

ULTRA-CHARGE LTD.

**CONSOLIDATED FINANCIAL REPORTS
AS OF JUNE 30, 2016**

ULTRA-CHARGE LTD.

CONSOLIDATED FINANCIAL REPORTS AS OF JUNE 30, 2016

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The amounts are stated in U.S dollars

SPECIAL PURPOSE REPORT OF INDEPENDENT AUDITORS**To the Shareholders of**
Ultra-Charge Ltd.

At your request, we have audited the accompanying consolidated balance sheets of Ultra-Charge Ltd. (the "Company") as of June 30, 2016 and December 31, 2015, and the related consolidated reports of comprehensive income, changes in shareholders' equity and cash flows for the six months period ended June 30, 2016 and for the period from December 9, 2015 (inception) to December 31, 2015. These financial reports are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial Reports based on our audits.

We conducted our audits in accordance with international standard of auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial Reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial Reports. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial Reports presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial reports referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2016 and December 31, 2015, and the results of its operations, changes in shareholders' equity and cash flows for the six months period ended June 30, 2016 and for the period from December 9, 2015 (inception) to December 31, 2015, in conformity with International Financial Reporting Standards (IFRS).

Tel-Aviv, Israel
August 1, 2016


Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm



Tel Aviv
+972-3-6386868

Jerusalem
+972-2-6546200

Haifa
+972-4-8680600

Beer Sheva
+972-77-7784100

Bene Berak
+972-73-7145300

Kiryat Shmona
+972-77-5054906

Petach Tikva
+972-77-7784180

Modiin Ilit
+972-8-9744111

Head Office Amot Bituach House 48 Derech Menachem Begin Rd. Tel Aviv 6618001 **Email** bdo@bdo.co.il **Our Site** www.bdo.co.il

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ULTRA-CHARGE LTD.
CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>\$ in thousands</u>	<u>\$ in thousands</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	278	63
Other accounts receivable	<u>20</u>	<u>-</u>
Total current assets	<u>298</u>	<u>63</u>
NON-CURRENT ASSETS:		
Intangible asset	3,686	-
Restricted deposit	<u>13</u>	<u>-</u>
Total non-current assets	<u>3,699</u>	<u>-</u>
TOTAL ASSETS	<u><u>3,997</u></u>	<u><u>63</u></u>

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

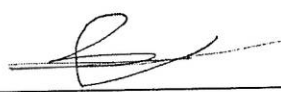
ULTRA-CHARGE LTD.
CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	<u>June 30, 2016</u> \$ in thousands	<u>December 31, 2015</u> \$ in thousands
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accrued expenses		245	25
Total current liabilities		<u>245</u>	<u>25</u>
EQUITY:			
	3		
Share capital		4	*
Additional paid in capital		3,039	-
Prepayment on account of shares		-	63
Transactions with owners reserve		1,074	-
Capital reserve		687	-
Accumulated deficit		<u>(1,052)</u>	<u>(25)</u>
Total equity		<u>3,752</u>	<u>38</u>
TOTAL LIABILITIES AND EQUITY		<u>3,997</u>	<u>63</u>

* Less than \$1 thousand.

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

August 1, 2016
Date of approval of the
financial reports


Yori Nehushtan
Chairman of the Board


Kobi Ben-Shabat
CEO

ULTRA-CHARGE LTD.

CONSOLIDATED REPORTS OF COMPREHENSIVE INCOME

		For six month period ended June 30, 2016	Period from December 9, 2015 (inception) to December 31, 2015
	Note	\$ in thousands	\$ in thousands
Operating expenses:			
Research and development expenses	5	357	-
General and administrative expenses		674	25
Operating loss		1,031	25
Finance income		4	-
Total comprehensive loss for the period		1,027	25

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

ULTRA-CHARGE LTD.

CONSOLIDATED REPORTS OF CHANGES IN SHAREHOLDERS' EQUITY

	\$ in thousands (except ordinary shares number)							
	Ordinary shares		Transactions with owners reserve	Capital reserve	Prepayment on account of shares	Additional paid in capital	Accumulated deficit	Total equity
	Number	Amount						
Balance at December 9, 2015 (Inception)	-	-	-	-	-	-	-	-
Changes during the period from December 9, 2015 to December 31, 2015:								
Issuance of shares	1,000	*	-	-	-	-	-	*
Prepayment on account of shares	-	-	-	-	63	-	-	63
Total comprehensive loss	-	-	-	-	-	-	(25)	(25)
Balance as of December 31, 2015	1,000	*	-	-	63	-	(25)	38
Changes during the six month ended June 30, 2016:								
Share split	99,000	-	-	-	-	-	-	-
Bonus shares	380,000	1	-	-	-	(1)	-	-
Issuance of shares	399,667	2	-	-	(63)	584	-	523
Issuance of shares to NTU	50,000	*	-	-	-	225	-	225
Share based compensation	-	-	-	687	-	-	-	687
Issuance of shares and options upon acquisition including transactions with owners	486,900	1	1,074	-	-	2,231	-	3,306
Total comprehensive loss	-	-	-	-	-	-	(1,027)	(1,027)
Balance as of June 30, 2016	1,416,567	4	1,074	687	-	3,039	(1,052)	3,752

* Less than \$1 thousand.

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

ULTRA-CHARGE LTD.

REPORTS OF CASH FLOWS

	For six month period ended June 30, 2016	Period from December 9, 2015 to December 31, 2015
	\$ in thousands	\$ in thousands
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,027)	(25)
Adjustments to reconcile net loss to net cash Used in operating activities:		
Increase in other accounts receivable	(20)	-
Share based compensation	687	-
Increase in accrued expenses	198	25
Net cash used in operating activities	(162)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted deposit	(13)	-
Acquisition of intangible asset	(133)	-
Net cash used in investing activities	(146)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Prepayment on account of shares	-	63
Issuance of shares	523	-
Net cash provided by financing activities	523	63
Increase in cash and cash equivalents	215	63
Cash and cash equivalents at beginning of the period	63	-
Cash and cash equivalents at the end of the period	278	63
APPENDIX A - NON-CASH MATERIAL ACTIVITIES:		
Issuance of shares and options upon acquisition	2,232	-
Transaction with owner upon acquisition	1,074	-

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

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS (\$ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS:

A. Overview:

Ultra Charge Ltd. (the "Company") was incorporated in December 9, 2015 as an Israeli corporation named Voltape Ltd. In May 2016, the Company changed its name to Ultra-Charge Ltd. The Company collaborates with Nanyang Technological University (NTU) in Singapore in order to develop and commercialize a new innovative lithium-ion battery (LIB) technology that aims to revolutionize the rechargeable battery markets. LIB's are commonly used in devices such as smart phones, tablets, digital cameras, laptops, medical devices and power tools.

B. Acquisition of Quick Charge Pte. Ltd.:

1. In June 2016, the Company completed the purchase of 100% of the issued and outstanding ordinary shares of Quick Charge Pte. Ltd. (the "Acquired Company"). The Acquired Company owned an exclusive license to use and sell an innovative licensed technology from NTU, being the only asset or activity.

The acquisition was made in two transactions: 70% of the shares were purchased from Blue Sphere Co., a Singapore based company, and 30% of the shares were purchased from Professor Xiadong Chen (the "Professor"). The acquisition considerations were:

1. A total cash amount of \$125. As of June 30, 2016, the Company paid \$102.
 2. The Company issued 486,900 ordinary shares of NIS 0.01 par value and 8,922 options with NIS 0.01 exercise price per share, fully vested. The value of the shares and options issued was determined by a third party appraisal and amounted to \$2,232.
 3. Upon the future merger (see also Note 1.C), the Professor's ordinary shares of the Company shall be converted into a fixed amount of ordinary shares of Lithex Resources Limited ("LTX"), an Australian public company. In the event that the aggregate market value of those shares does not equal to at least AUD 2.25 million, the Company's owners will compensate the Professor with an additional amount of shares of LTX that would be equal to the necessary value. The option's value was determined by a third party appraisal and amounted to \$1,074.
2. At the same time, the Acquired Company entered into:
 - i. A license agreement (the "License Agreement") with NTU, to purchase an exclusive license to develop, manufacture, import, export, use, market and sell the invention and licensed technology from NTU, in consideration of:
 - A. 5% of the shares of the Acquired Company.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS
(\$ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

B. Acquisition of Quick Charge Pte. Ltd. (Cont.):

2. (Cont.):

i. (Cont.):

B. S\$40 thousand (Singapore dollars, approximately \$30) paid 15 days after signing the agreement.

C. S\$50 thousand (approximately \$40) to be paid upon the finalization of the prototype of the first license product.

D. S\$50 thousand (approximately \$40) to be paid upon the first commercial sale of the first licensed product.

The Acquired Company will have the right to grant sub-licenses of the licensed technology subject to the license conditions. In addition, in future sales the Acquired Company must pay the university royalty payments at a rate of 3.5% of patented licenses products net sales, and 2.25% of other licensed products net sales. The Acquired Company's obligation for royalty payments will terminate upon the later of:

A. The last licensed patent expiration.

B. 15 years from the date of the first commercial sale of licensed product.

In addition, The Acquired Company will pay 15% of all sub-license receipts to NTU. The Acquired Company agreed to make reasonable efforts to make the first commercial sale of licensed product within two and a half years following the license agreement's date (the "Milestone"). If the Acquired Company does not reach the Milestone, NTU will have the right to convert the license granted from exclusive to non-exclusive. The Acquired Company may terminate the License Agreement at any time by giving a written notice to NTU.

- ii. A research project agreement with NTU (the "Research Project Agreement"), in which it was decided on a collaboration that will further develop some of the licensed technology. The agreement states that the Acquired Company will fund the project and will pay NTU a total of S\$1,500 thousand (approximately \$1,185) over the period of two years, which is the life span of the agreement. The accrued payments for the Research Project Agreement are charged to research and development expenses.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS **(\$ in thousands)**

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

C. Merger Agreement:

On May 11, 2016, the Company signed a reverse merger agreement (the "Merger Agreement") with LTX, according to which the Company will merge with a wholly owned subsidiary of LTX that will be incorporated in Israel, following which the Company will be the continuing corporation and shall be a wholly owned subsidiary of LTX. In return, the Company's shareholders shall be eligible to receive shares of LTX. The Merger Agreement has a contingent condition by which LTX should raise a valid non-revocable capital of at least the minimum amount of capital required by ASX to meet the re-compliance requirements of Chapter 1 and 2 of the ASX Listing Rules at an issue price to be agreed between LTX and the Company.

Following the License Agreement, the Company issued to NTU 50,000 ordinary shares of the Company in lieu of the Acquired Company obligation to issue NTU 5% of its ordinary shares. The shares' value determined by a third party appraisal and amounted to \$225. NTU shall have no further claim against both companies. Upon the Merger with LTX's subsidiary, the issued shares shall be converted into LTX shares without the need for any further action on the part of the parties subject to any further adjustments of the number of ordinary shares of LTX to be issued. Following this issue of shares, the Company, the Acquired Company and NTU signed a novation agreement (the "Novation Agreement") according to which the Acquired Company transfers the License Agreement to the Company.

Following the Novation Agreement and the acquisition agreement mentioned above, the Company signed an agreement to transfer all of the non-active Acquired Company's ordinary shares (the "Shares") to a third party which received additionally to the Shares, a total amount of \$63 within the acquisition. The Shares was transferred in July, 2016.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed in the preparation of the financial statement, on a consistent basis, are:

Basis of preparation

The principal accounting policies adopted in the preparation of the financial reports are set out below. These financial reports have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial reports have been prepared under the historical cost convention. The Company has elected to present the reports of comprehensive income using the function of expense method.

NOTES TO CONSOLIDATED FINANCIAL REPORTS
(\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Estimates and assumptions

The preparation of the financial reports requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

Foreign currency

The financial statement are prepared in US Dollars (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 ("The Effects of Changes in Foreign Exchange Rates").

Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the balance sheet date;
- Income and expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related balance sheet items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.

Cash and cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS (\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Fair value measurement (Cont.):

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of financial instruments by fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy that is determined based on the source of input used in measuring fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques that uses inputs that are not based on observable market data).

Research and development costs:

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

Financial assets

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Cash: This asset is carried out based on quoted prices.

Other accounts receivables: receivables are investments with fixed or determinable payments that are not quoted in an active market and they are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, other accounts receivables are measured based on their terms at amortized cost plus directly attributable transaction costs using the effective interest method and less any impairment losses.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS (\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Financial Liabilities

The Company financial liabilities are mostly trade payables and other short-term monetary liabilities, which are initially recognized at Fair value and subsequently measured at amortized cost using the effective interest rate method.

Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured on initial recognition at fair value at the acquisition date.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. As of June 30, 2016 the Company has recorded intangible asset amounted to \$3,686. The intangible asset considered to be with indefinite useful life.

Deferred tax

Deferred taxes are computed in respect of temporary differences between the carrying amounts of assets and liabilities in the financial reports and the amounts attributable for tax purposes. Deferred taxes are recognized in other comprehensive income or directly in equity if the tax relates to those items.

Deferred taxes are measured at the tax rates that are expected to apply in the period when the temporary differences are reversed in profit or loss, other comprehensive income or equity, based on tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or directly in equity.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. In addition, temporary differences (such as carryforward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability is probable. Any resulting reduction or reversal is recognized on "income tax" within the statement of comprehensive income. Taxes that would apply in the event of the disposal of

NOTES TO CONSOLIDATED FINANCIAL REPORTS
(\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Deferred tax (Cont.):

investments in investees have not been taken into account, as long as the disposal of such investments is not expected in the foreseeable future and the Company has control over such disposal. In addition, deferred taxes that would apply in the event of distribution of dividends have not been taken into account, since the distribution of dividends does not involve an additional tax liability, and if so, the Company's policy is not to initiate distribution of dividends that triggers an additional tax liability. All deferred tax assets and liabilities are presented in the statement of financial position as non-current items, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the grant date is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

New IFRSs 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.

According to IFRS 9, all financial assets are measured at fair value upon initial recognition. In subsequent periods, debt instruments are measured at amortized cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS
(\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New IFRSs in the period prior to their adoption (Cont.):

IFRS 9 Financial Instruments (Cont.):

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. IFRS 9 establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income.

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income (loss), in accordance with the election by the Company on an instrument-by-instrument basis. If equity instruments are held for trading, they should be measured at fair value through profit or loss.

According to IFRS 9, the provisions of IAS 39 will continue to apply to de-recognition and to financial liabilities for which the fair value option has not been elected.

According to IFRS 9, changes in fair value s of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss. IFRS 9 also prescribes new hedge accounting requirements.

IFRS 9 is to be applied for annual periods beginning on January 1, 2018. Early adoption is permitted.

The Company is evaluating the possible impact of IFRS 9 but does not anticipate having a material impact on the consolidated financial reports.

NOTE 3 - EQUITY:

The ordinary shares confer upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends, if and when declared.

	Number of shares as of June 30, 2016	
	Authorized	Issued and outstanding
Ordinary shares of NIS 0.01 par value	1,000,000,000	1,416,567
	Number of shares as of December 31, 2015	
	Authorized	Issued and outstanding
Ordinary shares of NIS 1 par value	100,000	1,000

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS (\$ in thousands)

NOTE 3 - EQUITY (CONT.):

- A. In March 2016, the Company's shareholders approved the increase of the number of shares authorized from 100,000 to 1,000,000.
- B. In April 2016, the Company's shareholders approved the increase of the number of shares authorized from 1,000,000 to 10,000,000.
- C. In June 2016, the Company's shareholders approved a share split of the Company's shares, such that the par value of each ordinary share shall change from NIS 1 to NIS 0.01 and the Company's authorized share shall change to 1,000,000,000 ordinary shares of par value NIS 0.01, of which 100,000 ordinary shares of par value NIS 0.01 are issued and outstanding.
- D. In June 2016, the Company's board of directors approved an issuance of shares to all shareholders of the Company at a rate of 3.8:1 for each issued and outstanding ordinary share held by each shareholder in consideration of and subject to payment of par value of such shares to the Company. Meaning that after the change, the issued and outstanding shares consist of 480,000 ordinary shares par value NIS 0.01.
- E. Between April to June 2016, the Company issued 399,667 ordinary shares of NIS 0.01 par value to different investors and consultants in consideration of a total amount of \$586. As of December 31, 2015, the Company received \$63 as prepayment on account of shares.
- F. Upon the acquisition, the Company issued 100,000 ordinary shares of NIS 0.01 par value to the Professor and 386,900 ordinary shares of NIS 0.01 par value to different consultants in consideration of 30% of the Acquired Company shares. See also Note 1.B.
- G. The Company issued to NTU 50,000 ordinary shares of NIS 0.01 par value of the Company in lieu of the Acquired Company obligation to issue NTU 5% of its ordinary shares. See also Note 1.C.

Share option plan:

On May 24, 2016, the Company established a share option plan pursuant to Section 102(b) of the Ordinance. The number of option that was agreed upon under this plan was 162,000. On June 26, 2016 (the "Effective Date"), the Company granted 153,142 options which represents approximately 10% of the Company's common stock for the Effective Date with NIS 0.01 exercise price per share. The options were fully vested. The Company measures and recognizes stock based compensation expense with respect to share options based on estimated fair values on the grant date based on the underlying stock of the grant date. The options are subject to certain adjustments such as share split, recapitalization or similar change in the Company's capital structure. For the Six month period ended June 30, 2016, the Company recorded \$687 as share based compensation expenses.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS
(\$ in thousands)

NOTE 4 - COMMITMENTS, LIENS AND CONTINGENT LIABILITIES:

The Company placed a lien on the bank deposit to secure a guarantee for credit card. The bank deposit balance represents the amount deposited as restricted cash as long as the guarantee is pending.

NOTE 5 - RESEARCH AND DEVELOPMENT EXPENSES:

	For six month period ended June 30, 2016	Period from December 9 (inception) to December 31, 2015
Research services	218	-
Stock based compensation	135	-
Consulting fee	4	-
Total	<u>357</u>	<u>-</u>

NOTE 6 - TAXES ON INCOME:

A. Tax Rate Applicable to Income in Israel:

The tax rates that apply to the Company are as follows: in 2016 – 25% and in 2015 - 26.5%.

On January 5, 2016, the Israeli government published a law to amend the Income Tax Ordinance (No. 216) - 2016. According to the new law, there will be a decrease of corporation tax by 1.5% from 2016 onwards. Hence, there will be a decrease in the tax rate from 26.5% to 25%.

The Company has not yet received final tax assessments since inception.

B. Net operating losses carry forwards:

As of June 30, 2016 and December 31, 2015, the Company has estimated carry forward tax losses of approximately \$1,052 and \$ 25, respectively, which may be carried forward and offset against taxable income for an indefinite period in the future. The Company did not recognized deferred tax relating to carry forward losses in the financial reports because their utilization in the foreseeable future is not probable.

ULTRA-CHARGE LTD.

NOTES TO CONSOLIDATED FINANCIAL REPORTS **(\$ in thousands)**

NOTE 7 - RELATED PARTIES TRANSACTION:

- A.** Effective March 1, 2016, the Company signed a consulting agreement with the Company's CEO and shareholder. According to the agreement, the Company will pay consulting fee of \$12.5 on a monthly basis. The monthly fee will be updated up to \$20 immediately after the future merger. In addition, the Company's CEO shall be entitled to receive a various success fees, subjected to future capital raising and professional milestones.
- B.** The Company signed a consulting agreement with its shareholder, effective January 2, 2016, for consulting services related to the business. According to the agreement the Company will pay consultant fee of \$5-\$10 on a monthly basis, subjected to future capital raising.
- C.** The Company signed a consulting agreement with a related party, for the period between January 1, 2016 to December 31, 2017, for consulting services related to the marketing of the Company and technologies derived from. According to the agreement the Company paid consultant fee of \$2 on a monthly basis.
- D.** On June 26, 2016, the Company granted 39,900 options with no exercise price to the Company's CEO and shareholder. The options were fully vested. The total value of the options on grant date was \$178 (See also Note 3).

NOTE 8 - SUBSEQUENTS EVENTS:

In July 2016, the Company signed an agreement for \$600 issuance of ordinary shares. Under the Agreement, the Company will issue to the investors 133,333 ordinary shares at a purchase price of \$ 4.5 per share.