

EMBLAZE LTD (LSE:BLZ)

("Emblaze" or "the Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Herzeliya, Israel, 13 August 2013: Emblaze Ltd. today announces its unaudited financial results for the six month period ended 30 June 2013 (the "Reported Period"). All references to \$ are to US Dollars.

Financial Highlights:

- Cash position with cash and short term investments of \$143 million;
- Company has purchased 923,898 of its own shares in an amount of \$687,000;
- Revenue for the period ending 30 June 2013 totaled \$1.1 million (2012: \$0.9 million).

Naftali Shani, Chairman of Emblaze, commented: "The Company remains in strong cash position. Going forward we will continue to focus on profitability and growth and we look forward to reporting on progress in the near future.

A copy of the Company's interim results for the six months ended 30 June 2013 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

REVIEW

EMOZE Ltd.

Emoze Ltd., a 95 per cent. subsidiary of Emblaze, is a provider of mobile push messaging and push content solutions for handset manufactures, mobile operators and enterprises. EMOZE is constantly evaluating how to adjust and better position its activity and offering in view of market trends and the increasing share of Smartphones in the market.

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 iPads¹.

In October 2012, the Company filed a complaint for patent infringement against Microsoft Corporation ("Microsoft"). The complaint asserts that Microsoft's IIS Smooth Streaming system infringes Emblaze's U.S. patent No. 6,389,473 for media streaming technology².

Legal proceedings in these two cases are ongoing.

Share repurchase program

On 19 March 2013 the Company resumed a share repurchase programme, which was previously approved by the Company's board of directors up to a maximum consideration of US\$2 million.

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 30,587,902 of its shares in Treasury, including shares which have been purchased up until the end of the interim period but registered after June 30, 2013. Following the share repurchase, the number of shares in issue (excluding shares held in Treasury) is now 109,990,252. The total issued share capital of the Company as at June 30, 2013 is 140,578,154.

Trading since the end of June 2013 has shown a similar trend to the preceding 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, in addition to those detailed in the Company's 2012 Annual Report and Accounts, which are incorporated hereto as an integral part of this review:

- 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 the Company's business;

¹ Apple, iPhone and iPod Touch iPad and Snow Leopard are proprietary names of Apple Inc.

² Microsoft, IIS Smooth Streaming and Windows Azure Media Services are proprietary names of Microsoft Corporation.

- Investment efficiency: the Company's growth is dependent on creating a portfolio of quality options and investing in the best options. Ineffective strategy, investment selection and/or subsequent execution could lead to loss of opportunity, loss of value and higher capital expenditure;
- People and capability: the Company relies on recruiting and retaining high-quality employees to execute its strategic plans and to operate its business. In addition, management attention continues to be required in the ongoing management of the intellectual property claims filed by the Company against third parties, as well as responding to matters related to the 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 4 for further information). Key management personnel will need to continue to devote attention to these matters, which may negatively impact on their capability to timely and effectively address other operational matters unrelated to the litigations;
- Shareholders support: the lack of shareholders' support could possibly result in impairment of the board's ability to execute its planned mandate.

The directors monitor 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 establishing 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 unaudited financial results for the six month period ended 30 June 2013 have been prepared in accordance with IFRS. These results 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, except for completeness.
- 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
Chairman

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

	<u>June 30,</u> <u>2013</u> <u>Unaudited</u>	<u>December 31,</u> <u>2012</u> <u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,337	\$ 9,333
Short-term deposits	112,100	122,000
Financial assets at fair value through profit or loss	24,362	13,360
Available for sale financial assets	205	215
Restricted deposits	199	195
Accrued interest receivable	699	966
Prepaid expenses and other receivables	911	1,001
	<u>144,813</u>	<u>147,070</u>
TOTAL current assets		
	<u>144,813</u>	<u>147,070</u>
NON-CURRENT ASSETS:		
Equipment, net	<u>62</u>	<u>67</u>
	<u>\$ 144,875</u>	<u>\$ 147,137</u>
Total assets		
	<u><u>\$ 144,875</u></u>	<u><u>\$ 147,137</u></u>

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

	<u>June 30,</u> <u>2013</u> <u>Unaudited</u>	<u>December 31,</u> <u>2012</u> <u>Audited</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 289	\$ 268
Deferred revenues and accrued expenses	3,463	4,341
Total current liabilities	3,752	4,609
NON-CURRENT LIABILITIES:		
Employee benefit liabilities, net	24	34
EQUITY:		
Share capital	416	416
Share premium	469,931	469,911
Treasury shares	(76,962)	(76,275)
Other capital reserve	122	132
Accumulated deficit	(252,035)	(251,346)
Equity attributable to Company's equity holders	141,472	142,838
Non- controlling interest	(373)	(344)
Total equity	141,099	142,494
Total liabilities and equity	<u>\$ 144,875</u>	<u>\$ 147,137</u>

EMBLAZE LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

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

	Six months ended June 30		Year ended December 31
	2013	2012	2012
	Unaudited		Audited
Revenues	\$ 1,065	\$ 893	\$ 2,149
Cost of sales	272	224	525
Gross profit	793	669	1,624
Operating expenses:			
Research and development	761	820	1,751
Selling and marketing	134	376	800
General and administrative	1,549	1,375	2,620
Total operating expenses	2,444	2,571	5,171
Operating loss	(1,651)	(1,902)	(3,547)
Financial income	883	1,244	2,460
Financial expense	(110)	(26)	(58)
Other income	-	2,002	2,061
Net income (loss) from continuing operations	(878)	1,318	916
Net income (loss) from discontinued operations, net	160	(19)	(30)
Net income (loss)	<u>\$ (718)</u>	<u>\$ 1,299</u>	<u>\$ 886</u>
Other comprehensive income (loss):			
Gain (loss) from available-for-sale financial assets	\$ (10)	\$ (6)	\$ 34
Actuarial loss from defined benefit plans	-	-	(32)
Total other comprehensive income (loss)	<u>\$ (10)</u>	<u>\$ (6)</u>	<u>\$ 2</u>
Total comprehensive income (loss)	<u>\$ (728)</u>	<u>\$ 1,293</u>	<u>\$ 888</u>
Net income (loss) attributable to:			
Equity holders of the Company	\$ (689)	\$ 1,197	\$ 968
Non controlling interests	(29)	102	(82)
	<u>\$ (718)</u>	<u>\$ 1,299</u>	<u>\$ 886</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	\$ (699)	\$ 1,191	\$ 970
Non controlling interests	(29)	102	(82)
Net income (loss)	<u>\$ (728)</u>	<u>\$ 1,293</u>	<u>\$ 888</u>
Basic and diluted net earnings (loss) per share attributable to Company's equity holders (note 5)			
Earnings from continuing operations	\$ (0.01)	\$ 0.01	\$ 0.01
Earnings from discontinued operations	-	-	-
Net earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>

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

	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Available-for- sale reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>	<u>Non- controlling interest</u>	<u>Total equity</u>
Balance as of January 1, 2012	\$ 416	\$ 469,864	\$ (75,555)	\$ 98	\$ (252,282)	\$ 142,541	\$ (266)	\$ 142,275
Net income	-	-	-	-	968	968	(82)	886
Other comprehensive income (loss)	-	-	-	34	(32)	2	-	2
Total comprehensive income (loss)	-	-	-	34	936	970	(82)	888
Cost of share based payment	-	47	-	-	-	47	4	51
Purchase of treasury stock	-	-	(720)	-	-	(720)	-	(720)
Balance as of December 31, 2012	<u>416</u>	<u>469,911</u>	<u>(76,275)</u>	<u>132</u>	<u>(251,346)</u>	<u>142,838</u>	<u>(344)</u>	<u>142,494</u>
Net loss	-	-	-	-	(689)	(689)	(29)	(718)
Other comprehensive loss	-	-	-	(10)	-	(10)	-	(10)
Total comprehensive loss	-	-	-	(10)	(689)	(699)	(29)	(728)
Cost of share based payment	-	20	-	-	-	20	-	20
Purchase of treasury stock	-	-	(687)	-	-	(687)	-	(687)
Balance as of June 30, 2013 (unaudited)	<u>\$ 416</u>	<u>\$ 469,931</u>	<u>\$ (76,962)</u>	<u>\$ 122</u>	<u>\$ (252,035)</u>	<u>\$ 141,472</u>	<u>\$ (373)</u>	<u>\$ 141,099</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2013	2012	2012
	Unaudited		Audited
<u>Cash flows from operating activities:</u>			
Consolidated net income (loss)	\$ (718)	\$ 1,299	\$ 886
Less - gain (loss) from discontinued operations	160	(19)	(30)
Income (loss) from continuing operations	(878)	1,318	916
Adjustments to reconcile income from continuing operations to net cash provided by (used in) operating activities :			
Depreciation	16	15	30
Cost of share-based payment	20	22	51
Change in financial assets at fair value through profit or loss	328	-	(70)
Decrease (increase) in accrued interest from assets at fair value through profit or loss, short term deposits and revaluation of restricted deposits, net	263	(294)	(614)
Interest received-adjustment	(1,411)	(854)	(1,426)
	(784)	(1,111)	(2,029)
Changes in asset and liability items:			
Decrease (increase) in receivables and prepaid expenses	109	(150)	35
Decrease in trade payables, deferred revenues, accrued expenses and other liabilities, net	(580)	(867)	(3,103)
Interest received	1,411	854	1,426
Net cash provided by (used in) operating activities from continuing operations	(722)	44	(2,755)
Net cash provided by (used in) operating activities from discontinued operations	(146)	5	5
Net cash provided by (used in) operating activities	\$ (868)	\$ 49	\$ (2,750)

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2013	2012	2012
	Unaudited		
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment, net	\$ (11)	\$ (17)	\$ (38)
Investment in short-term bank deposits	-	(105,792)	(122,000)
Maturing of short-term bank deposits	9,900	-	-
Purchase of financial assets at fair value through profit or loss	(12,712)	-	(15,133)
Proceeds from sale of financial assets at fair value through profit or loss and available for sale financial assets	1,382	10	1,713
Net cash used in investing activities	(1,441)	(105,799)	(135,458)
<u>Cash flows from financing activities:</u>			
Repurchase of own shares, net	(687)	(215)	(720)
Net cash used in financing activities	(687)	(215)	(720)
Net decrease in cash and cash equivalents	(2,996)	(105,965)	(138,928)
Cash and cash equivalents at the beginning of the period	9,333	148,261	148,261
Cash and cash equivalents at the end of the period	\$ 6,337	\$ 42,296	\$ 9,333

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.

EMOZE Ltd. ("EMOZE"), a provider of Push email and Personal Information Management ("PIM") synchronization to mobile users, is a 95% owned subsidiary of Emblaze.

ELSE Ltd. ("ELSE"), a 99% owned subsidiary of Emblaze, was engaged in the design of advanced mobile devices.

NOTE 2:- BASIS OF PREPERATION

a. Statement of compliance :

The Company changed its financial reporting principles from generally accepted accounting principles in the United States ("U.S. GAAP") to International Financial Reporting Standards ("IFRS"). The Company consolidated financial statements for the year ended 31 December, 2012 were the Company's initial annual financial statements prepared in conformity with IFRS.

This consolidated interim financial statements of 30 June, 2013 and for the six month periods then ended ("interim consolidated financial statements") have been prepared in accordance with IAS 34 - "Interim Financial Reporting". The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December, 2012, which have been prepared in accordance with IFRS as mentioned above.

See Note 6 regarding the impact of the transition from reporting in accordance with U.S. GAAP to reporting in accordance with IFRS on the consolidated statement of comprehensive income for the six months ended 30 June, 2012.

b. Judgments and estimates :

In preparing these interim consolidated financial statements, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by Management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December, 2012.

NOTES TO FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- BASIS OF PREPERATION (Cont.)**

c. Significant accounting policies :

Except as described below, the accounting policies applied in these interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December, 2012. The following changes in accounting policies did not have a material effect on the financial statements.

Changes in accounting policies:

- IAS 19 Employee benefits (2011)
- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 11 Joint Arrangements.
- IFRS 13 Fair Value Measurement.
- Presentation of items of Other Comprehensive Income (Amendments to IAS 1)

NOTE 3:- SUPPLEMENTARY INFORMATION

During the period between January 1, 2013 and June 30, 2013 the Company has purchased 923,898 of its own shares through the market in an amount of \$687, net of related expenses. The Company now holds 30,587,902 of its shares in Treasury, including shares which have been purchased up until the interim period but registered after June 30, 2013. Following the share repurchase, the number of shares in issue (excluding shares held in Treasury) is now 109,990,252. The total issued share capital of the Company as at June 30, 2013 is 140,578,154.

NOTE 4:- LEGAL PROCEEDINGS

1. Emblaze, and some of its directors and officers, were named defendants in a few proceedings in the context of Bankruptcy proceedings brought personally against Mr. Eli Reifman, a former director of the Company. As part of his fiduciary and regulatory obligations, Mr. Reifman was required to timely report to the Company of changes in his shareholding position. Mr. Reifman's reports were duly reflected in the Company's annual and immediate reports, respectively. Several of Mr. Reifman's creditors have filed claims against numerous parties, as well as against the Company and some of its directors and officers, asserting reliance on information provided by the Company with respect to Mr. Reifman's holdings in the Company. Some of the claims were directed at the Company, and some also named part of its directors and officers as defendants, as detailed here below:
 - a. In November 2010, a claim was filed against the Company and its subsidiary, ELSE Ltd., in the Tel Aviv Labor Tribunal, claiming for termination indemnities in respect to an employment cessation of a former employee. The amount of the claim is NIS 2,700,000 (approximately \$ 746 as of June 30, 2013). The claim against the Company was withdrawn in December 2011. In May 2013, the claim against ELSE Ltd. was dismissed by settlement between the parties according to which ELSE Ltd's agreed to make an ex-gratia release of pension funds already accrued to the benefit of the former employee in an amount of approx. NIS 179,000 (approximately \$ 49 as of June 30, 2013).

NOTES TO FINANCIAL STATEMENTS**U.S. dollars in thousands, except share and per share data****NOTE 4:- LEGAL PROCEEDINGS (Cont.)**

- b. In April 2012, two of Mr. Reifman's creditors filed a claim against the attorneys that represented them in their transaction with Mr. Reifman, alleging malpractice, negligence and failure by their attorneys 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 the Company's external legal advisor and auditors, as defendants for "caution reasons". The claim is for a sum of NIS 73,340,642 (approximately \$ 20,271 as of June 30, 2013). The claim was referred by the court to mediation between the various parties.
- c. 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. The claim is for a sum of NIS 86,549,093 (approximately \$ 23,921 as of June 30, 2013). In June 2013 the District Court has accepted in-part the request for dismissal filed by the Company and some of its directors and officers. The District Court dismissed the claim with respect to two of the claimants, thus reducing the total sum of the claim to NIS 81,755,986 (approximately \$ 22,597 as of June 30, 2013). The Company still waits decision of the Supreme Court on its appeal against the permission granted on December 26, 2011 by the Bankruptcy Court in Israel to the trustee to Mr. Reifman's bankruptcy to represent the majority of the Mr. Reifman's creditors in this claim.
- d. In November 2012, two creditors of Mr. Reifman have filed a claim for NIS 30,000,000 against the attorneys involved in their transactions with Mr. Reifman. The said attorneys submitted a third-party notification against numerous parties that were involved in the transaction, as well as against Emblaze and some of its directors and officers, asserting that they are to be indemnified in the event that the claim will be ruled against them. The third party notification is for a sum of NIS 7,600,000 (approximately \$ 2,100 as of June 30, 2013). On December 25, 2012, the said attorneys also filed an application to join the Company as one of the defendants in the claim filed against them.

While the cases described above in sections 1(b), (c) and (d) are still in preliminary stages, the Company's legal advisors are of the opinion that the chances of success of these claims are remote.

- e. At the request of the Administrator for Mr. Reifman's bankruptcy (who was later appointed as the trustee to Mr. Reifman's bankruptcy), the Tel- Aviv District court issued an ex-parte temporary injunction on September 6, 2010, ordering the Company to withhold 27.75% of any dividend the Company may decide to distribute, to be held in trust by the General Administrator and Official Receivers Department of Israel's Ministry of Justice. The Court clarified that any such amount belongs to all Company's shareholders. Following an appeal filed by the Company, the Supreme Court cancelled the injunction on November 29, 2010, and limited the Company's responsibility only to notification obligation in case a decision on dividend distribution is made.
2. The Company and/or its subsidiaries may be involved in various legal disputes within the ordinary course of business. The Company's management is of the opinion that at this point the potential exposure of such disputes is immaterial.

NOTES TO FINANCIAL STATEMENTS**U.S. dollars in thousands, except share and per share data****NOTE 5:- EARNINGS PER SHARE**

	Six months ended June 30		Year ended December 31
	2013	2012	2012
	Unaudited		Audited
Number of shares used for calculation of earnings per share - Basic	111,325,572	111,710,807	111,498,570
Adjustments for share options	34,548	5,516	11,180
Number of shares used for calculation of earnings per share - Diluted	<u>111,360,120</u>	<u>111,716,323</u>	<u>111,509,750</u>
Continuing operations:			
Net income (loss) from continuing operations	<u>\$ (941)</u>	<u>\$ 1,267</u>	<u>\$ 916</u>
Basic and diluted earnings per share to Company's shareholders	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Discontinued operations:			
Net income (loss) from discontinued operations	<u>\$ 160</u>	<u>\$ (19)</u>	<u>\$ (30)</u>
Basic and diluted earnings per share to Company's shareholders	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>

NOTES TO FINANCIAL STATEMENTS**U.S. dollars in thousands, except share and per share data****NOTE 6:- RECONCILIATIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS UNDER US GAAP TO CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS**

- a. Company reconciliation of total comprehensive income for the six months ended June 30, 2012:

	US GAAP	Effect of transition to IFRS and other adjustments	IFRS as at June 30, 2012
Revenues	\$ 893	\$ -	\$ 893
Cost of sales	224	-	224
Gross profit	669	-	669
Operating expenses:			
Research and development	820	-	820
Selling and marketing	376	-	376
General and administrative (2)	1,411	(35)	1,376
Total operating expenses	2,607	(35)	2,572
Operating loss	1,938	(35)	1,903
Financial income (1)	1,234	11	1,245
Financial expense	26	-	26
Other income	2,002	-	2,002
Profit for the year from continuing operations	1,272	45	1,318
Profit from discontinued operations, net	(19)	-	(19)
Profit for the year to Company's shareholders	<u>\$ 1,253</u>	<u>\$ 45</u>	<u>\$ 1,299</u>
Other comprehensive income :			
Loss from available-for-sale financial assets	\$ -	\$ (6)	\$ (6)
Actuarial loss from defined benefit plans	-	-	-
Total comprehensive income for the year to Company's shareholders	<u>\$ 1,253</u>	<u>\$ 39</u>	<u>\$ 1,293</u>

- b. Notes to reconciliations:

1. Accordingly to reclassification of financial assets presented as short-term investments under US GAAP to available-for-sale financial assets under IFRS in accordance with IAS 39, gains and losses from fair value adjustments are recognized to other comprehensive income.
2. Adjustment of post-employment benefits from undiscounted method under US GAAP to an actuarial calculation (projected unit credit method) under IFRS. Under IFRS actuarial gains and losses are included in other comprehensive income in the period in which they arise.