

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY OR FORM OF INSTRUCTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares or Depository Interests, please forward this document, but not the personalised Form of Proxy or Form of Direction enclosed with it, as soon as possible to the purchaser or the transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell or transfer or have sold or transferred only part of your holding of Ordinary Shares or Depository Interests, you should retain this document. If you receive this document from another Shareholder or holder of Depository Interests, or transferee, please contact the Company's Registrar for a Form of Proxy or Form of Direction.

Any person (including without limitation custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK should seek appropriate advice before taking any action. The distribution of this document and any accompanying documents into jurisdictions other than the UK may be restricted by law. Any person not in the UK into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document comprises a circular relating to the transfer of the Company's listing category on the Official List from premium (commercial company) to standard prepared in accordance with the Listing Rules made under section 73A of FSMA. Subject to the Transfer Resolution being passed, an application will be made to the UKLA for the category of the Company's listing of Ordinary Shares to be transferred from premium (commercial company) listing to standard listing. Following the transfer to standard listing, the Ordinary Shares will continue to be traded on the London Stock Exchange's Main Market for listed securities.

Emblaze Ltd

(incorporated and registered in Israel with registered number 52-004292-0)

Proposed Transfer of listing category on the Official List from premium (commercial company) to standard

Amendment to Memorandum of Incorporation

and

Notice of Extraordinary General Meeting

A notice convening an Extraordinary General Meeting of the Company to be held at 2.00 p.m. on 30 October 2013 at the Frobisher Room, Barbican Centre, Silk Street, London EC2Y 8DS, United Kingdom is set out at the end of this document.

Your attention is drawn to the letter to Shareholders from the Chairman of the Company, which is set out in Part I of this document in which the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. Please read the whole of this Circular and consider whether to vote in favour of the Resolutions in light of the information contained in this document.

Enclosed with this document is a Form of Proxy for Shareholders or a Form of Direction for holders of Depository Interests.

If you hold your Ordinary Shares in certificated form, whether or not you intend to be present in person at the Extraordinary General Meeting, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar by 2.00 p.m. on 28 October 2013.

If, however, you are a holder of Depository Interests, please complete, sign and return the Form of Direction in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar by 2.00 p.m. on 27 October 2013.

Capitalised terms have the meanings ascribed to them in Part 5 of this document.

CONTENTS

	<i>Page</i>
Contents	3
Important Notice	4
Expected Timetable of Principal Events	5
Part 1 – Letter from the Chairman of Emblaze Ltd	6
Part 2 – Risk Factors	15
Part 3 – Summary of the differences between Standard and Premium categories of listing	18
Part 4 – Summary of the terms and conditions of the Proposed Transaction and Information on IDB	20
Part 5 - Definitions	28
Notice of Extraordinary General Meeting	32

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representations other than as may be contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and the publication of this document shall not give rise to any implication that there has been no change in the facts set out herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company, except where otherwise stated.

Cautionary notes on forward-looking statements

This document contains forward-looking statements which are subject to assumptions, risks and uncertainties. The Company believes that the expectations reflected in these forward-looking statements are reasonable. However, there can be no assurance that these expectations will prove to have been correct. Since these statements involve risks and uncertainties, actual results may differ from those expressed or implied by those forward-looking statements.

The Company does not undertake any obligation to update publicly or revise any forward-looking statement as a result of new information, future events or other information, other than as required by the Listing Rules, Disclosure and Transparency Rules, the rules of the London Stock Exchange or by any other applicable law.

Publication on website

A copy of this document will be available on the Company's website at www.emblaze.com and from the National Storage Mechanism at www.morningstar.co.uk/uk/NSM from 16 October 2013.

Rounding

Certain figures included in this document have been subjected to rounding adjustments.

Date of publication

This document is published on 16 October 2013.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following timetable sets out the expected dates for implementation of the Proposed Transfer and the Proposed Transaction (some of which are indicative):

	<i>Time and/or date¹</i>
Record date	Close of business on 25 October 2013
Date of submission to the Court of proposals in relation to IDB ²	No later than 20 October 2013
Date on which Court appointed expert finalises his review of the proposal(s) in relation to IDB and makes his recommendations ²	No later than 30 October 2013
Latest time and date for return of Forms of Direction for use at the Extraordinary General Meeting	2.00p.m. on 27 October 2013
Latest time and date for return of Forms of Proxy for use at the Extraordinary General Meeting	2.00p.m. on 28 October 2013
Extraordinary General Meeting	2.00p.m. on 30 October 2013
General meeting of IDB creditors to vote on the proposal(s) in relation to IDB ²	No later than 14 November 2013
Date of sanction by the Court of the proposal approved by the IDB creditors in relation to IDB ²	25 November 2013
Date upon which the transfer of listing category will become effective	28 November 2013
Expected date of completion of the Proposed Transaction if sanctioned by the Court ³	Q1 2014

- (1) All times shown in this document are London times unless otherwise stated. Some dates are indicative only and are subject to change at the absolute discretion of the Company. If the expected date of the Extraordinary General Meeting or any other key date is changed, the Company will give notice of this change by issuing an announcement via a Regulatory Information Service.
- (2) According to the timetable determined by the Court. The Court appointed representatives have recently submitted an application to the Court seeking to extend the timetable for submitting Proposals (including the Company's Proposal) to 3 November 2013. If the Court consents to this, these dates may change. The Company will notify Shareholders of any major changes by issuing an announcement via a Regulatory Information Service.
- (3) Since the Proposed Transaction requires the approval of at least 75 per cent. of the IDB creditors and the sanction of the Court, there is no certainty that the Proposed Transaction will complete. In addition, completion of the Proposed Transaction will be conditional upon various regulatory approvals being obtained.

Part 1

LETTER FROM THE CHAIRMAN OF EMBLAZE LTD

(Incorporated and registered in Israel under number 52-004292-0)

Directors

Abraham Wolff
Jossef Schneorson
Amnon Ben-Shay
Yosef Schvinger
Chanoch Winderboim
Zvi Shur

Registered Office

9 Hamenofim Street
P.O. Box 2216
Herzeliya Pituach 4672560
Israel

16 October 2013

Dear Shareholder,

Proposed transfer of listing category on the Official List from premium (commercial company) to standard

Amendment to Memorandum of Incorporation

Notice of Extraordinary General Meeting

1 Introduction

Further to recent announcements by the Company on 15 and 27 August 2013, you will be aware that on 14 August 2013, a letter was submitted to IDB Holdings Corporation Ltd on behalf of the Company and Netz Group Limited proposing an investment by the Company and Netz Group in IDB and requesting an extension to a deadline set by the District Court of Tel Aviv for the submission of debt settlement proposals in connection with IDB. On 26 August 2013, the Court issued a decision in which, among other things, it accepted the request for an extension. The Court has set 20 October 2013 as the extended deadline for parties to submit proposals for IDB's debt arrangements.

The Board is now seeking authority to transfer the Company's listing category on the Official List as a key step to the implementation of the Proposed Transaction. Shareholders will be asked to vote on the proposed transfer of the Ordinary Shares out of the category of a premium listing (commercial company) on the Official List and into the category of a standard listing on the Official List.

A more detailed description of the Proposed Transaction and the Company's consortium members is set out in Part 4 of this document.

2 Background to and reasons for the Proposed Transfer

The Company, as a premium listed company, is currently subject to the "super-equivalent" provisions of the Listing Rules. Consequently it is required to seek prior shareholder approval in connection with class 1 transactions and reverse takeovers under the Listing Rules. As a standard listed company, these restrictions would not apply to the Company. The transfer to standard listing should enable the Company to respond quickly to business opportunities as they present themselves, as well as reducing the costs and administration burden for the Company associated with the current requirement for the Company to, amongst other things, classify transactions, notify shareholders and/or obtain their consent for certain transactions.

After careful consideration and analysis of the various listing regimes available to the Company, the Board has concluded that a standard listing will be the most appropriate listing category for the

Company going forward, not only in relation to facilitating the Proposed Transaction but also since it will better align the Company's regulatory responsibilities given the Company's size and the nature of its operations. This is the case even if the Proposed Transaction does not take place. The Board, however, also recognises that the Company will only be able to pursue the Proposed Transaction in the short timescale imposed by the Court if the Proposed Transfer is approved. Since, if the Company remains a premium listed company, it will be obliged to publish a prospectus and a class 1 circular on the Enlarged Group and seek shareholder for the Proposed Transaction as well as engaging a sponsor to provide the necessary written confirmations to the UKLA in connection with the Proposed Transaction.

Under the Listing Rules, the Proposed Transfer requires the Company to obtain the prior approval of not less than 75 per cent. of Shareholders, voting in person or by proxy, at a general meeting. Therefore, the Transfer Resolution is being proposed as a special resolution.

Pursuant to the Listing Rules, the date of transfer of listing category must not be less than 20 business days after the passing of the Transfer Resolution. Assuming the Transfer Resolution is approved at the Extraordinary General Meeting, it is anticipated that the date of transfer will be 28 November 2013, albeit the Company will submit a proposal for IDB's debt arrangements prior to the Proposed Transfer taking effect. The proposal to the Court will be conditional on shareholder approval whilst the Company remains a premium listed company; however if the Company transfers to the standard segment this condition will fall away. As such, shareholder approval of the Proposed Transaction will not be required if the Transfer Resolution is approved. The Ordinary Shares will, on completion of the Proposed Transfer, continue to be traded on the Main Market, but under the designation "Listed: Standard".

If the Transfer Resolution is not passed at the Extraordinary General Meeting, the Company would retain its premium listing. Under such circumstances, the Company would be forced to withdraw its proposal to the Court. **Accordingly, if the Transfer Resolution is not passed, the Board will have to abandon the Proposed Transaction. There can be no certainty that the Board will find a suitable alternative acquisition opportunity in the short term.**

The Proposed Transaction constitutes a reverse takeover under the Listing Rules and since there is currently insufficient publicly available information regarding the Proposed Transaction, it is likely that suspension of trading in Ordinary Shares will continue following the passing of the Transfer Resolution and completion of the Proposed Transfer until either:

- the Company announces that it is ceasing to pursue the Proposed Transaction; or
- the Company publishes a prospectus in respect of the Enlarged Group following the Court's approval of the Proposed Transaction.

If the Transfer Resolution is passed at the Extraordinary General Meeting the Company will cease to be premium listed following the transfer and will become standard listed. Following completion of the Proposed Transaction the Company's listing would be cancelled and the Company would be required to re-apply for admission of its shares to the Official List (standard segment) and prepare and publish a prospectus in respect of the Enlarged Group. While the Company intends to seek the UKLA's approval to admit the Enlarged Group to listing on the standard segment of the Official List, until the Company has completed the formal application process and satisfied the UKLA as to its eligibility and received the UKLA's approval to the publication of a prospectus on the Enlarged Group, there is no certainty that the UKLA will agree to admit the Enlarged Group to the standard segment. If the Enlarged Group is not eligible for admission to the standard segment, the Board will consider the possibility of moving to AIM or an alternative listing venue.

Under the Israeli Companies Law, no purchase of shares in a public company may be effected if, as a result of which, a person shall become:

- (i) a holder of shares conferring 25 per cent. or more of the voting rights at the general meeting ("**Control Block**") of a public company, if there is no such other holder of a Control Block in the company, or

- (ii) a holder of shares conferring 45 per cent. or more of the voting rights at the general meeting of a public company, if there is no such other holder of a 45 per cent. stake in the company,

other than by way of a tender offer in accordance with the provisions of the Israeli Companies Law (a "**Special Purchase Offer**"). A Special Purchase Offer must be made in respect of a minimum of 5 per cent. of the issued shares of a company, although the Israeli Companies Law does not prescribe a minimum price at which the Special Purchase Offer must be made.

Shares purchased in contravention of these restrictions shall not confer any voting or economic rights on the purchaser and shall be deemed dormant shares until a Special Purchase Offer is made. Once a Special Purchase Offer has been made, a person may then acquire further shares in the relevant company above these levels.

As noted in the Company's announcement of 15 August 2013, BGI intends to issue a Special Purchase Offer to purchase an additional five per cent. of the Issued Shares at a price per share of £0.75 for a total consideration of up to approximately US\$6.3 million, in order to permit Chabad to exercise some or all of the call options it holds in respect of 19.09 per cent. of the Issued Shares.

In accordance with Listing Rule 9.2.15 (and, following completion of the Proposed Transfer, Listing Rule 14.2.2), at least 25 per cent. of the Issued Shares must be distributed to the public (i.e. held "in public hands") in one or more EEA states. Accordingly, the completion of a Special Purchase Offer at this stage, which would increase BGI's holding, could jeopardize Emblaze's Main Market eligibility. BGI has therefore confirmed in writing to Emblaze that, prior to the earlier of (i) Emblaze abandoning the Proposed Transaction, or (ii) completion of the Proposed Transaction, it shall not publish a Special Purchase Offer in relation to the Issued Shares if, as a result of the completion of such Special Purchase Offer, Emblaze would no longer be eligible for listing on the Main Market because less than 25 per cent. of the Issued Shares would be held in public hands in one or more EEA states, unless the Board has confirmed to BGI that it is satisfied that appropriate mechanisms have been put in place (either by Emblaze or BGI) to ensure that such eligibility criterion is maintained.

A summary of the terms and conditions of the Proposed Transaction and summary information on IDB is set out in Part 4 of this document.

3 Transfer to Standard Listing and Corporate Governance following the Proposed Transfer

A standard listing requires the issuer to comply with the harmonised regulatory requirements imposed by the EU that apply to all securities that are admitted to trading on EU regulated markets. As an issuer with a standard listing, the Company will remain subject to the Listing Rules (as applicable to a company whose equity shares have a standard listing), the Prospectus Rules and the Disclosure and Transparency Rules, however it will not be required to comply with super-equivalent provisions of the Listing Rules which apply only to companies with a premium listing. Such super-equivalent provisions include:

- certain continuing obligations set out in Listing Rule 9 such as the Model Code, certain rules regarding the conduct of rights issues, open offers and placings, certain disclosures in annual financial reports and certain rules regarding employee share schemes and long-term incentive plans;
- complying with or explaining against the UK Corporate Governance Code;
- complying with the requirement to obtain shareholder consent by way of special resolution for the cancellation of the listing of any of its shares as set out in Listing Rule 5; and
- complying with provisions in Listing Rules 10 and 11 relating to significant and related party transactions.

The super-equivalent provisions provide Shareholders with the rights to vote on certain corporate actions, including significant transactions. Upon the Proposed Transfer becoming effective, the

implementation of such corporate actions will not be subject to Shareholder approval (although the Company will continue to comply with Israeli law where relevant).

Certain administrative requirements associated with the Ordinary Shares having a standard listing will be simplified as the Listing Rules for securities with a standard listing are less demanding and stringent than those applicable to securities with a premium listing. In particular, companies with securities admitted to a standard listing will not normally be required to produce documentation and seek prior shareholder approval in connection with the acquisition or disposal of assets which exceed certain size criteria and/or involve a transaction with a related party (although the Company will continue to comply with Israeli law in this regard).

The higher level of regulation contained in the super-equivalent provisions referred to above has been designed to offer shareholders in premium listed companies additional rights and protections. Accordingly, investors should be aware that any investment in a company that has a standard listing is likely to carry a higher risk than an investment in a company with a premium listing. However, following the Proposed Transfer, the Board currently intends to:

- continue to apply the Model Code;
- continue to offer pre-emption rights in accordance with the rights set out in the Articles (subject to the Board's power to allot shares as approved by Shareholders from time to time); and
- continue to comply with the requirements of Listing Rule 12 (which relates to dealings in own securities) and to comply with certain of the requirements of Listing Rule 11 (which relates to related party transactions). Further details are set out in Part 3 of this document.

Furthermore, the Board intends to consider the appropriate corporate governance requirements it should comply with following completion of the Proposed Transfer but will, nevertheless, comply with such requirements set out in DTR 7.2.

With respect to the Company's incentive plans, it should also be noted that as a company incorporated in Israel, Emblaze is subject to the Israeli Companies Law. A recent amendment to the Israeli Companies Law determined two primary changes with respect to director and executive compensation, by requiring public companies to: (i) adopt a broad compensation policy and (ii) establish a corporate body to oversee compensation i.e., a remuneration committee. The amendment also changes certain principles related to approval of compensation. The adoption by the Company of a remuneration committee policy is subject to the approval of such policy by Shareholders.

The transfer to standard listing will not affect the way in which Shareholders buy or sell Ordinary Shares (or, as the case may be, Depository Interests) and, following the transfer, existing share certificates in issue in respect of Ordinary Shares will remain valid. As for a company with a premium listing, a company with a standard listing is still required to have a minimum of 25 per cent. of its shares in public hands and will continue to be obliged to publish a prospectus when issuing new shares to the public unless such an issue falls within one of the permitted exemptions. Companies with standard listings are also still required to disclose inside information to the market and to comply with the provisions of the Disclosure and Transparency Rules (to the extent applicable to the Company) including to make notifications of dealings in shares. They must also prepare annual audited financial reports, half yearly financial reports and interim management statements to the same standards and within the same timeframe as companies with a premium listing are required to do.

A more detailed summary of the differences between the regulatory requirements of companies with a standard listing and those with a premium listing is contained in Part 3 of this document. Following the Proposed Transfer, the Ordinary Shares will have a standard listing, however they will not be eligible for inclusion in the UK series of FTSE indices.

4 **Information on Emblaze and current intentions**

Emblaze Ltd. was incorporated in Israel on 19 January 1994. It completed its initial public offering of its ordinary shares on AIM in October 1996 and in 1998 transferred its listing to the Official List (premium listing (commercial company)).

As set out in its interim results for the six months ended 30 June 2013, Emblaze's primary assets are:

- (a) a 95 per cent. interest in Emoze Ltd., a provider of mobile push messaging and push content solutions for handset manufacturers, mobile operators and enterprises; and
- (b) cash and cash equivalents of approximately US\$143m.

In August 2013, the Company's Executive Chairman as well as the majority of its board members were replaced and a new management team was appointed as further set out below. The Company's new management is determined to change the Company's current business trajectory and to seek actively to utilise the Company's resources in order to maximize value for its shareholders.

The Company intends to explore business opportunities in various sectors. In this regard, the Company intends to acquire control of suitable businesses or to establish (whether by itself or together with joint venture partners) businesses in which the management of the Company would be actively involved. Such opportunities will generally be businesses which:

- generate revenue from ongoing operations;
- offer potential for growth; and
- are managed by professional and experienced management.

The Company would be involved in the management of these businesses through the appointment of its representatives as directors of these businesses, involvement in the appointment of their key executives and maintaining ongoing communication with their management.

The Company would seek to finance such transactions by a combination of equity and external debt. The Company has identified the Proposed Transaction as being one which meets the above criteria.

5 **Recent transactions in Ordinary Shares and Board changes**

On 14 August 2013, the Company was notified that BGI Investments (1961) Ltd. had acquired and granted:

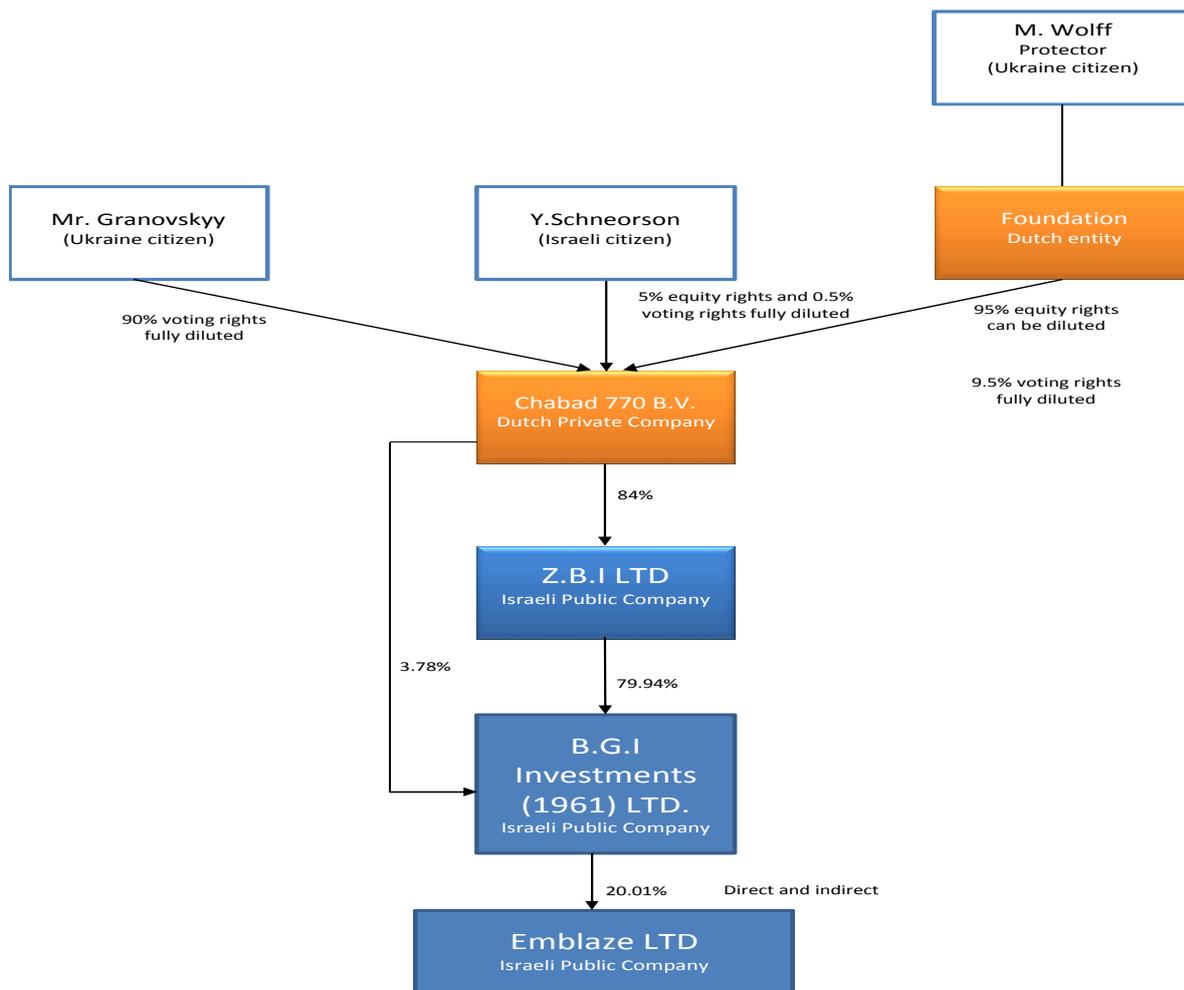
- either directly or through a wholly-owned subsidiary of BGI, 20.01 per cent. of the total issued and outstanding Ordinary Shares (excluding the treasury shares) ("**Issued Shares**"); and
- put and call options in respect of a further 19.09 per cent. of the Issued Shares. BGI has since assigned certain of such options to Chabad 770 B.V.

BGI is an Israeli public company admitted to trading on TASE. It was incorporated in Israel on 3 May 1961. It is a holding company which seeks to make investments that meet its investment criteria.

Until 2011, BGI had two main areas of focus, financing and textiles, and was the controlling shareholder of BAGIR Group Ltd., a leading Israeli fashion company. In July 2013 BGI sold all its major operations and became a cash shell.

BGI structure

A structure chart showing the chain of interests is set out below.



79.94 per cent. of the share capital and voting rights in BGI are held by ZBI Ltd, an Israeli public company admitted to trading on TASE and 3.78 per cent. of the share capital and voting rights in BGI are held by Chabad 770, a private Dutch company.

Chabad 770 holds 84 per cent. of the share capital and voting rights in ZBI and, thus, ZBI and Chabad 770 are considered to be jointly holding 83.72 per cent. of the share capital and voting rights in BGI.

World Chabad, a Dutch foundation, holds 95 per cent. of the equity rights of Chabad 770 and Alexander Granovskyy, a Ukrainian citizen, holds 90 per cent. of the voting rights in Chabad 770. Jossef Schneorson, who is the CEO and director of both Emblaze and BGI, holds 5 per cent. of the equity rights of Chabad 770.

In August 2012, Mr Granovskyy acquired a controlling interest in BGI. He is considered to be the ultimate controlling shareholder of BGI and has been granted an option to purchase the equity rights of World Chabad in Chabad 770 from 2017. BGI has been seeking investments since Mr Granovskyy acquired his interest in August 2012.

Board changes

On 15 August 2013 the Company announced the following appointments to the Board (which took effect on 14 August 2013):

- Abraham Wolff (Chairman);
- Israel Jossef Schneorson (CEO and Vice Chairman);
- Amnon Ben-Shay (Non-Executive Director);

- Yosef Schvinger (Independent Non-Executive Director); and
- Chanoch Winderboim (Non-Executive Director).

Brief CV's for each of the current directors of the Board are set out below.

On the same day, Naftali Shani, Yuval Cohen, Shmuel Barashi, Ilan Flato and Hagit Gal each resigned from the Board. Further, Nahum Admoni and Shimon Laor also resigned from the Board on 16 August 2013 and 25 August 2013, respectively.

Directors

Abraham Wolff also serves as a board member of BGI and as the chairman of ZBI. In addition, Mr Wolff serves as a Rabbi of Odessa and Southern Ukraine and is a director of a number of Odessa's Jewish community institutions.

Israel Jossef Schneorson also serves as a board member and the executive manager of BGI and ZBI. Mr Schneorson also serves as a financial adviser to Mr. Alexander Granovskyy, the majority shareholder in BGI.

Amnon Ben-Shay also serves as a board member and the executive manager of BGI and has previously served as a board member of Azorim Ltd, one of Israel's leading residential construction and commercial real estate companies. Mr Ben-Shay currently serves as the CFO of Is-Line Import Export Services Ltd, an international courier and customs services company. Mr Ben-Shay holds an MBA in banking and finance, and a B.A in economics, majoring in business administration, both from the Hebrew University of Jerusalem and studied accounting at the College of Management Academic Studies.

Yosef Schvinger has previously served as a director of Boymelgreen Capital Limited, a public Israeli company, and as a CEO of the company of the development of holy places in Israel, an Israeli governmental company. In the past decade, Mr Shvinger was elected as the Mayor of Modi'in Elit local council. Prior to serving as a Mayor, Mr Shvinger acted as a member of the administration of the development of Modi'in Elit local council towns, as a senior counsel to the Minister of Internal Affairs of Israel and as a senior advisor of the CEO of the Ministry of Internal Affairs of Israel.

Chanoch Winderboim also serves as a board member and the executive manager of ZBI and has experience in the field of real-estate transactions. Mr Winderbaum received an LL.B from Shaarei Mishpat College, and an LL.M from Bar-Ilan University.

Zvi Shur is an Independent Non-Executive Director of Emblaze. Mr Shur was appointed as a board member of Emblaze in September 2007 and is not connected to BGI. Mr. Shur serves as an external director in accordance with the Companies Law. Mr. Shur also meets the independence requirements set by the UK Corporate Governance Code.

It is the current intention of Emblaze to appoint a further external director to the Board to satisfy the requirements of the Companies Law.

6 Amendment to Company's Memorandum of Incorporation

The Board is also seeking authority to amend the Company's Memorandum in order to align it with current market standard and with the Company's anticipated operations. Therefore, it is proposed that, at the end of section 2(a) of the Memorandum the words: "ו/או לעסוק בכל עיסוק חוקי אחר" will be added (in English: "and/or to engage in any other lawful activity").

Section 24 of the Israeli Companies Law and section 25 of the Israeli Companies Ordinance require the Company first to obtain the approval of not less than 75 per cent. of Shareholders, voting in person or by proxy, at a general meeting. Therefore, the Memorandum Amendment Resolution is being proposed as a special resolution.

7 **Extraordinary General Meeting**

A notice convening the Extraordinary General Meeting to be held at 2.00p.m. on 30 October 2013 at the Frobisher Room, Barbican Centre, Silk Street, London EC2Y 8DS, United Kingdom is set out at the end of this document. A Form of Proxy or (as appropriate), a Form of Direction to be used in connection with the Extraordinary General Meeting is enclosed. The Proposed Transfer is conditional on the approval of the Transfer Resolution at the Extraordinary General Meeting. The proposed amendment to the Memorandum is conditional on the approval of the Memorandum Amendment Resolution at the Extraordinary General Meeting. The full text of the Resolutions, which are to be proposed as special resolutions at the Extraordinary General Meeting, is set out in the Notice of Extraordinary General Meeting at the end of this document.

The passing of the Resolutions require the affirmative vote of not less than 75 per cent. of Shareholders, voting in person or by proxy, at the Extraordinary General Meeting.

8 **Action to be taken**

You will find enclosed with this document a Form of Proxy or (as appropriate) a Form of Direction for use in connection with the Extraordinary General Meeting or at any adjournment thereof. Please review the notes available at the end of the Form of Proxy or (as appropriate) the Form of Direction for further instructions.

It is important to us that our Shareholders and holders of Depository Interests have the opportunity to vote.

1. If you are a Shareholder of the Company, whether or not you intend to be present at the Meeting, please complete and return the Form of Proxy (in accordance with the instructions set out in that document) to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, as soon as possible and in any event so as to be received by the Company's Registrars by no later than 2.00 p.m. on 28 October 2013. Completion and return of a signed Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person, if you so wish.
2. If you are a holder of Depository Interests, please complete and return the Form of Direction (in accordance with the instructions set out in that document) to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, as soon as possible and in any event so as to be received by the Company's Registrars by no later than 2.00 p.m. on 27 October 2013. Holders of Depository Interests cannot vote in person at the Extraordinary General Meeting; therefore, please make sure that your vote is received by the Registrars no later than 2.00 p.m. on 27 October 2013.
3. In the case of joint Shareholders, the vote of the senior of such Shareholders who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

9 **Consequences of the Transfer Resolution not being passed**

If the Transfer Resolution is not passed at the Extraordinary General Meeting, the Company would retain its premium listing. Under such circumstances, the Company would be forced to withdraw its proposal to the Court. **Accordingly, if the Transfer Resolution is not passed, the Board will have to abandon the Proposed Transaction. There can be no certainty that the Board will find a suitable alternative acquisition opportunity in the short term.**

10 **Recommendation**

In relation to the Transfer Resolution, the Board considers that the proposed transfer of listing category on the Official List from premium (commercial company) to standard is in the best interests of the Company and its Shareholders as a whole.

In relation to the Memorandum Amendment Resolution, the Board considers that this amendment to the Memorandum will align the Company with current market standard and with the Company's anticipated operations and, therefore, is in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

Yours faithfully

Abraham Wolff
Chairman

Part 2 Risk Factors

Shareholders should carefully consider the risks and uncertainties set out in this Part 2 of this document when deciding whether or not to vote in favour of the Transfer Resolution and analysing the impact of the Proposed Transfer and the consummation of the Proposed Transaction on the Company's business.

The following risks and uncertainties are not exhaustive and do not purport to be a complete explanation of all the risks involved. The risks and uncertainties set out below are those which the Board believes are the material risks specific to the Company, the Proposed Transfer and/or the consummation of the Proposed Transaction. Additional risks and uncertainties relating to the Company, the Proposed Transfer and/or the consummation of the Proposed Transaction which are not known to the Board as at the date of this document, or that the Board currently deem immaterial, may also have a material adverse effect on the Company, the Proposed Transfer and/or the consummation of the Proposed Transaction if they materialise.

If any or a combination of the following risks and uncertainties actually materialise, the Proposed Transfer and/or the consummation Proposed Transaction could be materially and adversely affected.

These risks and uncertainties should be read in conjunction with all other information contained in this document.

1 Risks related to Shareholders not approving the Proposed Transfer

If the Transfer Resolution is not passed at the Extraordinary General Meeting, the Company would retain its premium listing. Under such circumstances, the Company would be forced to withdraw its proposal to the Court. Accordingly, if the Transfer Resolution is not passed, the Board will have to abandon the Proposed Transaction. There can be no certainty that the Board will find a suitable alternative acquisition opportunity in the short term or that other possible transactions will not face the same logistical challenges.

2 Risk related to the consummation of the Proposed Transaction

Court process

The Court has set 20 October 2013 as the extended deadline for parties to submit proposals for IDB's debt arrangements (the "**Proposals**"). Any Proposal submitted to the Court and approved by the Court as suitable will be reviewed by an expert appointed by the Court by 30 October 2013. Such proposal(s) will then be put to a general meeting of IDB creditors, which is required to be held no later than 14 November 2013.

Assuming a proposal is approved at the general meeting, the Court will then consider the proposal further on 25 November 2013 and sanction it accordingly.

The Company has no control over the Court deadline and is not able to guarantee an extension to it. Furthermore, there is no certainty that the Court will consider the Company's proposal as being acceptable (since it will not be unconditional as far as the Company is concerned) nor that it will be approved by the general meeting of IDB's creditors or sanctioned by the Court. Furthermore, if such approvals are obtained, there is no certainty that the various regulatory approvals which may be required in connection with the transfer of control of IDB and its subsidiaries will be obtained.

In addition, the process being run by the Court is a competitive bid process and the Company is aware of potential competing Proposals which have been or may be submitted to the Court on or before the 20 October 2013 deadline. Such competing Proposals may be preferred by the Court or the creditors of IDB to the Company's Proposal. Furthermore the Court process may change and some or all of the interested parties (including the Company) may be invited to submit revised Proposals. There is no guarantee that the Company will be willing or able to submit any revised Proposal on better terms than its original Proposal and as such the Court may sanction another party's Proposal.

As such, even if the Transfer Resolution is passed at the Extraordinary General Meeting, there can be no guarantee that the Company will be able to proceed with the Proposed Transaction or otherwise proceed to completion of the Proposed Transaction.

Structure of Company's Proposal

The Company, Nochi Dankner and Netz Group are currently negotiating a set of agreements which would govern their relationship with regard to the proposed investment and their ongoing relationship as (direct or indirect) shareholders of IDB, including with regard to voting at shareholder meetings, appointment of directors in the IDB group, rights of first refusal, tag along rights, put options and other matters, subject in each case to successful completion of the Proposed Transaction.

The Company's cash and cash equivalents are approximately US\$143m as at 30 June 2013. The Company is currently in negotiations with third parties (potential investors and financial institutions) to secure a further US\$80m (approximately) of new debt and/or equity funding which, when aggregated with its own resources and those of the other consortium members, will provide the consortium with the funding to complete the Proposed Transaction on the terms proposed.

The Company does not intend to issue further equity to raise funding for the Proposed Transaction; however additional investors may be brought into the consortium. Any such investors may invest equity either in Newco or in IDB which would dilute the Company's shareholding in IDB however it would retain control of IDB. In addition the Company may seek to bridge a proportion of the US\$80m funding gap with debt. The cost of any third party debt funding secured will reduce the profits of the Company and may therefore have a material adverse effect on Emblaze's business, financial condition or growth prospects.

The overall terms and conditions of the Proposed Transaction are still being negotiated and may change. In particular:

- the terms of the Company's Proposal to be submitted to the Court on 20 October 2013 may differ (including as to the price offered) to the terms announced on 15 August 2013; and
- the Court process is a competitive bid process and as such the Company may submit a further revised Proposal to the Court at a later date.

There can be no guarantee that the Company will reach agreement with Nochi Dankner and the Netz Group as to their arrangements or that the Company will be able to secure the third-party financing required on terms favourable to Emblaze or at all in order to undertake the Proposed Transaction. In those circumstances, the Company will have to abandon the Proposed Transaction.

On submission of the Proposal to the Court on 20 October 2013 the Company will issue an announcement via a Regulatory Information Service summarising the key terms of the Proposed Transaction (both in relation to IDB and the final terms agreed by the Company with other consortium members). The Company will notify Shareholders of any updates with regard to the Proposed Transaction and/or any material changes to the terms of its Proposal by issuing further announcements via PRN, a Regulatory Information Service. All such announcements may also be viewed at the same time on the Company's website at www.emblaze.com. If the Proposed Transfer is approved, Shareholders will not be required to approve the final terms of the Proposed Transaction.

Due diligence investigations

Typically the Company would expect to carry out a detailed legal, financial and commercial due diligence investigation on information made available to it by a target company. However, in relation to the Proposed Transaction, the Company has only had access to publicly available information about the IDB Group. Furthermore the IDB Group may possess material information about its businesses which it has determined it is not obliged to disclose publicly. Given the nature and timing of the Court process it is unlikely that the Company will be granted access to detailed information

which is not otherwise in the public domain. As such, the nature and scope of its due diligence exercise is limited.

For instance, the Company is aware of various litigation matters disclosed in IDB's financial statements for the period ended 31 December 2012. Without access to the management of IDB and the relevant lawyers and accountants, the Company is unable to assess fully whether or not such litigation is material within the context of the Enlarged Group and whether appropriate provisions have been made for such litigation in the accounts of IDB. The lack of detailed due diligence information and lack of access to non-public information could mean that there is material information which the Company is not aware of or which it has assessed incorrectly which could have a material impact on the Company's evaluation of the IDB Group which, if the Proposed Transaction were to complete, could have a material impact on the Company's business and financial condition.

Eligibility of the Enlarged Group

Following completion of the Proposed Transaction the Company would cease to be listed on the premium segment of the Official List. While the Company intends to seek the UKLA's approval to admit the Enlarged Group to listing on the standard segment of the Official List, until the Company has completed the formal application process and satisfied the UKLA as to its eligibility, there is no certainty that the UKLA will agree to admit the Enlarged Group to the standard segment. In such circumstances the Company would cease to be listed although the Board would actively explore the possibility of moving to AIM or an alternative listing venue.

3 Risks relating to future transactions in the case of the Proposed Transaction not proceeding

If the Transfer Resolution is not passed at the Extraordinary General Meeting, or even where the Transfer Resolution is passed at the Extraordinary General Meeting but where the Company is otherwise unable to proceed to completion of the Proposed Transaction, there can be no certainty that the Board will find a suitable alternative acquisition opportunity in the short term. In those circumstances, the Company would seek to retain its premium listing (if the Transfer Resolution is not passed at the Extraordinary General Meeting) or, assuming the UKLA agrees, move to a standard listing (where the Transfer Resolution is passed at such meeting) where its primary assets would be:

- (a) a 95 per cent. interest in Emoze Ltd., a provider of mobile push messaging and push content solutions for handset manufacturers, mobile operators and enterprises; and
- (b) cash and cash equivalents of approximately US\$143m.

Part 3

SUMMARY OF THE DIFFERENCES BETWEEN STANDARD AND PREMIUM CATEGORIES OF LISTING

- 1 Companies with a standard listing are not eligible for inclusion in the UK series of FTSE indices.
- 2 Companies with a standard listing are not required to retain a sponsor for certain transactions.
- 3 Companies with a standard listing are not currently required to comply with the Listing Principles as contained in Listing Rule 7.
- 4 Companies with a standard listing are not required to: (i) control the majority of their assets and to have done so for the last three years; and (ii) carry on an independent business as their main activity.
- 5 The UK Corporate Governance Code does not apply directly to companies with a standard listing. However, pursuant to paragraph 7.2 of the Disclosure and Transparency Rules, companies with a standard listing are still required to make a statement in the directors' report covering the governance code to which the issuer is subject in relation to the financial reporting process and certain details of its share capital. The directors of companies with a standard listing are also required to include a description of the internal control and risk management systems and the composition of committees. However, the Company will consider the appropriate corporate governance requirements it should comply with following the Proposed Transfer and will, nevertheless, comply with such requirements set out in DTR 7.2.
- 6 The Model Code on share dealing does not apply to a company with a standard listing. However, the Directors intend to continue to apply the Model Code once the transfer to the standard listing has become effective.
- 7 A standard listing does not require a company to offer pre-emption rights pursuant to the Listing Rules. However, the Directors intend to continue to offer pre-emption rights in accordance with the provisions of its Articles (subject to the Board's power to allot shares as approved by Shareholders from time to time).
- 8 A standard listing does not require a company to comply with the provisions of Listing Rule 10 which sets out requirements for shareholders to be notified of certain transactions and to have the opportunity to vote on proposed significant transactions. Shareholders should be aware that the Company would, following the transfer to a standard listing, be able to undertake significant transactions without Shareholder approval.
- 9 A standard listing does not require a company to comply with Listing Rule 11 which contains rules intended to prevent a related party from taking advantage of its position in respect of transactions with the listed company. However, the Directors intend to comply with the requirements of Listing Rule 11.1.7 (on a voluntary basis) once the transfer to the standard listing has become effective. Accordingly, in line with Listing Rule 11.1.7, the Company will make an announcement and publish a circular seeking shareholder approval for a related party transaction in circumstances where it would have been required to do so as a premium listed company and it will ensure that any shares in the Company held by the related party and its associates are disenfranchised from voting at any shareholder meeting convened to approve the related party transaction.
- 10 Companies with a standard listing are not required to comply with Listing Rule 12 which applies to companies dealing in their own securities. However, the Directors intend to continue to comply with Listing Rule 12.

- 11 A company with a standard listing is not required to comply with the more onerous requirements relating to the content of circulars issued to shareholders of companies with a premium listing as detailed in Listing Rule 13.
- 12 Companies with a standard listing are not required to limit the number of shares pursuant to warrants/options (excluding employee shares schemes) to 20 per cent. of existing issued shares.
- 13 Companies with a standard listing are not required to obtain the approval of shareholders by way of a special resolution for the cancellation of the listing of any of their shares.

Shareholders should note that where the Company has agreed voluntarily to comply with certain obligations applicable to premium listed companies the FCA will not have the authority, and will not, monitor the Company's voluntary compliance, nor impose sanctions in respect of any failure by the Company to comply.

Part 4

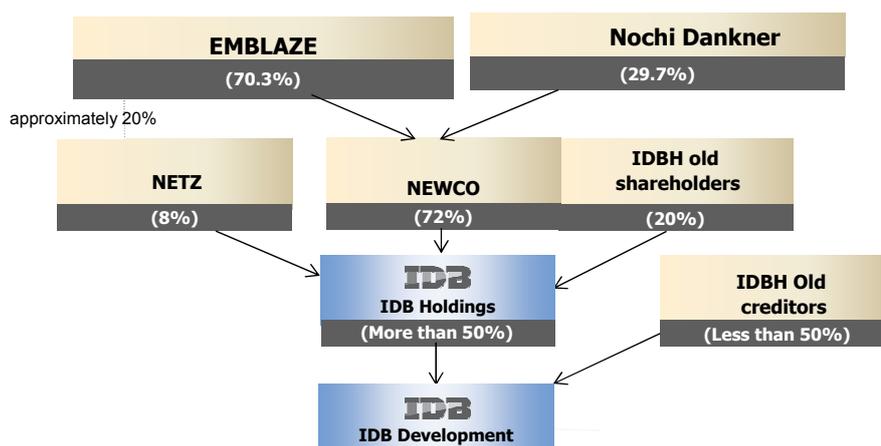
SUMMARY OF THE TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION AND INFORMATION ON IDB

1 The Proposed Transaction

On 15 August 2013, the Company announced that a letter had been submitted on its and Netz Group's behalf proposing an investment in IDB pursuant to which the Company and Netz Group would subscribe NIS826,000,000 for new shares in IDB constituting at least 80 per cent. of the issued share capital of IDB post investment. The remaining issued share capital will be held by the existing shareholders of IDB. Of the NIS826,000,000 proposed to be invested in IDB, it is proposed that the Company invest NIS743,400,000 and Netz Group would invest NIS82,600,000.

The Company proposes to incorporate Newco, to be owned as to approximately 70.3 per cent. by Emblaze and as to approximately 29.7 per cent. by Nochi Dankner, the current controlling shareholder of IDB, in order to subscribe for such number of new shares in IDB as shall equate to approximately 72 per cent. of the issued shares of IDB post investment. Netz Group will in turn subscribe for such number of new shares in IDB as shall equate to approximately 8 per cent. of the issued shares of IDB post investment.

A structure chart showing how the proposed investment may be structured is set out below.



The Proposed Transaction will be conditional upon, inter alia, the following:

- (a) the unconditional approval of the Proposed Transaction by the Company (note shareholder approval will not be required for the Proposed Transaction if the Proposed Transfer is approved);
- (b) the approval of the Proposed Transaction by the creditors of IDB;
- (c) the approval of the Proposed Transaction by the Court;
- (d) various regulatory approvals required in connection with the transfer of control of IDB and its subsidiaries, and the implementation of the Proposed Transaction (as set out further below).

Under the terms of the Proposed Transaction, on completion of the Proposed Transaction:

- (a) IDB shall have no liabilities towards its financial creditors;
- (b) IDB shall hold more than 50 per cent of the issued share capital of IDBD, currently a wholly-owned subsidiary of IDB and the Company will (i) control the majority of votes at

Newco's board and shareholder meetings; and (ii) have the right to appoint the majority of board members of IDB, IDBD and other IDB Group Companies. Newco will hold the majority of votes at IDBD's shareholder meetings;

- (c) the current proceedings issued in Court by IDBD bondholders in connection with IDBD debts shall be discontinued; and
- (d) the creditors of IDB will hold less than 50 per cent of the shares of IDBD and will be afforded customary minority shareholders rights. The IDB creditors are comprised of institutional investors, private investors and banks. The debt is comprised of several classes of bonds and bank loans. The financial liabilities of the other members of the IDB Group will not be discharged following completion of the Proposed Transaction.

The Company, Nochi Dankner and Netz Group are currently negotiating a set of agreements which would govern their relationship with regard to the proposed investment and their ongoing relationship as (direct or indirect) shareholders of IDB, including with regard to voting at shareholder meetings, appointment of directors in the IDB group, rights of first refusal, tag along rights, put options and other matters, subject in each case to successful completion of the Proposed Transaction.

The Company's cash and cash equivalents are approximately US\$143m as at 30 June 2013. The Company is currently in negotiations with third parties (potential investors and financial institutions) to secure a further US\$80m (approximately) of new debt and/or equity funding which, when aggregated with its own resources and those of the other consortium members, will provide the consortium with the funding to complete the Proposed Transaction on the terms proposed. The Company does not intend to issue further equity to raise funding for the Proposed Transaction; however additional investors may be brought into the consortium. Any such investors may invest equity either in Newco or in IDB which would dilute the Company's shareholding in IDB however it would retain control of IDB. In addition the Company may seek to bridge a proportion of the US\$80m funding gap with debt.

The overall terms and conditions of the Proposed Transaction are still being negotiated and may change. In particular the terms of the Company's Proposal to be submitted to the Court on 20 October 2013 may differ (including as to the price offered) to the terms announced on 15 August 2013. Furthermore the Court process is a competitive bid process and as such the Company may submit a further revised Proposal to the Court at a later date.

On submission of the Proposal to the Court on 20 October 2013 the Company will issue an announcement via a Regulatory Information Service summarising the key terms of the Proposed Transaction (both in relation to IDB and the final terms agreed by the Company with other consortium members). The Company will notify Shareholders of any updates with regard to the Proposed Transaction and/or any material changes to the terms of its Proposal by issuing further announcements via PRN, a Regulatory Information Service. All such announcements may also be viewed at the same time on the Company's website at www.emblaze.com. If the Proposed Transfer is approved, Shareholders will not be required to approve the final terms of the Proposed Transaction.

Information on Nochi Dankner and Netz Group

Nochi Dankner

At present, Mr. Nochi Dankner is the major shareholder and the Chairman of IDB. He also serves as the Chairman of the boards of several group companies of IDB, and as a director in certain others.

Mr. Dankner is the founder and Chairman of Ganden which holds the controlling interest of IDB. In May 2003, Mr. Dankner led a consortium comprised of Ganden together with the Manor and Livnat families, to acquire the majority interest in IDB. Prior to founding Ganden, Mr. Dankner served as a Director and Vice Chairman of Bank Hapoalim, the largest bank in Israel at the time.

As publicly disclosed by IDB and provided to the Company by Nochi Dankner's legal counsel, on 27 November 2012, Nochi Dankner was investigated by the Israeli Securities Authority on suspicion of

securities fraud and other related offences allegedly undertaken together with others in relation to an issuance of shares and warrants by an IDB Group company on 23 February 2012. The Israeli Securities Authority completed its investigation and on 23 July 2013 it submitted its findings to the Israeli State Attorney. On 9 September 2013, the Israeli Securities Authority has publicly stated that it believes that the evidence suggests that the suspects, including Mr Dankner, committed the alleged offences. The Israeli State Attorney, which is the state entity vested with the power to decide whether to indict Mr Dankner subject to a hearing, has not yet published its decision. Nochi Dankner's legal counsel informed the Company that they have not yet been provided with the evidence underlying the allegations and that Mr Dankner and they intend to vigorously contest such allegations.

Netz Group

Netz Group is an Israeli public company traded on TASE. Netz Group is active in three economic sectors:

- (a) Trade: Netz Group is the controlling shareholder of Mendelson Infrastructures & Industries Ltd ("**Mendelson**"), an Israeli public company traded on TASE. Mendelson operates in Israel and in the United States in the trading of flows-transportation products, the assembly and maintenance of water pumps, and the production and marketing of polyethylene and PVC pipes sectors.
- (b) Tourism: Netz Group is a 50 per cent. joint venture partner of Africa-Israel Investments Ltd, an Israeli public company traded on TASE, which holds several Crown Plaza and Holiday Inn franchises in Israel.
- (c) US Real Estate: Netz Group is the controlling shareholder of Elad Global Ltd, an Israeli public company traded on TASE, which operates in the residential, revenue-making real estate sector in the United States.

Commercial rationale for the Proposed Transaction

IDB is one of Israel's largest and diverse holding companies. IDB owns significant interests in undertakings with leading market positions in the Israeli industry, retail and services (through the largest retail company in Israel), insurance (through the second largest insurance company in Israel), telecommunications (through the largest cellular company in Israel), technology and real estate sectors (through one of the leading real estate company in Israel), as well as holdings in the financial services and real estate sectors outside Israel. Most of the major companies held by IDB are traded on TASE or NASDAQ.

In April 2013 a bondholder of IDB initiated a liquidation application against it owing to a going concern note in IDB's 2012 annual report and accounts. In June 2013, the trustees of the IDB bondholders applied to the Court for a compromise arrangement in accordance with Section 350 of the Israel Companies Law, 1999 (Compromise or Arrangement). The IDB creditors are predominantly institutional investors, private investors and banks and IDB's debt comprises bank loans and several classes of bonds. On 9 June 2013, the court made a decision in which it ordered proposals for a creditors' arrangement to be filed and examined by a Court-appointed expert. Several Proposals were filed and examined, including an outline for a scheme of arrangement submitted by IDB on 7 July 2013. The Proposed Transaction is intended to be carried out as part of the potential implementation of such outline scheme of arrangement.

The trustees of the bondholders of IDB reported that they had entered into an agreement with a corporation controlled by Mr Eduardo Elstein regarding an investment in IDBD as part of an outline scheme of arrangement proposed by them.

On 26 August 2013, the Court set 20 October 2013 as the extended deadline for parties to submit Proposals. Any Proposal submitted to the Court and approved by the Court as suitable will be reviewed by an expert appointed by the Court by 30 October 2013. Such Proposal(s) will then be put to a general meeting of IDB creditors, which is required to be held no later than 14 November 2013 and a Court hearing for the approval of an arrangement is scheduled for 25 November 2013.

If the Company's Proposal is approved by the IDB creditors and the Court in accordance with the provisions of Section 350 of the Israeli Companies Law, 1999, and the Proposed Transaction is completed, then, by virtue of the power vested in the Court under this legislation, IDB will be acquired by the Company debt-free. If, on the other hand, no Proposal (whether the Company's Proposal or a competing Proposal) is approved, this may lead to the liquidation of IDB.

IDBD bondholders also applied to the Court for a compromise arrangement in accordance with Section 350 of the Israeli Companies Law, 1999 (Compromise or Arrangement). If the Company's Proposal is approved by the IDB creditors and the Court in accordance with the provisions of Section 350 of the Israeli Companies Law, 1999, and the Proposed Transaction is completed, the said IDBD proceedings will also be terminated as part of the overall arrangement and IDBD will be acquired as a going concern.

The Board considers the acquisition of a controlling interest in IDB (through the Court process) represents an attractive and opportunity to acquire control of the assets of IDB at a significant discount to the aggregate cost of acquiring such assets individually.

The Company's Proposal is aligned with the intentions of the Company's management which are aimed at maximizing value to the Company's shareholders. The Board believes that there are certain efficiencies and cost cutting measures within the management and operations of IDB which, once implemented, will deliver increased revenues for IDB and consequently the Company.

The Board considers that the Proposed Transaction, and the exposure to the IDB Group, will enable the Company to pursue significant business opportunities.

Submission of Proposal regarding the Proposed Transaction

In order to approve and implement the Proposed Transaction, the Company is required to submit its Proposal regarding the Proposed Transaction to the Court. If the Court approves the terms of the Proposed Transaction as further detailed below, it shall then be presented to IDB's creditors for their approval. Following the approval of IDB's creditors, the Court will then be required to consider and sanction the Proposed Transaction. As the approvals of the IDB creditors and the Court are needed, the structure of the Proposed Transaction is subject to change.

The Court has set 20 October 2013 as the extended deadline for parties to submit Proposals. Any Proposal submitted to the Court and approved by the Court as suitable will be reviewed by an expert appointed by the Court by 30 October 2013. Such proposal(s) will then be put to a general meeting of IDB creditors, which is required to be held no later than 14 November 2013.

Assuming a proposal is approved at the general meeting, the Court will then consider the proposal further on 25 November 2013 and sanction it accordingly.

The Company has no control over the Court deadline and is not able to guarantee an extension to it. Furthermore, there is no certainty that the Court will consider the Company's proposal as being acceptable (since it will not be unconditional as far as the Company is concerned) nor that it will be approved by the general meeting of IDB's creditors or sanctioned by the Court. Furthermore, if such approvals are obtained, there is no certainty that the various regulatory approvals required in connection with the transfer of control of IDB and its subsidiaries will be obtained.

Completion of the Proposed Transaction is otherwise dictated by various regulatory consents that will be required.

In particular, the major consents which will be required are:

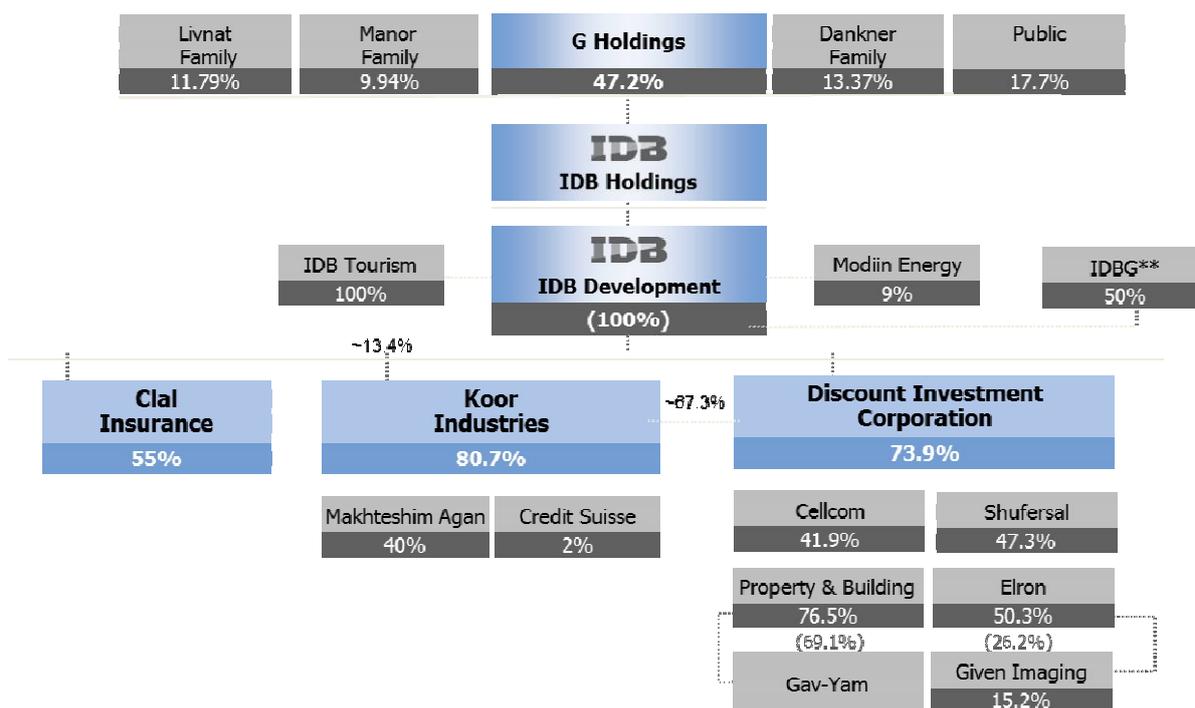
- (a) from the Ministry of Communication (in relation to the change of control of Cellcom);
- (b) from the Officer of the Capital Market, Insurance and Savings (in relation to the change of control of Clal Insurance Enterprises Holdings Ltd); and
- (c) from the General Director of the Israeli Anti-trust Authority.

Furthermore, in light of the size of the IDB group and the scope of its activities, various other consents and approvals will likely be required from various regulators. Assuming the Proposed Transaction is sanctioned by the IDB creditors and by the Court, it is believed that all other consents and approvals required in connection with the Proposed Transaction will be obtained by the end of the first quarter 2014.

2 Information on IDB

IDB is one of Israel's largest holding companies which, through IDBD, holds a mixture of majority and minority shareholdings in companies that are engaged in various sectors of the Israeli economy and overseas. It is an Israeli resident incorporated in Israel. The securities of IDB are listed on TASE.

A structure chart showing the outline structure of IDB and its current shareholdings is set out below.



Selected financial information on IDB

The information set out below has been extracted without adjustment from: (i) the consolidated audited annual accounts of IDB Group for the years ending 31 December 2010, 31 December 2011 and 31 December 2012 and (ii) consolidated the unaudited interim results for the IDB Group for the six months ending 30 June 2013.

	Year ended 31 December			Half year ended
	2010	2011	2012	30 June 2013
	(NIS, millions)	(NIS, millions)	(NIS, millions)	(NIS, millions)
Current assets	30,733	26,521	21,629	22,260
Total assets	136,622	132,723	124,577	126,869
Non-current liabilities	104,820	109,298	105,399	106,216
Current liabilities	21,988	17,242	16,195	16,955
Equity/deficit attributed to the shareholders of IDB	811	(1,106)	(1,835)	(1,961)

	Year ended 31 December			Half year ended
	2010	2011	2012	30 June 2013
	(NIS, millions)	(NIS, millions)	(NIS, millions)	(NIS, millions)
Revenues	41,070	37,632	40,924	19,433
Expenses	38,703	40,582	41,372	18,676
Profit (loss) before taxes on income	2,367	(2,950)	(415)	757
Taxes on income	(1,138)	(840)	(585)	(327)

Profit from discontinued operation net of tax	643	407	292	-
Net profit (loss) for the year	1,872	(3,383)	(708)	430
Net profit (loss) for the year attributable to:				
The owners of IDB	91	(2,718)	(947)	22
Non-controlling interests	1,781	(665)	239	408
	1,872	(3,383)	(708)	430

According to a submission made by the board of directors of IDB to the Court in the proceedings in accordance with Section 350 of the Israeli Companies Law, details of which are summarised below, the significant events which have led to the deterioration in the business and financial position of IDB since the first half of 2012 derived from a combination of macro-economic circumstances, regulatory changes and unforeseen events, which have together materially and adversely affected the business of the main operating IDB Group companies. Such circumstances include: (i) regulatory changes in the telecommunications and insurance sectors which affected the market capitalisation of Cellcom and Clal Insurance; (ii) the effects of an anti-capitalist social protest which affected Israel in the summer of 2011 and adversely affected Shufersal; (iii) recommendations made by a government appointed committee in September 2011 concerning a proposed liberalisation of the cement market

in Israel which adversely affected Neshor Israel Cement Enterprises Ltd (IDB no longer has holdings in that company); (iv) several unsuccessful transactions, in particular investments in US real estate; (v) unforeseen regulatory and legislative changes in connection with the implementation of IFRS 9 have influenced the calculation of profits by IDB Group companies and adversely affected their ability to pay dividends (due to the fact that losses attributed to the investment in Credit Suisse could not be recognised for certain purposes); (vi) investments made by IDB Group companies in oil and gas explorations have not yet produced revenues and therefore IDB recognised a decrease in the value of such holdings. IDB has been undertaking actions in order to improve its liquidity.

Holdings of IDBD

IDBD operates primarily in the following sectors:

IDB Group					
Communications	Financials	Technology	Industry/ Energy	Real Estate	Retail
Cellcom Israel 42%	Clal Insurance 55%	Elron 50%	Makhteshim Agan Industries 40%	Property & Building 77%	Shufersal 47%
013 Netvision 100%*	Credit Suisse Group 2%	Given Imaging 15.2%	Modiin Energy 9%	Gav-Yam (Bayside) 69%**	IDB Tourism 100%

■ IDB Group (aggregated)
 ■ IDB Development
 ■ Discount Investment Corporation
 ■ Keppel Industries

- (a) Communications: IDBD holds, through a subsidiary holding company, approximately 42 per cent. of the issued share capital (and approximately 45.3% of the voting rights) in Cellcom Israel Ltd, one of Israel's leading providers of a range of communications services focusing primarily on providing cellular communications services;
- (b) Financials: IDBD currently holds approximately 55 per cent. of the issued share capital of Clal, one of Israel's largest insurance groups. Clal's focus is on the following areas:
- (i) long term insurance;
 - (ii) general insurance;
 - (iii) health insurance; and
 - (iv) financial services.

As part of its operation in the financial services sector, IDBD also holds c.2 per cent. of the shares of Credit Suisse (although IDBD does not hold control or management rights in Credit Suisse and does not appoint board members);

- (c) Technology: IDBD holds, through a subsidiary holding company, approximately 15.2 per cent. of the issued share capital of Given Imaging Ltd., a company which develops, manufactures and markets innovative diagnostic products for the visualisation and detection of disorders of the gastrointestinal tract. In addition, IDBD holds, through a subsidiary holding company, approximately 50.3 per cent. of Elron Electronic Industries Ltd., an Israeli holding company dedicated to building technology companies, primarily in the field of medical devices;
- (d) Real Estate: IDBD holds, through a subsidiary holding company, approximately 76.45 per cent. of the issued share capital of Property and Building Corporation Ltd., a company

specialising in the fields of both revenue-generating properties and residential construction in high demand areas (both in Israel and abroad);

- (e) Industry and Energy: IDBD holds, through subsidiary holding companies, 40 per cent. of the issued share capital of Makhteshim Agan Industries Ltd. ("**Makhteshim**"), a company which specialises in the chemicals industry and focuses mainly in the area of agrochemistry (dealing in crop-protection products). The other 60 per cent. of Makhteshim shares are held by China National Agrochemical Corporation, a subsidiary of China National Chemical Corporation ("**Chemchina**"). In accordance with a shareholders' agreement between Chemchina and Koor Industries Ltd ("**Koor**") (the holding company through which IDBD holds its share at Makhteshim), as long as Chemchina holds 50 per cent. of Makhteshim shares it can nominate at least two more directors to the board of Makhteshim than Koor can nominate; and
- (f) Retail: IDBD holds, through a subsidiary holding company, approximately 47.16 per cent. of the issued share capital (and approximately 49.5 per cent. of the voting rights) in Shufersal Ltd., one of the largest retail food chains in Israel.

Part 5

DEFINITIONS

In the document the following terms have the following meanings:

AIM	AIM, the market operated by the London Stock Exchange
Articles	the Company's articles of association from time to time
BGI	BGI Investments (1961) Ltd, a public limited company incorporated in Israel (registered number 510291750)
Board	the board of directors of the Company
Chabad 770	Chabad 770 N.V., a private company incorporated in the Netherlands
Company or Emblaze	Emblaze Ltd, a public limited company incorporated in Israel (registered number 52-004292-0)
Court	the District Court of Tel Aviv, Israel
CREST	the computerised electronic settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
Depository Interests	dematerialised depository interests representing underlying Ordinary Shares, created to facilitate electronic settlement of dealings in Ordinary Shares through CREST
Depository Interest Holder or DI Holder	a holder of Depository Interests
Directors	the existing directors of the Company whose names are set out on page 6 of this document
Disclosure and Rules or DTR Transparency	the disclosure and transparency rules made by the FCA under Part VI of FSMA
Enlarged Group	the Group as enlarged following completion of the Proposed Transaction
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, a private limited company incorporated in England and Wales with registered number 02878738;
Extraordinary General Meeting	the extraordinary general meeting of the Company convened for 2.00p.m. on 30 October 2013 at the Frobisher Room, Barbican Centre, Silk Street, London EC2Y 8DS, United Kingdom by the Notice of Extraordinary General Meeting
Form of Direction	the form of direction for use by Depository Interest Holders

	in connection with the Extraordinary General Meeting
Form of Proxy	the form of proxy for use by Shareholders in connection with the Extraordinary General Meeting
FCA	the Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000 (as amended)
FTSE	Financial Times Stock Exchange
Ganden	Ganden Properties & Investments (2000) Ltd
Group	Emblaze and its subsidiary undertakings
IDB	IDB Holdings Corporation Ltd, a company registered in Israel (no 520028283)
IDBD	IDBD Development Corporation Ltd, a company registered in Israel (no 520032285) and a wholly owned subsidiary of IDB
IDB Group	IDB and its subsidiary undertakings
IFRS	International Financial Reporting Standards
Israeli Companies Law	the Israeli Companies Law 5759-1999 and any regulations promulgated thereunder
Israeli Companies Ordinance	the Israeli Companies Ordinance (Consolidated Version) 5743-1983
Listing Principles	the Listing Principles contained in Listing Rule 7
Listing Rules	the Listing Rules made by FSMA governing, amongst other things, admission of securities to the Official List
London Stock Exchange	London Stock Exchange plc
Main Market	the main market for trading in the listed securities of companies on the London Stock Exchange
Memorandum	the memorandum of incorporation of the Company, from time to time
Memorandum Amendment Resolution	the special resolution to be proposed at the Extraordinary General Meeting in relation to the amendment of the Memorandum, as set out in the Notice of Extraordinary General Meeting
Model Code	the model code on directors' dealings in securities, as set out in Annex 1 to Chapter 9 of the Listing Rules
NASDAQ	the National Association of Securities Dealers Automated Quotations, a computerized system for trading in securities operated by the NASDAQ OMX Group, Inc

Newco	a new company to be incorporated and owned as to approximately 70.3 per cent. by Emblaze and as to approximately 29.7 per cent. by Nochi Dankner for the purpose of undertaking the Proposed Transaction
Notice of Extraordinary General Meeting	the notice convening the Extraordinary General Meeting as set out at the end of this document
Netz Group	Netz Group Limited, a company registered in Israel (no 520039389)
Official List	the official list of the FCA
Ordinary Shares	ordinary shares of NIS0.01 each in the capital of the Company
PRN	PR Newswire
Proposals	has the meaning set out on page 15
Proposed Transaction	the proposed transaction described in Part 4 of this document
Proposed Transfer	the proposed transfer of the Ordinary Shares out of the category of a premium listing (commercial company) on the Official List and into the category of a standard listing on the Official List
Prospectus Rules	the Prospectus Rules made by the FCA under Part VI of FSMA
Registrar	Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH
Regulatory Information Service	one of the regulatory information services authorised by the Financial Services Authority to receive, process and disseminate regulatory information from listed companies
related party	a person defined as such for the purposes of Chapter 11 of the Listing Rules
Resolutions	the Transfer Resolution and the Memorandum Amendment Resolution
TASE	means the Tel Aviv Stock Exchange
Transfer Resolution	the special resolution to be proposed at the Extraordinary General Meeting in relation to the Proposed Transfer, as set out in the Notice of Extraordinary General Meeting
Shareholders	holders of Ordinary Shares
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council, in force from time to time

UK or United Kingdom

the United Kingdom of Great Britain and Northern Ireland

UKLA

the United Kingdom Listing Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA

ZBI

ZBI Ltd, a public limited company incorporated in Israel (registered number 520029109)

NOTICE OF EXTRAORDINARY GENERAL MEETING

EMBLAZE LTD

(Incorporated and registered in Israel under company number 52-004292-0)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that a Extraordinary General Meeting of Emblaze Ltd (the **Company**) will be held at 2.00p.m. on 30 October 2013 at the Frobisher Room, Barbican Centre, Silk Street, London EC2Y 8DS, United Kingdom (the **Meeting**), to consider, and if thought fit to pass, the following resolutions which will be proposed as special resolutions.

SPECIAL RESOLUTIONS

1. **THAT** the proposed transfer of the Company's category of equity share listing on the Official List of the United Kingdom Listing Authority and on the Main Market of the London Stock Exchange plc from a premium listing (commercial company) to a standard listing (shares) (the **Transfer**) be and is hereby approved and the directors of the Company be and are hereby authorised to cause such Transfer to be effected and to do and/or procure to be done all such acts or things as they may consider necessary or desirable in connection therewith; and
2. **THAT** the proposed amendment to the Memorandum, according to which at the end of section 2(a) of the Memorandum the words: "ו/או לעסוק בכל עיסוק חוקי אחר" will be added (in English: "and/or to engage in any other lawful activity") (the **Amendment**) be and is hereby approved and the directors of the Company be and are hereby authorised to cause such Amendment to be effected and to do and/or procure to be done all such acts or things as they may consider necessary or desirable in connection therewith.

By order of the Board

Hagit Gal
Company Secretary

Registered Office
9 Hamenofim Street
P.O. Box 2216
Herzeliya Pituach 4672560
Israel

16 October 2013

Incorporated and registered in Israel under company number 52-004292-0

Notes:

- 1 The Board has set close of business on 25 October 2013 as the record date for Shareholders and DI holders to be entitled to vote. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at such Meeting.
- 2 Enclosed with this document is a Form of Proxy for Shareholders or a Form of Direction for Depository Interests holders.
- 3 If you are a Shareholder of the Company, whether or not you intend to be present at the Meeting, please complete and return the Form of Proxy (in accordance with the instructions set out in that document) to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, as soon as possible and in any event so as to be received by the Company's Registrars by no later than 2.00 p.m. on 28 October 2013. Completion and return of a signed Form of Proxy will not prevent you from attending the Meeting and voting in person, if you so wish.
- 4 If you are a holder of Depository Interests representing ordinary shares of the Company, please complete and return the Form of Direction (in accordance with the instructions set out in that document) to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, as soon as possible and in any event so as to be received by the Company's Registrars by no later than 2.00 p.m. on 27 October 2013. Holders of Depository Interests can not vote in person at the Meeting; therefore, please make sure that your vote is received by Capita Registrars no later than 2.00 p.m. on 27 October 2013.
- 5 In the case of joint Shareholders, the vote of the senior of such Shareholders who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Issued share capital and total voting rights

- 6 As at 15 October 2013 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital is 140,578,154. There are 30,587,902 treasury shares. Therefore, the total voting rights in the Company as at 15 October 2013 are 109,990,252.

Members' rights to ask questions

- 7 Members attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 8 Depository Interest Holders wishing to attend the meeting should contact Capita IRG Trustees Limited at the Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by email to custodymgt@capitaregistrars.com in order to request a letter of representation by no later than 2.00 p.m. on 25 October 2013.

Website

- 9 A copy of this notice can be found at www.emblaze.com.

Voting results

- 10 The results of the voting at the Extraordinary General Meeting will be announced through a Regulatory Information Service and will appear on our website, www.emblaze.com, on 30 October 2013.