**EYEDO Fielding Technologies, Ltd.**

**Financial Statements**

**As at December 31, 2017**

**Y. Yakar**

Chartered Accountants

Tel-Aviv

**EYEDO Fielding Technologies, Ltd.**

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**Report by the Auditing Chartered Accountant to the Shareholders for**

**EYEDO Fielding Technologies, Ltd.**

We have audited the report on the financial situation of EYEDO Fielding Technologies Ltd. (hereinafter – "the **Company**") on December 31, 2017 and the Profit and Loss Report and surplus for the period that ended on the same date. These Financial Statements are the responsibility of the Company’s Board of Directors and Management. Our responsibility lies in expressing our expert opinion on these Financial Statements based on our audit.

We carried out our audit in accordance with accepted auditing standards in Israel, including those standards determined by the Regulations for Auditors (Operational Methods of Accountants) 5733 - 1973. According to these standards, we are required to plan the audit, carry it out with the goal of achieving a reasonable degree of assurance that the Financial Statements do not contain any significant misleading presentation. The audit includes a sample check of evidence supporting the sums and information contained in the Financial Statements. The audit also includes a general audit of the bookkeeping rules applied and the material estimates made by the Company’s Board of Directors and Management, as well as suitability of the presentation in the Financial Statements in their entirety. We are of the opinion that our audit provides a suitable basis for expressing our expert opinion.

In our opinion, the above Financial Statements suitably reflect in material aspects the Company’s financial state as at December 31, 2017, and the results of its activities for the period ending on that date are in accordance with the accepted bookkeeping rules in Israel (Israeli GAAP).

Y. Yakar

Chartered Accountants

Tel-Aviv, February 15, 2018

**EYEDO Fielding Technologies, Ltd.**

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**Report on the Financial Status as at:**

**---------------------**

|  |  |  |
| --- | --- | --- |
|  |  | **As at December 31** |
|  |  | **2017** |
|  |  | **New Shekel** |
|  | **Note** |  |
|  |  |  |
| **Current Assets**  |  |  |
| Cash and Cash Value |  | 52,428 |
| Accounts Receivable |  | 6,142 |
| Income tax advances |  | 25,048 |
|  |  | 83,618 |
|  |  | --------- |
| **Non-current Property** |  |  |
| Deposit with partial lien | 5 | 58,000 |
| Fixed Assets |  | 7,699 |
|  |  | 65,699 |
|  |  | --------- |
|  |  |  |
|  |  | 149,317 |
|  |  | ===== |
| **Current Liabilities** |  |  |
| Accounts Payable |  | 27,570 |
| Accounts Payable and Credit Balances | 3 | 214,771 |
|  |  | 242,341 |
|  |  | ---------- |
| **Non-Current Liabilities** |  |  |
| Long-term loan | 4 | 205,000 |
|  |  | --------- |
| Liens | 5 |  |
| **Capital Deficit** |  |  |
| Share capital | 6 | 90 |
| Deficit balance |  | (298,114) |
|  |  | (298,024) |
|  |  | ---------- |
|  |  | 149,317 |
|  |  | ===== |

**Financial Statements approval date: (February 15, 2018)**

|  |
| --- |
|  |
| **Manager** |

The attached Notes constitute an inseparable part of the Financial Statements.

**EYEDO Fielding Technologies, Ltd.**

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**Profit and Loss Report and Surplus**

**-----------------------**

|  |  |  |
| --- | --- | --- |
|  |  | **For period that ended on December 31** |
|  | Note | **2017** |
|  |  | **New Shekel** |
|  |  |  |
| **Income** |  | 1,037,977 |
|  |  | ----------- |
| Research and Development expenses | 7 | 882,442 |
| Marketing & Sales costs |  | 210,993 |
| Administrative and general expenses | 8 | 239,491 |
|  |  | 1,332,926 |
| Loss before financing expenses |  | (294,949) |
| Net Financing Expenses |  | 3,165 |
| **Net earnings for the period** |  | (298,114) |

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The attached Notes constitute an inseparable part of the Financial Statements.

**EYEDO Fielding Technologies, Ltd.**

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**Notes to Financial Statements**

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**Note 1 – General**

A. EYEDO Fielding Technologies, Ltd (hereinafter - the **Company**"), Reg. No. 515576718, was incorporated in January 2017 and began its activity in March 2017. The Company is engaged in researching, developing and selling usage of web and mobile technology.

The EYEDO™ System is a technological system for managing field personnel and remote tasks such as inspectors, store managers, department managers, salespeople, technicians, installers, controllers and so forth on tasks such as POD, area controls, certification tests, product availability control, ready-to-go, maintenance procedures, recall, application recommendations, emergency, implementation of procedures, ordering clothing, signage, application and documentation of regulatory directives, employee attendance, documentation of damages with discoveries, project management and more.

B. Cash Flows

No reports were conducted on the Cash Flows, since it is the Company's management view it would not add meaningful information about the information found in the Financial Statements.

C. Use of Estimates in preparing Financial Statements

Preparing Financial Statements in accordance with accepted accounting rules requires management to conduct estimates and make assumptions, which affect the amounts of property and liabilities presented in Financial Statements, the discovery of conditional assets and liabilities dependent on the dates of the Financial Statements and income amounts and expenses for the report periods. The actual results may differ from these estimates.

**Note 2 – Principles of Accounting Policies**

Hereinafter, are the principles of accounting policies that were implemented consistently in preparing the Financial Statements:

A. Reporting basis of the Financial Statements

The Financial Statements are presented with the reported amounts (as far as the Company is concerned: in nominal amounts), according to accounting standards of the Israeli Accounting Standards Board (IASB).

B. Cash Value

Cash value is considered by the Company as high-liquidity investments, which includes short-term deposits in banking corporations, whose original period does not exceed three months from the investment date, which are not limited for use or under lien.

C. Fixed Assets

The Fixed Assets presented in the Financial Statements are on a cost basis after deduction of the accrued depreciation. Depreciation is calculated according to the depreciation method equal to annual rates, which are considered to satisfy depreciating the assets over the estimated period of use.

The annual depreciation rates are as listed below:

|  |  |
| --- | --- |
|  | **%** |
|  |  |
| Furniture | 7 |
| Computers | 33 |

**EYEDO Fielding Technologies, Ltd.**

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**Notes to Financial Statements (continued)**

**Note 3 – Accounts Payable and Credit Balances**

|  |  |
| --- | --- |
|  |  |
|  | **As at December 31** |
|  |  | **2017** |
|  |  | **New Shekel** |
|  |  |  |
| Value Added Tax |  | 19,021 |
| Related Parties |  | 18,138 |
| Income in Advance |  | 128,250 |
| Employees and institutions |  | 34,362 |
| Expenses Payable |  | 15,000 |
|  |  | 214,771 |
|  |  | ===== |

**Note 4 – Long-Term Loan**

The Company has reached an agreement with a third party on the establishment of a joint venture to manage the sale of photo-recognition software.

Until the balance date, the third party transferred a total of NIS 205 thousands as a loan for the project.

**Note 5 – Liens**

To ensure the Company's obligations to Bank Hapoalim, the Company has registered the following liens:

1. A first priority fixed lien on a deposit of NIS 20,000, which is deposited in account 447800, branch 628, including interest and fruits.
2. A first priority fixed lien on a deposit of NIS 10,000, which is deposited in account 447800, branch 628, including interest and fruit.

**Note 6 – Share Capital**

 **As at December 31, 2017**

|  |  |  |
| --- | --- | --- |
| **Composition:** | **Registered**  | **Issued and Paid** |
|  | **Number of shares** |  |
|  |  |  |
| Ordinary shares of NIS 1 par value each | 1,000 | 90 |
|  | ===== | === |

**Note 7 – Research and Development Expenses**

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  | **For year that ended on December 31** |
|  |  | **2017** |
|  |  | **New Shekel** |
|  |  |  |
| Salaries and accompanying expenses |  | 701,519 |
| Computer and software |  | 84,015 |
| Professional services |  | 12,500 |
| Development. |  | 84,408 |
|  |  | 882,442 |
|  |  | ===== |

**EYEDO Fielding Technologies, Ltd.**

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**Notes to Financial Statements (continued)**

**Note 8 – Administrative and General Expenses**

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  | **For the year that ended** |
|  |  | **on December 31,** |
|  |  | **2017** |
|  |  | **New Shekel** |
|  |  |  |
| Salaries and accompanying expenses |  | 25,096 |
| Management fees |  | 53,750 |
| Professional services |  | 28,509 |
| Office Maintenance and expenses |  | 85,707 |
| Refreshments and gifts |  | 8,534 |
| Depreciation |  | 357 |
| Fuel and travel expenses |  | 31,928 |
| Communication |  | 5,610 |
|  |  | 239,491 |
|  |  | ===== |

**Note 9 – Transactions with Related Parties**

|  |  |
| --- | --- |
|  | **For the year that ended** |
|  | **on December 31,** |
|  |  | **2017** |
|  |  | **New Shekel** |
|  |  |  |
| Marketing expenses |  | 100,000 |
|  |  | ===== |
| Development expenses |  | 135,086 |
|  |  | ===== |
| Management fees |  | 53,750 |
|  |  | ===== |
| Salary |  | 50,192 |
|  |  | ===== |

**Note 10 – Additional Information**

The Company's bookkeeping department is carried out by the accounting office of the Auditor's accountant.

**EYEDO Fielding Technologies, Ltd.**

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**Reconciliation Report for Income Tax Purposes**

**For Tax year 2017**

**===================**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **New Shekel** |
|  |  |  |  |
| **Loss for period according to Profit and Loss Report transferred to next year** |  |  | 298,114 |
|  |  |  |  |
|  |  |  | ===== |

|  |
| --- |
|  |
| **Manager** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |

|  |  |
| --- | --- |
| **י. יקר, רואי חשבון C.P.A. ISR. Y. YAKAR** Yom Tov Yakar CPA YOM TOV YAKAR C.P.A. ISR.Gili Tzabar Avital CPA GILI TZABAR AVITAL C.P.A. ISR |   |
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**Auditor’s Expert Opinion**

We checked the **Reconciliation Statement** of EYEDO Fielding Technologies, Ltd. for tax year 2017, which adjusts the Company’s loss according to its Profit and Loss Report for the period that ended on December 31, 2017, as a loss that was declared for Income Tax needs for the aforementioned tax year.

Examining the expenses as listed in the regulations concerning "Conditions for deduction of certain expenses," the calculations required under Section 3 (j) of the Income Tax Ordinance and the conditions listed in Section 32 A of the ordinance, realize the conditions as agreed between the Income Tax Commission and the Institute of Certified Public Accountants in Israel, in all that is implied.

In our opinion, subject to the aforementioned paragraphs, the reconciliation was conducted pursuant to the provisions of the Income Tax Ordinance and the Income Tax law (Adjustments due to inflation), 5745 - 1985.

 Y. Yakar

Chartered Accountants

Tel-Aviv, February 15, 2018