IDenta
Financial Statements

As of December 31, 2014

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Auditors' Report to the Shareholders of IDenta

We have audited the accompanying statements of financial position of IDenta (hereinafter -The Company) as of December 31, 2014 and 2013, and the statements of income and the statements of changes in shareholders' equity for each of the years ended on those dates. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance)-1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the abovementioned financial statements present fairly, in accordance with generally accepted accounting principles, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and the changes in its shareholders' equity for each of the years ended on those dates.

As explained in Explanatory Note 2A, the financial statements are presented in reported amounts, in accordance with Accounting Standards number 12 issued by the Israeli Accounting Standards Board.

Certified Public Accountants

March 30, 2015

IDenta

Statement of financial position

As of December 31, 2014

	Note	As of December 31 2013 US Dollars	2014 US Dollars
Current assets			
Cash and cash equivalents		88,754.41	47,425.83
Trade receivables		533,191.76	645,551.66
Other receivables	(03)	151,345.29	29,067.22
		773,291.47	721,962.22
Fixed assets	(04)	115,995.00	106,514.44
		889,286.47	828,476.66
Current liabilities			
Banks		7,162.94	41,699.72
Checks payable		22,368.53	3,080.27
Short-term loans		94,526.18	46,994.16
Trade payables		70,139.12	78,446.94
Other payables	(05)	486,399.12	562,806.94
		680,595.88	733,027.50
Long-term liabilities			
Long-term loans	(06)	2,124,644.12	2,301,512.77
Equity deficit			
Share capital	(07)	25,200	25,200
Receipts on account of shares		929,399.12	877,765.83
Accumulated losses		(2,852,764.41)	(3,090,829.44)
		(1,915,953.53)	(2,187,863.61)
		889,286.47	828,476.66

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Statement of income

For the Year Ended December 31, 2014

	Note	For the Year Ended December 31 2013	2014
		US Dollars	US Dollars
Sales		333,074.12	426,436.38
Research and Development expenses	(08)	130,614.41	161,440.83
Administrative and general expenses	(09)	202,459.71	264,995.55
Total Expenses		584,453.82	602,895.27
(Loss) before financing expenses		(381,994.12)	(337,899.72)
Financing expenses & income net	(10)	(23,381.18)	(58,652.22)
(Loss) for the Year		(405,375.29)	(396,551.94)
Accumulated losses at the beginning of the year		(2,447,389.12)	(2,694,277.50)
Accumulated losses at the end of the year		(2,852,764.41)	(3,090,829.44)

The accompanying notes form an integral part of the financial statements

IDenta

Statement of Cash Flows
For the Year Ended December 31, 2014

	For the Year Ended December 31	
	2013	2014
	US Dollars	US Dollars
Cash flows from operating activities		
Loss per Statement of income	(405,375.29)	(396,551.94)
Adjustments required to present cash flows from operating activities (Appendix A)	(294,500.59)	(112,717.22)
Net cash (absorbed by operating activities	(699,875.88)	(283,834.72)
Cash flows from investment activities		
Acquisition of Fixed assets	(30,675.29)	(8,830.83)
Net cash absorbed by investment activities	(30,675.29)	(8,830.83)
Cash flows from financing activities		
Increase in long-term loans	768,169.12	263,613.61
(Decrease) in short-term loans	(22,087.35)	(42,280.55)
Increase (Decrease) in credit	(10,445.88)	34,934.72
Net cash generated by financing activities	735,635.88	256,267.77
(Decrease) in cash and cash equivalents	5,084.71	(36,397.77)
Balance of cash and cash equivalents at the beginning of the year	83,669.71	83,823.61
Balance of cash and cash equivalents at the end of the year	88,754.41	47,425.83

The accompanying notes form an integral part of the financial statements

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Statement of Cash Flows

For the Year Ended December 31, 2014

Appendix A

Adjustments required to present cash flows from operating activities

	For the Year Ended December 31	
	2013	2014
	US Dollars	US Dollars
Income and expenses not involving the flow of cash:		
Depreciation and amortization	41,918	11,867.22
Exchange differences on shareholders' Loans	-	31,290.83
Changes in assets and liabilities:		
(Increase) in trade receivables	(123,315.00)	(141,899.16)
(Increase) in other receivables	(55,993.82)	113,870
(Decrease) increase in checks payable	1,675.29	(18,045.55)
(Decrease) increase in trade payables	19,774.71	12,204.44
Increase in other payables	(148,970.59)	103,429.44
	(294,500.59)	112,717.22

IDenta

Notes to the Financial Statements

As of December 31, 2014

1. General

The Company was incorporated in January 2002. The Company's objective is to be engaged in a research and in the development of a kit for detecting and revealing drugs.

2. Accounting policy

The main accounting policies which have been implemented in the preparation of these financial statements are as follows:

A) The basis for the financial reporting

The financial statements have been prepared in accordance with generally accepted accounting standards, under the historical cost convention, without taking into account the decrease in the purchasing power of the Israeli currency.
The decrease in the general purchasing power of the Israeli currency in the reporting year found expression, inter alia, in an increase in the Consumer Prices Index of 0. 1% (previous year – an increase of 1.91%).

3. Other receivables Comprise:

	As of December 31	
	2013	2014
	US Dollars	US Dollars
Prepaid expenses	-	1,605
Advances to suppliers	141,631.76	19,312.22
Institutions	9,713.53	8,150
	151,345.29	29,067.22

4. Fixed assets Comprise:

	Cost	Accumulated Depreciation	Net Book Value As of December 31	
	2014 US Dollars	2014 US Dollars	2014 US Dollars	2013 US Dollars
Machinery and equipment	125,826.66	114,546.66	11 ,280	19,038.61
Office Furniture and equipment	57,259.72	26,630	30 ,629.72	23,738.88
Leasehold improvements	39,054.44	22,082.22	16 ,972.22	7,403.33
Investment in patents	47,632.50	-	47,632.50	42,042.77
	269,773.33	163,258.88	106,514.44	92,223.61

5. Other payables Comprise:

	As of December 31 2013 US Dollars	2014 US Dollars
Employees	25,037.06	30,058.61
Institutions	2,045.88	2,514.16
Advances from customers	2,407.06	1,197.22
Related Parties	456,909.12	529,036.38
	486,399.12	562,806.38

6. Long-term loans Comprise:

	As at December 31 2013 US Dollars	2014 US Dollars
Loans from banks	102,061.18	116,305.55
Loans from others	(35,697.94)	(45,518.88)
Net of current maturities	2,058,280.88	(2,230,726.11)
	2,124,644.12	2,301,512.77

7. Share Capital Comprise:

	Registered	Issued and paid up as of December 31	
	2014 US Dollars	2014 US Dollars	2013 US Dollars
Regular shares of NIS1 each	25,200	25,200	25,200

8. Research and development expenses Comprise:

	For the Year Ended December 31	
	2013	2014
	US Dollars	US Dollars
Purchases	130,614.41	161,440.83
	130,614.41	161,440.83

9. Administrative and general expenses Comprise:

	For the Year Ended December 31	
	2013	2014
	US Dollars	US Dollars
Exporting costs	18,017.65	30,704.44
Entertaining, gifts and donations	4,289.12	4,145.27
Bookkeeping and computers	7,699.41	16,966.66
Advertising	147,490.29	63,833.61
Salaries and social benefits	168,178.24	229,955.27
Professional services	33,430.00	37,145.55
Rental and management fees	74,116.47	72,406.94
Haulage	4,611.18	18,034.72
Postage and telephones	10,237.65	7,416.66
Taxes and levies	49,610.00	42,755
Depreciation	12,328.82	11,867.22
Overseas travel	19,858.82	7,638.61
Local travel	21.18	403.88
Insurances	14,488.24	44,471.11
Maintenance	6,034.71	13,598.33
Office supplies	13,960.00	1,551.94
Bad debts	2.65	-
	584,453.82	602,895.27

10. Financing income (expenses), net Comprise:

	As at December 31	
	2013	2014
	US Dollars	US Dollars
(Decrease) increase Exchange gains	12,679.71	(31,290.83)
(Decrease) Commissions and interest	(36,060.88)	(27,361.38)
	(23,381.18)	(58,652.22)