D.B.S. Satellite Services (1998) Ltd.

Condensed Interim Financial Statements as of June 30, 2014

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Review Report to the Shareholders of
D.B.S. Satellite Services (1998) Ltd.

Introduction

We have reviewed the accompanying financial information of D.B.S. Satellite Services (1998) Ltd. (hereinafter- "the Company") comprising of the condensed interim statement of financial position as of June 30, 2014 and the related condensed interim statements of income, comprehensive income, changes in equity and cash flows for the six and threemonth periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and are also responsible for the preparation of financial information for these interim periods in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on interim financial information for these interim periods based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our above conclusion, we draw attention to Note 4 regarding the financial condition of the Company.

Somekh Chaikin
Certified Public Accountants (Isr.)

August 3, 2014

Condensed Interim Statements of Financial Position as of

	June 30, 2014	June 30, 2013	December 31 2013
	(unaudited)	(unaudited)	(audited)
	NIS Thousands	NIS Thousands	NIS Thousands
Assets			
Cash and cash equivalents	**386,477**	-	125,263
Trade receivables	**166,516**	160,813	164,277
Other receivables	**5,231**	4,745	1,615
Total current assets	**558,224**	165,558	291,155
Broadcasting rights - net of exercised rights	**427,293**	396,290	416,598
Property, plant and equipment, net	**783,314**	757,123	775,131
Intangible assets, net	**139,898**	109,327	133,728
Total non-current assets	**1,350,505**	1,262,740	1,325,457
Total assets	**1,908,729**	1,428,298	1,616,612

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Financial Position as of

	June 30, 2014	June 30, 2013	December 31 2013
	(unaudited)	(unaudited)	(audited)
	NIS Thousands	NIS Thousands	NIS Thousands
Liabilities			
Credit from banks	**18,461**	2,469	35,785
Current maturities on debentures	**354,507**	189,534	292,168
Trade payables	**441,794**	406,455	467,929
Other payables	**165,481**	146,007	161,318
Provisions	**8,915**	11,356	12,360
Total current liabilities	**989,158**	755,821	969,560
Debentures and bank loans	**1,586,138**	1,428,455	1,387,616
Loans from shareholders	**3,797,810**	3,310,267	3,571,900
Other long-term liabilities	**22,407**	52,245	24,931
Employee benefits	**5,490**	4,817	5,779
Total non-current liabilities	**5,411,845**	4,795,784	4,990,226
Total liabilities	**6,401,003**	5,551,605	5,959,786
Equity deficit			
Share capital	**29**	29	29
Share premium	**85,557**	85,557	85,557
Options	**48,219**	48,219	48,219
Capital reserves	**1,537,271**	1,537,271	1,537,271
Capital reserve for share-based payments	**10,280**	10,280	10,280
Retained losses	**(6,173,630)**	(5,804,663)	(6,024,530)
Total equity deficit	**(4,492,274)**	(4,123,307)	(4,343,174)
Total liabilities and equity	**1,908,729**	1,428,298	1,616,612

David Efrati
Authorized to sign as Chairman of the Board
(See Note 8)

Ron Eilon
CEO

Micky Neiman
CFO

Financial statements approval date: August 3, 2014

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Income

	For the six months ended		For the three months ended		For the year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)		(unaudited)		(audited)
	NIS Thousands		NIS Thousands		NIS Thousands
Revenues	**851,357**	807,381	**427,633**	403,840	1,635,216
Cost of revenues	**544,005**	518,995	**275,255**	260,881	1,051,618
Gross profit	**307,352**	288,386	**152,378**	142,959	583,598
Sales and marketing expenses	**79,784**	75,348	**40,170**	36,229	153,712
General and administrative expenses	**87,856**	78,025	**45,378**	39,146	162,372
Operating profit	**139,712**	135,013	**66,830**	67,584	267,514
Finance expenses	**73,098**	76,497	**50,770**	44,745	167,677
Finance income	**(10,665)**	(4,844)	**(5,892)**	(2,183)	(6,979)
Finance expenses for shareholder loans, net	**225,910**	224,525	**137,004**	125,678	486,158
Finance expenses, net	**288,343**	296,178	**181,882**	168,240	646,856
Loss before income tax	**(148,631)**	(161,165)	**(115,052)**	(100,656)	(379,342)
Income tax	**469**	474	**283**	282	1,352
Loss for the period	**(149,100)**	(161,639)	**(115,335)**	(100,938)	(380,694)
Basic and diluted loss per share (NIS)	**4,987**	5,407	**3,858**	3,377	12,734

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Comprehensive Income

	For the six months ended		For the three months ended		For the year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)		(unaudited)		(audited)
	NIS Thousands		NIS Thousands		NIS Thousands
Loss for the period	**(149,100)**	(161,639)	**(115,335)**	(100,938)	(380,694)
Items of other comprehensive income that will not be transferred to profit or loss					
Actuarial gains (losses) on a defined benefit plan	**-**	166	**-**	-	(646)
Total other comprehensive income (loss) for the period that will not be transferred to profit or loss	**-**	166	**-**	-	(646)
Total comprehensive loss for the period	**(149,100)**	(161,473)	**(115,335)**	(100,938)	(381,340)

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Changes in Equity Deficit

	Share capital	Share premium	Options	Capital reserve	Capital reserve for share-based payments	Retained losses	Total
	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands
For the six months ended June 30, 2014 (unaudited)							
Balance as of January 1, 2014 (audited)	**29**	**85,557**	**48,219**	**1,537,271**	**10,280**	**(6,024,530)**	**(4,343,174)**
Total comprehensive loss for the period							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(149,100)**	**(149,100)**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(149,100)**	**(149,100)**
Balance as of June 30, 2014 (unaudited)	**29**	**85,557**	**48,219**	**1,537,271**	**10,280**	**(6,173,630)**	**(4,492,274)**
For the six months ended June 30, 2013 (unaudited)							
Balance as of January 1, 2013 (audited)	29	85,557	48,219	1,537,271	10,280	(5,643,190)	(3,961,834)
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(161,639)	(161,639)
Other comprehensive income for the period	-	-	-	-	-	166	166
Total comprehensive loss for the period	-	-	-	-	-	(161,473)	(161,473)
Balance as of June 30, 2013 (unaudited)	29	85,557	48,219	1,537,271	10,280	(5,804,663)	(4,123,307)

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Changes in Equity Deficit (Contd.)

	Share capital	Share premium	Options	Capital reserve	Capital reserve for share-based payments	Retained losses	Total
	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands
For the three months ended June 30, 2014 (unaudited)							
Balance as of April 1, 2014 (unaudited)	**29**	**85,557**	**48,219**	**1,537,271**	**10,280**	**(6,058,295)**	**(4,376,939)**
Total comprehensive loss for the period							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(115,335)**	**(115,335)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(115,335)**	**(115,335)**
Balance as of June 30, 2014 (unaudited)	**29**	**85,557**	**48,219**	**1,537,271**	**10,280**	**(6,173,630)**	**(4,492,274)**
For the three months ended June 30, 2013 (unaudited)							
Balance as of April 1, 2013 (unaudited)	29	85,557	48,219	1,537,271	10,280	(5,703,725)	(4,022,369)
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(100,938)	(100,938)
Other comprehensive loss for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(100,938)	(100,938)
Balance as of June 30, 2013 (unaudited)	29	85,557	48,219	1,537,271	10,280	(5,804,663)	(4,123,307)

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Changes in Equity (Contd.)

	Share capital	Share premium	Options	Capital reserves	Capital reserve for share-based payments	Retained losses	Total
	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands	NIS Thousands
For the year ended December 31, 2013 (audited)							
Balance as of January 1, 2013 (audited)	29	85,557	48,219	1,537,271	10,280	(5,643,190)	(3,961,834)
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(380,694)	(380,694)
Other comprehensive loss for the year	-	-	-	-	-	(646)	(646)
Total comprehensive loss for the year	-	-	-	-	-	(381,340)	(381,340)
Balance as of December 31, 2013 (audited)	29	85,557	48,219	1,537,271	10,280	(6,024,530)	(4,343,174)

The notes to the condensed interim financial statements are an integral part thereof..

Condensed Interim Statements of Cash Flows

	For the six months ended		For the three months ended		For the year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)		(unaudited)		(audited)
	NIS Thousands		NIS Thousands		NIS Thousands
Cash flows from operating activities					
Loss for the period	**(149,100)**	(161,639)	**(115,335)**	(100,938)	(380,694)
Adjustments:					
Depreciation and amortization	**143,560**	126,058	**73,829**	64,105	262,735
Finance expenses, net	**285,809**	293,475	**178,397**	170,232	633,376
Losses (gains) from sale of property, plant and equipment	**334**	724	**(22)**	(76)	320
Income tax expenses	**469**	474	**283**	282	1,352
Change in trade receivables	**(2,239)**	2,230	**(724)**	(1,263)	(1,234)
Change in other receivables	**(3,615)**	(3,071)	**(2)**	(127)	59
Change in broadcasting rights	**(10,696)**	(18,941)	**(6,878)**	(4,839)	(39,249)
Change in trade and other payables	**(45,308)**	(6,200)	**(23,833)**	(16,255)	16,076
Change in employee benefits	**(289)**	(854)	**70**	(638)	(704)
Subtotal	**368,025**	393,895	**221,120**	211,421	872,731
Income taxes paid	**(545)**	(474)	**(273)**	(282)	(1,550)
Net cash from operating activities	**218,380**	231,782	**105,512**	110,201	490,487
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	**115**	117	**48**	82	474
Purchase of property, plant and equipment	**(121,827)**	(144,107)	**(57,210)**	(68,451)	(260,110)
Payments for software and licenses	**(24,002)**	(30,267)	**(10,811)**	(16,277)	(63,638)
Net cash used in investing activities	**(145,714)**	(174,257)	**(67,973)**	(84,646)	(323,274)

The notes to the condensed interim financial statements are an integral part thereof.

Condensed Interim Statements of Cash Flows (Contd.)

	For the six months ended		For the three months ended		For the year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)		(unaudited)		(audited)
	NIS Thousands		NIS Thousands		NIS Thousands
Cash flows from financing activities					
Repayment of debenture principal	**(32,074)**	(31,695)	**(32,074)**	(31,695)	(223,355)
Short-term bank credit and loans, net	**(14,022)**	(66,853)	**4,575**	(59,784)	(33,537)
Payment for finance lease liabilities	**(2,215)**	(741)	**(1,142)**	(741)	(2,766)
Interest paid	**(62,053)**	(57,385)	**(39,758)**	(33,367)	(121,352)
Debenture issues, net	**298,912**	99,149	**298,912**	27,033	339,060
Net cash from (used in) financing activities	**188,548**	(57,525)	**230,513**	(98,554)	(41,950)
Increase in cash and cash equivalents	**261,214**	-	**268,052**	72,999	125,263
Cash and cash equivalents at the beginning of the year	**125,263**	-	**118,425**	(72,999)	-
Cash and cash equivalents at the end of the year	**386,477**	-	**386,477**	-	125,263

The notes to the condensed interim financial statements are an integral part thereof.

NOTE 1 - THE REPORTING ENTITY

D.B.S. Satellite Services (1998) Ltd. ("the Company") was incorporated in Israel in 1998 and has its main offices in 6 HaYozma Street, Kfar Saba.

The Company holds a Ministry of Communications license for satellite television broadcasts ("the License"). The License is valid until January 2017, and may be extended for additional six-year periods, subject to certain conditions. The Company's operations are subject, inter alia, to the Communications (Telecommunications and Broadcasts) Law, 1982 ("the Communications Law") and the regulations and rules enacted thereunder, and to the terms of the License.

Bezeq - The Israel Telecommunication Corporation Ltd. ("Bezeq") holds 49.78% of the Company's issued capital, and options for an additional 8.6% of the Company's issued capital, which Bezeq may exercise subject to Bezeq and the Company meeting the terms of the merger specified by the Antitrust Authority. The Company's remaining shares are held by Eurocom DBS Ltd. Voting rights granted by these shares are held by a trustee, under an irrevocable letter of appointment and authorization, and pursuant to the Antitrust Commissioner's decision stating, inter alia, that he must use the shares as an owner.

On March 26, 2014, Bezeq received the Antitrust Authority's decision, whereby, subject to certain conditions, the restrictions imposed on the Eurocom Group concerning its continued holding of the Company would be repealed, and the merger between the Company and Bezeq will be permitted.

NOTE 2 - BASIS OF PREPARATION

A. Statement of Compliance

The condensed interim financial statements were prepared in accordance with IAS 34 - Interim Financial Reporting, and does not include all the information required to be presented in the full annual financial statements. These condensed statements should be read in conjunction with the financial statements for the year ended December 31, 2013 ("the Annual Statements"). In addition, these statements were prepared in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.
The condensed interim financial statements were approved by the Board of Directors on August 3, 2014.

B. Use of estimates and judgment

In preparing these condensed financial statements according to IFRS, Management is required to exercise judgment and use assessments, estimates, and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. It is clarified that actual results may differ from these estimates.

Management's judgment in applying the Company's accounting policies and the key assumptions used in assessments involving uncertainty, are consistent with those applied in preparing the annual financial statements.

NOTE 3 - PRINCIPAL ACCOUNTING POLICIES

Principal accounting policies were applied in these interim financial statements in a manner that is consistent with their application in the Annual Statements for the year ended December 31, 2013, except for the following:

First-time application of new standards

Starting January 1, 2014, the Company applies IAS 32 - *Financial Instruments: Presentation*, concerning the offsetting of financial assets and liabilities. Application of the amended standard did not materially affect the Company's financial statements.

New standards and interpretations not yet adopted

Integrated amendments to IAS 16 - *Property, Plant and Equipment*, and IAS 38 - *Intangible Assets*, published in May 2014 ("the Amendment").

The Amendment clarifies acceptable methods of depreciation and amortization. Application of the Amendments is mandatory starting with the financial statements for annual periods starting on or after January 1, 2016, on a prospective basis. Early adoption of the Amendment is possible, subject to disclosure requirements. The Company will study the effects of the Standard's adoption on its financial statements.

IFRS 15 - *Revenue From Contracts with Customers*, published in May 2014 ("the Standard").
The Standard supersedes existing guidelines concerning the recognition of revenue, and presents a new model for recognizing revenue from contracts with customers. The model includes a five-step approach to analyzing transactions, in order to determine when revenue is to be recognized, and to what amount. The Standard also establishes new and broader disclosure requirements as compared to current guidelines.
The Standard is to be applied for annual periods starting from January 1, 2017, and earlier adoption is permitted. The Standards includes various alternative transitional provisions, so that companies may choose one of the following alternatives upon first-time application: Full retrospective application; full retrospective application with practical expedients; or application from the date of first-time application, while adjusting the retained earnings balances on that date for uncompleted transactions. The Company is examining the effects of the Standard on its financial statements.

IFRS 9 (2014) - *Financial Instruments*, published in July 2014 ("the Standard").
The Standard supersedes the requirements of IAS 39 concerning the classification and measurement of financial assets and financial liabilities hedge accounting, and the measurement of impairment on financial instruments. The Standard is to be applied to annual periods starting January 1, 2018. Earlier application is permitted subject to certain conditions set forth in the Standard. The Standard will be applied retrospectively, except for certain allowances, as set forth in the Standard's transitional provisions. The Company is examining the effects of the Standard's adoption on its financial statements.

NOTE 4 - THE COMPANY'S FINANCIAL POSITION

A. Since starting its operations, the Company has accumulated considerable losses. The Company's loss in 2013 amounted to NIS 381 million, and its loss in the six months ended June 30, 2014, amounted to NIS 149 million. As a result of these losses, as of June 30, 2014, the Company had an equity deficit and a working capital deficit of NIS 4,492 million and NIS 431 million, respectively.

B. 1. As of June 30, 2014, the Company complied with the financial covenants established under its financing and debenture agreements. As of June 30, 2014, the Company complied with the debt/EBITDA ratio covenant established in Deed of Trust B (the Company's debt/EBITDA ratio as of June 30, 2014, was 2.9). Furthermore, the Company complied with the debt//EBITDA ratio covenant specified by the 2012 Debentures (as of June 30, 2014, the Company's debt/EBITDA ratio was 2.7), and the debt/(E-C) ratio covenant specified by the 2012 Debentures (as of June 30, 2014, the debt/(E-C) ratio was 7.4).

2. For information concerning additional debt raising in the reporting period, see Note 7 below.

3. For information concerning the upgrade of the Company's rating in the reporting period, see Note 7 below.

4. Management estimates that the financing resources available to the Company, which include, inter alia, the working capital deficit and potential capital raising, will be sufficient for the Company's operating needs in the coming year, based on the forecasted cash flows approved by the Company's Board of Directors. Should additional resources be required to meet the Company's operating needs in the coming year, the Company will adjust its operations so as not to require additional resources beyond those currently at its disposal.

NOTE 5 - CONTINGENT LIABILITIES

Legal actions

Various legal actions have been filed or are pending against the Company (in this section: "Legal Actions").

Based, *inter alia*, on the opinion of its legal counsel concerning the chances for success of these Legal Actions, Management believes that adequate provisions have been included in the financial statements, where such provisions are required, to cover the Company's exposure from the said Legal Actions.

As of June 30, 2014, the Company's exposure to Legal Actions brought against the Company on various matters, totalled NIS 429,754,000, of which NIS 270,233,000 were from customer claims whose chances of success cannot be estimated at this time. These amounts and all claimed amounts presented in this Note do not include linkage and interest.

Below are details of material claims pending against the Company as of June 30, 2014, classified into groups with similar characteristics.

A. Employee claims

In the normal course of business, collective and individual Legal Actions have been filed against the Company by its employees and former employees. These claims primarily concern allegations of non-payment of salary components and delay in salary payments. As of June 30, 2014, these claims totaled NIS 84,066,000. Based on the opinion of its legal counsel concerning the chances of success of these claims, Management believes that adequate provisions have been included in the financial statements, to the amount of NIS 1,939,000, where provisions are required to cover the Company's exposure to such claims.

NOTE 5 - CONTINGENT LIABILITIES (CONTD.)

Legal actions (contd.)

B. Customer claims

In the normal course of business, Legal Actions have been filed against the Company by its customers. These are mainly applications for approval as class actions (and subsequent actions) which usually concern claims of unlawful charges and complaints concerning services provided by the Company. As of June 30, 2014, these claims totaled NIS 344,698,000. Based, among other things, on the opinion of its legal counsel concerning the chances of success of these claims, Management believes that adequate provisions have been included in the financial statements, to the amount of NIS 6,334,000, where provisions are required to cover the Company's exposure to such claims.

C. Supplier and communication provider claims

In the normal course of business, various Legal Actions have been brought against the Company by suppliers of goods and/or services to the Company. As of June 30, 2014, these claims totaled NIS 990,000. Based, among other things, on the opinion of its legal counsel concerning the chances of success of these claims, Management believes that adequate provisions have been included in the financial statements, to the amount of NIS 40,000, where provisions are required to cover the Company's exposure to such claims.

NOTE 6 - FINANCIAL INSTRUMENTS

Fair value

A. Fair value vs. carrying amount

The carrying amount of certain financial assets and financial liabilities including cash and cash equivalents, trade receivables, other receivables, deposits, derivatives, bank credit, long- and short-term loans and credit, trade payables, other payables, matches or is near their fair value. The fair value of other financial assets and financial liabilities and their respective carrying amounts presented in the statement of financial position, are as follows:

	June 30, 2014	
	Carrying amount	Fair value
	NIS Thousands	
Debentures, including accrued interest and bank loans	**1,983,789**	**2,186,105**

	June 30, 2013	
	Carrying amount	Fair value
	NIS Thousands	
Debentures, including accrued interest	1,665,410	1,819,972

	December 31, 2013	
	Carrying amount	Fair value
	NIS Thousands	
Debentures, including accrued interest	1,712,923	1,933,242

B. Fair value hierarchy

The fair value of financial instruments measured at fair value is assessed according to the fair value level in the hierarchy.
The various levels are defined as follows:

- Level 1: Quoted (non-adjusted) prices on an active market for identical instruments.
- Level 2: Directly or indirectly observed data, not included in Level 1 as aforesaid.
- Level 3: Data not based on observed market data.

C. Data concerning Level 2 fair value measurement

As of June 30, 2014, the Company has made a number of forward transactions to reduce its exposure to fluctuations in the USD exchange rate. The fair value of these forward transactions was determined by using market-observed data. The net fair value of these forward transactions as of June 30, 2014 (liability) totaled NIS 5.1 million.

NOTE 7 - EVENTS IN THE REPORTING PERIOD

A. On April 1, 2014, S&P Maalot set an -ilA rating for additional debentures to be issued by the Company up to a total par value amount of NIS 250 million. This issue will be effected as a new debenture issue or as an expansion of an existing series.

B. In April 2014, the Company carried out an additional issue of Debentures (Series A), effected as an expansion of the series by a total of NIS 253 million, and an additional issue of Debentures (Series B), effected as an expansion of the series by a total of NIS 47 million. For information concerning the terms of these debentures, see Note 14 to the financial statements for December 31, 2013.

C. On April 30, 2014, S&P Maalot upgraded its rating for the Company and the Company's debentures to ilA (stable), and put this rating on its watch list with a positive outlook.

NOTE 8 - APPOINTMENT OF A CHAIRPERSON FOR THE FINANCIAL STATEMENTS APPROVAL MEETING

On the financial statements approval date, the Company's Board of Directors does not have an incumbent Chairperson. Consequently, on August 3, 2014, the Company's Board of Directors authorized David Efrati, a director in the Company, to chair the Board of Directors meeting in which the financial statements were approved, and to sign the Company's financial statements for June 30, 2014.