



Babylon Reports Second Quarter 2014 Results

The Company's Q2 revenues totaled approximately \$10M;

The net profit totaled approximately \$2.6M

The Company has cash reserves of \$57.7M

The Company will distribute a dividend of \$36.5M

Noam Lanir, Babylon's Chairman:

"We decided to distribute dividend on a large scale. Following a long process of examining the alternatives available to us for the use of the accumulated cash reserves, we believe that the best interest of the shareholders, at this time, is the distribution of dividends over high-risk investments that are disproportionate to the Company. We continue to explore possible investment channels by means of the liquid capital that the Company has at its disposal"

August 6, 2014 – **Babylon**, the international Internet Company, traded on the Tel Aviv Stock Exchange, announced today its financial results for the second quarter of 2014.

The Company's revenues for the second quarter of 2014 amounted to approximately \$10 million, as compared to approximately \$44.9 million in the corresponding quarter last year.

The decline in the Company's revenues was primarily due to the decrease in revenues from Google as a result of the non-renewal of agreement as well as a decrease in revenues from Yahoo, mainly due to a decrease in investment in acquiring new users.

Revenues were positively impacted as a result of the increase in the Company's operation in providing distribution services of software and other products during the reporting period.



Most of the Company's revenues during the reporting period derived from online advertising and marketing, which constituted about 86% of the Company revenues in this quarter. The partnership with Yahoo constitutes about 60% of the Company's total sales.

Operating income in the second quarter of 2014 totaled approximately \$2.9 million, as compared to \$13 million for the corresponding period last year.

Net income in the second quarter totaled approximately \$2.6 million, compared to \$11.3 million for the corresponding period last year.

Cash and cash equivalents of the Company on June 30, 2014 totaled approximately \$57.7 million, as compared to approximately \$45.7 million on December 31, 2013.

The Company's **equity capital** on June 30, 2014 totaled at approximately \$63.6 million compared to \$55.5 on December 31, 2013.

The Company's Board of Directors approved **dividend** distribution of \$36.5 million, in accordance with the Company's dividend distribution policy, whereas the record date is August 19, 2014.

Noam Lanir, Babylon's Chairman "We decided to distribute dividend on a large scale. Following a long process of examining the alternatives available to us for the use of the accumulated cash reserves, we believe that the best interest of the shareholders at this time is the distribution of dividends, over high-risk investments that are disproportionate to the Company. We continue to explore possible investment channels by means of the liquid capital that the Company has at its disposal"

Shanit Pe'er Tsfoni, Babylon's CEO, "During the second quarter of 2014 we focused on implementing operations intended to adjust the size of the Company to the volume and changing nature of activity and the changes in the industry, whilst maintaining profitability. Babylon continues to maintain, preserve and reinforce the existing activities, and at the same time explores other possible collaborations for the Company, in scopes that are consistent with the Company's size. "

Disclaimer – Forward-Looking Statements

This press release contains a number of forward-looking statements. The Company announces that there is no certainty that these will be realized.