-	3,950
Shares issued for acquired business	989,896	17	670	(687)	-	-	-
Employee stock based compensation	-	-	314	-	-	-	314
Shares issuable in connection with consulting agreements	-	-	-	118	-	-	118
Shares issuable for liquidated damages on subsidiary preferred stock	-	-	-	680	-	-	680
Accretion of dividend related to subsidiary preferred stock			404				
Accretion of dividend related to subsidiary			(404)				

preferred stock							
Net loss	-	-	-	-	(6,986)	-	(6,986)
Balance at December 31, 2006	50,438,247	14,750	72,769	840	(89,944)	(461)	(2,046)
Employee stock based compensation	-	-	161	-	-	-	161
Preferred share redemption	-	-	(2,385)	(680)	-	-	(3,065)
Write-off other comprehensive loss	-	-	-	-	-	461	461
Preferred share dividend	-	-	-	-	(487)	-	(487)
Net income	-	-	-	-	9,434	-	9,434
Balance at December 31, 2007	50,438,247	$ 14,750	$ 70,545	$ 160	$ (80,997)	$ -	$ 4,458

See accompanying notes to consolidated financial statements.

INSIGNIA SOLUTIONS PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year ended December 31	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 9,434	$ (6,986)
Adjustments to reconcile net income (loss) to net cash flows used in operating activities:		
Depreciation and amortization	120	437
Allowance for doubtful accounts	-	(75)
Stock based compensation	161	314
Non-cash interest expense	-	198
Gain on sale of assets	(13,132)	-
Reclassification of other comprehensive loss	461	-
Non-cash charge for issuance of equity instruments	-	118
Loss on sale of property and equipment	-	25
Impairment of note receivable from related party	-	50
Liquidated (gain) damages on subsidiary preferred stock	(614)	680
Changes in assets and liabilities:		
Accounts receivable	241	420
Prepaid expenses and other current assets	71	217
Other assets	42	172
Tax receivable	-	192
Accounts payable	(1,485)	304
Accrued liabilities	(2,097)	512
Deferred revenue	17	(30)
Net cash used in operating activities	(6,781)	(3,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted cash	20	48
Proceeds from sale of assets, net of cash transferred to Smith Micro	14,968	-
Purchases of property and equipment	(19)	(85)
Goodwill additions	(100)	-
Net cash provided by (used in) investing activities	14,869	(37)
CASH FLOWS FROM FINANCING ACTIVITIES		
Preferred stock redemption	(2,938)	-
Net changes in line of credit with Silicon Valley Bank	(508)	508
Proceeds from the issuance of notes to related parties	-	895
Repayments of notes to related parties	(873)	(61)
Proceed from short-term debt	1,250	750
Repayment of short-term debt	(20)	(168)
Proceed from issuance of shares, net of issuance costs	-	690
Net cash provided by (used in) financing activities	(3,089)	2,614

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,999		(875)
CASH AND CASH EQUIVALENTS, beginning of year		341		1,216
CASH AND CASH EQUIVALENTS, end of year	$	5,340	$	341
Non-cash investing and financing activities				
Accrual of acquisition earn-out	$	-	$	523
Reclassification of subsidiary preferred stock liability to equity		-		1,975
Reclassification of warrant liability to equity		-		1,975
Note payable converted to common stock		-		394
Note payable forgiveness by Smith Micro from the sale of assets		2,000		
Supplemental cash flow information				
Cash paid for interest		152		-
Cash paid for dividend		487		-

See accompanying notes to consolidated financial statements.

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INSIGNIA SOLUTIONS PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except for share and per share data)

NOTE 1: BACKGROUND

Insignia Solutions plc (the "Company"), commenced operations in 1986 and until April 2007 developed, marketed and supported Mobile Device Management ("MDM") software technologies that enable mobile operators and phone manufacturers to configure, update and upgrade mobile devices using standard over-the-air data networks.

In April 2007 the Company sold substantially all of the assets of the Company to Smith Micro Software, Inc. (Smith Micro) (Note 4). Pursuant to terms of the sale agreement, the Company agreed to indemnify Smith Micro against claims and losses incurred or suffered by Smith Micro as a result of, among other things, any inaccuracy of any representation or warranty contained in the sale agreement of the Company for a period of one year. Under terms of the sale which was amended and consummated April 4, 2007, the aggregate consideration for the sale was $18,575, consisting of:

- $12,500 in cash;
- Forgiveness of all indebtedness payable by Insignia under a promissory note to Smith Micro, the principal amount of which was $2,000 on the closing date
- $2,575 in cash less employee liabilities assumed by Smith Micro at closing; provided that Smith Micro is entitled to withhold $1,500 of the sale consideration for twelve months as security for satisfaction of the Company's indemnification obligations (see Note 13, Subsequent Events).

Since the April 2007 sale of substantially all of the Company's assets, the Company has not generated any revenues from operations. The Company now operates as a holding company with limited operating activities. For the remainder of 2007, the Company's ongoing operating activities generally consist of administrative and legal functions to maintain the Company's corporate structure in order to identify a prospective operating entity to merge with. As the Company sold substantially all of its foreign assets and no longer generates revenue through foreign operations, the Company has reclassified amounts previously classified as Other Comprehensive Loss to current year other income and expense.

In June 2008, the Company entered into an Agreement and Plan of Merger with DollarDays International, LLC, (see Note 17, Subsequent Events).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist primarily of amounts held in U.S. financial institutions. At times, balances may exceed federally insured limits. Short-term investments with original maturities of three months or less are considered to be cash equivalents.

Restricted cash

At December 31, 2006, restricted cash of $20 represents a rental deposit for space leased in a building. At December 31, 2007, $0 of cash is restricted.

Revenue recognition

Subsequent to the sale to Smith Micro of all its operations, the Company did not have any revenue generating operations. If the Company resumes revenue generating activities, the Company will evaluate those activities in accordance with applicable standards of generally accepted accounting principles.

Prior to the sale in April 2007, the Company's previous revenue generating activities were recognized in accordance with Statement of Position 97-2 "Software Revenue Recognition", as amended ("SOP 97-2"). SOP 97-2 requires that four basic criteria must be met before revenue can be recognized: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred or services rendered; 3) the fee is fixed or determinable; and 4) collectibility is probable. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectibility of those fees. Should changes in conditions cause management to determine these criteria are not met for certain future transactions, revenue recognized for any reporting period could be adversely affected.

At the time of the transaction, the Company assessed whether the fee associated with its revenue transaction is fixed or determinable and whether or not collection is probable. The Company assessed whether the fee is fixed or determinable based on the payment terms associated with the transaction. If a significant portion of a fee is due after the normal payment terms, which are 30 to 90 days from invoice date, we accounted for the fee as not being fixed or determinable. In these cases, the Company recognized revenue on the earlier of due date or cash collected.

The Company assessed collectibility based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company did not request collateral from its customers. If the Company determined that collection of a fee is not reasonably assured, it deferred the fee and recognized revenue at the time collection became probable, which was generally upon receipt of cash.

For all sales, the Company used either a signed license agreement or a binding purchase order (primarily for maintenance renewals) as evidence of an arrangement.

For arrangements with multiple obligations (for example, undelivered maintenance and support), the Company allocated revenue to each component of the arrangement using the residual value method based on the fair value of the undelivered elements, which is specific to the Company, and it deferred revenue equivalent to the fair value of the undelivered elements. Fair value for the ongoing maintenance and support obligation was based upon separate sales of renewals to other customers or upon renewal rates quoted in the contracts. Fair value of services, such as training or consulting, was based upon separate sales of these services to other customers.

The Company's arrangements did not generally include acceptance clauses. However, if an arrangement included an acceptance provision, recognition occurred upon the earlier of receipt of written customer acceptance or expiration of the acceptance period.

The Company recognized revenue for maintenance and hosting services ratably over the contract term. The Company's training and consulting services were billed based on hourly rates, and it generally recognized revenue as these services were performed. However, at the time of entering into a transaction, the Company assessed whether or not any services included within the arrangement required it to perform significant work either to alter the underlying

software or to build additional complex interfaces so that the software performed as the customer requested. If these services were included as part of an arrangement, the Company recognized the entire fee using the percentage of completion method. The Company estimated the percentage of completion based on its estimate of the total costs to complete the project as a percentage of the costs incurred to date and the estimated costs to complete.

Revenue is presented on the consolidated statement of operations net of returns and allowances.

Accounts receivable and allowance for doubtful accounts

The preparation of consolidated financial statements require the Company to make estimates of the uncollectibility of accounts receivable. To evaluate the adequacy of the allowance for doubtful accounts, the Company specifically analyzes accounts receivable, historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms. The Company’s trade accounts receivable were sold to Smith Micro in April 2007.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets are comprised of customer relationships and technology and are amortized using the straight-line method over the estimated useful lives of ten and five years, respectively. The amount of goodwill as of December 31, 2006 was $1,115. Substantially all of the Company's goodwill and intangible assets were sold to Smith Micro in April 2007. Amortization of intangible assets was $97 and $392 for the years ended December 31, 2007 and 2006, respectively.

The Company is required to test goodwill for impairment annually, and at December 31, 2006 the Company performed its test for impairment under Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The Company increased its goodwill balance by approximately $100 in 2007 and $523 in 2006 due to additional earn-out payment arrangements made in accordance with the original purchase agreement between the Company and Mi4e. The Company concluded that goodwill was not impaired at December 31, 2006 and all goodwill was sold to Smith Micro during 2007 resulting in $0 balance at December 31, 2007.

Property and equipment

Property and equipment is recorded at cost, or if leased, at the lesser of the fair value or present value of the minimum lease payments, less accumulated depreciation and amortization. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets, which range from three to four years or the lease term if shorter. Substantially all of the Company's property and equipment were sold to Smith Micro. Depreciation and amortization expense was $22 for the year ended December 31, 2007.

Impairment of long-lived assets

The Company evaluates its long-lived assets for indicators of possible impairment by comparison of the carrying amounts to future net undiscounted cash flows expected to be generated by such assets when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value or discounted estimates of future cash flows. The Company has not identified any such impairment losses in the years ended December 31, 2007 or 2006.

Foreign currency translation

The Company's functional currency for its non-U.S. operations is the U.S. dollar. Certain monetary assets and liabilities of the non-U.S. operating companies are denominated in local currencies (i.e. not the U.S. dollar). Upon a change in the exchange rate between the non-U.S. currency and the U.S. dollar, the Company must remeasure the local non-U.S. denominated assets and liabilities to avoid carrying unrealized gains or losses on its consolidated balance sheet. Non-U.S. dollar denominated monetary assets and liabilities are remeasured using the exchange rate in effect at the balance sheet date, while nonmonetary items are remeasured at historical rates. Revenues and expenses are translated at the average exchange rates in effect during each period, except for those expenses related to balance sheet amounts, which are translated at historical exchange rates. Remeasurement adjustments and transaction gains or losses are recognized in the statement of operations during the period of occurrence. During our early years of existence, the Company used the pound sterling as the functional currency for its non-U.S. operations. Accordingly, translation gains and losses recognized during such periods have been included in the accumulated other comprehensive loss account. Gains and losses from foreign currency transactions are included in the statements of operations. Foreign exchange transaction gains (losses) included in other income (expense), net on the consolidated statements of operations is $73 and ($255) in 2007 and 2006, respectively. As the Company sold substantially all of

its foreign assets and no longer generates revenue through foreign operations, the Company has reclassified amounts previously classified as Other Comprehensive Loss to current year other income and expense

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Research and development

The Company expenses the cost of research and development costs as incurred. Research and development expenses consist primarily of personnel costs, overhead costs relating to occupancy, software support and maintenance and equipment depreciation.

Stock-based compensation

Equity-based payments

Effective January 1, 2006 the Company adopted the provisions of, and accounts for equity-based compensation in accordance with, SFAS No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123R”) which revised SFAS No. 123 “Accounting for Stock-Based Compensation” (“SFAS 123”) and supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”). In accordance with SFAS 123R, equity based compensation cost is measured at the grant date based on the fair value of the award. The Company elected the modified-prospective method. Under this transition method, equity-based compensation includes the amortized value of vesting equity-based payments granted prior to January 1, 2006, based on the grant date fair value as determined under SFAS 123, and those granted subsequently in accordance with SFAS 123R. Results for prior periods have not been restated.

The effect of adopting SFAS 123R on the Company’s loss before taxes and net loss for the year ended December 31, 2006 (the year of adoption) is as follows:

Employee stock-based compensation	$	314
Tax effect		-
Increase to net loss	$	314

The adoption of SFAS 123R did not have any impact on the Company’s cash flows during the years ended December 31, 2007 or 2006.

Valuation and assumptions

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and employee stock purchase plan shares based on the assumptions in Note 6. The assumption for the expected term was determined using the simplified method outlined in Staff Accounting Bulletin No. 107. The risk-free interest rate is based on the US Treasury rates at the date of grant with maturity dates approximately equal to the expected term at the grant date. The historical volatility of Company’s stock is used as the basis for the volatility assumption.

Income taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax law or rates.

Concentrations of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents and trade accounts receivable. The Company invests its excess cash primarily in institutional

money market funds with quality financial institutions. At December 31, 2007, the Company’s cash in financial institutions exceeded the federally insured deposits limit by approximately $5,287. At December 31, 2007, the Company had no trade accounts receivable and at December 31, 2006 two customers accounted for 54% of trade accounts receivable.

The Company’s had one product line accounted which for 100% of revenues for the years ended December 31, 2007 and 2006.

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Comprehensive income (loss)

SFAS No. 130, "Reporting Comprehensive Income" ("SFAS 130"), requires that all items recognized under accounting standards as components of comprehensive income (loss), be reported in an annual statement that is displayed with the same prominence as other annual financial statements. SFAS 130 also requires that an entity classify items of other comprehensive income (loss) by their nature in an annual financial statement. Comprehensive income (loss), as defined, includes all changes in equity during a period from non-owner sources. The comprehensive loss is equal to the net loss for all periods presented.

Recently issued accounting pronouncements

In May 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP"), "Accounting Principles Board 14-1 Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 on a retrospective basis, as such, will be effective beginning in the Company's fiscal year 2009. The Company is evaluating the potential impact on its consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires enhanced disclosures about the objectives of derivative instruments and hedging activities, the method of accounting for such instruments under SFAS 133 and its related interpretations, and a tabular disclosure of the effects of such instruments and related hedged items on an entity's financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008, as such, will be effective beginning in the Company's fiscal year 2009. The Company is evaluating the disclosure requirements of SFAS 161; however, the adoption of SFAS 161 is not expected to have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes the requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS 141R requires acquisition costs be expensed instead of capitalized as is required currently under SFAS 141 and also establishes disclosure requirements for business combinations. SFAS 141R applies to business combinations for which the acquisition date is on or after fiscal years beginning on or after December 15, 2008, as such, SFAS 141R is effective beginning in the Company's fiscal year 2009. The Company is still evaluating the potential impact on its consolidated financial statements upon adoption of SFAS 141R.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements — an amendment to ARB No. 51" ("SFAS 160"). SFAS 160 will change the accounting and reporting for minority interests, which will now be termed "non-controlling interests." SFAS 160 requires non-controlling interests to be presented as a separate component of equity and requires the amount of net income attributable to the parent and to the non-controlling interest to be separately identified on the consolidated statement of operations. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008, as such, will be effective beginning in the Company's fiscal year 2009. The adoption of SFAS 160 is not expected to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 provides companies with an

option to report selected financial assets and liabilities at fair value. The standard requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. It also requires entities to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. This Statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement 157. The Company is currently evaluating whether the adoption of SFAS 159 will have a material effect on its financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. In February 2008, the FASB issued FASB Staff Position 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13." ("FSP 157-1"). FSP 157-1 amends SFAS 157 to exclude leasing transactions accounted for under SFAS 13 and related guidance from the scope of SFAS 157. In February 2008, the FASB issued FASB Staff Position 157-2 ("FSP 175-2"), "Effective Date of FASB Statement 157," which delays the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed as fair value in the financial statements on a recurring basis (at least annually). SFAS 157 is effective for fiscal year 2009, however, FSP 157-2 delays the effective date for certain items to fiscal year 2010. The Company is evaluating the potential impact on its consolidated financial statements upon adoption of SFAS 157.

In July 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("SFAS 109"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS 109 and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken or expected to be taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements. Additionally, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition and was effective beginning the first quarter of fiscal 2007. The adoption of FIN 48 did not result in a cumulative adjustment to accumulated deficit (see Note 9).

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments — an Amendment of FASB Statements No. 133 and 140" ("SFAS 155"). SFAS 155 allows financial instruments that contain an embedded derivative and that otherwise would require bifurcation to be accounted for as a whole on a fair value basis, at the holders' election. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. SFAS 155 was effective beginning fiscal 2007. The adoption of SFAS 155 did not have a material effect on the Company's consolidated financial statements.

NOTE 3: INCOME (LOSS) PER SHARE

Basic income (loss) per share is computed based on the weighted average number of common shares outstanding and excludes any potential dilution. Diluted income (loss) per share reflect potential dilution from the exercise or conversion of securities into common stock. The effects of certain stock options and warrants are excluded from the determination of the weighted average common shares outstanding for diluted income per share in each of the periods presented as the effects were antidilutive or the exercise price for the outstanding options exceeded the average market price for the Company's common stock.

The following common shares were excluded from the computation of net income (loss) per share because the effects were antidilutive:

	Year ended December 31,	
	2007	2006
Warrants	4,348,211	16,157,394
Stock options	1,713,376	3,929,903
Total	6,061,587	20,087,297

NOTE 4: GAIN ON SALE OF ASSETS

The Company recorded a gain on sale of assets totaling $13,132 during the year ended December 31, 2007 related to the sale of substantially all of the assets of the Company to Smith Micro (Note 1). A portion of the sale consideration was used for the retirement of the Bridge Loan between the Company and Smith Micro (Note 11). In addition, Smith Micro agreed to assume certain liabilities of the Company relating to the transferred assets. The Company and Smith Micro completed the transaction in April 2007 and entered into a settlement agreement in June 2008 related to the sale (Note 13). The Company included the gain in other income as the asset sale was part of the Company's effort to pursue strategic opportunities, which include the merger with any potential prospect (Note 13). A summary of the gain related to the asset sale to Smith Micro is as follows:

Cash proceeds	$ 14,977
Settlement costs	(500)
Net proceeds	14,477
Net assets sold	(1,345)
Gain	$ 13,132

NOTE 5: OTHER INCOME (EXPENSE), NET

Other income (expense), net, consists primarily of approximately $250 of expenses to cancel a joint venture with J-Tek Corporation and approximately $461 to write off other comprehensive loss related to foreign currency exchange (Note 1). In 2003, the Company entered into a joint venture agreement with J-Tek Corporation to form Asia Chusik Hocsa and, because there were no ongoing activities with the joint venture, the Company paid $250 to cancel the joint venture agreement with J-Tek in 2007.

NOTE 6: STOCK PLANS

The Company has four stock option plans, which provide for the issuance of stock options to employees and outside consultants of Insignia to purchase ordinary shares. At December 31, 2007 and 2006 approximately 3,199,000 and 2,058,000 ordinary shares were available for future grants of stock options, respectively. Stock options are generally granted at prices of not less than 100% of the fair market value of the ordinary shares on the date of grant. Options granted under the Company's option plans generally vest over a four year period. Options are exercisable until the tenth anniversary of the date of grant unless they lapse before that date.

During 2007, the Company granted 600,000 options exercisable at $0.12 with a fair value of $66 to an employee for services. The options vest 25% per year for 4 years and expire in 10 years. The Company recognized $17 of expense during the year ended December 31, 2007 related to this option grant.

The following table summarizes the Company's stock option activity:

	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	4,436,631	$ 1.39	5.7	
Granted	2,290,000	0.20		
Exercised	-	-		
Lapsed	(2,796,728)	0.99		
Outstanding at December 31, 2006	3,929,903	0.86	7.7	$ -
Granted	600,000	0.12		
Exercised	-	-		
Lapsed	(1,741,527)	1.82		
	2,788,376	0.90	6.8	$ -

Outstanding at December 31, 2007						
Exercisable at December 31, 2007	1,713,376	$	1.34	5.6	$	-

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The assumptions used to value equity-based payments are as follows:

	Year ended December 31, 2007	2006
Option plans:		
Expected dividends	None	None
Expected term	4 years	6.08 years
Risk free interest rate	4.5%	4.5 - 6.0%
Expected volitility rate	424%	129 - 287%

The weighted average grant date fair value of options granted during the years ended December 31, 2007 and 2006 was $0.12 and $0.19 per share, respectively.

As of December 31, 2007, there was approximately $172 of unrecognized compensation cost, net of for estimated forfeitures, related to non-vested equity-based payments granted to employees. Total unrecognized compensation cost is expected to be recognized over a weighted average period of 2.37 years.

In March 1995, the Company's shareholders adopted the 1995 Employee Share Purchase Plan (the "Purchase Plan") with 275,000 ordinary shares reserved for issuance thereunder. The Purchase Plan qualifies as an "employee stock purchase plan" under section 423 of the U.S. Internal Revenue Code. At December 31, 2006, 289,430 ordinary shares were reserved for future Purchase Plan issuances.

In the second quarter of 2006 the Company suspended contributions to the Purchase Plan and returned payroll deductions already made back to employees. No shares were issued during 2006 under the Purchase Plan. There were no liabilities outstanding related to the Purchase Plan at December 31, 2007 or 2006.

NOTE 7: EMPLOYEE BENEFIT AND PENSION PLANS

The Company has a 401(k) plan covering all of its U.S. employees and a defined contribution pension plan covering all its United Kingdom employees. Under both of these plans, employees may contribute a percentage of their compensation and the Company makes certain matching contributions. Both the employees' and the Company's contributions are fully vested and nonforfeitable at all times. The assets of both these plans are held separately from those of the Company in independently managed and administered funds. The Company's contributions to these plans aggregated approximately $6 in 2007 and $10 in 2006.

NOTE 8: INCOME TAXES

The components of net deferred income tax assets are as follows:

	Year Ended December 31, 2007	2006
Net operating loss carry forwards	$ 23,229	$ 23,229
Tax credit carry forwards applied	(4,291)	-
Accrued expenses, allowance and other temporary differences	274	319
Net deferred income tax assets before valuation allowance	19,212	23,548
Deferred income tax asset valuation allowance	(19,212)	(23,548)

Net deferred income tax asset	$	-	$	-

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The components of income (loss) before income taxes are as follows:

	Year Ended December 31,	
	2007	2006
United States	$ 4,320	$ (4,308)
United Kingdom and other countries	5,126	(2,669)
	$ 9,446	$ (6,977)

The components of the income tax expense (benefit) are as follows:

	Year Ended December 31,	
	2007	2006
Current:		
U.S. federal	$ 118	$ -
U.S. state and local	3	-
United Kingdom and other countries	(109)	9
Total provision (benefit)	$ 12	$ 9

Our actual provision from income taxes differs from the provision computed by applying the statutory federal income tax rate to loss before income taxes as follows:

	Year Ended December 31,	
	2007	2006
U.S. federal statutory rate	34.0%	(34.0)%
State and local taxes, net of U.S. federal benefit	-	-
Foreign income taxes at other than U.S. rate	(1.9)	0.1
Net operating losses applied	(32.0)	-
Valuation allowance for net deferred income tax assets	-	34.0
Effective tax rate	0.1%	0.1%

As of December 31, 2007, we had available net operating loss (“NOL”) carry forwards of approximately $53,000 for U.S. federal tax purposes, which expire in various years from 2017 to 2026.

Based on the available objective evidence, management believes it is more likely than not that the net deferred income tax assets will not be fully realizable. Accordingly, the Company has provided a full valuation allowance against its net deferred tax assets at December 31, 2007 and 2006.

The tax reform act of 1986 limits the use of net operating loss and tax credit carry forwards in certain situations where changes occur in stock ownership of a company. As the Company experienced a change of control subsequent to December 31, 2007 (as described in Note 17), utilization of the federal and state carry forwards are expected to be limited.

NOTE 9: COMMITMENTS AND CONTIGENCIES

Commitments

The Company had no non-cancelable operating leases as of December 31, 2007.

On April 26, 2006 the Company entered into a sub-lease agreement for its United Kingdom office in High Wycombe, United Kingdom with Norwest Holt Limited. The assigned lease is a 15 year lease originally signed on April 12, 1998 with an annual rent of 105,000 British Pounds (approximately $210,000 at December 31, 2007) that is subject to periodic price adjustments. The following table sets forth the minimum amounts payable under the Company's original lease, which is currently assigned to the sub-lessee:

2008	$ 210
2009	210
2010	210
2011	210
2012	210
Thereafter	128
Total	$ 1,178

Guarantees

In the Company's sales agreements, it typically agreed to indemnify our customers for any expenses or liability resulting from claimed infringements of patents, trademarks or copyrights of third parties. The terms of these indemnification agreements are generally perpetual any time after execution of the agreement. The maximum amount of potential future indemnification is unlimited. To date the Company has not paid any amounts to settle claims or defend lawsuits. Since April 2007, the Company has not entered into sales agreements.

The Company, on a limited basis, had granted price protection for the Jeode product line. The terms of these agreements were generally perpetual. The Company has not recorded any liabilities for these potential future payments either because they are not probable or it has yet to incur the expense. Since April 2007, the Company has not sold Jeode products.

The Company warrants its software products against defects in material and workmanship under normal use and service for a period of ninety days. There is no warranty accrual recorded because potential future payments either are not probable or it has yet to incur any expense. Since April 2007, the Company has not sold software products.

Contingencies

From time to time, the Company may become involved in litigation relating to claims arising from the ordinary course of business. Management is not currently aware of any matters that could have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company.

NOTE 10: WARRANTS

The following table summarizes activity of the Company's warrants:

	Warrants Outstanding and Exercisable		Weighted Average Exercise Price	Weighted Average Remaining Contractual term (years)
Outstanding at January 1, 2006	20,105,786	$	0.46	4.6
Granted	-		-	
Exercised	(3,923,392)		0.33	
Lapsed	(25,000)		5.00	
Outstanding at December 31, 2006	16,157,394		0.48	3.7
Granted	-		-	
Exercised	-		-	
Lapsed	(11,809,183)		0.49	
Outstanding at December 31, 2007	4,348,211		0.43	2.5
Exercisable at December 31, 2007	4,348,211	$	0.43	2.5

Warrants outstanding at December 31, 2007 had no intrinsic value.

NOTE 11: NOTES PAYABLE TO RELATED PARTIES AND SHORT-TERM DEBT

On October 3, 2005, the Company entered into a Loan and Security Agreement with Silicon Valley Bank ("SVB") pursuant to which the Company may request that SVB finance certain eligible accounts receivable (each, a "financed receivable") by extending credit to the Company in an amount equal to 80% of such financed receivable (subject to certain adjustments). The aggregate amount of financed receivables outstanding at any time may not exceed $1,250. On the maximum receivables of $1,250, it can borrow up to $1,000. The Company must pay a finance charge on each financed receivable in the amount equal to 2% plus the greater of 6.5% or SVB's most recently announced prime rate (annualized), multiplied by the total outstanding gross face amount for such financed receivable. As security for the loan, the Company granted SVB a first priority security interest in substantially all of its assets, including intellectual property. Upon execution of the Loan and Security Agreement, the Company paid SVB a non-refundable facility fee of $15. In October 2006 and January 2007 this facility was extended in 3 month increments, with the Company paying SVB a non-refundable facility fee each time of $4. As of December 31, 2007 and 2006, approximately $0 and $508, respectively, was outstanding.

The Company had a note payable to ALMI Företags Partner ("ALMI") for a total loan amount of Swedish Krona ("SEK") 700 or approximately $88. This note was to be repaid by May 31, 2007 in quarterly installments of approximately SEK 54 or approximately $7. The interest rate on this note was originally 9.25% which was revised to 8.75% per annum on July 1, 2005. As of December 31, 2006, the outstanding balance of the ALMI note was approximately SEK 129 or $19. This loan was secured by a chattel mortgage in the amount of SEK 700 or approximately $88. This note was repaid in the first quarter of 2007.

The Company also had a note payable to Skandinaviska Enskilda Banken ("SEB") in the total amount of SEK 300 or approximately $38. The interest rate on the SEB note is approximately 6.75% per annum. This loan is secured by a chattel mortgage in the amount of SEK 500 or approximately $63. As of December 31, 2006, the outstanding balance was approximately SEK 8 or approximately $1. This note matured in January 2007 and was repaid in the first quarter

of 2007.

Between June 26 and September 11, 2006, Viscount Bearsted and Vincent Pino, members of the Board of Directors of the Company, advanced to the Company and its subsidiaries amounts (in US Dollars, English Pounds and Swedish Krona) totaling approximately $895. These advances carried interest rates varying between 10% and 18%. In August 2006, the Company repaid approximately $61 of the advances, and at November 1, 2006 the net amounts owing under these various advances, including interest, was approximately $873 in the aggregate which was converted at that time into two loans to a subsidiary of the Company. The outstanding balance at December 31, 2006 was approximately $873. The loans were secured by all of the assets of the Company (subordinated to any financing under the current bank line of credit) of approximately $689 (in the case of Viscount Bearsted) and $184 (in the case of Mr. Pino) with a term of one year and carrying an annual interest rate of 10%. The notes were repayable within 30 days of a change of control of the Company or the sale of substantially all of the Company's assets. If not repaid when due, the interest rate on the notes increased to 20% retroactive to November 1, 2006. In December 2006 in consideration for subordinating these loans to bridge funding from Smith Micro, the Company agreed to pay these lenders additional interest in an amount equal to ten percent of the principal amount of the loans. These notes were repaid in April 2007 upon sale of assets to Smith Micro.

On December 22, 2006, The Company entered into a Bridge Loan Agreement with Smith Micro pursuant to which The Company borrowed $750 on December 22, 2006. Under this agreement, the lender agreed to lend up to an additional $750 in the event that a definitive agreement (the "Definitive Agreement") between the parties was executed regarding the acquisition of substantially all of the assets of the Company by Smith Micro (the "Acquisition"). The loans were secured by substantially all of the assets of the Company and certain of its subsidiaries, including its intellectual property, and payment of the loans and performance of the Bridge Loan Agreement were guaranteed by the Company and certain of its subsidiaries. Pursuant to the Bridge Loan Agreement, The Company has agreed to pay interest on the unpaid principal amount of the loans on a quarterly basis in the amount of ten percent (10%) per annum. The total principal amount of the loans was due and payable on the earlier of (i) the date on which the Acquisition is consummated, (ii) December 22, 2007, (iii) the date that is sixty (60) days after termination of the Definitive Agreement by the lender under certain circumstances, or (iv) October 1, 2007, if the Definitive Agreement was not executed by the Company and lender by January 30, 2007. In February 2007, Smith Micro increased the amount of the facility to $2,000 and advanced an additional $1,250 to the Company under this bridge financing facility. The bridge loan indebtedness was repaid in April 2007 in connection with the asset sale to Smith Micro and there are currently no amounts owed to Smith Micro.

NOTE 12: EQUITY TRANSACTIONS

Series A Preferred Stock

On June 30, 2005 and July 5, 2005, the Company and its wholly-owned subsidiary, Insignia Solutions, Inc., entered into securities subscription agreements with certain investors (the Series A Investors) pursuant to which the subsidiary issued its Series A Preferred Stock, no par value per share, to the investors for $1,440 (including exchange of $275 in bridge notes). The shares of Series A Preferred Stock (plus all accrued and unpaid dividends thereon) held by each investor are exchangeable for American Depositary Shares ("ADS"s) (i) at any time at the election of such investor, (ii) automatically upon written notice by us to such investor in the event that the sale price of the ADSs on the Nasdaq SmallCap Market is greater than $1.50 per share for a period of ten consecutive trading days, and certain other conditions are met, and (iii) automatically to the extent any shares of the Series A Preferred Stock have not been exchanged prior to June 30, 2007. The Series A Preferred Stock will accrue dividends at a rate of 15% per year compounded annually until June 30, 2007, at which time no further dividends will accrue, and are payable in the form of additional ADSs. Including accruable dividends, the shares of Series A Preferred Stock issued on June 30, 2005 and on July 5, 2005 will be exchangeable for 3,306,251 and 1,456,075 ADSs, respectively, at an initial purchase price of $0.40 per ADS. For the years ended December 31, 2007 and 2006, approximately $25 and $84, respectively, of dividends became payable to Series A Investors. Pursuant to the subscription agreements, we also issued to the

investors on June 30, 2005 and July 5, 2005, warrants to purchase an aggregate of 2,500,000 and 1,101,000 ADSs, respectively, at an exercise price per share equal to the greater of $0.50 or the U.S. Dollar equivalent of 20.5 U.K. pence. These warrants are immediately exercisable and expire on June 30, 2010. We also entered into registration rights agreements with the investors pursuant to which we agreed to file a registration statement with the SEC covering the resale of (i) the ADSs issued to the investors upon exchange of the Series A Preferred Stock under their subscription agreements and (ii) the ADSs issuable upon exercise of their warrants.

In 2006, several of the Series A Investors converted 9,564 shares of Series A Preferred Stock into 2,627,183 ADSs.

In 2007, the Company reached a settlement agreement with the remaining Series A Investors to redeem the outstanding Series A Preferred Stock for $410, waive any accrued interest and dividends, and cancel any remaining outstanding warrants.

Series B Preferred Stock

On December 29, 2005, the Company and its subsidiary, Insignia Solutions Inc., entered into a subscription agreement with certain investors (the "Series B Investors"), pursuant to which we and our subsidiary completed a private placement of our subsidiary's Series B Preferred Stock and received aggregate proceeds of $1,975 (including exchange of $250 in bridge notes). The shares of Series B Preferred Stock (plus all accrued and unpaid dividends thereon) held by each December 2005 Investor are exchangeable for ADSs (i) at any time at the election of the investor or (ii) automatically upon written notice by the Company to the December 2005 Investor in the event that the sale price of the ADSs on the NASDAQ SmallCap Market is greater than $0.80 per share for a period of twenty consecutive trading days and certain other conditions are met. The Series B Preferred Stock accrues dividends at a rate of 7.5% per year; the first year's dividends are payable in the form of additional ADSs upon exchange, and subsequent accrued dividends are payable only if declared by our subsidiary's board of directors. If the Company's stock is delisted from the Nasdaq National Market, which occurred on April 25, 2006, the dividend rate changes from 7.5% to 20%. Including accruable dividends, the shares of Series B Preferred Stock will be exchangeable for an aggregate of 9,178,068 ADSs, representing an initial purchase price of $0.25 per ADS. For the years ended December 31, 2007 and 2006, approximately $167 and $320 of dividends became payable to Series B Investors.

Pursuant to the December 2005 Subscription Agreement, we also issued warrants to purchase an aggregate of 9,085,000 ADSs to the December 2005 Investors at an exercise price of $0.37 per share. These warrants are exercisable from June 29, 2006 until December 29, 2010. In connection with the private placement, we also issued warrants to purchase an aggregate of 635,950 ADSs to Next Level Capital, Inc., as partial compensation for its services as placement agent, on substantially similar terms as the warrants issued to the December 2005 Investors in such private placement. The additional compensation to Next Level Capital, Inc. consisted of cash payment equal to 7% of the gross investment proceeds of $1,975 or $138.

In addition, we entered into a registration rights agreement with the Series B Investors pursuant to which we agreed to file a registration statement with the SEC. The registration rights agreement provides that if a registration statement covering resale of the shares issued in the December 2005 private placement has not been filed with the SEC on the specified timetable , then we would make pro rata payments to each investor, as liquidated damages and not as a penalty, in an amount equal to 2% of the sum of (i) the aggregate purchase price paid by the investors for the shares of Series B Preferred Stock of our subsidiary, ADSs issuable upon exchange of such Series B Preferred Stock and warrants issued at the December 2005 private placement and (ii) the aggregate exercise price of the shares subject to warrants then issuable upon exercise of outstanding warrants then held by such investors, for each monthly anniversary following the date by which such registration statement should have been filed or have been declared effective by the SEC, as applicable.

The Company determined that these liquidated damages were onerous and thus, could result in net-cash settlement of the transaction in accordance with EITF No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Accordingly, the Company determined that the Series B Preferred Stock should be accounted for as a liability and thus recorded the proceeds received from the issuance of the Series B Preferred Stock as a preferred stock liability on the consolidated balance sheet in the amount of $1,975. Since the warrants issued to the investors were also covered by the registration rights agreement they were also determined to be liabilities in accordance with EITF 00-19. The Company valued the warrants using the Black-Scholes option pricing model and recorded $1,975 as a discount to the Series B Preferred Stock. In accordance with EITF 00-27, the Company compared the amount allocated to the Series B Preferred Stock to the fair value of the common stock that would be received upon conversion to determine if a beneficial conversion feature existed. The Company determined that a beneficial conversion feature of $1,975 existed and, in accordance with EITF 00-27, amortized that amount immediately to the value of the Series B Preferred Stock, as the Series B Preferred Stock is immediately convertible. This amount was also included in non-cash interest expense since the Series B Preferred Stock was recorded as a

liability.

On April 18, 2006, the Company entered into an agreement with the Series B Investors to amend the registration rights agreement. The amendment caps potential liquidated damages resulting from any potential late effectiveness of the registration statement and allows the Company to pay any potential liquidated damages in cash or shares, at the Company's option. As a result of this amendment, the value of the shares of Series B Preferred Stock ($1,975) and the value of the warrants ($1,975) that were issued to the investors in such private placement were reclassified to additional paid-in capital on the consolidated balance sheet. In 2006, we expensed $680 related to the liquidated damages which represents the maximum amount for which the Company is liable under the liquidated damages clause.

In 2007, the Company reached a settlement with the Series B Investors to redeem the outstanding series B preferred stock for $2,528, comprised of a face value of $1,975, accrued dividends of $487 and liquidated damages of $66. The Series B Investors agreed to waive $614 of liquidated damages and cancel all unexercised warrants. The Company recorded a corresponding gain of $614 in 2007 related to the reduction in liquidated damages previously accrued.

Warrant Exercises

In March 2006, an investor exercised two warrants to acquire 2,720,000 ADSs, pursuant to a securities subscription agreement. The investor paid for the exercise of such warrants partly in cash and partly through the cancellation of a promissory note in the principal amount of $450, plus unpaid accrued interest. The Company received proceeds of $523 in cash, net of share issuance costs.

In March and July 2006, Insignia and certain investors amended the warrants issued to them to reduce the exercise price of such warrants to $0.25 per share and exercised warrants to purchase an aggregate of 1,203,392 ADSs, which resulted in approximately $300 in cash, net of share issuance costs.

Total proceeds, net of issuance costs, from the 2006 warrant exercises totaled approximately $1,084.

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Other Share Transactions

In connections with the Company's acquisition of Mi4e, a private company headquartered in Stockholm, Sweden, in March 2005, the Company agreed to issue 3,959,588 shares to the owners of Mi4e of which 2,969,692 were issued in 2005 and 989,896 were issued in 2006.

During 2006 the Company agreed to issue shares valued at $118 to certain consultants and recorded the transactions as an ordinary share subscription on the consolidated balance sheet.

NOTE 13: Mi4E ACQUISITION

On March 16, 2005, the Company acquired 100% of Mi4e, a private company headquartered in Stockholm, Sweden. The consideration paid in the transaction was 3,959,588 ADSs representing ordinary shares. In addition, up to a maximum of 700 Euros (approximately $1,100 at December 31, 2006) was payable in cash in a potential earn-out based on a percentage of future revenue collected from sales of existing Mi4e products. As of December 31, 2006 $721 had been earned and accrued for in the accompanying consolidated financial statements. During the year ended December 31, 2007, an additional $100 was earned and there are no amounts payable at December 31, 2007. Mi4e developed, marketed and supported software technologies that enable mobile operators and phone manufacturers to update firmware of mobile devices using standards over-the-air data networks. Its main product DMS is a mobile device management infrastructure solution for mobile operators that support the OMA Client Provisioning Specification. Mi4e has been reorganized and renamed as a wholly-owned subsidiary, Insignia Solutions Sweden.

The initial purchase price of approximately $3,000 consisted of 3,959,588 ordinary shares (including 989,896 shares issued in March 2006) with a value of approximately $2,749 and acquisition costs of approximately $267. The fair value of the Company's ordinary shares was determined using an average value of $0.6943 per share, which was the average closing price of the Company's ordinary shares three days before and after the measurement date of February 10, 2005. The shares issuable in March 2006 were recorded as an ordinary share subscription on the consolidated balance sheet. These shares were issued in April 2006 and represent the final issuance of stock related to the acquisition. Earn-out amounts payable by Insignia to Mi4e's shareholders are recorded as additional purchase price and an increase to goodwill when they are earned, and such amounts were not included in the initial purchase price. Insignia allocated the initial purchase price to the tangible and intangible assets acquired and liabilities assumed, based on their estimated fair values.

The excess of the purchase price over the fair value of the identifiable tangible and intangible net assets acquired and liabilities assumed of $1,115 at December 31, 2006 was assigned to goodwill. In accordance with SFAS 142, goodwill will not be amortized but is tested for impairment at least annually. This amount is not deductible for tax purposes. All goodwill was removed from the Company's books in connection with the asset sale to Smith Micro in April 2007.

NOTE 14: BALANCE SHEET DETAIL

Accruals

	Year ended December 31,	
	2007	2006
Accrued liabilities:		
Accrued legal and professional services	$ 274	$ 427
Accrued earn-out for Mi4e acquisition	-	721
Accrued compensation and payroll taxes	13	591

Accrued interest on note payable		-		102
Accrued Smith Micro settlement charges		500		-
Other		80		721
	$	867	$	2,562

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Goodwill

Insignia increased its goodwill balance by $523 in 2006 to a balance of $1,115 as of December 31, 2006 due to an accrual for an earn-out provision in the purchase agreement. An additional $100 was earned during 2007. All goodwill was removed from the Company's books in connection with the asset sale to Smith Micro during 2007 and at December 31, 2007, the Company had no goodwill recorded in the accompanying consolidated financial statements.

Intangible assets

The components of intangible assets as of December 31, 2006 are as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	$ 1,500	$ (534)	$ 966
Customer relationships	900	(163)	737
Intangible assets	$ 2,400	$ (697)	$ 1,703

The identifiable intangible assets are subject to amortization and have approximate original estimated useful lives as follows: technology - five years and customer relationships - ten years.

The following table presents details of the amortization expense of intangible assets as reported in the consolidated statements of operations (in thousands):

	Year ended December 31, 2007	2006
Reported as:		
Costs of net revenues	$ 74	$ 300
Operating expenses	23	92
Total	$ 97	$ 392

Substantially all intangible assets were disposed of in connection with the asset sale to Smith Micro in April 2007 and at December 31, 2007, the Company had no intangible assets recorded in the accompany financial statements.

NOTE 15: SEGMENT REPORTING

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"), provides for segment reporting based upon the "management" approach. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of Insignia's reportable segments. SFAS 131 also requires disclosures about products and services, geographic areas, and major customers.

Until April 2007 the Company operated in a single industry segment providing MDM software technologies that enable mobile operators and phone manufacturers to configure, update and upgrade mobile devices using standard over-the-air data networks. In 2007 and 2006, the MDM product accounted for 100% of total revenue. In 2007, one customer accounting for 45% of total revenue. In 2006 one customer accounted for 39% of total revenue and a second customer generated, 14% of the total revenue.

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Revenue by geographic area is as follows (in thousands):

	Year Ended December 31, 2007	2006
U.S.	$ 226	$ 348
Asia Pacific	404	687
EMEA	253	1,803
	$ 883	$ 2,838
Percentage of total revenue		
U.S.	25%	12%
Asia Pacific	29%	24%
EMEA	46%	64%
	100%	100%

Revenues are attributed to countries based on the principal address of the customer.

As of December 31, 2006 the majority of the Company's long-lived assets were located outside the United States, principally in Sweden. As of December 31, 2006, all of its net intangible assets ($1,703) and goodwill ($1,115) were located outside the United States and $92 of its net property and equipment were located outside the United States. As of December 31, 2007, the Company did not have long-lived assets.

NOTE 16: JOINT VENTURE AGREEMENT

On December 31, 2003, the Company entered into a joint venture agreement with J-Tek Corporation to form Insignia Asia Chusik Hoesa ("Insignia Asia"). The Company owned 50% of the entity and was accounting for this investment under the equity method of accounting. During 2004, the Company made two investments of $75 each and recognized its share of losses of approximately $82. During 2005, its share of losses recognized was $68, leaving us with a zero balance in our investment in this joint venture. During 2005, the Company also recognized license and maintenance revenue of $193 from Insignia Asia, and Insignia Solutions, Inc., the Company's subsidiary, loaned $50 to Insignia Asia. The note was due in December 2006 and had a zero percent interest rate. In 2006, Insignia Solutions Inc. wrote-off this note and, while not contractually obligated to do so, funded additional amounts totaling approximately $341 to Insignia Asia to allow them to continue operating. The entire amount of the advances was recorded as general and administrative expense on the consolidated statement of operations in 2006. No revenue was recognized for transactions with Insignia Asia in 2006. In March 2007, the Company purchased the remaining outstanding shares of Insignia Asia from J-Tek Corporation for $250 and recognized a corresponding expense in Other income (expense), net, in the accompanying consolidated financial statements.

NOTE 17: SUBSEQUENT EVENTS

On June 23, 2008, the Company entered into an Agreement and Plan of Merger with Dollar Days International, LLC ("DDI"), a Delaware corporation (the "Merger Agreement"). Under the term of the Merger Agreement, these transactions consisted of the following:

- DDI formed a wholly-owned Delaware Corporation, Dollar Days International, Inc. ("DDI Inc.") and contributed all its assets and liabilities in exchange for 100% of the stock of the Corporation
- DDI Inc. merged with the Company, whereby the Company agreed to issue 73,333,333 ADRs, which are common stock equivalents of the Company for all of the outstanding common stock of DDI.
- The combined entity agreed to issue an aggregate of 7,682,926 ADRs to a new investor in exchange for cash of $1,000.

The Company did not immediately issue the ADRs as agreed to under the terms of the Merger Agreement as the Company did not have sufficient authorized shares to permit such issuances. The Company expects to resolve this issue through a shareholder vote in 2009 to enact a reverse split. There can be no assurance that such measures will be approved by the shareholders.

Under the agreement and plan of merger, the Company's shareholders maintained approximately 37.1%, DDI's shareholders obtained 56.7%, and a new investor obtained 6.2% of the combined company stock. The merger will be accounted for as a reverse merger whereby DDI is the accounting acquirer resulting in a recapitalization of DDI's equity.

In connection with the reverse merger, the surviving corporation agreed to issue the following dilutive securities:

- Warrants to purchase approximately 6 million ADRs are to be issued in exchange for the cancellation of the outstanding options of the Company.
- Warrants to purchase approximately 3.6 million ADRs are to be issued with an exercise price of $0.13 per ADR to an investment bank in exchange for services related to the merger.
- Warrants to purchase approximately 8.6 million ADRs at an exercise price of $0.01 per ADR are to be issued to the Company's Chairman.

On June 23, 2008, the Company and certain of its subsidiaries entered into a Release Agreement with Smith Micro and DDI (the "Release Agreement"). Under the terms of the release agreement, the Company and Smith Micro agreed to release all claims against each other pursuant to that certain Asset Purchase Agreement between the Company, Smith Micro, and the other parties thereto dated February 11, 2007, as amended April 4, 2007 (the "Asset Purchase Agreement"), including, but not limited to, claims made by Smith Micro under a holdback certificate dated March 31, 2008 whereby Smith Micro sought indemnification for various alleged breaches of representations and warranties in the Asset Purchase Agreement resulting in alleged aggregate losses of between approximately $3,100 and $6,500 (as disclosed on Form 8-K dated June 23, 2008). Insignia has also agreed to release its claim for a $1,500 purchase price holdback amount held by Smith Micro and to deliver a cash payment of $500 to Smith Micro.

SCHEDULE II

Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions	Deductions (Write-Offs)	Balance at End of Period
	(In thousands)			
Allowance for doubtful accounts:				
Year ended December 31, 2007	$ 100	$ —	$ (100)	$ —
Year ended December 31, 2006	$ 175	$ —	$ (75)	$ 100

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INDEX TO EXHIBITS

Exhibit Number	Exhibit Title
3.02(1)	Registrant’s Articles of Association.
3.04(1)	Registrant’s Memorandum of Association.
4.01(1)	Form of Specimen Certificate for Registrant’s Ordinary Shares.
4.02(2)	Deposit Agreement between Registrant and The Bank of New York.
4.03(2)	Form of American Depositary Receipt (included in Exhibit 4.02).
4.04(3)	American Depositary Shares Purchase Agreement dated January 5, 2004.
4.05(3)	Registration Rights Agreement dated January 5, 2004.
4.06(3)	Form of Warrant to Purchase American Depositary Shares dated January 5, 2004 and issued to the purchasers of American Depositary Shares.
4.07(3)	Form of Warrant to Purchase American Depositary Shares dated January 5, 2004 and issued to the principals of Nash Fitzwilliams, Ltd., as placement agent.
4.08(32)	Warrant dated February 10, 2005 (reissued on March 15, 2006) and issued to Fusion Capital Fund II, LLC.
4.09(32)	Warrant dated November 4, 2005 (reissued on March 15, 2006) and issued to Fusion Capital Fund II, LLC.
4.10(32)	Form of Warrant to Purchase American Depositary Shares dated July 18, 2005, issued to certain investors pursuant to the American Depositary Shares Purchase Agreement between the Registrant and the Purchasers, as defined therein, dated October 18, 2004.
10.01(1)	Registrant’s 1986 Executive Share Option Scheme, as amended, and related documents.
10.02(1)	Registrant’s 1988 U.S. Stock Option Plan, as amended, and related documents.
10.03(5)	Registrant’s 1995 Incentive Stock Option Plan for U.S. Employees and related documents, as amended.
10.05(1)	Insignia Solutions Inc. 401(k) Plan.
10.06(1)	Registrant’s Small Self-Administered Pension Plan Definitive Deed and Rules.
10.14(1)	Form of Indemnification Agreement entered into by Registrant with each of its directors and executive officers.
10.28(6)	Registrant’s U.K. Employee Share Option Scheme 1996, as amended.

10.38(7)	Lease Agreement between Insignia Solutions, Inc. and Lincoln-Whitehall Pacific, LLC, dated December 22, 1997.
10.42(5)	Registrant’s 1995 Employee Share Purchase Plan, as amended.
10.44(8)	Lease agreement between Registrant and Comland Industrial and Commercial Properties Limited dated August 12, 1998 for the Apollo House premises and the Saturn House premises.
10.62(9)	Warrant Agreement, dated as of November 24, 2000, between Registrant and Jefferies & Company, Inc.
10.63(10)	Form of ADSs Purchase Warrant issued November 24, 2000.
10.64(11)	ADSs Purchase Warrant issued to Jefferies & Company, Inc., dated November 24, 2000.

10.67(12) Warrant Agreement, dated as of February 12, 2001, between Registrant and Jefferies & Company, Inc.

10.68(13) Form of ADSs Purchase Warrant issued February 12, 2001.

10.69(14) ADSs Purchase Warrant issued to Jefferies & Company, Inc., dated February 12, 2001.

10.85(15)* Warrant Agreement between the Registrant and International Business Machines Corporation dated November 24, 2003.

10.87(16) American Depositary Shares Purchase Agreement between the Registrant and the Purchasers, as defined therein, dated October 18, 2004 (the “October 2004 ADS Purchase Agreement”).

10.88(16) Form of Warrant issued to Purchasers, as defined in the October 2004 ADS Purchase Agreement.

10.89(16) Registration Rights Agreement between the Registrant and the Purchasers, as defined in the October 2004 ADS Purchase Agreement, dated October 18, 2004.

10.90(17) Stock Purchase and Sale Agreement dated February 9, 2005 between, among others, the Registrant, Kenora Ltd and the Sellers (as defined therein).

10.91(18) Securities Subscription Agreement by and between the Registrant and Fusion Capital Fund II, LLC dated February 10, 2005.

10.92(18) Registration Rights Agreement by and between the Registrant and Fusion Capital Fund II, LLC dated February 10, 2005.

10.93(18) Warrant, dated as of February 10, 2005, by and between the Registrant and Fusion Capital Fund II, LLC.

10.94(18) Warrant, dated as of February 10, 2005, by and between the Registrant and Fusion Capital Fund II, LLC.

10.96(19) Termination and Waiver Agreement dated June 30, 2004 between the Registrant and Esmertec A.G.

10.97(20) Registration Rights Agreement, dated March 16, 2005, between the Registrant, Noel Mulkeen and Anders Furehed.

10.98(21) Agreement, dated May 21, 2005, amending the Securities Subscription Agreement by and between the Registrant and Fusion Capital Fund II, LLC dated February 10, 2005 and related warrants.

10.99(22) Form of Securities Subscription Agreement, dated as of June 30, 2005, by and among the Registrant, Insignia Solutions Inc. and the investors in the closings of the private placement that took place on June 30, 2005 and July 5, 2005 (the “June/July 2005 Private Placement”).

10.100(23)

Form of Warrant, dated as of June 30, 2005, issued by the Registrant to each of the investors in the June/July 2005 Private Placement.

10.101(24) Form of Registration Rights Agreement, dated as of June 30, 2005, by and between the Registrant and each of the investors in the June/July 2005 Private Placement.

10.102(25) Agreement, dated June 30, 2005, amending the Securities Subscription Agreement by and between the Registrant and Fusion Capital Fund II, LLC dated February 10, 2005.

10.103(26) Agreement, dated August 31, 2005, amending the Securities Subscription Agreement by and between the Registrant and Fusion Capital Fund II, LLC dated February 10, 2005.

10.104(31) Employment Offer Letter between the Registrant and Richard Noling dated September 14, 2005.

10.105(31) Loan and Security Agreement between the Registrant and Silicon Valley Bank dated October 3, 2005.

10.106(27) Employment Offer Letter between the Registrant and John Davis dated November 21, 2005.

10.107(28) Securities Subscription Agreement, dated as of December 29, 2005, by and among the Registrant, Insignia Solutions Inc. and the investors in the private placement that took place on December 29, 2005 (the “December 2005 Private Placement”).

10.108(29) Form of Warrant, dated as of December 29, 2005, issued by the Registrant to each of the investors in the December 2005 Private Placement.

10.109(30) Registration Rights Agreement, dated as of December 29, 2005, by and between the Registrant and each of the investors in the December 2005 Private Placement.

14.01(32) Code of Ethics.

21.01(32) Subsidiaries of the Registrant.

23.01† Consent of Malone & Bailey, PC, Independent Registered Public Accounting Firm.

23.02† Consent of Burr, Pilger & Mayer LLP, Independent Registered Public Accounting Firm.

24.01† Power of Attorney (included on signature page).

31.1† Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2† Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1† Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2† Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.01(32) Press release dated November 10, 2005.

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†Filed or furnished herewith.

* Confidential treatment has been granted with respect to certain portions of this agreement. Such portions were omitted from this filing and filed separately with the Securities and Exchange Commission.

(1) Incorporated by reference to the exhibit of the same number from Registrant's Registration Statement on Form F-1 (File No. 33-98230) declared effective by the Commission on November 13, 1995.

(2) Incorporated by reference to the exhibit of the same number from Registrant's Annual Report on Form 10-K for the year ended December 31, 1995.

(3) Incorporated by reference to the exhibit of the same number from Registrant's Registration Statement on Form S-3 (File No. 333-112607) filed on February 9, 2004.

(4) Incorporated by reference to the exhibit of the same number from Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

(5) Incorporated by reference to the exhibit of the same number from Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

(6) Incorporated by reference to Exhibit 4.05 from Registrant's Registration Statement on Form S-8 (File No. 333-51760) filed on December 13, 2000.

(7) Incorporated by reference to the exhibit of the same number from Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

(8) Incorporated by reference to the exhibit of the same number from Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

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(9) Incorporated by reference to Exhibit 10.53 from Registrant's Current Report on Form 8-K filed on November 29, 2000.

(10) Incorporated by reference to Exhibit 4.11 from Registrant's Current Report on Form 8-K filed on November 29, 2000.

(11) Incorporated by reference to Exhibit 4.12 from Registrant's Current Report on Form 8-K filed on November 29, 2000.

(12) Incorporated by reference to Exhibit 10.55 from Registrant's Current Report on Form 8-K filed on February 15, 2001.

(13) Incorporated by reference to Exhibit 4.13 from Registrant's Current Report on Form 8-K filed on February 15, 2001.

(14) Incorporated by reference to Exhibit 4.14 from Registrant's Current Report on Form 8-K filed on February 15, 2001.

(15) Incorporated by reference to the exhibit of the same number from Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.

(16) Incorporated by reference to the exhibit of the same number from Registrant's Current Report on Form 8-K filed on October 22, 2004.

(17) Incorporated by reference to the exhibit of the same number from Registrant's Current Report on Form 8-K filed on February 10, 2005 (Items 1.01 and 9.01).

(18) Incorporated by reference to the exhibit of the same number from Registrant's Current Report on Form 8-K filed on February 10, 2005 (Items 1.01, 1.02 and 9.01).

(19) Incorporated by reference to Exhibit 10.87 from Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

(20) Incorporated by reference to the exhibit of the same number from Registrant's Current Report on Form 8-K filed on March 22, 2005, as amended on July 1, 2005.

(21) Incorporated by reference to Exhibit 10.97 from Registrant's Current Report on Form 8-K filed on May 20, 2005.

(22) Incorporated by reference to Exhibit 10.01 from Registrant's Current Report on Form 8-K filed on July 7, 2005.

(23) Incorporated by reference to Exhibit 10.02 from Registrant's Current Report on Form 8-K filed on July 7, 2005.

(24) Incorporated by reference to Exhibit 10.03 from Registrant's Current Report on Form 8-K filed on July 7, 2005.

(25)

Incorporated by reference to Exhibit 10.04 from Registrant's Current Report on Form 8-K filed on July 7, 2005.

(26) Incorporated by reference to Exhibit 10.01 from Registrant's Current Report on Form 8-K filed on September 7, 2005.

(27) Incorporated by reference to Exhibit 10.01 from Registrant's Current Report on Form 8-K filed on December 12, 2005.

(28) Incorporated by reference to Exhibit 10.01 from Registrant's Current Report on Form 8-K filed on January 4, 2006.

(29) Incorporated by reference to Exhibit 10.02 from Registrant's Current Report on Form 8-K filed on January 4, 2006.

(30) Incorporated by reference to Exhibit 10.03 from Registrant's Current Report on Form 8-K filed on January 4, 2006.

(31) Incorporated by reference to the exhibit of the same number from Registrant's Registration Statement on Form S-1 filed on February 14, 2006.

(32) Incorporated by reference to the exhibit of the same number from Registrant's Annual Report on Form 10-K for the year ended December 31, 2005 filed on July 7, 2006.