

**Pro Long Ltd.**

**Financial Statements as at March 31, 2018**  
**(in NIS thousands)**

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Shalom Diamant & Co.  
Certified Public Accountants

Shlomi Diamant - C.P.A (Isr)  
Eli Diamant - C.P.A (Isr)  
Amnon Weiser - C.P.A (Isr)

65 Yigal Alon St. Tel-Aviv 6744316  
Tel. 03-9777800, Fax 03-6243663  
diamant@diamant-cpa.co.il

**Auditors Report to the Shareholders of  
Pro Long Ltd.**

We have audited the accompanying statements of financial condition of Pro Long Ltd., (hereinafter - the Company) as at March 31, 2018 and 2017 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to issue an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under 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 Company's 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, these financial statements present fairly, in all material respects, the financial condition of the Company as at March 31, 2018 and 2017 and the results of its operations, changes in shareholders' equity and cash flows for each of the years then ended - in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Tel Aviv, April 15, 2018.

  
Shalom Diamant & Co.  
Certified Public Accountants

**Pro Long Ltd.**

**Statements of financial position**

	Note	March 31	
		2018	2017
		NIS thousands	
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents		8	31
Trade receivables	3	100	308
Other accounts receivable	4	36	109
		<u>144</u>	<u>448</u>
<b>Non-current assets:</b>			
Fixed assets	5	<u>1,147</u>	<u>1,259</u>
		<u>1,291</u>	<u>1,707</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Current liabilities:</b>			
Trade payables	6	3	18
Other accounts payable	7	70	123
		<u>73</u>	<u>141</u>
<b>Non-current liabilities:</b>			
Other long-term liabilities	8	<u>906</u>	<u>862</u>
<b>Shareholders' equity (capital deficit)</b>			
Share capital	9	..*	..*
Premium on shares		1,329	1,329
Balance of loss		<u>(1,017)</u>	<u>(625)</u>
		<u>312</u>	<u>704</u>
		<u>1,291</u>	<u>1,707</u>

\* Represents value lower than NIS 1 thousand.

The Notes accompanying the financial statements are an integral part thereof.

Stavros  
Director

Tel Aviv, April 15, 2018.

**Pro Long Ltd.**

**Statements of comprehensive income**

	<u>Note</u>	<b>For the year ended</b>	
		<b>March 31</b>	
		<u>2018</u>	<u>2017</u>
		<b>NIS thousands</b>	
Sales		400	1,201
Cost of sales	11a	636	1,112
<b>Gross profit</b>		<u>(236)</u>	<u>89</u>
General and administrative expenses	11b	133	140
<b>Operating (loss) income</b>		<u>(369)</u>	<u>(51)</u>
Financing expenses, net		23	34
<b>Net (loss) income for the year</b>		<u>(392)</u>	<u>(85)</u>
Balance (loss) at beginning of period		(625)	(540)
<b>Balance of loss at end of period</b>		<u>(1,017)</u>	<u>(625)</u>

The Notes accompanying the financial statements are an integral part thereof.

**Pro Long Ltd.**

**Statement of shareholders' equity**

	<u>Share capital</u>	<u>Premium on shares</u>	<u>Balance of loss</u>	<u>Total</u>
	<u>NIS thousands</u>			
<u>Balance as at March 31, 2016</u>	--*	1,329	(540)	789
Net (loss) for the year	--	--	(85)	(85)
<u>Total as at March 31, 2017</u>	<u>--*</u>	<u>1,329</u>	<u>(625)</u>	<u>704</u>
Net (loss) for the year	--	--	(392)	(392)
<u>Total as at March 31, 2018</u>	<u>--*</u>	<u>1,329</u>	<u>(1,017)</u>	<u>312</u>

\* Represents value lower than NIS 1 thousand

The Notes accompanying the financial statements are an integral part thereof.

**Pro Long Ltd.**

**Statements of cash flows**

	<b>For the year ended March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS thousands</b>	
<b>Cash flows from operating activities -</b>		
Net (loss) as per the statement of comprehensive income	(392)	(85)
Reconciliations required to present cash flows from operating activities –		
Revenues and expenses not connected with cash flows –		
Depreciation	144	142
Changes in items of assets and liabilities –		
Decrease (increase) in trade receivables	208	424
Decrease (increase) in other accounts receivable	73	(93)
Increase (decrease) in trade payables	(15)	(59)
Increase (decrease) in other accounts payable	(53)	(12)
	<u>357</u>	<u>402</u>
Net cash provided by (used for) operating activities	<u>(35)</u>	<u>317</u>
<b>Cash flows from investing</b>		
Acquisition of fixed assets	<u>(32)</u>	<u>--</u>
Net cash provided by (used) for investing activities	<u>(32)</u>	<u>--</u>
<b>Cash flows from financing activities -</b>		
Other long-term liabilities	44	(247)
Short-term bank credit , net	--	(39)
Net cash provided (used for) financing activities	<u>44</u>	<u>(286)</u>
Increase (decrease) in cash and cash equivalents	<u>(23)</u>	<u>31</u>
Balance of cash and cash equivalents at beginning of period	<u>31</u>	<u>--</u>
Balance of cash and cash equivalents at end of period	<u>8</u>	<u>31</u>

## Pro Long Ltd.

### Notes to the financial statements

#### 1. General

a. The Company was incorporated on August 24, 2011 and started operations on October 1, 2011. The Company is engaged in distributing and leasing air purifying machinery for packing houses in the agricultural branch.

b. As of March 31, 2018 the Company has one employee.

#### 2. Significant accounting principles

The significant accounting principles implemented in the preparation of the financial statements are as follows:

##### a. Financial statements in historical values and the use of estimates

1. The financial statements are prepared in conformity with generally accepted accounting principles in Israel (Israeli GAAP) based on historical cost.
2. The preparation of the financial statements in conformity with generally accepted accounting principles requires Management to make evaluations and assumptions which affect the amounts reported on assets and liabilities and disclosure regarding contingent assets and liabilities correct as of the date of the financial statements and the reported amounts regarding revenues and expenses during the periods of report. Actual results are liable to be different from these estimates.

##### b. Related parties

Related parties, as defined in Pronouncement 29 of the Institute of Certified Public Accountants in Israel are:

1. Parties, one of which, directly or indirectly: (a) Holds 10% or more of the issued capital of the other party or the voting power in it or the authority to appoint directors in it, or; (b) Is entitled to appoint the CEO or; (c) Serves as a director or as the general manager.
2. Every corporation, in which a party, as mentioned in sub-clause 1 of this clause, holds 25% or more of its issued share capital or of the voting power in it, or the authority to appoint its directors.

##### c. Cash and cash equivalents

The Company relates to all its highly liquid investments, which include short-term deposits with banks (up to three months) and which are not pledged.

##### d. Provision for doubtful debts

The provision for doubtful debts is determined specifically for debts whose collections, in the Company management's opinion, are in doubt. The customers' debts in which there is a decline in their value, are withdrawn on the date on which it is decided that these debts cannot be collected. In those cases where a provision is required, the financial statements include a provision which, in Management's opinion, correctly reflects the loss included in the specific receivables whose collection is in doubt. In order to determine the reasonableness of the provision, Management bases its decision, inter alia, on available information regarding the financial position of the receivables, the volume of their business and an evaluation of the collateral received from them.

##### e. Fixed assets

Items of fixed assets are presented at cost plus the direct acquisition costs, less losses from impairment in value accrued, less accumulated depreciation and less investment grants received for them, and do not include expenses for current maintenance. The financing costs relating to financing the acquisition or installing the fixed assets up to their operation, are included in the cost of the acquisition. Improvements and renovations are recorded to cost. Depreciation is calculated by the straight line method at annual rates considered to be sufficient to depreciate the assets over their estimated period of use as follows: Machinery and equipment – 7%.

**Pro Long Ltd.**

**Notes to the Financial Statements**

**3. Trade receivables**

Composition:

	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS thousands</b>	
Open accounts	135	317
Less – provision for doubtful debts	35	9
	<u>100</u>	<u>308</u>

**4. Other accounts receivable**

Composition:

	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS thousands</b>	
Related company	--	25
Value added tax	5	--
Prepaid expenses	4	8
Advances from suppliers	4	--
Revenues receivable	23	101
	<u>36</u>	<u>134</u>
Less – provision for doubtful debts	--	25
	<u>36</u>	<u>109</u>

**5. Fixed assets**

a. The method of presentation is explained in Note 2e.

b. Composition:

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Depreciated cost as at March 31</b>	
			<b>2018</b>	<b>2017</b>
			<b>NIS thousands</b>	
Machinery and equipment	<u>2,055</u>	<u>908</u>	<u>1,147</u>	<u>1,259</u>



**Pro Long Ltd.**

**Notes to the Financial Statements**

**6. Trade payables**

Composition:

	March 31	
	2018	2017
	NIS thousands	
Open accounts	3	18

**7. Other accounts payable**

Composition:

	March 31	
	2018	2017
	NIS thousands	
Employees and institutions	27	29
Value added tax	--	13
Accrued expenses	43	81
	70	123

**8. Other long-term liabilities**

Loan from related company:

Bears interest at a rate of 4% a year and is index-linked. The loan is to be repaid by August 2019. The interest has been calculated in accordance with Section 3(J) of the Income Tax Ordinance.

**9. Share capital**

Compositions (unchanged from the previous year):

	March 31, 2018			
	Authorized		Issued and Paid-up	
	Number of shares	NIS	Number of shares	NIS*
Ordinary shares of NIS 0.01 par value each	9,999,999	99,999	999	--
Preference shares of NIS 0.01 par value each	1	- *	1	--
	1,000,000	99,999	1,000	--

\* Represents value lower than NIS 1 thousand

**Pro Long Ltd.**

**Notes to the Financial Statements**

**10. Taxes on income**

a. Rate of company tax

The following are the relevant tax rates for the Company during 2016-2017

2016 (March 31, 2017) – 25%

2017 (March 31, 2018) – 24%

b. The following is a reconciliation between the amount of tax which would apply if all the income was liable to tax at the regular rates applying to companies in Israel, and the amount of tax recorded to the statements of comprehensive income:

	<b>For the year ended</b>	
	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS thousands</b>	
Income (loss) before taxes on income	<u>(392)</u>	<u>(85)</u>
Statutory tax rate	<u>24%</u>	<u>25%</u>
Tax calculated at the statutory tax rate	(94)	(21)
Increase (decrease) in income tax, due to the following factors:		
Current Losses for which		
No differed taxes have been created	<u>94</u>	<u>21</u>
Tax on income	<u>--</u>	<u>--</u>

c. The Company has no taxable income for the years ended March 31, 2018 and 2017 and therefore there is no provision for tax. The loss transferred for tax purposes which will be deductible against taxable income in the future is NIS 980 thousand (March 31 2017 – NIS 592 thousand). The Company did not record deferred tax losses due to the uncertainty regarding their realization over the coming three years.

d. The Company was issued final tax assessments, and those considered to be final, up to and including the 2013 tax year (March 31, 2013).

**Pro Long Ltd.**

**Notes to the Financial Statements**

**11. The following details from the items in the statement of comprehensive income**

	For the year ended	
	March 31	
	2018	2017
	NIS thousands	
<b>a. Cost of sales</b>		
Wages and related expenses	245	362
Technical Director's Fees	99	393
Maintenance of vehicle	105	138
Materials consumed	7	43
Depreciation	144	142
Insurance	36	34
	<u>636</u>	<u>1,112</u>
<b>b. General and administrative expenses</b>		
Management fees	75	120
Bad debts	25	--
Auditing and legal expenses	32	18
Taxes and levies	1	1
Gifts	--	1
	<u>133</u>	<u>140</u>

**12. Balances of transactions with related parties**

**a. The following are details of the related companies**

<u>Company name</u>	<u>Type of relationship / Holding</u>	<u>Remarks</u>
Deco Worldwide Post – Harvest Holdings, BV	Parentcompany Of Safe Pack Products Ltd.	
Safe Pack Products Ltd.	Parent company (50%)	
Magair Ltd.	Shareholder (50%)	Until August 31/2017

**b. Balances of related parties**

	March 31	
	2018	2017
	NIS thousands	
<u>Trade and other receivables:</u>		
Magair Ltd. *)	--	25
<u>Loans from related parties:</u>		
Safe Pack Products Ltd.	906	862

\*) In 2018 the company had recognized the account as bad debt

**Pro Long Ltd.**

**Notes to the Financial Statements**

**c. Transactions with related parties**

	<b><u>For the year ended March 31</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>NIS thousands</u></b>	
<b><u>Repayment of loans received:</u></b>		
Safe Pack Products Ltd.	<u>44</u>	<u>247</u>
<b><u>General and administrative expenses:</u></b>		
Safe Pack Products Ltd. (Management fees)	75	120
Magair Ltd. (bad debt)	<u>25</u>	<u>--</u>
	<u>100</u>	<u>120</u>
<b><u>Financing expenses, net:</u></b>		
Safe Pack Products Ltd.	<u>23</u>	<u>33</u>