

**ROOTS SUSTAINABLE AGRICULTURAL**  
**TECHNOLOGIES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF JUNE 30, 2017**

**ROOTS SUSTAINABLE AGRICULTURAL  
TECHNOLOGIES LTD.**

**INTERIM FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF JUNE 30, 2017**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Report on Review of Interim Financial Statements	1
<b>Condensed Interim Financial Statements – in U.S. dollars (\$)</b>	
Condensed Statements of Financial Position	2
Condensed Statements of Comprehensive loss	3
Condensed Statements of Changes in deficit	4-6
Condensed Statements of Cash flows	7
Notes to Condensed Financial Statements	8-10

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**Report on Review of Interim Financial statements to the Shareholders of Roots Sustainable Agricultural Technologies Ltd.**

**Introduction**

We have reviewed the accompanying financial statements of Roots Sustainable Agricultural Technologies Ltd. (the "Company"), which includes the condensed statement of financial position as of 30 June 2017 and the related condensed statements of comprehensive income, changes in deficit and cash flows for the six month period then ended. The Board of Directors and management are responsible for preparation and presentation of the financial information for this reporting period in accordance with International Accounting Standard 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2017, and the result of its operations, changes in deficit and cash flows for the six month periods then ended in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Tel-Aviv, Israel


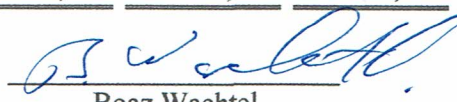
July \_\_, 2017

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Certified Public Accountants (Isr.)

BDO Member Firm

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.****CONDESED STATEMENTS OF FINANCIAL POSITION**

	<b>As at June 30,</b>		<b>As at</b>
	<b>2017</b>	<b>2016</b>	<b>December</b>
	<b>U.S. \$</b>		<b>31,</b>
	<b>Unaudited</b>		<b>2016</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	753,359	58,013	101,988
Restricted cash	22,886	10,402	10,405
Other accounts receivables	185,208	28,172	6,668
<b>TOTAL CURRENT ASSETS</b>	<b>961,453</b>	<b>96,587</b>	<b>119,061</b>
<b>NON CURRENT ASSETS:</b>			
Property and equipment, net	9,948	3,393	2,291
<b>TOTAL ASSETS</b>	<b>971,401</b>	<b>99,980</b>	<b>121,352</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables	12,651	38,924	35,772
Other account payables	174,391	144,746	29,491
Convertible loans	919,908	112,538	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,106,950</b>	<b>296,208</b>	<b>65,263</b>
<b>NON CURRENT LIABILITIES:</b>			
Governmental liabilities on grants received	538,562	533,433	533,433
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>538,562</b>	<b>533,433</b>	<b>533,433</b>
<b>SHAREHOLDERS DEFICIT:</b>			
Share Capital and Capital reserves	1,007,509	616,921	1,059,818
Accumulated deficit	(1,681,620)	(1,346,584)	(1,537,162)
<b>TOTAL SHAREHOLDERS DEFICIT</b>	<b>(674,111)</b>	<b>(729,663)</b>	<b>(477,344)</b>
<b>TOTAL LIABILITIES AND DEFICIT</b>	<b>971,401</b>	<b>99,978</b>	<b>121,352</b>
July --, 2017			
Date of approval of the financial statements	Sharon Devir Chief Executive officer		Boaz Wachtel Director

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



**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**CONDESED STATEMENTS OF COMPREHENSIVE LOSS**

	Six month period ended June 30,		Year ended December 31,
	2017	2016	2016
	U.S. \$		
	Unaudited		
Revenues	-	5,694	5,728
<b>Gross profit</b>	-	5,694	5,728
Research and development, net	87,669	213,819	291,556
General and administrative expenses	16,972	12,905	36,737
<b>Operating loss</b>	104,641	221,030	322,565
Finance expense	39,817	66,358	155,401
<b>Loss before income tax</b>	144,458	287,388	477,966
Taxes on income	-	-	-
<b>Net loss</b>	144,458	287,388	477,966
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss:</i>			
Translation adjustments to the presentation currency	52,309	4,374	7,671
<b>Total comprehensive loss</b>	196,767	291,762	485,637
<b>Loss per share (U.S. dollars)</b>			
Basic	(0.01)	(0.02)	(0.03)

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

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**CONDENSED STATEMENTS OF CHANGES IN DEFICIT**

**For the Period ended June 30, 2017 (Unaudited):**

	Share capital	Additional paid-in capital	Capital reserve U.S. \$	Accumulated deficit	Total equity
Balance at January 1, 2017	677	1,077,517	(18,376)	(1,537,162)	(477,344)
Changes during the period:					
Comprehensive loss:					
Loss for the period	-	-	-	(144,458)	(144,458)
Other comprehensive loss:					
Translation differences	-	-	(52,309)	-	(52,309)
Total comprehensive loss for the period			(52,309)	(144,458)	(196,767)
Issue of bonus share	41,732	(41,732)	-	-	-
Balance as of June 30, 2017	42,409	1,035,785	(70,685)	(1,681,620)	(674,111)

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

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**

**CONDENSED STATEMENTS OF CHANGES IN DEFICIT**

**For the Period ended June 30, 2016 (Unaudited):**

	Share capital	Advance upon share capital	Additional paid-in capital	Share based payment reserve	Capital reserve	Accumulated deficit	Total equity
				U.S. \$			
Balance at January 1, 2016	577	-	394,571	159,944	(10,705)	(1,059,196)	(514,809)
Changes during the period:							
Comprehensive loss:							
Loss for the period	-	-	-	-	-	(287,388)	(287,388)
Other comprehensive loss:							
Translation differences	-	-	-	-	(4,374)	-	(4,374)
Total comprehensive loss for the period	-	-	-	-	(4,374)	(287,388)	(291,762)
Advance upon share capital	-	76,884	-	-	-	-	76,884
Exercise of options to share capital	24	-	159,944	(159,944)	-	-	24
Balance as of June 30, 2016	601	76,884	554,515	-	(15,079)	(1,346,584)	(729,663)

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

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**

**CONDENSED STATEMENTS OF CHANGES IN DEFICIT**

**For the year ended December 31, 2016:**

	Share capital	Additional paid-in capital	Share based payment reserve	Capital reserve	Accumulated deficit	Total equity
	U.S. \$					
Balance at January 1, 2016	577	394,571	159,944	(10,705)	(1,059,196)	(514,809)
Changes during the period:						
Comprehensive loss:						
Loss for the period	-	-	-	-	(477,966)	(477,966)
Other comprehensive loss:						
Translation differences	-	-	-	(7,671)	-	(7,671)
Total comprehensive loss for the period	-	-	-	(7,671)	(477,966)	(485,637)
Issue of share capital	37	243,685	-	-	-	243,722
Exercise of options to share capital	24	159,944	(159,944)	-	-	24
Conversion of convertible loans	39	279,317	-	-	-	279,356
Balance as of December 31, 2016	677	1,077,517	-	(18,376)	(1,537,162)	(477,344)

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



**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**CONDESED STATEMENTS OF CASH FLOWS**

	Six month period ended June 30,		Year ended December 31,
	2017	2016	2016
	U.S. \$		
	Unaudited		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss for the year	(144,458)	(287,388)	(477,966)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	610	-	1,148
Loss from changes in fair value of embedded derivative	-	1,363	13,424
Finance expense, net	39,267	61,483	141,884
Change in liability for grants received from the OCS	(74,043)	181,746	61,517
Increase (decrease) in other accounts receivable	(169,791)	5,077	(18,632)
Decrease in trade payable	(25,479)	(796)	(4,008)
Increase (decrease) in other accounts payable	140,869	(88,287)	(10,483)
<b>Net cash used in operating activities</b>	<b>(233,025)</b>	<b>(126,802)</b>	<b>(293,116)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment	(8,267)	-	-
Increase in restricted cash	(10,922)	-	-
<b>Net cash used in investing activities</b>	<b>(19,189)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Receipt of grants from the OCS	-	54,098	99,698
Advance upon share capital	-	76,884	-
Exercise of options by employees	-	24	24
Issuance of convertible loans	900,132	1,749	1,749
Embedded derivative	-	3,498	3,498
Proceeds from issuance of ordinary shares	-	-	243,722
<b>Net cash provided by financing activities</b>	<b>900,132</b>	<b>136,253</b>	<b>348,691</b>
<b>Translation differences on cash and cash equivalents</b>	<b>(3,454)</b>	<b>(646)</b>	<b>1,501</b>
<b>Increase in cash and cash equivalents</b>	<b>651,371</b>	<b>10,099</b>	<b>54,074</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>101,988</b>	<b>47,914</b>	<b>47,914</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>753,359</b>	<b>58,013</b>	<b>101,988</b>

(a) Significant non-cash transactions:

In September 2016, the convertible loans (which include embedded derivative) in the amount of 279 thousand were converted into 14,996 ordinary shares NIS 0.01 par value, total of 39 U.S dollars.

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

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**NOTES TO CONDESED FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL:**

A. ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES Ltd. (the "Company") was incorporated in Israel on 20 April 2009 but commenced its operations in November 2012.

Roots is an agriculture technology company focused on developing, producing and commercialising precision agriculture technologies that address difficult weather conditions, improve crop yields and provide water for irrigation in a cost effective and environmentally sustainable manner.

The formal address of the company is Hamezach 1 Str. Kefar Vitkin, Israel.

B. The company is an emerging company, a company in its research and development stage, and does not generate revenue that can support its operation. The company ability to create profit and to continue to operate as a business is based on the company ability to generate revenues in the coming years. During 2017 the company raised about one million dollar therefore the Management believes the company has the resources to continue as a going concern.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The interim financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim financial information set out above does not constitute full year-end accounts.

The interim financial information should be read in conjunction with the annual financial statements as of December 31, 2016 and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2016 are applied consistently in these interim financial statements.

During the six month period ended June 30, 2017 the company also applied the following accounting policies:

**Issuance costs of a future IPO**

The company recognized the incremental costs (hereafter: the costs) that were directly attributable to future shares issuance as prepaid expense. The costs shall be deducted from equity in case of an IPO.

Should the IPO will not take place the costs would be recognized trough profit or loss.

**NOTE 3 - CONVERTIBLE LOAN:**

On April 2017, (hereafter: effective date) the Company entered into a convertible loan agreement (hereafter: loan) with an investor (hereafter: the investor). According to the agreement, the company received an amount of 1.2 million AUD (approximately 909 thousand U.S. dollars), of which 350 thousand AUD as a reserve for expenses in case of an IPO at the trustee. The loan bears an annual interest of 3% starting October 2017.



**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**NOTES TO CONDESED FINANCIAL STATEMENTS**

**NOTE 3 - CONVERTIBLE LOAN (CONT.):**

In case of an IPO the loan would convert into the Company's ordinary share shares at an exercise price of 0.08 AUD.

In case the company will raise not an additional 1 million U.S. dollars until the end of January 2019, the loan would convert into the Company's ordinary share shares at an exercise price of 0.12 AUD.

The Company designated upon initial recognition that the convertible loan will be measured at fair value through profit or loss.

**NOTE 4 - SHAREHOLDERS EQUITY:**

**A. Composition of share capital:**

<b>June 30, 2017</b>	
<b>Authorized</b>	<b>Issued and outstanding</b>
<b>Number of shares</b>	
Ordinary shares of NIS 0.01 par value:	
100,000,000	15,000,000

<b>June 30, 2016</b>	
<b>Authorized</b>	<b>Issued and outstanding</b>
<b>Number of shares</b>	
Ordinary shares of NIS 0.01 par value:	
1,000,000	226,938

<b>December 31, 2016</b>	
<b>Authorized</b>	<b>Issued and outstanding</b>
<b>Number of shares</b>	
Ordinary shares of NIS 0.01 par value:	
1,000,000	256,269

On April 3, 2017, the company reconstruct the share capital of the Company by issuance of 14,743,731 Ordinary Shares as bonus shares to be pro-rata allocated to the holders of the Ordinary Shares of the Company so that the holding ratio remain the same as previous to the reconstruction.

**NOTE 5 - LOSS PER SHARE:**

**Net loss per share attributable to equity owners:**

	<b>For the period ended June 30,</b>		<b>For the year ended December 31,</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>U.S. \$</b>		
	<b>Unaudited</b>		
Net Loss used in basic EPS	144,458	287,388	477,966
Weighted average number of shares used in basic EPS *	15,000,000	13,153,408	13,768,248
Basic net EPS (dollars)	(0.01)	(0.02)	(0.03)

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**  
**NOTES TO CONDESED FINANCIAL STATEMENTS**

**NOTE 5 - LOSS PER SHARE (CONT.):**

(\*) On April 3, 2017, the company reconstruct the share capital of the Company by issuance of 14,743,731 Ordinary Shares as bonus shares to be pro-rata allocated to the holders of the Ordinary Shares of the Company in the same holding ratio.

**NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS:**

**A. Financial liabilities that measured at Fair value on recurring basis:**

The following table presents the fair value measurement hierarchy for the company's liabilities.

Quantitative disclosures of the fair value measurement hierarchy of the company's liabilities as of June 30, 2017:

	<b>Fair value hierarchy Valuation</b> <b>Level 3</b> <b>U.S. \$</b> <b>Unaudited</b>
Liability measured at fair value through profit or loss:	
Convertible loan (Note 3):	919,908

Quantitative disclosures of the fair value measurement hierarchy of the company's liabilities as of June 30, 2016:

	<b>Fair value hierarchy Valuation</b> <b>Level 2</b> <b>U.S. \$</b> <b>Unaudited</b>
Liability measured at fair value through profit or loss:	
Embedded derivate:	100,647

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial liabilities:

	<b>fair value through profit or loss</b> <b>Convertible loan</b> <b>U.S. \$</b> <b>Unaudited</b>
Balance as of January 1, 2016	-
Issuance	900,132
Remeasurement recognized in Profit or loss:	19,776
As of June 30, 2017	919,908

**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.**

**NOTES TO CONDESED FINANCIAL STATEMENTS**

**NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.):**

**A. Financial liabilities that measured at Fair value on recurring basis (cont.):**

Due to the fact that the convertible loan (hereafter: "the loan") was issued in proximity to the balance date, the company's management believe that there is not a significant change in the fair value of the loan, excluding of exchange rate expenses.

**B. fair value of financial instruments that their carrying amounts is not measured at fair value:**

The fair value of the Company's current financial liabilities approximates their carrying amounts as their maturity date is less than 1 year and they do not bear a fixed interest rate.

The fair value of governmental liabilities on grants received measured (for disclosure purposes only) according to level 3 as of June 30, 2017, June 30, 2016 and December 31, 2016 is 553, 488 and 488 thousands U.S dollars respectively.

**NOTE 7 - RELATED PARTY AND SHAERHOLDRS:**

**The following transactions arose with related parties:**

	Six month period		Year ended
	ended June 30,		December 31,
	2017	2016	2016
	U.S. \$	U.S. \$	U.S. \$
	Unaudited		
Salaries to shareholders	49,239	59,493	113,840
Material costs	-	10,344	10,344

**Balances with related parties:**

	Six month period		Year ended
	ended June 30,		December 31,
	2017	2016	2016
	U.S. \$	U.S. \$	U.S. \$
	Unaudited		
Trade payables	-	25,062	25,069
Loans from shareholders	-	112,538	-
Embedded derivate	-	100,647	-
Liabilities to shareholders	3,008	2,098	2,758

**NOTE 8 - SUBSEQUENT EVENTS:**

A. The company is in an IPO process of listing on the Australian Securities Exchange (ASX).