The Consolidated
Financial Statements of
IDENTA CORP
As of December 31, 2015

IDENTA CORP

Consolidated Financial Statements as of December 31, 2015

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WEINSTEIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

# REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

IDENTA CORP

We have audited the accompanying consolidated balance sheets of IDENTA CORP (hereinafter," the Company"), and its subsidiaries at December 31, 2015 and 2014, and the related consolidated statements of income, cash flows, and stockholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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, such consolidated financial statements referred to above present fairly, in all material respects, the financial position of IDENTA CORP and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the periods described above, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, as of December 31, 2015, the Company has not established a source of revenue sufficient to cover its operating costs, and does not have sufficient working capital and cash resources to meet its planned business objectives. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding these matters is also described in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Dov Weinstein & Co. C.P.A (Isr)
Jerusalem, Israel
April 11, 2016

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# IDENTA CORP
## Consolidated Balance Sheets

| | Notes | As of December 31 2015 | 2014 |
|---|---|---|---|
| | | $ | |
| **ASSETS** | | | |
| **Curret Assets** | | | |
| Cash and cash equivalents | | 132 | 16,534 |
| Deposits | | - | 27,369 |
| Accounts receivable | | 149,974 | 162,747 |
| Other receivables | | 25,327 | 9,030 |
| Inventories | 3 | 323,243 | 429,540 |
| | | **498,676** | **645,220** |
| **Fixed Assets, Net** | 4 | 49,082 | 56,448 |
| **TOTAL ASSETS** | | **547,758** | **701,668** |

## IDENTA CORP
## Consolidated Balance Sheets

| | Notes | As of December 31 2015 | 2014 |
|---|---|---|---|
| | | $ | |
| **LIABILITY AND STOCKHOLDERS' DEFICIT** | | | |
| **Current liabilities** | | | |
| Short-term credit | 5 | 86,681 | 78,596 |
| Accounts payable | 6 | 102,701 | 58,999 |
| Other payables | 7 | 307,878 | 309,626 |
| Other payables - related parties | 8,15 | 342,326 | 233,110 |
| | | 839,586 | 680,331 |
| **Non-current liabilities** | | | |
| Bank loans | 9 | 68,459 | 66,892 |
| **Employee benefit obligations** | 10 | 31,010 | 47,984 |
| *Total Liabilities* | | 939,055 | 795,207 |
| **Stockholders' deficit** | | | |
| Common stock, $0.001 par value; 16,000,000,000 share authorized; 13,517,625,000 shares issued and outstanding at December 31, 2015 and 13,287,625,000 at December 31, 2014. | 11 | 13,533,606 | 13,287,625 |
| Discount on capital | | (10,408,288) | (10,293,288) |
| Other comprehensive income | | 159,330 | 98,024 |
| Accumulated deficit | | (3,675,945) | (3,185,900) |
| **Total stockholders' deficit** | | (391,297) | (93,539) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT** | | **547,758** | **701,668** |

shoham

Director
April 11, 2016
The accompanying notes are an integral part of that financial statements.

## IDENTA CORP
## Consolidated Statement of Operations

| | | Year ended December 31 | |
|---|---|---|---|
| | | **2015** | **2014** |
| | | **$** | |
| Revenues | | 716,535 | 429,071 |
| Cost of sales | | (535,858) | (322,530) |
| **Gross profit** | | **180,677** | **106,541** |
| General and administrative costs | | (528,173) | (691,630) |
| **Loss before finance costs** | | **(347,496)** | **(585,089)** |
| Finance costs, net | 14 | (142,549) | (56,635) |
| **Net loss** | | **(490,045)** | **(641,724)** |
| | | | |
| **Net loss per common share - basic and diluted** | | | |
| Net loss per share attributable to common stockholders | | (0.00) | (0.00) |
| Weighted-average number of common shares outstanding | | 13,361,049,658 | 10,970,781,164 |

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

## IDENTA CORP
## Consolidated Statements of Stockholders' Deficit

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Discount on capital | Other comprehensive income | Accumulated deficit | Total shareholders' deficit |
| | | | | $ | | |
| **December 31, 2013** | 10,351,875,000 | 10,351,875 | (8,135,550) | 369,694 | (2,544,176) | 41,843 |
| Issuance of common stock at January 7th | 629,250,000 | 629,250 | (484,654) | - | - | 144,596 |
| Issuance of common stock at July 27th | 2,086,500,000 | 2,086,500 | (1,563,084) | - | - | 523,416 |
| Issuance of common stock at October 26th | 220,000,000 | 220,000 | (110,000) | - | - | 110,000 |
| Loss for the year | - | - | - | (271,670) | (641,724) | (913,394) |
| **Balance of December 31, 2014** | 13,287,625,000 | **13,287,625** | **(10,293,288)** | **98,024** | **(3,185,900)** | **(93,539)** |
| **December 31, 2014** | 13,287,625,000 | 13,303,606 | (10,293,288) | 98,024 | (3,185,900) | (77,558) |
| Issuance of common stock at August 20th | 200,000,000 | 200,000 | (100,000) | - | - | 100,000 |
| Issuance of common stock at October 16th | 30,000,000 | 30,000 | (15,000) | - | - | 15,000 |
| Profit (Loss) for the year | - | - | - | 61,306 | (490,045) | (428,739) |
| **Balance of December 31, 2015** | 13,517,625,000 | **13,533,606** | **(10,408,288)** | **159,330** | **(3,675,945)** | **(391,297)** |

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

## IDENTA CORP
## Consolidated Statement of Cash Flows

| | Year ended December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| **Cash flows from operating activities** | | |
| Net loss | (490,045) | (641,724) |
| | | |
| **Ajustments for non-cash income and expenses** | | |
| Depreciation | 10,914 | 10,700 |
| Provision for severance pay | (16,974) | 47,984 |
| Capital loss | - | 285 |
| Changes in other comprehensive income | 61,306 | (271,670) |
| | 55,246 | (212,701) |
| **Changes in operating assets and liabilities** | | |
| Decrease in accounts receivable | 12,773 | 8,719 |
| Decrease in other receivables | 11,072 | 94,496 |
| Decrease (Increase) in inventory | 106,297 | (23,688) |
| Increase in accounts payable | 43,702 | 6,654 |
| Increase (Decrease) in other payables | (9,781) | 2,566 |
| | 164,063 | 88,747 |
| | | |
| **Net cash used in operating activities** | (270,736) | (765,678) |
| | | |
| **Cash flows from investing activities** | | |
| Acquisition of fixed assets | (3,548) | (6,838) |
| **Net cash used in investing activities** | (3,548) | (6,838) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of common stock | 130,981 | 403,695 |
| Proceeds from short term loan from banks | 5,527 | 41,124 |
| Proceeds from (Repayment of) long terms loans | 4,125 | (55,915) |
| Proceeds from loan with shareholders | 8,033 | 116,527 |
| Proceeds from loan with related parties | 109,216 | 233,110 |
| **Net cash earned in financing activities** | 257,882 | 738,541 |
| | | |
| **Decrease in cash and cash equivalents** | (16,402) | (33,975) |
| Cash and cash equivalents at the beginning of the year | 16,534 | 50,509 |
| **Cash and cash equivalents at the end of the year** | **132** | **16,534** |

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

# IDENTA CORP
## Notes to the Consolidated Financial Statements

**Note 1 - Nature of business af presentation**

IDENTA CORP (the "Company") is a Florida Corporation incorporated on June 3, 1997 as Future products VI corp until July 2000 and was known also as Bouy Club, Inc. until January 2002. The Company is a sole shareholder of Identa Ltd, an Israeli limited company. The operation of the company is through its subsidiary, which develops products to test for the presence of illegal drags for the law enforcements industry.

**Basis of Presentation**

The Company maintains its accounting records on an accrual basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

These financial statements are presented in US dollars.

**Fiscal Year End**

The Corporation has adopted a fiscal year end of December 31.

**Note 2 - Summary of significant accounting policies**

The principal accounting policies are set out below, these policies have been consistently applied to the period presented, unless otherwise stated:

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Principles of Consolidation**

The consolidated financial statements include the accounts of IDENTA CORP and its subsidiaries. Intercompany transactions and balances have been eliminated. Equity investments through which we are able to exercise significant influence over but do not control the investee and are not the primary beneficiary of the investee's activities are accounted for using the equity method. Investments through which we are not able to exercise significant influence over the investee and which do not have readily determinable fair values are accounted for under the cost method.

**Foreign Currencies**

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are recorded to other comprehensive income ("OCI").

**Going concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As at December 31, 2015, the Company has an accumulated deficit of $3,665,654 from operations and has not earned sufficient revenues to cover its operating costs. The Company intends to fund future operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending December 31, 2016.

The ability of the Company to emerge from the development stage is dependent upon, among other things, obtaining additional financing to continue operations, and development of its business plan. In response to these problems, management intends to raise additional funds through public or private placement offerings.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Cash and cash equivalents**

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

**Note 2 - Summary of significant accounting policies (Cont.)**

**Accounts Receivable**
The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Based on historical collection activity, the Company had no allowances for bad debts at December 31, 2015 and 2014.

**Inventories**
Inventories are stated at average cost, subject to the lower of cost or market. Cost includes materials, labor, and manufacturing overhead related to the purchase and production of inventories. We regularly review inventory quantities on hand, future purchase commitments with our suppliers, and the estimated utility of our inventory. If our review indicates a reduction in utility below carrying value, we reduce our inventory to a new cost basis through a charge to cost of revenue. The determination of market value and the estimated volume of demand used in the lower of cost or market analysis require significant judgment.

**Property and Equipment**
Property and equipment are stated at cost, less accumulated depreciation. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the period benefited. Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using shorter of useful live of the property or the unit of depletion method. For shorter-lived assets the straight-line method over estimated lives ranging from 3 to 10 years is used as follows:

| | |
|---|---|
| Furniture | 6-7 years |
| Capital Improvements | 10 years |
| Computers and Electronic Equipments | 3-10 years |

**Impairment Long-Lived Assets**
For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company assesses the impairment of long-lived assets (including identifiable intangible assets) annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.
When management determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we test for any impairment based on a projected undiscounted cash flow method. Projected future operating results and cash flows of the asset or asset group are used to establish the fair value used in evaluating the carrying value of long-lived and intangible assets. The Company estimates the future cash flows of the long-lived assets using current and long-term financial forecasts. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If this were the case, an impairment loss would be recognized. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

**Accounts Payable and Accrued Expenses**
Accounts payable and accrued expenses are carried at amortized cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes

**Note 2 - Summary of significant accounting policies (Cont.)**

obliged to make future payments in respect of the purchase of these goods and services.

**Earnings per Share**
The Company computes net loss per share in accordance with ASC 260, "Earnings Per Share" ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potential dilutive common shares, which comprise options granted to employees. As December 31, 2015, the Company had no potentially dilutive shares.

**Income Taxes**
Income taxes are accounted for in accordance with ASC Topic 740, "Income Taxes." Under the asset and liability method, deferred tax assets and liabilities are recognized for the future consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences). Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are recovered or settled. Valuation allowances for deferred tax assets are established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Revenue Recognition**
The Company recognizes revenue when all of the following have occurred: persuasive evidence of an agreement with the customer exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectability of the selling price is reasonably assured.

**Cost of Sales**
Cost of sales includes all of the costs to manufacture the Company's products. For products manufactured in the Company's own facilities, such costs include raw materials and supplies, direct labour and factory overhead. For products manufactured for the Company by third-party contractors, such cost represents the amounts invoiced by the contractors.

**Fair Value of Financial Instruments**
The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:
- Level 1: Quoted prices in active markets for identical instruments;
- Level 2: Other significant observable inputs (including quoted prices in active markets for similar instruments);
- Level 3: Significant unobservable inputs (including assumptions in determining the fair value of certain investments).

**Recently Issued Accounting Pronouncements**
In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-10–Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates several of the reporting requirements for development stage entities, including the requirement to present inception to date information in the statements of income, cash flows, and shareholder equity, and to label the financial statements as those of a development stage entity. ASU 2014-10 also clarifies that the guidance in Accounting Standards Codification ("ASC") Topic 275, "Risks and Uncertainties", is applicable to entities that have not commenced principal operations, and eliminates an exception to the sufficiency-of-equity risk criterion for development stage entities, and will require all reporting entities that have an interest in development stage enterprises to apply consistent consolidation guidance for

**Note 2 - Summary of significant accounting policies (Cont.)**

variable interest entities. ASU 2014-10 is effective for all annual reporting periods beginning after December 15, 2014 and for interim reporting periods beginning after December 15, 2015, with early adoption permitted.

In July 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-11 "Simplifying the Measurement of Inventory"; guidance which requires inventory within the scope of the standard to be measured at the lower of cost and net realizable value. Previous guidance required inventory to be measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin). The updated guidance is effective for interim and annual reporting periods beginning after December 15, 2016, with early adoption permitted. There were various other updates recently issued, none of which are expected to a have a material impact on the Company's financial position, results of operations or cash flows.

**Note 3 - Inventories**

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Finished goods | 112,889 | 180,890 |
| Work in process | 210,354 | 248,650 |
| | **323,243** | **429,540** |

**Note 4 - Fixed Assets, Net**

| | Computers and electronic equipment | Furniture | Capital Improvments | Total |
|---|---|---|---|---|
| | $ | | | |
| **Cost** | | | | |
| Balance as at January 1, 2015 | 39,538 | 48,948 | 20,525 | 109,011 |
| Current year | 1,171 | 2,377 | - | 3,548 |
| **Balance as at December 31, 2015** | **40,709** | **51,325** | **20,525** | **112,559** |
| **Accumulated Depreciation** | | | | |
| Balance as at January 1, 2015 | 27,673 | 20,361 | 4,529 | 52,563 |
| Current year | 5,376 | 3,590 | 1,948 | 10,914 |
| **Balance as at December 31, 2015** | **33,049** | **23,951** | **6,477** | **63,477** |
| **Fixed Assets, Net as at December 31, 2015** | **7,660** | **27,374** | **14,048** | **49,082** |
| **Fixed Assets, Net as at December 31, 2014** | **11,865** | **28,587** | **15,996** | **56,448** |

**Note 5 - Short-term credit**

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Short term credit | 41,987 | 36,460 |
| Current maturities | 44,694 | 42,136 |
| | **86,681** | **78,596** |

**Note 6 - Accounts payable**

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Trade creditors | 76,640 | 42,129 |
| Outstanding checks | 26,061 | 16,870 |
| | **102,701** | **58,999** |

**Note 7 - Other payables**

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Institutions | 554 | (1,581) |
| Loans from shareholders | 291,415 | 283,382 |
| Accrued expenses | 1,317 | - |
| Employees | 14,592 | 27,825 |
| | **307,878** | **309,626** |

**Note 8 - Other payables - related parties**

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Loan from related parties | **342,326** | **233,110** |

The above loan is unsecured, bears no interest and has no set terms of repayment. This loan is repayable on demand

**Note 9 - Bank loans**

1. The loans are:

| | | As of December 31 | |
|---|---|---|---|
| | | 2015 | 2014 |
| | interest rates | $ | |
| Linked to the Israeli consumer price index | 4%-5% | 11,323 | 52,510 |
| Linked to the Israeli consumer price index | 7%-9% | 101,830 | 56,518 |
| | | **113,153** | **109,028** |

**Note 9 - Bank loans (Cont.)**

2. The loans will be paid in the years to come, after the financial reports date:

| | | |
|---|---|---|
| First year- current maturities | 44,694 | 42,136 |
| Second year | 38,768 | 31,257 |
| Third year and on | 29,691 | 35,635 |
| | 68,459 | 66,892 |
| | **113,153** | **109,028** |

**Note 10 - Employee benefit obligations**

Israeli law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. The following principal plans relate to the employees in Israel:

The Company's liability for severance pay for its Israeli employees is calculated pursuant to Israeli severance pay law based on the most recent salary of the employee multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment, or a portion thereof. The Company's liability for all of its Israeli employees is partially provided for by monthly deposits in insurance policies and the remainder by an accrual in the financial statements. The value of these policies is recorded as an asset in the Company's balance sheet.

The deposited funds include profits/loss accumulated up to the balance sheet date. The value of the deposited funds is based on current redemption value of these policies. Withdrawals from the funds may be made only upon termination of employment.

**Note 11 - Capital Stock**

**Common stock**
On January 7, 2014, the Company issued 629,250,000 shares of common stock. 609,250,000 shares to investors at a price of $ 0.0002 per share for cash, for $140,000.
20,000,000 shares to officer of the company for work salary equivalent- the price evaluate is $4,596.

On July 27, 2014 the Company issued 2,086,500,000 shares of common stock. 1,893,750,000 shares to investors at a price of $ 0.0002 per share for cash, for $475,000.
193,000,000 shares to officer of the company for work salary equivalent- the price evaluate is $48,416.

On November 26, 2014 the Company issued 220,000,000 shares of common stock. 200,000,000 shares to investors at a price of $ 0.0005 per share for cash, for $100,000.
20,000,000 shares to officer of the company for work salary equivalent- the price evaluate is $10,000.

On August 20, 2015 the Company issued 200,000,000 shares of common stock. Shares were issued to lenders of the company for interest equivalent- the price evaluate is $100,000.

On October 16, 2015 the Company issued 30,000,000 shares of common stock. Shares were issued to lenders and vendors of the company for service equivalent- the price evaluate is $15,000.

# IDENTA CORP
## Notes to the Consolidated Financial Statements

**Note 12 - Restatement of prior year financial statement**

During the preparation of the financial statements for the year ended December 31, 2015, IDENTA CORP identified certain prior period errors as described below. IDENTA CORP has accounted for these adjustments retrospectively. the net effect of these adjustments are the that short-term liability increased in $ 339,992 and the equity decreased in $ 339,992.

| | As previously reported at 31, December 2014 | change | restated |
|---|---|---|---|
| Shareholder loans | (176,500) | (106,882) | (283,382) |
| Other payable - related parties | - | (233,110) | (409,610) |
| Other comprehensive income | (63,699) | (34,325) | (98,024) |
| Paid in capital | 9,918,971 | 374,317 | 10,293,288 |
| | 9,678,772 | - | 9,502,272 |

**Note 13 - Income taxes**

The provision (benefit) for income taxes for the years ended December 31, 2015 and December 31, 2014 was follows (assuming a 15% effective tax rate):

| | December 31 2015 | December 31 2014 |
|---|---|---|
| | $ | $ |
| Current tax provision: | | |
| Federal- | - | - |
| Taxable income | - | - |
| Total current tax provision | - | - |

| | December 31 2015 | December 31 2014 |
|---|---|---|
| | $ | $ |
| Deferred Tax Provision: | | |
| Federal- | | |
| Loss carry forwards | 71,963 | 96,259 |
| Change in valuation allowance | (71,963) | (96,259) |
| Total deferred tax provision | - | - |

The Company had deferred income tax assets as of December 31, 2015 and December 31, 2014 as follows:

| | December 31 2015 | December 31 2014 |
|---|---|---|
| | $ | $ |
| Loss carryforwards | 549,848 | 477,885 |
| Less - Valuation allowance | (549,848) | (477,885) |
| Total net deferred tax assets | - | - |

The Company provided a valuation allowance equal to the deferred income tax assets for year ended December 31, 2015 because it is not presently known whether future taxable income will be sufficient to utilize the loss carryforwards.
As of December 31, 2015, the Company had approximately $3,665,654 in tax loss carryforwards that can be utilized future periods to reduce taxable income, and expire by the year 2,035 .
The Company did not identify any material uncertain tax positions. The Company did not recognize any interest or penalties for unrecognized tax benefits.
The federal income tax returns of the Company are subject to examination by the IRS, generally for three years after they are filed.

**Note 14 - Finance costs, net**

| | Year ended December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| **Finance costs** | | |
| Bank institutions | 11,145 | 22,474 |
| Others | 129,596 | - |
| Institutions | - | 30 |
| Exchange rate differences | 1,902 | 34,131 |
| | 142,643 | 56,635 |
| **Finance income** | | |
| Deposits | 94 | - |
| | **142,549** | **56,635** |

**Note 15 - Related party transactions**

Details of transaction between the Company and related parties are disclosed below:

The following entities have been identified as related parties:

| | |
|---|---|
| Yaakov Shoham | -Director and greater than 10% stockholder (held directly and/or by immediate family) |
| Baruch Glattstein | -Director and greater than 10% stockholder (held directly and/or by immediate family) |
| Amichai Glattstein | -Director and greater than 10% stockholder (held directly and/or by immediate family) |

*The following transactions were carried out with related parties:*

| | As of December 31 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | |
| Loan from related parties | **342,326** | **233,110** |

From time to time, the directors and stockholder of the Company provides advances to the Company for its working capital purposes. These advances bear no interest and are due on demand.

**Note 16 - Subsequent events**

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report and determined that there are no additional material subsequent events to report.