

## **EMBLAZE LTD (LSE:BLZ)**

("Emblaze" or "the Company")

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Herzeliya, Israel, 31 August 2011: Emblaze Ltd. today announces its financial results for the six month period ended 30 June 2011 (the "Reported Period"). All references to \$ are to US Dollars.

#### **FINANCIAL HIGHLIGHTS:**

- Profit from continued operations totaled \$3.1 million (H1/2010: loss of \$2.6 million);
- Consolidated net income reached \$4.5 million (H1/2010: loss of \$5.9 million);
- Continued strong cash position with cash and short term investments of \$146 million compared to \$145 million on 31 December 2010;
- Basic and diluted earnings per share reached \$0.04 (H1/2010: loss of \$0.06 per share);
- Total current assets were \$151 million compared to \$146 million on 31 December 2010.

#### **OPERATIONAL HIGHLIGHTS:**

- EMOZE Ltd. ("EMOZE"), the Company's subsidiary, has successfully expanded strategic deals and licensing of its push-mail solutions;
- EMOZE announced on 30 August 2011 the signing of a licensing agreement with Huawei, a leading global information and communications technology (ICT) solutions provider, to embed the EMOZE solution on Huawei's mobile devices;

#### **OUTLOOK & STRATEGY**

- EMOZE continues to grow through additional licensing deals with handset manufacturers and other deals with operators and enterprises;
- As part of its growth strategy, Emblaze continues to evaluate potential investments in the technology space that can offer the Company the opportunity to drive revenues and achieve long-term sustainable growth.

Naftali Shani, Chairman of Emblaze, commented:

"The positive momentum in EMOZE's business is continuing and we believe in EMOZE potential to contribute to Emblaze's results and shareholder value going forward.

In term of corporate actions, we believe that the changing market climate will present better opportunities for potential acquisitions than those available during the first half of 2011."

A copy of the Company's interim results for the six months ended 30 June 2011 has been submitted to the Financial Services Authority and will shortly be available for inspection at the National Storage Mechanism, which is located at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do)

The report is also available on the Company's website, [www.emblaze.com](http://www.emblaze.com)

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The Emblaze Group is traded on the London Stock Exchange (LSE: BLZ) since 1996. [www.emblaze.com](http://www.emblaze.com)  
Emblaze holds EMOZE Ltd.: an acknowledged world leader, providing transparent, synchronized mobile push messaging and push content solutions for handset manufactures, mobile operators and enterprises. EMOZE supports all major email providers, instant messaging services and social networks. EMOZE push messaging solution is based on EMOZE patented technology and provides real push experience combined with an efficient mechanism, minimizing both data traffic and battery consumption to all mobile devices (feature-phones and smart-phones).  
EMOZE architecture is based on reliable, redundant, scalable server-technology that offers a low TCO and quick-to-market deployment. EMOZE was established in 2006 and is part of the Emblaze Group (LSE:BLZ) [www.emoze.com](http://www.emoze.com)

**CONSOLIDATED BALANCE SHEETS****U.S. dollars in thousands**

	<b>June 30, 2011</b>	<b>December 31, 2010</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 103,565	\$ 144,173
Short-term investments	42,514	229
Restricted deposits	75	420
Trade receivables and prepaid expenses	1,049	955
Other receivables	3,787	-
Assets of discontinued operations	206	221
<b>Total</b> current assets	<b>151,196</b>	<b>145,998</b>
SEVERANCE FUND	344	335
PROPERTY AND EQUIPMENT, NET	62	44
<b>Total</b> assets	<b>\$ 151,602</b>	<b>\$ 146,377</b>

The accompanying notes are an integral part of the financial statements.

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands, except share and per share data

	<b>June 30, 2011 Unaudited</b>	<b>December 31, 2010 Audited</b>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 301	\$ 341
Derivative financial instruments	1,968	-
Other payables and accrued expenses	3,944	4,278
Liabilities of discontinued operations	2,321	3,255
<b>Total</b> current liabilities	<u>8,534</u>	<u>7,874</u>
LONG-TERM LIABILITIES		
Accrued severance pay	486	452
<b>Total</b> long-term liabilities	<u>486</u>	<u>452</u>
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value - Authorized: 200,000,000 shares at June 30, 2011 and December 31, 2010 ; Issued: 140,578,154 shares at June 30, 2011 and December 31, 2010 ; Outstanding: 111,755,932 shares at June 30, 2011 and December 31, 2010	416	416
Additional paid-in capital	469,854	469,844
Treasury stock, at cost	(75,555)	(75,555)
Accumulated deficit	(252,607)	(257,123)
Total Company's shareholders' equity	142,108	137,582
Non- controlling interest	474	469
<b>Total</b> equity	<u>142,582</u>	<u>138,051</u>
<b>Total</b> liabilities and equity	<u>\$ 151,602</u>	<u>\$ 146,377</u>

The accompanying notes are an integral part of the financial statements.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands, except share and per share data

	Six months ended June 30		Year ended December 31
	2011	2010*)	2010
	Unaudited		Audited
Revenues	\$ 557	\$ 349	\$ 629
Cost of revenues	120	95	166
Gross profit	437	254	463
Operating expenses:			
Research and development, net	650	688	1,482
Selling and marketing	279	510	849
General and administrative	1,380	1,175	2,616
Total operating expenses	2,309	2,373	4,947
Operating loss	(1,872)	(2,119)	(4,484)
Financial income	1,191	255	701
Other income (expenses)	3,787	(781)	(785)
Profit (loss) from continuing operations	3,106	(2,645)	(4,568)
Profit from discontinued operations, net	1,410	8,812	40,843
Consolidated net income	4,516	6,167	36,275
Less: net income from discontinued operation attributable to non-controlling interest	-	12,041	8,437
Net income (loss) attributable to Company's shareholders	\$ 4,516	\$ (5,874)	\$ 27,838
Basic and diluted income (loss) per share to Company's shareholders:			
From continuing operations	\$ 0.03	\$ (0.03)	\$ (0.04)
From discontinued operations	\$ 0.01	\$ (0.03)	\$ 0.29
Net gain (loss) per share	\$ 0.04	\$ (0.06)	\$ 0.25
Weighted average number of shares used in computing basic and diluted earnings (loss) per share	111,755,932	111,755,932	111,755,932

\*) Reclassified due to discontinued operations.

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

U.S. dollars in thousands

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Treasury stock, at cost</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Accumulated deficit</u>	<u>Non- controlling interest</u>	<u>Total Equity</u>	<u>Total comprehensive income (loss)</u>
Balance as of January 1, 2010	\$ 416	\$ 469,562	\$ (75,555)	\$ 6,924	\$ (284,961)	\$ 200,273	\$ 316,659	
Sale of shares of subsidiaries	-	-	-	(6,924)	-	(208,287)	(215,211)	(6,924)
Share based compensation expenses of subsidiaries	-	-	-	-	-	46	46	-
Share based compensation expenses	-	282	-	-	-	-	282	-
Net income	-	-	-	-	27,838	8,437	36,275	36,275
Balance as of December 31, 2010	<u>\$ 416</u>	<u>\$ 469,844</u>	<u>\$ (75,555)</u>	<u>\$ -</u>	<u>\$ (257,123)</u>	<u>\$ 469</u>	<u>\$ 138,051</u>	
Total comprehensive income								<u>\$ 29,351</u>
Share based compensation expenses	-	10	-	-	-	-	10	-
Share based compensation expenses of subsidiaries	-	-	-	-	-	5	5	-
Net income	-	-	-	-	4,516	-	4,516	4,516
Balance as of June 30, 2011 (unaudited)	<u>\$ 416</u>	<u>\$ 469,854</u>	<u>\$ (75,555)</u>	<u>\$ -</u>	<u>\$ (252,607)</u>	<u>\$ 474</u>	<u>\$ 142,582</u>	
Total comprehensive income								<u>\$ 4,516</u>

The accompanying notes are an integral part of the financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	<b>Six months ended</b>		<b>Year ended</b>
	<b>June 30,</b>		<b>December 31,</b>
	<b>2011</b>	<b>2010*</b>	<b>2010</b>
	<b>Unaudited</b>		
<b>Cash flows from operating activities:</b>			
Consolidated net income	\$ 4,516	\$ 6,167	\$ 36,275
Less: Profit from discontinued operations*	1,410	8,812	40,843
Income (loss) from continuing operations	3,106	(2,645)	(4,568)
Depreciation	17	21	41
Share based compensation expenses	10	110	282
Share based compensation expenses of subsidiaries	5	38	46
Net loss from sales of marketable securities, changes in accrued interest, net and increase in value of marketable securities	(295)	(77)	(240)
Decrease (increase) in trade receivables, other receivables and prepaid expenses	(3,903)	15	(5)
Increase (decrease) in trade payables, other payables and accrued expenses, accrued severance pay, net and other long term liabilities	(349)	(646)	2,978
Other	-	-	85
Net cash used in operating activities from continuing operations	(1,409)	(3,184)	(1,381)
Net cash provided by (used in) operating activities from discontinued operations	491	19,813	(11,888)
Net cash provided by (used in) operating activities	(918)	16,629	(13,269)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment, net	(35)	(4)	(10)
Investment in short term marketable securities	(40,000)	-	-
Proceeds from short-term and long-term marketable securities and restricted deposits	345	253	892
Proceeds from sale of Formula	-	-	139,138
Net cash provided by (used in) investing activities of continuing operations	(39,690)	249	140,020
Net cash used in investing activities from discontinued operations	-	(2,516)	-
Net cash provided by (used in) investing activities	(39,690)	(2,267)	140,020

\*) Reclassified due to discontinued operations.

The accompanying notes are an integral part of the financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	<b>Six months ended</b>		<b>Year ended</b>
	<b>June 30,</b>		<b>December 31,</b>
	<b>2011</b>	<b>2010*</b>	<b>2010</b>
	<b>Unaudited</b>		
<u>Cash flows from financing activities:</u>			
Net cash provided by (used in) financing activities of discontinued operations	-	(24,732)	10,074
Net cash provided by (used in) investing activities	-	(24,732)	10,074
Effect of exchange rate on cash of continuing operations	-	(2,059)	-
Net increase (decrease) in cash and cash equivalents	(40,608)	(12,429)	136,825
Cash and cash equivalents at the beginning of the year**)	144,173	107,618	7,348
Cash and cash equivalents at the end of the year **)	<u>\$ 103,565</u>	<u>\$ 95,189</u>	<u>\$ 144,173</u>

\*) Reclassified due to discontinued operations.

\*\*\*) Cash and cash equivalents for December 31, 2010 and June 30, 2010, include Cash and Cash equivalents of discontinued operations.

The accompanying notes are an integral part of the financial statements.

## EMBLAZE LTD. AND ITS SUBSIDIARIES

### **NOTE 1:- GENERAL**

Emblaze Ltd. ("Emblaze" or "the Company") is an Israeli corporation. The Company's shares are traded on the London Stock Exchange ("LSE") under the symbol BLZ. Until November 2010, the Company consisted of two principal business segments, namely Growth and Innovation. The Company sold its entire holdings in Formula in November 2010 part of the Growth segment. The company currently operates only in one segment of operation, the Innovation.

### **NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2010, are applied consistently in these financial statements.

### **NOTE 3:- UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

### **NOTE 4:- SUBSEQUENT EVENT**

On 13 July 2011 the High Court in London ordered HM Revenue & Customs ("HMRC") to make an immediate payment of the undisputed VAT reclaims in the case of VAT reclaims against HMRC. The remaining sum in dispute will be subject to continuing legal procedures. As a result, the Company recorded in other income an estimated amount of \$3,787 in the six month period ending in June 30, 2011.