

EMBLAZE LTD (LSE:BLZ)

("Emblaze" or "the Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Herzeliya, Israel, 30 August 2012: Emblaze Ltd. today announces its unaudited financial results for the six month period ended 30 June 2012 (the "Reported Period"). All references to \$ are to US Dollars.

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2012:

- Continued strong cash position with cash and short term investments of \$148 million;
- Achieved positive net cash flow from continued operating activities (H1/2011: net decrease of \$1.4 million);
- Profit from continued operations totaled \$1.3 million (H1/2011: \$3.1 million);
- Basic and diluted earnings per share reached \$0.01 (H1/2011: \$0.04 per share).

Naftali Shani, Executive Chairman of Emblaze, commented:

"During the period we continued to review potential opportunities for investment in growth activities and we believe that market conditions may prove favourable to us. The economic environment has been challenging and naturally affected the ability to increase sales during the first half of the year. Nevertheless, we maintained our focus on strengthening EMOZE's position and continued to invest in the future growth of the business. We believe that EMOZE has the potential to contribute to the Company's growth. The Company remains in sound financial position and we believe that its strength lies in the quality of its people and technology and hence remain confident in its future success."

A copy of the Company's interim results for the six months ended 30 June 2012 will shortly be available for inspection at the National Storage Mechanism, which is located at www.hemscott.com/nsm.do
The report is also available on the Company's website, www.emblaze.com

Information in this announcement is based upon unaudited management accounts. In addition, certain statements made are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements.

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Emblaze is traded on the London Stock Exchange (LSE: BLZ) since 1996. 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. www.emoze.com

Executive Chairman's Statement

Financial Review

The Company's cash and short term investments amounted to \$148 million.

Profit from continued operations totaled \$1.3 million (H1/2011: \$3.1 million); the decrease is due to the difference between VAT returns recorded in the first half of 2011 and the first half of 2012 from ongoing legal proceedings against HM Revenue & Customs.

Business Review

EMOZE Ltd.

The Company's main innovation activity remains under EMOZE Ltd., a provider of push messaging solutions. EMOZE is an acknowledged world leader, providing transparent, synchronised 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, minimising both data traffic and battery consumption to all mobile devices (feature and smart-phones). EMOZE architecture is based on reliable, redundant, scalable server-technology that offers a low total-cost-of-ownership and quick-time-to-market deployment.

EMOZE's is focusing its sales efforts in markets where demand for a differentiating feature is an asset for mobile manufacturers, operators and content providers such as in Asia and Latin America.

During the first half of the year we have seen improvements in our OEM channels business as additional handset manufacturers chose to pre-install EMOZE's proprietary push-mail application into their mobile devices. Such new deals include MyPhone (Philippines) that launched a new range of smart feature phone devices embedded with EMOZE's push mail and messaging technology, Karbonn Mobiles (India) that chose to integrate EMOZE's push mail solution into its KT21 phone-series. Additional releases took place in Canada and Latin America, with EMOZE's solution for both Android and feature phones embedded as a White Label.

The first half of the year saw also technological advances in EMOZE with the introduction of its Push Email solution for Android. The Android operating system has gained significant market share and is fast becoming the most popular choice among smartphone consumers. The native Android Operating System has a built in POP3/IMAP as well as a corporate mail client, but the EMOZE Push Email solution for Android is much more powerful and user-friendly, conserving battery resources and reducing the time needed for data transfer. By embedding the EMOZE solution, manufacturers can offer end-users mobile devices that provide faster, more efficient service, with advanced push email, PIM (Contacts and Calendar), and Instant Messaging.

Intellectual Property

In July 2010, Emblaze filed a complaint against Apple Inc. for infringement of the Company's U.S. Patent No. 6,389,473 through Apple's HTTP Live Streaming protocol used in Apple products such as iPhones and iPads.

Legal proceedings in this case are ongoing.

Emblaze has recently filed a Patent Statement & Licensing Declaration with the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) stating that the ISO/IEC 23009-1 standard for HTTP streaming of multimedia content, known as MPEG Dynamic Adaptive Streaming over HTTP (MPEG-DASH), incorporates Emblaze's patented streaming technology and, therefore, the use of this technology is subject to a license from Emblaze. The information concerning the declaration filed by Emblaze is available in the ISO patent database at: http://www.iso.org/iso/standards_development/patents and the IEC database at: <http://patents.iec.ch/>

Having invested substantial research and development efforts to build a rich portfolio of intellectual property over many years, Emblaze will continue to pursue its rights and defend its competitive position.

Corporate

During the first half of the year, the Company's UK subsidiary, Emblaze Mobility Solutions Limited ("EMSL"), has been successful in recovering the remaining disputed sum of £1.5 million, which was part of the overall VAT repayments claimed withheld by HM Revenue & Customs ("HMRC") since March 2006.

In term of corporate actions, we continue the process of reviewing investment opportunities. We believe that while imposing challenges to our own business growth, the overall uncertain economic outlook will present better opportunities for potential acquisitions.

Share repurchase program

On 3 June 2012 the Directors of the Company approved a share repurchase program of the Company's shares up to a maximum consideration of US\$2 million, representing approximately 3% of the Company's issued share capital.

The repurchase program was undertaken in accordance with Israeli Companies Law, the FSA Listing Rules (the "Listing Rules") and the Commission Regulation (EC) No 2273/2003 (the "EC Buy-back Regulations"). The program was implemented by way of market purchases of the Company's own shares for transfer into Treasury. In accordance with the Listing Rules, the maximum price which may be paid by the Company was not more than the higher of (i) an amount equal to 105% of the average market closing price (as derived from the London Stock Exchange Daily Official List) for the five dealing days immediately preceding such purchase; and (ii) the amount stipulated by Article 5(1) of the EC Buy-back Regulations, exclusive of expenses.

The Company now holds 29,092,971 of its shares in Treasury, including shares which have been purchased recently. Following the share repurchase, the number of shares in issue (excluding shares held in Treasury) is now 111,485,183.

Trading since the end of June 2012 has shown a similar trend to the first six months.

Risks and Uncertainties

The Board's primary focus areas when reviewing key risks and uncertainties considers strategic, operational and financial risks and identifies actions to mitigate those risks. Pursuant to the requirements of the Disclosure and Transparency Rules the Company provides the following

information on its principal risks and uncertainties:

- The continuing challenges in macro-economic environment and turbulence in the overall financial markets economy as well as the drive for our technology solutions and products directly or indirectly by consumer demand and preferences – all of which may have an impact on our business;
- Risks associated with acquisitions: We seek to reshape our holdings by making strategic bolt-on acquisition of complementary business. Such acquisitions involve legal and economic risks. We also encounter risks in the selection of appropriate investment targets, execution of the transactions, integration of acquired businesses and a risk that we may not generate the anticipated returns from our anticipated acquisitions.
- Claims brought against the Company, and some of its directors and officers, in the context of a former director's bankruptcy proceedings and personal financial affairs (see note 5 for further information)

The Directors continue to monitor all of the key risks and uncertainties and the Board will take appropriate actions to mitigate these risks and their potential outcomes. These actions include close review and monitoring of the economic environment to ensure the business can respond appropriately to changes in trading conditions, careful management of costs across all areas of the business with increased expenditure only in those areas that the Board decides are appropriate to drive growth and deliver long term strategic benefits, as well as maintaining focus on strengthening the Company's position as a leading provider of innovative technology and advanced, high quality solutions.

Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Directors' responsibilities

Responsibility statement of the directors in respect of the half-yearly financial report:

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with US GAAP. Nevertheless, these financial statements follow the guidelines of IAS 34 Interim Financial Reporting as adopted by the EU, which defines the minimum content of an interim financial report as including condensed financial statements and selected explanatory notes. The interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events and circumstances, and does not duplicate information previously reported.
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial period and their

impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the period; and

- (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Naftali Shani
Executive Chairman

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

	June 30, 2012 Unaudited	December 31, 2011 Audited
Cash and cash equivalents	\$ 42,296	\$ 148,261
Short-term bank deposits	105,792	-
Marketable securities	175	196
Restricted bank deposits	198	198
Prepaid expenses, accrued interest and other receivables	1,552	1,103
Assets of discontinued operations	133	176
<u>Total</u> current assets	<u>150,146</u>	<u>149,934</u>
 SEVERANCE PAY FUND	 <u>412</u>	 <u>356</u>
 PROPERTY AND EQUIPMENT, NET	 <u>61</u>	 <u>59</u>
<u>Total</u> assets	<u><u>\$ 150,619</u></u>	<u><u>\$ 150,349</u></u>

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**

	June 30, 2012 Unaudited	December 31, 2011 Audited
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 280	\$ 325
Deferred revenues and accrued expenses	5,907	6,725
Liabilities of discontinued operations	628	647
<u>Total current liabilities</u>	<u>6,815</u>	<u>7,697</u>
 ACCRUED SEVERANCE PAY	 <u>594</u>	 <u>507</u>
 COMMITMENTS AND CONTINGENT LIABILITIES		
EQUITY:		
Equity attributable to the Company's shareholders:		
Share capital -		
Ordinary shares of NIS 0.01 par value -		
Authorized: 200,000,000 shares at June 30, 2012 and		
December 31, 2011; Issued: 140,578,154 shares at June 30,		
2012 and December 31, 2011; Outstanding: 111,485,183		
shares at June 30, 2012 and 111,755,932 shares at		
December 31, 2011		
	416	416
Additional paid-in capital	469,886	469,864
Treasury stock, at cost	(75,770)	(75,555)
Accumulated deficit	(251,801)	(253,054)
 Total Company's shareholders' equity	 142,731	 141,671
 Non- controlling interest	 <u>479</u>	 <u>474</u>
 <u>Total equity</u>	 <u>143,210</u>	 <u>142,145</u>
 <u>Total liabilities and equity</u>	 <u>\$ 150,619</u>	 <u>\$ 150,349</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
	2012	2011	2011
	Unaudited		Audited
Revenues	\$ 893	\$ 557	\$ 1,207
Cost of revenues	224	120	247
Gross profit	669	437	960
Operating expenses:			
Research and development, net	820	650	1,401
Selling and marketing	376	279	599
General and administrative	1,411	1,380	2,504
Total operating expenses	2,607	2,309	4,504
Operating loss	(1,938)	(1,872)	(3,544)
Financial income	1,208	1,191	2,210
Other income, net	2,002	3,787	4,114
Profit from continuing operations	1,272	3,106	2,780
Profit (loss) from discontinued operations, net	(19)	1,410	1,289
Net income attributable to Company's shareholders	\$ 1,253	\$ 4,516	\$ 4,069
Basic and diluted income per share to Company's shareholders:			
From continuing operations	\$ 0.01	\$ 0.03	\$ 0.02
From discontinued operations	\$ (0.00)	\$ 0.01	\$ 0.01
Net gain per share	\$ 0.01	\$ 0.04	\$ 0.03
Weighted average number of shares used in computing basic earnings per share	111,710,807	111,755,932	111,755,932
Weighted average number of shares used in computing diluted earnings per share	111,716,323	111,755,932	111,756,536

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

STATEMENTS OF CHANGES IN EQUITY**U.S. dollars in thousands**

	Share capital	Additional paid-in capital	Treasury stock, at cost	Accumulated deficit	Non- controlling interest	Total equity	Total comprehensive income
Balance as of December 31, 2010	\$ 416	\$ 469,844	\$ (75,555)	\$ (257,123)	\$ 469	\$ 138,051	
Changes during 2011:							
Share based compensation expenses of subsidiaries	-	-	-	-	5	5	-
Share based compensation expenses	-	20	-	-	-	20	-
Comprehensive income:							
Net income	-	-	-	4,069	-	4,069	4,069
Balance as of December 31, 2011	416	469,864	(75,555)	(253,054)	474	142,145	
Total comprehensive income							<u>\$ 4,069</u>
Changes during 2011:							
Repurchase of own shares, net	-	-	(215)	-	-	(215)	-
Share based compensation expenses of subsidiaries	-	-	-	-	5	5	-
Share based compensation expenses	-	22	-	-	-	22	-
Comprehensive income:							
Net income	-	-	-	1,253	-	1,253	1,253
Balance as of June 30, 2012 (unaudited)	<u>\$ 416</u>	<u>\$ 469,886</u>	<u>\$ (75,770)</u>	<u>\$ (251,801)</u>	<u>\$ 479</u>	<u>\$ 143,210</u>	
Total comprehensive income							<u>\$ 1,253</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2012	2011	2011
	Unaudited		
<u>Cash flows from operating activities:</u>			
Consolidated net income	\$ 1,253	\$ 4,516	\$ 4,069
Less: Loss from discontinued operations	(19)	1,410	1,289
Income from continuing operations	1,272	3,106	2,780
Depreciation	15	17	33
Share based compensation expenses	22	10	20
Share based compensation expenses of subsidiaries	5	5	5
Net loss from sales of marketable securities, changes in accrued interest, net and increase in value of marketable securities	(287)	(295)	(34)
Increase in trade receivables, prepaid expenses and other receivables	(150)	(3,903)	(81)
Increase (decrease) in trade payables, other payables and accrued expenses, accrued severance pay, net and deferred revenues	(832)	(349)	2,465
Net cash provided by (used in) operating activities from continuing operations	45	(1,409)	5,188
Net cash provided by (used in) operating activities from discontinued operations	5	491	(1,274)
Net cash provided by (used in) operating activities	50	(918)	3,914
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment, net	(17)	(35)	(48)
Investment in short-term bank deposits	(105,792)	-	-
Investment in short term marketable securities	-	(40,000)	-
Proceeds from short-term securities and restricted deposits	9	345	222
Net cash provided by (used in) investing activities	(105,800)	(39,690)	174

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2012	2011	2011
	Unaudited		
<u>Cash flows from financing activities:</u>			
Repurchase of own shares, net	(215)	-	-
Net cash used in financing activities	(215)	-	-
Net increase (decrease) in cash and cash equivalents	(105,965)	(40,608)	4,088
Cash and cash equivalents at the beginning of the year*)	148,261	144,173	144,173
Cash and cash equivalents at the end of the year *)	<u>\$ 42,296</u>	<u>\$ 103,565</u>	<u>\$ 148,261</u>

*) Cash and cash equivalents for December 31, 2011 include Cash and Cash equivalents of discontinued operations.

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

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

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 since 1996.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2011, 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, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

NOTE 4:- SUPPLEMENTARY INFORMATION

In June 2012 the Company's Board of Directors approved a share repurchase program of the Company's ordinary shares. The Company purchased 270,749 of its own shares at a consideration of \$215 thousand during the month of June 2012. The repurchase of shares stopped on 30 June, 2012 due to the entering of the Company into a closed period until publication of its interim results.

NOTE 5:- LEGAL PROCEEDINGS

1. Emblaze Mobility Solutions Limited ("EMSL"), the Group subsidiary, has been successful in recovering the remaining disputed sum of £1.5 million (approximately \$ 2,500), which was part of the overall VAT repayments claimed withheld by HM Revenue & Customs ("HMRC") since March 2006. As a result, the Company recorded \$ 2,000 as other income, net of related expenses, in the six months ended on June 30, 2012.

NOTES TO FINANCIAL STATEMENTS**U.S. dollars in thousands**

NOTE 5:- LEGAL PROCEEDINGS (Cont.)

2. Mr. Reifman, who was a director of the Company until 2009, was declared bankrupt in July 2011. In the context of Mr. Reifman's bankruptcy proceedings and personal financial affairs, certain claims were directed at the Company.

The information provided below is a summary of the two claims that have been filed in the six-month period ended June 30, 2012 and await proceedings:

- a. In April 2012, two of Mr. Reifman's creditors filed a claim against their own law firm for the amount of NIS 73 million (approximately \$ 18,600 as of June 30, 2012), alleging malpractice, negligence and failure by their lawyers to properly secure their loans to Mr. Reifman. As part of this claim, the two creditors have also named Emblaze, and some of its directors and officers, as well as its external legal advisor and auditors, as defendants for "caution reasons".
- b. In June 2012, several other creditors of Mr. Reifman filed a claim against Emblaze, some of its directors and officers as well as against its external legal advisor and auditors, for up to NIS 86.5 million (approximately \$ 22,000 as of June 30, 2012), alleging malpractice and misrepresentation in connection with information provided by the Company on Mr. Reifman's holdings in the Company.

While these two cases are still in preliminary stages, the Company's legal advisors are of the opinion that the chances of success of these claims are remote.

3. In June 2012, the Supreme Court has rejected an appeal filed by Paldom Feingold Metals L.P. (the "Applicant") to order Emblaze to register a transfer of shares into the name of the Applicant pursuant to a share transfer deed between the Applicant and Mr. Reifman.