Roots Sustainable Agricultural Technologies Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Roots Sustainable Agricultural Technologies Ltd
ARBN:	619 754 540
Reporting period:	For the half-year ended 30 June 2019
Previous period:	For the half-year ended 30 June 2018

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2. Results for announcement to the market

			30-Jun-19 US$'000	30-Jun-18 US$'000
Revenues from ordinary activities	down	59%	83	200
Profit (Loss) from ordinary activities after tax attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	up	18% to	(1,695)	(1,437)
Profit (Loss) for the half-year attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	up	18% to	(1,695)	(1,437)

Dividends

	Amount per security U.S. dollars	Franked amount per security U.S. dollars

Not applicable.

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3. Net tangible assets

	Reporting period U.S. dollars	Previous period U.S. dollars
Net tangible assets per ordinary security	(0.0010)	0.0025

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4. Control gained over entities

Not applicable.

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5. Loss of control over entities

Not applicable.

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6. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**

Not applicable.

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7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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8. Attachments

Details of attachments (if any):

The Interim Report of Roots Sustainable Agricultural Technologies Limited for the half-year ended 30 June 2018 is attached.

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9. Signed

Signed ____________________________ Date: 29 August 2019

Sharon Devir
Executive Chairman

DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS OF ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.

As lead auditor for the review of Roots Sustainable Agricultural Technologies Ltd. for the half-year ended 30 June, 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Roots Sustainable Agricultural Technologies Ltd. during the period.

Tel-Aviv, Israel

August 29, 2019

Ziv haft Ziv Haft

Certified Public Accountants (Isr.)

BDO Member Firm

Roots Sustainable Agricultural Technologies Ltd.

ARBN 619 754 540

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF JUNE 30, 2019

Roots Sustainable Agricultural Technologies Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2019

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

Introduction

We have reviewed the accompanying interim financial information of Roots Sustainable Agricultural Technologies Ltd. (the "Company"), which comprises the condensed statement of financial position as of June 30, 2019 and the condensed statements of comprehensive income, changes in equity and cash flows for six month period then ended. The board of directors and management are responsible for the preparation and presentation of this interim financial information 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". 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 financial information is not prepared, in all material respects, in accordance with the International Accounting Standard 34.

Without qualifying our opinion, we draw attention to note 1(B) of the financial information, which indicates that, the company current liabilities exceeded its total assets by USD 847 and has incurred negative cash from operation and net losses of USD 1,695 thousand during the six month period ended June 30, 2019. As stated in note 1(B), these matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of that matter.

Yaniv Cohen
Partner
Tel-Aviv, Israel
August 29, 2019

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

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Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

	Note	30.06.2019	30.06.2018	31.12.2018
		U.S. $ in thousands		
		Unaudited		
ASSETS				
Current Assets				
Cash and cash equivalents		538	1,768	593
Restricted cash		36	36	35
Contract asset		152	27	115
Other receivables		132	239	154
		858	**2,070**	**897**
Non-Current Assets				
Property and equipment, net		74	70	78
		74	**70**	**78**
TOTAL ASSETS		**932**	**2,140**	**975**

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

	Note	30.06.2019	30.06.2018	31.12.2018
		U.S. $ In thousands		
		Unaudited		
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables		80	41	63
Convertible notes	4	464	-	-
Derivative liability – warrants	3,4	14	-	-
Other payables		494	203	398
		1,052	**244**	**461**
Non-Current Liabilities				
Derivative liability – warrants	3,4	309	-	-
Governmental liabilities on grants received		418	373	394
		727	**373**	**394**
Shareholder's equity				
Equity attributable to owners of the parent				
Share capital		10,285	9,516	9,567
Foreign currency translation reserve		(133)	(136)	(143)
Deficit		(10,999)	(7,857)	(9,304)
		(847)	**1,523**	**120**
TOTAL EQUITY AND LIABILITIES		**932**	**2,140**	**975**

29 August, 2019			
Date of approval of financial statements	Sharon Devir Chief Executive officer	Boaz Wachtel Director	Moshe Hukaylo Chief Financial officer

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed Statement of Comprehensive Income

	Six month period ended June 30, 2019	Six month period ended June 30, 2018	Year ended December 31, 2018
	U.S. $ in thousands		
	Unaudited		
Revenues	83	200	305
Cost of revenues	83	168	268
Gross profit	-	**32**	37
Share based compensation	4	59	109
Listing fee expenses	-	35	31
Research and development expenses	224	535	848
Marketing, distribution and business development expenses	720	434	967
General and administrative expenses	372	351	819
Loss from operations	**1,320**	**1,382**	**2,737**
Finance expense	375	55	147
Finance income	-	-	-
Loss before income tax	**1,695**	**1,437**	**2,884**
Income Tax	-	-	-
Net loss	**1,695**	**1,437**	**2,884**
Items that will not be reclassified to profit or loss:			
Translation adjustment to the presentation currency	(10)	101	108
Total comprehensive loss	**1,685**	**1,538**	**2,992**
Loss per share			
Basic and diluted loss per share ($)	**(0.026)**	**(0.023)**	**(0.046)**

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of changes in equity

For the six month period ended June 30, 2019 (Unaudited):

	Share Capital	Foreign Currency Translation Reserve	Deficit	Total Equity
	U.S. $ in thousands			
Balance at January 1, 2019	**9,567**	**(143)**	**(9,304)**	**120**
Changes during the period:				
Comprehensive loss:				
Loss for the period	-	-	(1,695)	(1,695)
Other comprehensive loss:				
Translation differences	-	10	-	10
Total comprehensive loss for the period	-	**10**	**(1,695)**	**(1,685)**
Issuance of shares (note 3)	503	-	-	503
Conversion of convertible notes to shares (note 4)	96	-	-	96
Issuance of shares to suppliers in lieu of cash fees (note 5B)	115	-	-	115
Stock based compensation	4	-	-	4
Balance as of June 30, 2019	**10,285**	**(133)**	**(10,999)**	**(847)**

For the six month period ended June 30, 2018 (Unaudited):

	Share Capital	Foreign Currency Translation Reserve	Deficit	Total Equity
	U.S. $ in thousands			
Balance at January 1, 2018	**9,457**	**(35)**	**(6,420)**	**3,002**
Changes during the period:				
Comprehensive loss:				
Loss for the period	-	-	(1,437)	(1,437)
Other comprehensive loss:				
Translation differences	-	(101)	-	(101)
Total comprehensive loss for the period	-	**(101)**	**(1,437)**	**(1,538)**
Share based compensation	59	-	-	59
Balance as of June 30, 2018	**9,516**	**(136)**	**(7,857)**	**1,523**

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of changes in equity (cont.)

For the year ended December 31, 2018:

	Share Capital	Foreign Currency Translation Reserve	Deficit	Total Equity
	U.S. $ in thousands			
Balance at January 1, 2018	**9,457**	**(35)**	**(6,420)**	**3,002**
Changes during the period:				
Comprehensive loss:				
Loss for the period	-	-	(2,884)	(2,884)
Other comprehensive loss:				
Translation differences	-	(108)	-	(108)
Total comprehensive loss for the period	**-**	**(108)**	**(2,884)**	**(2,992)**
Share based compensation	110	-	-	110
Balance as of December 31, 2018	**9,567**	**(143)**	**(9,304)**	**120**

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of cash flows

	Note	Six months period ended June 30, 2019	Six months period ended June 30, 2018	Year ended December 31, 2018
		U.S. $ in thousands		
		Unaudited		
Cash Flows from Operating Activities:				
Net loss for the period		(1,695)	(1,437)	(2,884)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation		9	6	10
Share-based compensation		4	59	110
Loss from changes in fair value of derivatives	4	137	-	-
Loss from changes in fair value of convertible notes	4	103	-	-
Interest on liability for grants received from the IIA		22	79	105
Increase in contract asset		(31)	(27)	(117)
Decrease (Increase) in other receivables		38	(209)	(126)
Increase (decrease) in trade payables		128	(86)	(63)
Increase in other payables		65	8	215
Net cash used in operating activities		**(1,220)**	**(1,607)**	**(2,750)**
Cash Flows From Investing Activities:				
Purchase of property and equipment		(6)	(35)	(48)
Change in restricted cash		(1)	(15)	(14)
Net cash used in investing activities		**(7)**	**(50)**	**(56)**
Cash Flows From Financing Activities:				
Receipt of convertible note	4	573	-	-
Repayment of convertible note	4	(88)	-	-
Repayment of liabilities on grants received from IIA		(3)	-	(6)
Net proceeds from issuance of shares	3	661	-	-
Net cash provided by (used in) financing activities		**1,143**	**-**	**(6)**
Translation differences on cash and cash equivalents		29	(119)	(133)
Decrease in cash and cash equivalents		(84)	(1,657)	(2,818)
Cash and cash equivalents at beginning of the period		593	3,544	3,544
Cash and cash equivalents at the end of the period		**538**	**1,768**	**593**

The accompanying notes form an integral part of the condensed financial statements.

Notes to condensed consolidated 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. The Company is listed since December 2017, and its shares are publicly traded on the Australian Securities Exchange ("ASX").

   Roots is an agriculture technology company focused on developing, producing and commercializing 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 Suite 2, Level 1/1 Altona Street West Perth WA 6005, Australia.

B. The company is in its commercialization stage and does not generate significant revenue in this stage and financed its operation up to date mainly by issuance of shares. As of June 30, 2019 the company liabilities exceeded its total assets by USD 847 and has incurred negative cash from operation and net losses of USD 1,695 thousand during the six month period ended June 30, 2019. As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

   The directors believe that the company will be able to pay its debts when they fall due, and to fund near term anticipated activities based on negotiations currently ongoing with potential investors, proceeds from the remaining CDIs related to directors participation in the Placement (see Note 3), proceed from options offered to CDI Holders (see Note 5B) in addition to revenues backlog. The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

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 has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2018 was approved by the board on February 28, 2019. The report of the auditors on those financial statements was unqualified.

The interim financial statements as of June 30, 2019 have not been audited.

Notes to condensed consolidated financial statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

The interim financial information should be read in conjunction with the annual financial statements as of December 31, 2018 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, 2018 are applied consistently in these interim financial statements. Except for the adoption of new standards effective as of 1 January 2019.

New IFRSs adopted in the period

- **IFRS 16 Leases**

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The main impact of adopting the standard is the elimination of existing requirement on lessees to classify leases as operating lease (off-balance sheet) or finance lease, and they are now required to use a single accounting model for all leases, similarly to how finance leases are currently accounted for. Accordingly, before the initial application of IFRS 16, under IAS 17 (the previous standard for leases), the Company classified leases where it served as lessee as operating leases, because it did not have substantially all risks and rewards incidental to ownership of the asset. In agreements where the Company is the leasee, it applies IFRS 16 using a single accounting model under which it recognizes a right-of-use asset and a lease liability upon inception of the lease contract. It does so for all leases in which the Company has right to control the use of identified assets for a period of time in exchange for consideration. Accordingly, the Company recognizes depreciation and depreciation charges on the right-of-use asset and tests the need for recognizing impairment of the right-of-use asset in compliance with IAS 36 "Impairment of Assets", and also recognizes finance expenses in relation to a lease liability. Therefore, beginning on the initial application of IFRS 16, rent expenses relating to properties rented under operating leases, are now presented as assets that are depreciated through depreciation and depreciation assets.

The following new significant accounting policy for agreements in which the Company is the lessee was applied beginning on January 1, 2019 following initial application of the standard:

Right-of-use assets:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and includes the amount of lease liabilities recognized, initial direct costs impairment losses, and adjusted for re-measurement of lease liabilities. The cost of Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, payments made at or before the commencement date less any lease incentives received, and any initial direct costs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Lease liabilities:

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also

Include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Lease term:

The term of a lease is determined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Depreciation of a right-of-use asset:

Subsequent to the inception of the lease, a right-of-use asset is measured using the cost method, less accumulated depreciation and accumulated impairment losses, and is adjusted for re-measurements of the lease liability. Depreciation is measured using the straight-line method over the useful life or contractual lease term, whichever ends earlier.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset, until the carrying amount is reduced to zero.
The adoption of IFRS 16 did not have an impact on the financial statements.

NOTE 3 - ISSUE OF A UNIT OF SECURITIES

On May 2019, the Company announced that it had raised AUD 1.66 million from Issuance of a unit of securities, before expenses, by way of a placement of up to 23,692,857 CDIs at AUD 0.070 per CDI to sophisticated and professional investors. The issue of the CDIs was subject to receipt of shareholder approval which was received at the Company's annual general meeting held on Thursday, 23 May 2019. In addition, the Company issued one free-attaching option for every three CDIs to investors in the placement (Placement Options) subject to shareholder approval. The Placement Options have an exercise price of AUD 0.12 and a

NOTE 3 - ISSUE OF A UNIT OF SECURITIES (CONT.):

36-month term. Of the 23,692,857 CDIs making up the Placement, 15,221,430 were issued to non-related parties on 23 May 2019 (AUD 1.06 million). The remaining 8,468,427 Placement CDIs related to directors participation (additional AUD 0.6 million) in the Placement, and are therefore subject to receipt of shareholder approval to be sought at a general meeting to be held 11th September 2019.

NOTE 4 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

On February 2019, the Company secured a financing commitment, by way of execution of a convertible securities agreement with CST Capital as trustee for The CST Investment Fund (CST Capital), of up to AU$1,620,000 (before costs) via the issue of convertible notes (Notes) by the Company. The Notes were to be issued in two tranches with a face value of AU$1.00 per Note (Face Value). The first tranche of 900,000 Notes was for an amount of AU$810,000 and was issued immediately. The second tranche of 900,000 Notes for an amount of AU$810,000 will be issued at a later date subject to mutual consent between Roots and CST Capital (As of June 30, 2019, the second tranche was not issued). In addition, the Company issued 1,650,000 collateral CDIs, and 1,935,484 Unlisted Options (warrants exercisable at $0.14 on or before 19 August 2020) to CST Capital prior to the first purchase of 900,000 Notes.

Terms and Conditions of the Notes:

- The Notes are interest-free and convertible.
- The Notes can initially be converted at 130% of the 5-day VWAP prior to issuance of the applicable tranche. From 65 days following the date of issue, the Notes can be converted at the lower of 130% of the 5-day VWAP prior to issuance of the applicable tranche and 90% of the lowest daily VWAP during the 15 trading days preceeding the conversion date.
- Other than with the prior written consent of the Company, in any calendar month, CST Capital may not convert more than one third of the Notes issued on a purchase date at 90% of the lowest daily VWAP during the 15 trading days preceeding the conversion date.
- Upon issuance of a tranche, CST Capital will receive options equal to the face value, multiplied by 0.2, divided by the closing VWAP prior to issuance. The options will be exercisable for 18 months and have an exercise price equal to 160% of the 5-day VWAP prior to issuance of the options.

On receipt of conversion notices from CST Capital in accordance with the Agreement, the Company issued 1,076,924 CDIs on conversion of 70,000 Notes on May 7, 2019.

On May 24, 2019, the Company issued 830,000 Replacement Convertible Notes in accordance with the Convertible Securities Agreement. The Replacement Notes were approved by shareholders at the Annual General Meeting held 23 May 2019.

NOTE 4 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONT.):

On June 3, 2019 the company issued 1,015,152 CDIs on conversion of 67,000 Notes, and 1,111,112 CDIs on conversion of 50,000 Notes subsequent to the end of the quarter in July 2019.

On June 5, 2019, Redemptions of conversion by Cash amount of AU$126,500.

The Company classified the convertible notes entirely as liabilities because they were issued in a currency other than the functional currency of the company. As the instrument contains an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as fair value through profit or loss are expensed as incurred.

The component of fair value changes relating to the company's own credit risk is recognized in other comprehensive income. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognized in profit or loss. There was no change in the company company's own credit risk since the issuance of the convertible notes.

The warrants were classified as a derivative financial liability and are re-measured each reporting date, with changes in fair value recognized in finance expense (income), net, since the exercise price of the warrants is denominated in AUD and the functional currency of the Company is the NIS.

	Fair value measurements using input type			
	U.S. $ in thousands			
	Level 1	**Level 2**	**Level 3**	**Total**
As of June 30, 2019				
Convertible notes	-	-	464	464
Warrants (convertible notes)			14	14
Warrants (issuance of a unit of securities)	-	-	309	309

The fair value measurement of both the convertible notes, as well as the warrants in the table above, was estimated using a Monte Carlo simulation analysis, based on a variety of significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy. As of the issue date of the warrants and Convertible notes, the key inputs that were used in measuring the fair value of the Convertible notes were: the risk free interest rate- 1.7%, the expected volatility-75% and the AUD/USD exchange rate -0.7088.

As of June 30, 2019, the key inputs that were used in measuring the fair value of the Convertible securities were: the risk free interest rate - 1.04%, the expected volatility -75% and the AUD/USD exchange rate - 0.7012.

The fair value measurement of the warrants (share issuance) in the table above, using the Black-Scholes model, when adjusted to the dilution effect. The key inputs that were used in measuring the fair value of the warrants were: risk free interest rate – 1.25%, expected volatility - 75%, expected term - 3 year and Expected dividend yield - 0.

NOTE 4 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONT.):

The Company recognized governmental liabilities on grants received initially at fair value, and are subsequently carried at amortized cost using the effective interest rate method.

The fair value for June 30, 2019 and December 31, 2018 is not materially different to the carrying amount, since the interest rate used in the initial recognition is close to current market rates.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Item	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	U.S. $ in thousands			
Convertible notes	464	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 39K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 3K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 23K of the fair value
Warrants (convertible notes)	14	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 61K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 24K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 16K of the fair value
Warrants (issuance of a unit of securities)	309	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 5K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 2K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 67K of the fair value

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

	2019	2018
Convertible notes	**U.S. $ in thousands**	
Balance as of January 1	-	-
Receipts of convertible notes	545	-
Repayment of convertible note	(88)	-
Conversion of convertible notes to shares	(96)	-
Net loss recognized in Profit or loss	103	-
Balance as of June 30	464	-

NOTE 4 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONT.):

	2019	2018
Warrants	U.S. $ in thousands	
Balance as of January 1	-	-
Receipts of Warrants	186	-
Net loss recognized in Profit or loss	137	-
Balance as of June 30	323	-

NOTE 5 - SIGNIFICANT AND SUBSEQUENT EVENTS:

A. On April 2019, on the termination of service agreement, the company issued 66,666 CDIs to service provider, as conversion of Performance Rights previously allocated to him. Out of 220,000 PR allocated, 133,334 PRs elapsed.

B. On April 2019, the Company issued 2,040,779 CDIs to contractors of the Company for services rendered in lieu of cash fees. The Company did this to preserve its cash reserves.

C. On June 2019, the Company lodged a Prospectus for a pro rata non-renounceable rights issue (Rights Issue or Offer) on the basis of one (1) listed option to acquire a CDI (New Option) for every two (2) CDIs held by those CDI holders registered at the Record Date to raise up to AUD 1,700,752. The price of New Options under the Offer was AUD0.04 each (Issue Price). The Company lodged a Supplementary Prospectus on subsequent to half-year end on 18th July 2019.

   The New Options had an exercise price of AUD0.12 per Option and an expiry date of three years from the date of issue. Everblu Capital Pty Ltd (EverBlu) acted as Lead Manager to the Offer and as part of its mandate will receive 3,000,000 Options on the same terms as those the subject of the Offer (subject to shareholder approval), an AUD15,000 engagement fee and 6% of the gross proceeds raised under any shortfall offer.

   The Entitlement Issue closed subsequent to the end of the half-year and the New Options were issued on July 24, 2019. The Company received applications from Shareholders subscribing for 5,408,592 New Options in the Company totaling AUD 216,344. As such, there was a shortfall under the Entitlement Offer of 37,110,337 new options. The Shortfall New Options will be placed at the discretion of the Board as soon as practicable, and in any event, by October 19, 2019. The Company applied for quotation of the new options and the options are trading under the ASX code ROOO.

   The funds raised from the Offer are planned to be used towards installation and engineering, sales, marketing and business development, general and administration costs, expenses of the offer and working capital.

D. On July 16, the Board of Directors approved allocation of 602,500 Options to employees and service providers, as part of its ESOP.