

28 February 2017

The Company Announcements Office
ASX Limited
Via E Lodgment

Highlights

- Dragontail's Algo System gaining strong traction across QSR industry with a number of new installations since listing
- Expands product range with the launch of the world's first quality control camera and sensor system for the pizza industry
- Dragontail is in final stages of signing a number of new customers, which will set the Company up for a strong year in 2017
- Cash balance of USD 4,175,428 as at 31 December 2016; with cash being reinvested in the business as it continues to expand product offering and geographic reach.
- Dragontail confident of further growth in its customer pipeline and strengthening of its geographic reach in FY2017.

Dragontail Systems Limited (ASX: DTS, the "Company") is pleased to release its inaugural results for the full-year ended 31 December 2016.

Financial overview

Dragontail finished the financial year with a cash balance of USD 4,175,428 following its Initial Public Offering (IPO) in December. This puts the Company in a strong financial position and gives Dragontail sufficient resources to meet its next set of growth targets as the Company expands the reach of the Algo System to new markets and segments and rolls out its quality control camera system to new and existing customers.

Operating overview

Dragontail has made strong progress since its official listing on the ASX in December 2016. This period has seen Dragontail management busy executing on the Company's growth strategy and expanding the use of the Algo System across a number of markets. In December the Company announced an agreement with AT&T¹, one of the world's largest information Technologies and Telecommunication groups, to provide connectivity for the Algo System across AT&T's highly reliable mobile network.

The deal with AT&T is proving to be an important selling point for the Company in signing up new customers as a key aspect of the Algo System is the connectivity and speed of the driver's unit which utilises mobile data to ensure that the delivery process is as fast as possible.

The Company also expanded its product range in December with the launch of the world's first

¹ AT&T products and services are provided or offered by subsidiaries and affiliates of AT&T Inc, under the AT&T brand and not by AT&T Inc.

quality control camera product for the pizza restaurant industry. The Camera, known as the Camera Cut Station Unit (CCSU) is the first in the world to monitor key elements in the kitchen during the preparation and cooking process to improve the quality and consistency of pizzas and other meals that the restaurant is producing.

The camera is generating strong interest across the QSR industry and the Company expects to be able to announce first installations of the camera into a restaurant in the near term.

Subsequent events

Post the reporting period, Dragontail continues to make significant progress on the development and commercialisation of the Algo System and has signed up a number of key partners and customers. A summary of these partnerships and agreements is outlined below:

Revel Systems

Dragontail signed a partnership in January with leading Point of Sale (POS) platform provider Revel Systems to integrate the Algo System with Revel's cloud-based iPad POS System. The agreement means that customers using the Revel POS solution will be able to easily implement Dragontail's Algo System into their restaurant operations – providing one seamless integrated system that will handle the process from order through to payment and deliveries.

Revel is a US-based Company with an extensive customer base including Cinnabon, part of FOCUS Brands Inc. and Popeye's Chicken a quick-service chicken restaurant with more than 2,000 locations worldwide.

Revel's POS solution was also selected as the Indy 500 POS vendor of choice, an event that attracts more than 250,000 patrons per year.

The partnership also includes a mutual referral agreement whereby Revel will market Dragontail's system to its client base and vice versa with the Companies receiving a fee for each successful referral.

Howazit

Dragontail has also signed an integration agreement with Howazit, a provider of end-to-end customer communications technology, to integrate the Algo System with the Howazit platform.

Under the agreement, the Algo System and Howazit platform will be integrated to provide additional applications and capabilities for users of the Algo. This integration provides customers with an immediate feedback option which can be received by each participant in the food preparation process.

This not only allows for a direct channel of communication from the customer to the restaurant but it also allows the restaurant to respond to the feedback by automatically adjusting the optimisation settings of the Algo that are the most important to the customers, improving the overall experience.

Outlook

Dragontail has made a strong start to FY2017 following its listing on the ASX in FY16 and expects this momentum to continue with new customers likely to be added in the near term as the Algo System gains further traction off the back of the agreements that have already been signed.

The Company is also expecting sales of the CCSU to ramp up across a number of markets following strong interest from major QSR restaurants. The launch of the Algo in the first Australian store is expected in the first quarter of FY2017.

"We are confident that the success achieved since listing on the ASX has put us into a very strong position for a big year in FY2017," said Dragontail Systems Managing Director, Ido Levanon.

"We are receiving increasing interest from new and potential customers that have identified the benefits that the Algo System can bring to their businesses in optimising their kitchen and delivery operations. In addition, we continue to expand our offering with new products such as the CCSU and the Smart Orders Aggregator, which cements our position as the technology leader in the QSR industry."

End.

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About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) industry with its Algo System, which uses a sophisticated patented algorithm to optimise and manage the entire food preparation process from order to delivery. The Algo is the first system in the world to fully automate and streamline the kitchen flow to deliver immediate and significant returns on investment to fast food and quick service restaurants. The Algo is setting a new standard for the global industry with a number of chains, such as Pizza Hut in North America and Israel, and a large Israeli burger chain already using the system.

Dragontail Systems Limited and its Controlled Entities
ACN 614 800 136

Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Results for announcement to market	Up / Down	% Change	2016 \$	2015 \$
Revenue from ordinary activities	Up	10%	119,875	108,874
Loss after tax from ordinary activities attributable to members	Down	259%	(2,662,169)	(741,296)
Loss attributable to members	Down	259%	(2,662,169)	(741,296)

Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Net Tangible Asset Backing per Ordinary Share	cents
Net tangible asset backing per ordinary share – current reporting period	2.26
Net tangible asset backing per ordinary share – previous reporting period	(0.50)

Commentary on the Results for the Period

Continuation of Business

On 12 December 2016, Dragontail System Limited (“DTS Australia”) acquired 100% of the issued capital of Dragontail Systems Limited (Company no. 514981232) (“DTS Israel”) in exchange for 130,000,000 ordinary shares.

For accounting purposes, DTS Israel has been identified as the accounting acquirer of the consolidated group. The accompanying consolidated financial statements represent a continuation of DTS Israel’s financial statements. The consolidated results reflect a full year of DTS Israel plus DTS Australia from the date of incorporation, 14 September 2016 to 31 December 2016. The comparative period results reflect DTS Israel only.

The loss for the year is attributable to increased costs in relation to the acquisition that occurred during the year.

Audit

This Preliminary Final Report is based on the Annual Financial Report which is in the process of being audited.



Ido Levanon

Managing Director

Dated at Israel this 28th day of February 2017

Principal activities

On 12 December 2016, Dragontail System Limited (“DTS Australia”) acquired 100% of the issued capital of Dragontail Systems Limited (Company no. 514981232) (“DTS Israel”) in exchange for 130,000,000 ordinary shares.

For accounting purposes, DTS Israel has been identified as the accounting acquirer of the consolidated group. The accompanying consolidated financial statements represent a continuation of DTS Israel’s financial statements. The consolidated results reflect a full year of DTS Israel plus DTS Australia from the date of incorporation, 14 September 2016 to 31 December 2016. The comparative period results reflect DTS Israel only.

The Group’s principal activities are research and development of software for customers in the field of QSR (quick service restaurants).

Operating results and financial position

The total loss for the year period ended 31 December 2016 was \$2,749,082 compared with a net loss of \$741,296 for the previous December 2015 period. The loss for the year is attributable to increased costs in relation to the acquisition that occurred during the year.

Review of operations and changes in state of affairs

Subsidiaries, Acquisition and Listing on the Australian Stock Exchange

In June 2016, DTS Israel established two fully owned subsidiaries, registered in USA and in Canada.

On 12 December 2016, Dragontail System Limited (“DTS Australia”) had successfully acquired 100% of the issued capital of Dragontail Systems Limited (Company no. 514981232) (“DTS Israel”), following its successful raising of \$6 million.

In accordance with the Company’s Prospectus dated 28 September 2016 and Supplementary Prospectus dated 28 October 2016, the following securities were issued:

- Public Offer – 30,000,000 fully paid ordinary shares issued at \$0.20 per share;
- Vendor Offer – 130,000,000 fully paid ordinary shares issued to the Vendors of DTS Israel;
- Facilitation Offer – 6,000,000 fully paid ordinary shares issued to Trident Capital Pty Ltd (and its nominees);
- Convertible Notes – 7,500,000 fully paid ordinary shares issued on conversion of the Convertible Notes issued by the Company;
- Performance Shares – 25,000,000 Performance shares to Ido Levanon, Yehuda Shamai and Guy Brandwin; and
- Incentive Options – 1,500,000 Incentive Options to Paul Steele.

In addition, DTS Australia listed on the ASX on 21 December 2016 under the new ASX Code “DTS”.

Other Operations of DTS Israel

During the year ended 31 December 2016, DTS Israel launched its unique quality control sensor and camera system for pizza and other QSR restaurants following a successful pilot and field trial. The sensor and camera system, known as the Camera Cut Station Unit (CCSU), is the first in the world to monitor key elements in the kitchen during the preparation and cooking process to improve the quality and consistency of pizzas and other meals that the restaurant is producing.

This period has seen Dragontail management busy executing on the Company’s growth strategy and expanding the use of the Algo System across a number of markets. In December, the Company announced an agreement with AT&T¹, one of the world’s largest Information Technologies and Telecommunication groups, to provide connectivity for the Algo System across AT&T’s highly reliable mobile network.

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Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December	
		2016	2015
		USD	
Revenues		119,875	108,874
Expenses			
Research and development expenses	11	(884,459)	(644,247)
Selling and marketing expenses	12	(435,595)	(123,057)
General and administrative expenses	13	(1,426,048)	(68,121)
Share based payment	8, 9	(118,240)	-
Total operating expenses		(2,864,342)	(835,425)
<u>Operating loss</u>		(2,744,467)	(726,551)
Net finance expenses		(4,615)	(14,745)
<u>Loss before taxes on income</u>		(2,749,082)	(741,296)
Taxes on income		-	-
<u>Loss for the year</u>		(2,749,082)	(741,296)
Other comprehensive income (loss):			
<i>Amount that will not be reclassified subsequently to profit or loss:</i>			
Adjustments arising from translating financial statements from functional currency to presentation		(86,913)	-
Total comprehensive loss for the period		(2,662,169)	(741,296)
Loss per share (diluted and undiluted)	10	(2.69) cents	(0.85) cents

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

Dragontail Systems Limited and its Controlled Entities
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Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Consolidated Statement of Financial Position

		As at 31 December	
		2016	2015
	Note	USD	
<u>Current Assets</u>			
Cash and cash equivalents	2	4,175,428	451
Trade receivables		20,367	1,563
Other receivables		97,428	7,373
Total Current Assets		4,293,223	9,387
<u>Non Current Assets</u>			
Other receivables		6,172	6,082
Property, Plant and Equipment	3	35,735	20,881
Total Non-Current Assets		41,907	26,963
Total Assets		4,335,130	36,350
<u>Current Liabilities</u>			
Short-term credit from banks		(24,739)	(37,216)
Trade payables	4	(185,321)	(18,223)
Other payables	5	(196,289)	(68,969)
Short-term Convertible Loans from shareholders and others	6	-	(402,336)
Total Current Liabilities		(406,349)	(526,744)
Net Assets/(Liabilities)		3,928,781	(490,394)
<u>Equity</u>			
Issued capital	7	7,875,123	908,213
Reserves	8	201,347	-
Retained earnings		(4,147,689)	(1,398,607)
Total Equity		3,928,781	(490,394)

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

Dragontail Systems Limited and its Controlled Entities
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Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Consolidated Statement of Changes in Equity

	Share Capital	Foreign currency translation reserve	Share based payments reserve	Accumulated Losses	Total
	USD	USD	USD	USD	USD
<u>Balance as at 1 January 2015</u>	180,101	-	-	(657,311)	(477,210)
Comprehensive income					
Loss for the year	-	-	-	(741,296)	(741,296)
Total comprehensive loss for the year	-	-	-	(741,296)	(741,296)
Transactions with owners, in their capacity as owners, and other transfers					
Issue of share capital	663,261	-	-	-	663,261
Proceeds on account of shares	64,851	-	-	-	64,851
Transactions with owners and other transfers	728,112	-	-	-	728,112
<u>Balance as at 31 December 2015</u>	908,213	-	-	(1,398,607)	(490,394)
Comprehensive income					
Loss for the year	-	86,913	-	(2,749,082)	(2,662,169)
Total comprehensive loss for the year	-	86,913	-	(2,749,082)	(2,662,169)
Transactions with owners, in their capacity as owners, and other transfers					
Issue of share capital	7,235,472	-	-	-	1,432,810
Conversion of convertible loans	402,336	-	-	-	402,336
Share issue costs	(670,898)	-	-	-	(670,898)
Options issued	-	-	118,240	-	118,240
Foreign exchange movements	-	(3,806)	-	-	(3,806)
Transactions with owners and other transfers	6,966,910	(3,806)	-	-	-
<u>Balance as at 30 December 2016</u>	7,875,123	83,107	118,240	(4,147,689)	3,928,781

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

Dragontail Systems Limited and its Controlled Entities
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Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2016	2015
	USD	
<u>Cash flows from operating activities</u>		
Receipts from customers	79,920	113,294
Payments to suppliers and employees	(1,564,789)	(821,537)
Interest paid	(9,833)	(5,682)
Interest received	226	-
Net cash used in operating activities	(1,494,475)	(713,925)
<u>Cash flows from investing activities:</u>		
Payments for property, plant and equipment	(26,312)	(13,569)
Net cash used in investing activities	(26,312)	(13,569)
<u>Cash flows from financing activities:</u>		
Proceeds from issue of share capital	5,751,070	663,261
Proceeds from convertible loan	620,750	-
Share issue costs	(670,898)	-
Proceeds on account of shares	-	64,851
Receipt (Repayment) of short-term credit from banks	(12,477)	37,216
Short-term loan from shareholders	-	(50,840)
Net cash provided by financing activities	5,688,445	714,488
Exchange differences on balances of cash and cash equivalents	7,319	(1,901)
Decrease/Increase in cash and cash equivalents	4,174,977	(14,907)
Cash and cash equivalents at the beginning of the year	451	15,358
Cash and cash equivalents at the end of the year	4,175,428	451

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors make a number of estimates and assumptions in preparing general purpose financial statements. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods if relevant.

The following key judgement and estimate was made in preparing these financial statements:

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all the subsidiaries that DTS Australia has the power to control the Group when it is exposed to, or has rights to, variable returns from its involvement with the Group and has the ability to affect those returns through its power to direct the activities of the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group. The Group has been restructured as part of an IPO process with DTS Australia being incorporated on 14 September 2016. During the period, DTS Australia acquired DTS Israel and its subsidiaries. The transaction represents a common control transaction and has been accounted for as a continuation of DTS Israel.

The consolidated results reflect a full year of DTS Israel plus DTS Australia from the date of incorporation and the comparative period results reflect DTS Israel only.

Share based payment expenses

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs.

The fair value of performance shares is measured valued at the date of issue. The model uses assumption and estimates as input.

Presentation and Functional Currency

The consolidated financial statements are presented in United States Dollars (USD), which is DTS Israel's functional and presentational currency.

The functional currency of DTS Australia is the Australian Dollar (AUD). The functional currency of DTS USA is the United States Dollar. The functional currency of DTS Canada is the Canadian Dollar (CAD).

Note 1

The consolidated financial statements include financial statements of DTS Israel and the following subsidiary:

<i>Name</i>	<i>Country of Incorporation</i>	<i>% Equity Interest</i>	
		<i>2016</i>	<i>2015</i>
Dragontail Systems Limited ("DTS Israel")	Israel	100%	0%
DragonTail Systems USA Inc. ("DTS USA")	USA	100%	100%
DragonTail Systems Canada Inc. ("DTS Canada")	Canada	100%	100%

The consolidated results reflect a full year of DTS Israel, DTS USA and DTS Canada plus DTS Australia from the date of incorporation and the comparative period results reflect DTS Israel only.

Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Note 2

Cash and cash equivalents

	As of 31 December	
	2016	2015
	USD	
Cash and cash equivalents	4,175,428	451
	<u>4,175,428</u>	<u>451</u>

During the year, the Group successfully raised AUD \$6,000,000 before costs through a Prospectus Public Offer.

Note 3 – Property, Plant and Equipment

	Computers	Furniture	Leasehold improvements	Total
	USD			
<u>Cost</u>				
Balance as at 1 January 2016	21,763	5,501	1,427	28,691
Additions	16,835	6,334	3,143	26,312
Disposals	-	-	(1,427)	(1,427)
Balance as at 31 December 2016	<u>38,598</u>	<u>11,835</u>	<u>3,143</u>	<u>53,576</u>
<u>Accumulated Depreciation</u>				
Balance as at 1 January 2016	6,951	567	292	7,810
Additions	8,993	806	1,659	11,458
Disposals	-	-	(1,427)	(1,427)
Balance as at 31 December 2016	<u>15,944</u>	<u>1,373</u>	<u>524</u>	<u>17,841</u>
<u>Property, Plant and Equipment as at 31 December 2016</u>	<u>22,654</u>	<u>10,462</u>	<u>2,619</u>	<u>35,735</u>
<u>Cost</u>				
Balance as at 1 January 2015	10,834	2,861	1,427	15,122
Additions	10,929	2,640	-	13,569
Disposals	-	-	-	-
Balance as at 31 December 2015	<u>21,763</u>	<u>5,501</u>	<u>1,427</u>	<u>28,691</u>
<u>Accumulated Depreciation</u>				
Balance as at 1 January 2015	1,819	264	149	2,232
Additions	5,132	303	143	5,578
Disposals	-	-	-	-
Balance as at 31 December 2015	<u>6,951</u>	<u>567</u>	<u>292</u>	<u>7,810</u>
<u>Property, Plant and Equipment as at 31 December 2015</u>	<u>14,812</u>	<u>4,934</u>	<u>1,135</u>	<u>20,881</u>

Note 4 - Trade payables

	As of December 31	
	2016	2015
	USD	
Accounts payable	(185,321)	(18,223)

Note 5 - Other payables

	As of December 31	
	2016	2015
	USD	
Payroll liabilities	(64,999)	(33,226)
Provision for annual leave	(43,438)	(30,509)
Accrued expenses	(83,407)	(5,234)
	(196,289)	(68,969)

Note 6 - Short-term Convertible Loans from shareholders and others

On March 1, 2014 DTS Israel signed a convertible loan agreement ("Loan A") in the amount of \$301,002. On July 14, 2014 DTS Israel 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.

In April 2016, Loan A and Loan B were converted into equity.

Note 7 - Share Capital

Composition:

	As at 31 December		As at 31 December	
	2016		2015	
	No	USD	No	USD
Ordinary shares	173,500,000	7,875,123	497,118	908,213

A reconciliation of the movement in capital and reserves for the Company can be found in the Statement of Changes in Equity.

Movement in share capital:

	December 2016	
	No.	USD
Opening balances as at 1 January 2016	497,118	908,213
Conversion of convertible loans ¹	38,424	402,336
April Issue ²	43,387	383,569
Additional April Issue ³	6,379	-
July Issue ⁴	68,884	1,104,841
August Issue ⁵	1,187	19,965
Less: share issued cost	-	(75,565)
Total at time of acquisition of DTS Israel by DTS Australia	655,379	2,743,359
Completion of acquisition of DTS Israel by DTS Australia	(655,379)	-
Issue of shares – acquisition of DTS Israel ⁶	130,000,000	-
Issue of shares – Public Offer ⁶	30,000,000	4,318,260
Issue of shares – Facilitation Offer ⁶	6,000,000	863,652
Issue of shares – Conversion of Convertible Notes ⁷	7,500,000	620,750
Less: share issued cost		(670,898)
	173,500,000	7,875,123

Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2016

Movement in share capital:

	December 2015	
	No.	USD
Opening balances as at 1 January 2015	440,609	180,101
March Issue ⁸	23,190	251,004
May Issue ⁹	4,638	62,257
July Issue ¹⁰	20,376	250,000
Additional July Issue ¹¹	8,305	100,000
Proceeds on Account of Shares ¹²	-	64,851
	497,118	908,213

- 1 In April 2016, convertible loans from shareholders were converted into 38,424 ordinary shares.
- 2 In April 2016, 43,387 ordinary shares were issued for a total amount of approximately USD 343,000.
- 3 In April 2016, the Company issued 6,379 ordinary shares to 3 Shareholders at no cost, due to exercise of pre-emptive rights.
- 4 During 2016, the Company signed Share Purchase Agreements with Shareholders and other investors (Hereinafter- "the Investors"). As at year end 2016, the Company received from the investors a total amount of approximately USD1,105,000 and 68,884 ordinary shares value were issued.
- 5 In August 2016, 1,187 ordinary shares issued for a total amount of approximately USD 20,000.
- 6 Pursuant to the Company's Prospectuses and on 12 December 2016, 130,000,000 Vendor shares were issued, 6,000,000 Public Officer shares were issued and 6,000,000 Facilitation shares were issued.
- 7 On 12 December 2016, 7,500,000 shares were issued on conversion of convertible notes at AUD\$0.115 per share.
- 8 In March 2015, 23,190 ordinary shares were issued for a total amount of approximately USD251,000.
- 9 In May 2015, 4,638 ordinary shares were issued for a total amount of approximately USD63,000.
- 10 In July 2015, 20,376 ordinary shares were issued for a total amount of approximately USD250,000.
- 11 In July 2015, 8,305 ordinary shares were issued for a total amount of approximately USD100,000.
- 12 In December 2015, DTS Israel received approximately USD65,000 on account of shares issued in April 2016.

Note 8 - Reserves

	As at 31 December	
	2016	2015
	USD	
Foreign currency translation reserve ¹	(83,107)	-
Share based payment reserve ²	(118,240)	-
Total reserves	(201,347)	-

¹ The foreign currency exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

² This reserve is used to record the value of equity benefits for options and performance shares issued for nil cash consideration.

Note 9 – Options

On 12 December 2016, 1,500,000 incentive options were issued by DTS Australia to Paul Steele as part of his remuneration and to incentivise his performance as contemplated by its Prospectus dated 28 September 2016 and Supplementary Prospectus dated 28 October 2016. The issue of options are valued at AUD \$159,000 (approximately USD114,434 at 31 December 2016). The fair value of the options is determined using the Black-Scholes option valuation methodology and applying the following inputs:

	Options
Exercise Price	\$0.25
Expiry Date	31 Dec 18
Risk Free Rate	1.82%
Volatility	110%
Total Value of Options (AUD)	\$159,000
Total Value of Options (USD)	\$114,434

Note 10 - 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:

	As of December 31	
	2016	2015
	USD	
Loss attributable to ordinary equity holders	(2,662,169)	(741,296)
Balance before transaction	-	-
Effect of shares issued for the acquisition (130,000,000 shares) (i)	130,000,000	130,000,000
Effect of shares for the IPO (43,500,000*19/365 days)	702,740	-
	130,702,740	130,000,000
Basic loss per share calculation (cents) (loss/weighted ave shares)	(2.04)	(0.57)

(i) Includes the effect of the transaction (under continuation accounting) for the purposes of the comparative earnings per share

Note 11 - Research and development expenses

	Year ended December 31	
	2016	2015
	USD	
Payroll and related expenses	473,093	425,484
Subcontractors	187,794	101,633
Travel abroad	107,707	42,201
Rent	42,698	29,205
Electricity and Maintenance	11,784	11,247
Taxes and fees	3,792	1,367
Insurance	16,086	17,099
Communication and postage	10,211	4,640
Office expenses	13,928	2,568
Depreciation	11,458	5,578
Others	5,908	3,225
	884,459	644,247

Note 12 - Selling and marketing expenses

	Year ended December 31	
	2016	2015
	USD	
Payroll and related expenses	176,358	38,503
Subcontractors	239,619	84,554
Transportation	4,940	-
Travel abroad	14,678	-
	435,595	123,057

Note 13 - General and administrative expenses

	Year ended December 31	
	2016	2015
	USD	
Payroll and related expenses	142,229	38,502
Subcontractors	6,509	-
Professional services	1,156,293	29,328
Travel abroad	79,931	-
Office expenses	16,328	-
Fees	14,406	-
Others	10,352	291
	1,426,048	68,121

Note 14 - 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 organised into operating segments based on the services of the business units. The company recognises activities of software for customers in the field of QSR (quick service restaurant) as the only reporting segment.

	Segment revenue		Segment Expenses	
	2016	2015	2016	2015
	USD		USD	
Segment Revenue and Results				
Software research and development	119,875	108,873	(884,459)	(664,247)
Total for continuing operations	119,875	108,873	(884,459)	(664,247)
Finance expenses (net of finance income)	-	-	(4,614)	(14,745)
Selling and marketing expenses	-	-	(435,595)	(123,057)
General and administrative expenses	-	-	(1,426,048)	(68,121)
Share based payment	-	-	(118,240)	-
Loss before tax (continuing operations)	119,875	108,873	(2,782,044)	(870,170)

	2016	2015
	USD	
Segment Assets		
Unallocated assets	4,335,130	36,350
Total assets	4,335,130	36,350
	2016	2015
	USD	
Segment Liabilities		
Unallocated liabilities	(406,350)	(526,744)
Total liabilities	(406,350)	(526,744)

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	
	2016	2015
	USD	
Israel	60,488	37,616
Europe	-	71,257
Canada	53,861	-
USA	5,526	-
Total revenues	119,875	108,873

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

	2016	2015
	USD	
Customer A	13,406	37,616
Customer B	-	71,255
Customer C	53,861	-
Customer D	16,535	-