



## STOCK EXCHANGES – UPDATE

---

### Chennai, June 07, 2007

#### 1. Controlled Company

The Board of Directors of Helios & Matheson North America (HMNA) Inc. NYC, USA (NASDAQ Capital Market: HMNA) has determined that HMNA is a "Controlled company" for purposes of the NASDAQ listing requirements. A "Controlled company" is a company of which more than 50% of the voting power is held by an individual, group or another company. The Board of Directors has determined that HMNA is a "Controlled company" based on the fact that Helios & Matheson Information Technology, Ltd., India ("Helios & Matheson Parent") holds more than 50% of the equity of the company.

#### 2. Mr. S. Jambunathan, IAS (Retd), Vice Chairman of the Board and Chairman of the Corporate Governance Committee has been designated as the Lead Director of HMNA.

The growing practice in US Public companies, which generally do not have a non-executive Board chair, is to designate a non-whole time director as the presiding or lead director. In many cases, the chair of the corporate governance committee acts in this leadership role.

#### 3. Helios & Matheson North America designates Sal Quadrino as Successor CEO.

The Board has designated Sal Quadrino, the company's Chief Financial Officer, as Successor CEO of the company. Shmuel BenTov, the company's founder, chairman, President and CEO, has decided to step down upon the completion of his contract, which ends next year on March 31, 2008. Mr. Quadrino's appointment will be contingent upon the Board and him reaching a mutually satisfactory employment agreement.

Mr. S. Jambunathan, IAS (Retd), Vice Chairman and Lead Director of the Board, commented, "Mr. Quadrino is an experienced leader who has made significant contribution toward Helios & Matheson's performance. On behalf of the entire Board, I want to express how excited we are at the prospect of Mr. Quadrino leading the company and the management team to greater heights in the years ahead."

"I have had the extraordinary privilege of having founded and led this company for 25 years. This year marks an important milestone in our history; we are completing ten years of being listed on the NASDAQ Capital



## STOCK EXCHANGES – UPDATE

---

Market," said Mr. BenTov. "50% of our revenue is from clients with whom we have had 20 years of relationship, and 4 of our top ten clients have been doing business with us for over 10 years. It is with a considerable amount of satisfaction and pride that I approach the end of my term as Chairman and CEO of HMNA. I have complete confidence in the future of our great company."

BenTov and Quadrino are both committed to a smooth, seamless and efficient transition. "We have a well-planned succession process underway, and it will be transparent for our customers, our employees and our shareholders," added Messrs. BenTov and Quadrino.

#### 4. Payment made by Helios & Matheson IT Ltd., India

The earn out consideration paid to Mr. Bentov, CEO is USD 517,076 for the first 12 months ending March 31, 2007, as per the terms of The Share Purchase Agreement (SPA).

The Ebidta of HMNA for the 12 month ending March 31, 2007 was USD 1.5 mn.

The SPA envisages a total consideration of USD 8.75 mn (excluding earn out) for acquisition of controlling stake in HMNA payable in cash over a two year period ending March 31, 2008. The consideration is contingent on the continuance of Mr. Shmuel Bentov as President and CEO for a 2 year period ending March 31, 2008.

A sum of USD 6.25 mn has so far been paid to Mr. BenTov.

Mr. Shmuel BenTov's two year employment contract ends on March 31, 2008. The balance amount of USD 2.5 mn will be paid on completion of the contract.

#### **About Helios & Matheson Information Technology Limited**

Helios & Matheson Information Technology Ltd is a 16-year old IT services organization with its corporate headquarters in Chennai, India and subsidiaries and offices in USA, Singapore and Bangalore. The range of service offerings is one of the most comprehensive in the industry and spans the entire software services lifecycle, from application development and integration to application life cycle management. Helios & Matheson has a strong client focus backed by internationally certified quality processes and a global delivery model. The company's ability to manage large client relationships, extensive industry specific knowledge and experience, and delivery excellence are some of its important differentiators. For more information visit us at [www.heliosmatheson.com](http://www.heliosmatheson.com).