



Financial Statements of
Dragontail Systems Ltd.
As of December 31, 2015

September 12, 2016

Dragontail Systems Ltd.
Financial Statements as of
December 31, 2015

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Auditor's Report

To the shareholders of

Dragontail Systems Ltd.

We have audited the accompanying financial statements of **Dragontail Systems Ltd.** ("the Company") which comprise the statement of financial position as of December 31, 2015, 2014 and 2013, and the related statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for each of the years then ended. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance)-1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015, 2014 and 2013, and the result of operations, changes in equity and cash flows for the three years in the period ended December 31, 2015, in conformity with International Financial Reporting Standards (IFRS).

We wish to draw attention to the matter discussed in Note 1d to the financial statements about being a development stage company. The Company's continued operations depend on securing sources of funding to continue operations and development success.

Ramat- Gan, September 12, 2016

Vardi Brukner Ingber Rozenzvieg
Certified Public Accountants (Israel)

Statements of Financial Position

		As of December 31		
		2015	2014	2013
Note		USD		
<u>Current Assets</u>				
		451	15,358	38,917
		1,563	3,834	-
	4	7,373	23,891	1,240
		<u>9,387</u>	<u>43,083</u>	<u>40,157</u>
<u>Non Current Assets</u>				
		6,082	6,102	-
	5	20,881	12,890	3,591
		<u>26,963</u>	<u>18,992</u>	<u>3,591</u>
		<u>36,350</u>	<u>62,075</u>	<u>43,748</u>
<u>Current Liabilities</u>				
		37,216	-	-
	6	18,223	30,543	4,948
	7	68,969	114,106	15,336
	8	402,336	-	-
		<u>526,744</u>	<u>144,649</u>	<u>20,284</u>
<u>Non Current Liabilities</u>				
	8	-	394,636	45,027
<u>Commitments and Contingent Liabilities</u>				
	9	-	-	-
<u>Shareholders' Equity</u>				
	10	(490,394)	(477,210)	(21,563)
		<u>36,350</u>	<u>62,075</u>	<u>43,748</u>

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

September 12, 2016

Date of approval

Ido Levanon-
CEO

Sarol Ben Yacov-
Director

**Statements of Profit or Loss
and Other Comprehensive Income**

	Note	Year ended		Period of 2 months ended
		December 31		December 31
		2015	2014	2013
		USD		
Revenues		108,874	63,643	-
Research and development expenses	12	644,247	589,337	13,711
Selling and marketing expenses	13	123,057	51,237	5,257
General and administrative expenses	14	68,121	56,370	5,430
<u>Operating loss</u>		726,551	633,301	24,398
Net finance income (expenses)	15	(14,745)	381	7
<u>Loss before taxes on income</u>		741,296	632,920	24,391
Taxes on income	11	-	-	-
<u>Loss for the period</u>		741,296	632,920	24,391
<u>Total comprehensive loss for the period</u>		741,296	632,920	24,391
<u>Basic loss per share</u>	20	(1.57)	(3.48)	(1.75)
<u>Diluted loss per share</u>	20	(1.57)	(3.48)	(1.75)

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

Statements of Changes in Equity

	Share Capital	Share Premium	Proceeds on Account of Shares	Accumulated Losses	Total
	USD				
<u>Balance as of November 1, 2013</u>	-	-	-	-	-
Issue of share capital	2,828	-	-	-	2,828
Total comprehensive loss for the period	-	-	-	(24,391)	(24,391)
<u>Balance as of December 31, 2013</u>	2,828	-	-	(24,391)	(21,563)
Issue of share capital	9,188	168,085	-	-	177,273
Total comprehensive loss for the period	-	-	-	(632,920)	(632,920)
<u>Balance as of December 31, 2014</u>	12,016	168,085	-	(657,311)	(477,210)
Issue of share capital	1,462	661,799	-	-	663,261
Proceeds on account of shares	-	-	64,851	-	64,851
Total comprehensive loss for the period	-	-	-	(741,296)	(741,296)
<u>Balance as of December 31, 2015</u>	13,478	829,884	64,851	(1,398,607)	(490,394)

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

Statements of Cash Flows

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
<u>Cash flows from operating activities:</u>			
Loss for the period	(741,296)	(632,920)	(24,391)
Adjustments to reconcile loss to net cash used in operating activities			
<u>Adjustments to profit or loss items:</u>			
Depreciation	5,578	2,211	21
Finance expenses (income), net	14,717	5,883	(316)
	<u>20,295</u>	<u>8,094</u>	<u>(295)</u>
<u>Changes in items of assets and liabilities:</u>			
Decrease (Increase) in trade receivables	2,271	(3,834)	-
Decrease (Increase) in other receivables	15,799	(21,964)	(1,240)
Increase (Decrease) in trade payables	(12,320)	25,595	4,948
Increase in other payables	6,290	47,343	18,164
Interest paid	(5,682)	(1,948)	(5)
Income tax return (paid)	718	(687)	-
	<u>7,076</u>	<u>44,505</u>	<u>21,867</u>
	<u>27,371</u>	<u>52,599</u>	<u>21,572</u>
Net cash flows used in operating activities	<u>(713,925)</u>	<u>(580,321)</u>	<u>(2,819)</u>

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

Statements of Cash Flows

Dragontail Systems Ltd.

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
Cash flows from operating activities	(713,925)	(580,321)	(2,819)
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(13,569)	(11,510)	(3,612)
Net cash used in investing activities	(13,569)	(11,510)	(3,612)
<u>Cash flows from financing activities:</u>			
Issue of share capital	663,261	170,851	-
Proceeds on account of shares	64,851	-	-
Receipt of short-term credit from banks	37,216	-	-
Long-term loans from shareholders and others, net	-	343,925	45,027
Short-term loan from shareholders	(50,840)	50,840	-
Net cash provided by financing activities	714,488	565,616	45,027
Exchange differences on balances of cash and cash equivalents	(1,901)	2,656	321
Decrease/Increase in cash and cash equivalents	(14,907)	(23,559)	38,917
Cash and cash equivalents at the beginning of the year	15,358	38,917	-
Cash and cash equivalents at the end of the year	451	15,358	38,917

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

Notes to Financial Statements

Note 1 - General

- a. Dragontail Systems Ltd. (hereinafter - "the Company"), was incorporated in Israel on November 10, 2013, and commenced operations shortly thereafter.
- b. The Company's principal activities are research and development of software for customers in the field of QSR (quick service restaurant).
- c. Definitions in these financial statements:

The Company	-	Dragontail Systems Ltd.
Related parties	-	As defined in IAS 24.
USD	-	United States Dollar.
- d. The financial statements of the Company have been prepared assuming the Company will continue as a going concern. The Company has incurred substantial losses since its inception and has financed its operations to date through loans from its principal shareholders. The Company incurred a net loss of approximately \$741 thousand in 2015 and had an accumulated losses of approximately \$1,399 thousand as of December 31, 2015. Accordingly, the Company will require additional funds to meet planned obligations over the next twelve months. Management is reviewing and assessing certain options to remedy this situation, including securing new financing in the form of an equity issuance or otherwise from new investors. Continuance of the company as a going concern is dependent upon, among other things, the Company's ability to obtain adequate long-term financing.

After the balance sheet date, the Company raised funds from existing shareholders and from new investors.

Note 2 - Significant Accounting Policies

The following accounting policies have been consistently in the financial statements for all periods presented, unless otherwise stated:

a. Basis of presentation of the financial statements

The financial report has been prepared on an accruals based on historical costs.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

Note 2 - Significant Accounting Policies (Cont.)**Adoption of International Financial Reporting Standards**

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - "IFRS"). These financial statements are the first annual financial statements of the Company in accordance with IFRS. The Company first adopted IFRS in 2015 and therefore the date of transition to IFRS is November 1, 2013. Prior to the adoption of IFRS, the Company prepared its financial statements under generally accepted accounting principles in Israel (hereinafter - "the previous standards"). See Note 16 to the financial statements regarding the adjustments between the previous standards according to which the company reported to reporting under IFRS.

Functional currency, presentation currency and foreign currency**1. Functional currency, presentation currency**

The financial report is presented in United States Dollars, which is the company's functional currency.

2. Transactions, assets and liabilities in foreign currency

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Note 2 - Significant Accounting Policies (Cont.)

b. Use of estimates for the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of reported contingent assets and liabilities in the financial statements and the amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

c. Cash and cash equivalents

The Company considers all highly liquid investments, including unrestricted short-term bank deposits purchased with original maturities of three months or less, to be cash equivalents.

d. Fixed Assets

Fixed assets are presented at cost plus the direct costs of the purchase and less accumulated depreciation.

Depreciation is calculated by the straight-line method at annual rates considered to be sufficient to depreciate the assets over their estimated period of use, at the following annual rates:

	%
Computers	33
Furniture	6-15
Leasehold improvements	10

Note 2 - Significant Accounting Policies (Cont.)**e. Intangible assets****Research and development expenditures**

Research costs are recognized as an expense in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized only when all the following criteria are met:

- If the Company can demonstrate It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The Company intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the intangible asset; and
- the ability to measure reliably the respective expenditure asset during its development.

The asset is measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over its useful life. Testing of impairment is performed annually over the period of the development project.

As of December 31, 2015, the Company's management estimates that the aggregate conditions for capitalizing development costs to intangible asset were not met.

Patents

The Company began the registration of two patents.

Note 2 - Significant Accounting Policies (Cont.)

f. Impairment of non-financial assets

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

g. Employee benefit liabilities

Short-term employee benefits

Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

Note 2 - Significant Accounting Policies (Cont.)

Post-employment benefits

The Company has defined contribution plans pursuant to section 14 to the Severance Pay Law in Israel under which the Company pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed concurrently with performance of the employee's services.

h. Financial instruments

1. Financial assets

Financial assets within the scope of IAS 39 are initially recognized at fair value plus directly attributable transaction costs, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

After initial recognition, the accounting treatment of financial assets is based on their classification as follows:

Loans and receivables

Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans are measured based on their terms at amortized cost plus directly attributable transaction costs using the effective interest method and less any impairment losses. Short-term borrowings are measured based on their terms, normally at face value.

Note 2 - Significant Accounting Policies (Cont.)**2. Financial liabilities**

Financial liabilities are initially recognized at fair value. Loans and other liabilities measured at amortized cost are presented less direct transaction costs.

After initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

Financial liabilities at amortized cost

loans and other liabilities are measured based on their terms at amortized cost less directly attributable transaction costs using the effective interest method.

Derecognition of financial instruments**1. Financial assets**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company transfers its rights to receive cash flows from an asset and neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

Note 2 - Significant Accounting Policies (Cont.)**2. Financial liabilities**

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor (the Company) discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

When an existing financial liability is exchanged with another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amounts of the above liabilities is recognized in profit or loss. If the exchange or modification is not substantial, it is accounted for as a change in the terms of the original liability and no gain or loss is recognized on the exchange. When evaluating whether the change in the terms of an existing liability is substantial, the Company takes into account both quantitative and qualitative considerations.

i. Taxes on income

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

Current taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

Note 2 - Significant Accounting Policies (Cont.)**Deferred taxes**

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

j. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, excluding sales taxes, rebates and discounts.

The Company provides a SAAS (software as a service) in the QSR (quick service restaurant) field of activity for Management & Delivery Operations solutions. The Company recognizes revenue when persuasive evidence of arrangement exists, service has been or is being provided to the customer, collection of fees is reasonably assured, and the fees to be paid by the customer are fixed or determinable.

The Company offers monthly subscription fees as its services.

In addition, the Company also recognizes revenues from installation and training of the software after the installation and/or training is complete.

Unbilled revenue at the year ended is recognized in the Statements of Financial Position as accrued income and included within trade receivables.

Note 2 - Significant Accounting Policies (Cont.)

k. Provisions

A provision in accordance with IAS 37 is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

l. Earnings (loss) per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

m. Operating segments

Operating Segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to Financial Statements

Note 2 - Significant Accounting Policies (Cont.)

n. Balances in foreign currency or linked to it are included as follows:

- Financial balances are included at the representative rate of exchange on the balance sheets date.
- The following are data on the rates of the New Israeli Shekel (NIS):

	As of December 31		
	2015	2014	2013
Rate of exchange of the 1NIS - in USD	0.25627	0.25713	0.2881

Note 3 - Disclosure of new standards in the period prior to their adoption

IFRS 9, "Financial Instruments"

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39.

The Company is evaluating the possible impact of IFRS 9 but is presently unable to assess its effect, if any, on the financial statements.

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15 ("IFRS 15").

IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", IFRIC 13, "Customer Loyalty Programs", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue - Barter Transactions Involving Advertising Services".

The IFRS 15 introduces a five-step model that will apply to revenue earned from contracts with customers:

1. Identify the contract with a customer, including reference to contract combination and accounting for contract modifications.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.
4. Allocate the transaction price to the separate performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or using estimates and assessments.
5. Recognize revenue when the entity satisfies a performance obligation over time or at a point in time.

Note 3 - Disclosure of new standards in the period prior to their adoption (Cont.)

IFRS 15 is to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted. IFRS 15 allows an entity to choose to apply a modified retrospective approach, according to which IFRS 15 will only be applied in the current period presented to existing contracts at the date of initial application. No restatement of the comparative periods will be required as long as the disclosures regarding prior periods required by IFRS 15 are included.

The Company is evaluating the possible impact of IFRS 15 but is presently unable to assess its effect, if any, on the financial statements.

Amendments to IAS 16 and IAS 38 regarding acceptable methods of depreciation and amortization

In May 2014, the IASB issued amendments to IAS 16 and IAS 38 ("the amendments") regarding the use of a depreciation and amortization method based on revenue. According to the amendments, a revenue-based method to calculate the depreciation of an asset is not appropriate because revenue generally reflects factors other than the consumption of the economic benefits embodied in the asset.

As for intangible assets, the revenue-based amortization method can only be applied in certain circumstances such as when it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

The amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Note 3 - Disclosure of new standards in the period prior to their adoption (Cont.)

Amendments to IAS 7, "Statement of Cash Flows", regarding additional disclosures of financial liabilities:

In January 2016, the IASB issued amendments to IAS 7, "Statement of Cash Flows", ("the amendments") which require additional disclosures regarding financial liabilities. The amendments require disclosure of the changes between the opening balance and the closing balance of financial liabilities, including changes from cash flows, changes arising from obtaining or losing control of subsidiaries, the effect of changes in foreign exchange rates and changes in fair value.

The amendments are effective for annual periods beginning on or after January 1, 2017. Comparative information for periods prior to the effective date of the amendments is not required. Early application is permitted.

The Company will include the necessary disclosures in the financial statements when applicable.

Note 4 - Other receivables

	As of December 31		
	2015	2014	2013
	USD		
Prepaid expenses	3,396	17,765	-
Institutions (IRS)	-	687	-
Institutions (VAT)	3,977	5,439	1,240
	<u>7,373</u>	<u>23,891</u>	<u>1,240</u>

Note 5 - Property and Equipment, net

	<u>Computers</u>	<u>Furniture</u>	<u>Leasehold improvements</u>	<u>Total</u>
	USD			
<u>Cost</u>				
Balance as of January 1, 2015	10,834	2,861	1,427	15,122
Additions	10,929	2,640	-	13,569
Disposals	-	-	-	-
Balance as of December 31, 2015	<u>21,763</u>	<u>5,501</u>	<u>1,427</u>	<u>28,691</u>
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2015	1,819	264	149	2,232
Additions	5,132	303	143	5,578
Disposals	-	-	-	-
Balance as of December 31, 2015	<u>6,951</u>	<u>567</u>	<u>292</u>	<u>7,810</u>
<u>Property and Equipment, net as of December 31, 2015</u>	<u>14,812</u>	<u>4,934</u>	<u>1,135</u>	<u>20,881</u>
<u>Property and Equipment, net as of December 31, 2014</u>	<u>9,017</u>	<u>2,596</u>	<u>1,277</u>	<u>12,890</u>
<u>Property and Equipment, net as of December 31, 2013</u>	<u>-</u>	<u>2,171</u>	<u>1,420</u>	<u>3,591</u>

Note 6 - Trade payables

	As of December 31		
	2015	2014	2013
	USD		
Account payables	13,039	1,978	-
Posted checks	5,184	28,565	4,948
	<u>18,223</u>	<u>30,543</u>	<u>4,948</u>

Note 7 - Other payables

	As of December 31		
	2015	2014	2013
	USD		
Employees	14,472	21,449	13,674
Employees related institutions	18,754	17,681	1,662
Provision for vacation	30,509	14,117	-
Shareholders	-	51,427	-
Accrued expenses	5,234	9,432	-
	<u>68,969</u>	<u>114,106</u>	<u>15,336</u>

Note 8 - Long-term Convertible Loans from shareholders and others

On March 1, 2014 the Company signed a convertible loan agreement ("Loan A") in the amount of \$301,002. On July 14, 2014 the Company signed another convertible loan agreement ("Loan B") in the amount of \$87,951. The maturity date of Loan A and Loan B ("The Loans") is two years.

The loans bear interest at a rate of 2%, and include a conversion option as follows:

1. Automatic conversion at the end of two years in accordance with certain terms of an equity investment.
2. Optional conversion before the end of two years, subject to conditions which the main condition is the value of the company.
3. Conversion upon sale of the company.

See also note 17.

Note 9 - Commitments and Contingent Liabilities

Agreements

In December 2014 the Company entered into an exclusive agreement with a foreign company ("the customer"), by the end of 2017. Based on the agreement the Company must meet several milestones and accordance with the milestones will get paid and will continue the exclusivity period accordingly.

In 2015, the customer did not meet with its undertaking milestones, therefore the agreement is no longer valid.

Leases

The Company leases office space under operating leases that expires June 2016. Total rent expense under the operating leases was \$ 35,316 and \$ 29,205 for the years ended December 31, 2014 and 2015, respectively.

As of December 31, 2015, future minimum operating lease commitments are as follows:

	<u>Lease commitments</u>
2016	<u>\$12,880</u>
Total minimum lease payments	<u><u>\$12,880</u></u>

Note 10 - Share Capital

a. composition:

		<u>As of December 31</u>	
		<u>2015</u>	<u>2014</u>
	<u>Authorized</u>	<u>Issued and outstanding</u>	
Ordinary shares of NIS 0.10 per value	<u>1,000,000</u>	<u>497,724</u>	<u>440,609</u>

- b. The ordinary shares give their holders the right to vote and participate in shareholders' meetings, the right to receive profits and the right to participate in surplus assets on the Company's liquidation. Some of the shareholders have surplus rights. According to the Company shareholders regulations, shareholders with a holding of 5% or more in the Company's issued and paid-up share capital, and one more investor are defined as a Qualified Holder and have preemptive rights. In addition, some of the shareholders (three) have specific rights under their investment agreements, the main ones being veto rights regarding remuneration, Tag Along and Preemptive Rights.

Note 11 - Taxes on income

1. On 30 October 2011, the government of Israel approved in accordance with the conclusions of the Trachtenberg Committee, changes in layout from 2012 onwards, where by the tax rate will be 25%, instead of the previous situation and reduced the corporate tax rate to 18%.
2. Within the framework of the act for alteration of national priorities in 2013 it was decided that the corporate tax rate from January 2014 will be 26.5%.
3. On January 4, 2016, the Israeli Parliament's Plenum approved by a second and third reading the Bill for Amending the Income Tax Ordinance (No. 217) (Reduction of Corporate Tax Rate), 2015, which consists of the reduction of the corporate tax rate from 26.5% to 25%. The Company estimates that there is no effect of the change in tax rates on the balances as of December 31, 2015.
4. **Tax assessments:**
The Company has not yet been issued final tax assessment since the day of its incorporation.
5. **Carryforward losses for tax purposes and other temporary differences:**
Deferred tax assets relating to carryforward operating losses of USD 741,404 and to other temporary differences of USD 607,198 were not recognized because their utilization in the foreseeable future is not probable.

Note 12 - Research and development expenses

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
Payroll and related expenses	425,484	348,380	4,240
Subcontractors	101,633	127,779	2,898
Travel abroad	42,201	29,510	2,065
Professional services	-	7,798	1,521
Electricity and Maintenance	11,247	9,317	1,871
Rent	29,205	35,318	-
Taxes and fees	1,367	6,399	-
Insurance	17,099	14,101	-
Communication and postage	4,640	4,125	-
Office expenses	2,568	2,136	429
Depreciation	5,578	2,211	21
Others	3,225	2,263	666
	<u>644,247</u>	<u>589,337</u>	<u>13,711</u>

Note 13 - Selling and marketing expenses

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
Payroll and related expenses	38,503	39,782	5,257
Subcontractors	84,554	11,455	-
	<u>123,057</u>	<u>51,237</u>	<u>5,257</u>

Note 14 - General and administrative expenses

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
Payroll and related expenses	38,502	39,781	5,257
Professional services	29,328	16,253	-
Others	291	336	173
	<u>68,121</u>	<u>56,370</u>	<u>5,430</u>

Note 15 - Net finance income (expenses)

	Year ended		Period of 2 months ended
	December 31		December 31
	2015	2014	2013
	USD		
Bank fees	(5,295)	(510)	(5)
Bank interest	(374)	(1,151)	-
Exchange rate differences	(1,376)	8,013	12
Interest on long term loans	(7,700)	(5,684)	-
Others	-	(287)	-
	<u>(14,745)</u>	<u>381</u>	<u>7</u>

Note 16 - Adjustment between reporting according to Israeli GAAP to reporting according to IFRS

As described in Note 2a these financial statements are the first annual financial statements of the Company in accordance with IFRS. The Company first adopted IFRS in 2015 and therefore the date of transition to IFRS is November 1st, 2013.

Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Israeli GAAP. The first annual financial statements in accordance with IFRS will be December 31, 2013 and for the period then ended.

Accordingly, the Company presents the adjustments specified, between reporting according to Israeli GAAP reporting according to IFRS as of November 1, 2013 (transition date to IFRS). IFRS 1 concerning the adoption of IFRS for the first time establishes, in principle, that the adoption of IFRS opening balance sheet at the date of transition to reporting according to IFRS will be made retrospectively.

We note that in this case, since the transition date to IFRS is the day of establishment of the company, restatement of pre-transition period is irrelevant.

Prior to the adoption of the IFRS the functional currency of the Company was new Israeli shekel (NIS).

The functional currency is the currency that best reflects the economic environment in which the Company operates and is used to measure its financial condition and results of operations. Accordingly, with the transition to IFRS, the Company evaluated the functional currency in accordance with International Accounting Standard 21 (IAS 21 - The Effects of Changes in Foreign Exchange Rates). The Company's management determined that the Company's functional currency should be the US Dollar, as the Company believes that financial statements in US Dollar provides more relevant information to investors and users of the financial statements.

The effect of a change in functional currency was treated as mentioned above, retrospectively.

Note 17 - Significant events after the reported period

- a. After the balance sheet date, the Company adopted a strategy of restructure, so that after the implementation, the company will be owned by a new Australian company ("Parent Company").
The purpose of the restructure is to register the Parent Company in the Australian Stock Exchange ("IPO").
- b. In March 2016, the Company adopted an option plan for the legal advisors. The options are exercisable at no cost for a period of ten years. The options reflect 2% of the total equity as of the grant date.
- c. In April 2016, convertible loans from shareholders and others (see Note 8) were converted into equity. The shareholders and others waived their right to receive interest at a rate of 2% on the above-mentioned loans.
- d. In April 2016, 40,926 ordinary shares of 0.01 NIS par value each were issued for a total amount of approximately \$421 thousand.
- e. In August 2016, 68,884 ordinary shares of 0.01 NIS par value each were issued for a total amount of approximately 1.5 million AUD (approximately \$1.1 million).
- f. Starting August 2016, the Company started the registration process of a patent for "Method and system for managing preparation and delivery of goods" and five trademarks.
- g. Subject the occurrence of the Parent Company's IPO, on September 2016, the Company and the legal advisors have agreed in principle to cancel the option in exchange for cash payments to be paid to the legal advisors in installments following the IPO, in an aggregate amount of US\$240,000.

Note 18 - Financial instruments, Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risks, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other commodity price risk, such as share price risk and commodity risk. Financial instruments affected by market risk include, among others, loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

Foreign Currency Risk

the Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. The Company does not make use of derivative financial instruments to hedge foreign exchange risk.

The carrying amounts of the Company's currency denominated monetary assets and liabilities at the reporting date are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>USD</u>		<u>USD</u>	
New Israeli Shekel	<u>15,468</u>	<u>124,408</u>	<u>49,185</u>	<u>144,649</u>

Note 18 - Financial instruments, Risk management objectives and policies (Cont.)

A strengthening or weakening of 10% of the United States Dollar against the New Israeli Shekel would have effect on loss after tax and equity as outlined below. the analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2015</u>		<u>2014</u>	
	<u>+10%</u>	<u>-10%</u>	<u>+10%</u>	<u>-10%</u>
New Israeli Shekel	<u>(12,104)</u>	<u>9,904</u>	<u>(10,607)</u>	<u>8,679</u>

Interest Rate Risk

The Company is not exposed to interest rate risks.

Commodity Price Risk

The Company is not exposed to commodity price risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection customers balances. The Company's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Company holds cash with major financial institutions in Israel.

The carrying amount of financial assets represents the maximum credit exposure. the maximum exposure to credit risk at the reporting date was:

	<u>2015</u>	<u>2014</u>
	<u>USD</u>	
Cash and cash equivalents	451	15,358
Trade receivables	1,563	3,834
Other receivables	7,373	23,891
	<u>9,387</u>	<u>43,083</u>

Note 18 - Financial instruments, Risk management objectives and policies (Cont.)**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

Maturity profile

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

December 31, 2015:

	<u>Less than one year</u>	<u>More than one year</u> USD	<u>Total</u>
Short-term credit from banks	37,216	-	37,216
Trade payables	18,223	-	18,223
Other payables	68,969	-	68,969
Short-term Loans from shareholders and others (a)	402,336	-	402,336
	<u>526,744</u>	<u>-</u>	<u>526,744</u>

December 31, 2014:

	<u>Less than one year</u>	<u>More than one year</u> USD	<u>Total</u>
Trade payables	30,543	-	30,543
Other payables	114,106	-	114,106
Long-term Loans from shareholders and others (a)	-	394,636	394,636
	<u>144,649</u>	<u>394,636</u>	<u>539,285</u>

(a) See note 8 and note 17.

Note 18 - Financial instruments. Risk management objectives and policies (Cont.)

Capital Risk Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the Company's management the board monitors the need to raise additional equity from equity markets.

Note 19 - Related parties

Disclosures relating to outstanding balances between the Company and Key management personnel or other related parties is detailed below.

The following balances were outstanding at the end of the reporting period:

As of December 31 2015

	<u>Key management personnel</u>	<u>Other related parties</u>
	USD	
Trade payables	5,703	1,034
Liabilities for employee benefits, net	18,772	-
Short-term Convertible Loans from shareholders and others (a)	103,761	298,574

(a) See note 8 and note 17.

As of December 31 2014

	<u>Key management personnel</u>	<u>Other related parties</u>
	USD	
Trade payables	-	3,734
Liabilities for employee benefits, net	16,556	-
Shareholders (a)	51,427	-
Long-term Convertible Loans from shareholders and others (b)	101,828	292,809

(a) See note 7.

(b) See note 8 and note 17.

Notes to Financial Statements

Note 19 - Related parties (Cont.)

Disclosures relating to transactions between the Company and Key management personnel or other related parties is detailed below.

The following trading transactions were entered During the year:

For the year ended December 31 2015

	<u>Key management personnel</u>	<u>Other related parties</u>
	<u>USD</u>	
Revenues	-	37,617
Payroll and related expenses - R&D	211,683	-
Payroll and related expenses - S&M	11,770	-
Payroll and related expenses - G&A	11,770	-
Total payroll and related expenses	235,223	-
Subcontractors - R&D	14,155	-

For the year ended December 31 2014

	<u>Key management personnel</u>	<u>Other related parties</u>
	<u>USD</u>	
Revenues	-	63,643
Payroll and related expenses - R&D	220,286	-
Payroll and related expenses - S&M	12,678	-
Payroll and related expenses - G&A	12,678	-
Total payroll and related expenses	245,642	-

Note 20 - Loss per share**Basic loss per share:**

The loss and weighted number of ordinary shares used in the calculation of basic loss per share are as follows:

	December 31		
	2015	2014	2013
	USD		
Loss used in the calculation of basic earnings per share	741,296	632,920	24,391
	Year ended December 31		
	2015	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	471,980	181,808	13,973

Diluted loss per share:

The loss and weighted number of ordinary shares used in the calculation of diluted loss per share are as follows:

	Year ended December 31		
	2015	2014	2013
	USD		
Loss used in the calculation of diluted earnings per share	741,296	632,920	24,391
	Year ended December 31		
	2015	2014	2013
Weighted average number of ordinary shares for the purposes of diluted earnings per share	471,980	181,808	13,973

Notes to Financial Statements

Note 21 - Segment information

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Company is organized into operating segments based on the services of the business units. The company recognizes activities of software for customers in the field of QSR (quick service restaurant) as the only reporting segment.

Capital expenditures consist of additions to property and equipment.

Geographic information

Revenues reported in the financial statements derive from the Company's country of domicile (Israel) and foreign countries based on the location of the customers, are as follows:

	Year ended December 31,	
	<u>2015</u>	<u>2014</u>
	USD	
Israel	37,616	63,643
Europe	71,257	-
Total	<u>108,873</u>	<u>63,643</u>

The carrying amounts of non-current assets (property and equipment and Other receivables) in the Company's country of domicile (Israel) and in foreign countries based on the location of the assets, are as follows:

	Year ended December 31,	
	<u>2015</u>	<u>2014</u>
	USD	
Israel	26,963	18,992
Europe	-	-
Total	<u>26,963</u>	<u>18,992</u>

Note 21 - Segment information (Cont.)Other segment information

The following is an analysis of the company's other information from continuing operations be reportable segment.

For the year ended December 31 2015

	<u>Israel</u>	<u>Total</u>
	USD	
Depreciation and Amortization	<u>5,578</u>	<u>5,578</u>
Capital expenditures	<u>13,569</u>	<u>13,569</u>

For the year ended December 31 2014

	<u>Israel</u>	<u>Total</u>
	USD	
Depreciation and Amortization	<u>2,211</u>	<u>2,211</u>
Capital expenditures	<u>11,510</u>	<u>11,510</u>

Revenues from major customers which each account for 10% or more of total revenues as reported in the financial statements:

	<u>2015</u>	<u>2014</u>
	USD	
Customer A	<u>37,617</u>	<u>63,643</u>
Customer B	<u>71,254</u>	<u>-</u>