STARCOM Plc

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

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INDEX

Barzily&Co.
Certified Public Accountants
ברזלי ושות', רואי חשבון

Jerusalem, August 28, 2018

Review Report of Independent Auditors
to the Shareholders of
Starcom Plc

Introduction
We have reviewed the accompanying condensed consolidated interim statements of financial position of Starcom Plc and its consolidated companies (hereinafter - "the Group") as of June 30, 2018 and the related condensed consolidated interim statements of comprehensive income, changes in shareholders' equity and cash flows for the six months then ended. Preparation and presentation of these condensed consolidated financial statements in conformity with International Accounting Standard No. 34 "Interim Financial Reporting" are the responsibility of the Group's board of directors and management. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with Review Standard No. 1 of the Israel Accounting Standards Board, "Review of Interim Financial Information for Interim Periods Performed by the Auditor of an Entity". A review consists principally of inquiries of Company personnel, analytical procedures applied to the financial data 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, we are not aware of any material modifications that should be made to these interim consolidated financial statements in order for them to be in conformity with International Accounting Standard No. 34.

Barzily & Co.
Barzily & Co.
Certified Public Accountants.
A Member of MSI Worldwide

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. Dollars in thousands

	Note	June 30 2018 Unaudited	June 30 2017 Unaudited	December 31 2017 Audited
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment, net		502	343	303
Intangible assets, net	3	2,376	2,508	2,457
Income Tax Authorities		46	43	44
Total Non-Current Assets		2,924	2,894	2,804
CURRENT ASSETS:				
Inventories		2,329	1,993	1,485
Trade receivables (net of allowance for doubtful accounts of $39, $137 and $48 thousand as of June 30, 2018 and 2017 and December 31,2017)		1,443	1,011	1,772
Other receivables		129	36	101
Short-term deposit		54	53	55
Cash and cash equivalents		178	281	93
Total Current Assets		4,133	3,374	3,506
TOTAL ASSETS		7,057	6,268	6,310
LIABILITIES AND EQUITY				
EQUITY		3,738	2,752	3,032
NON-CURRENT LIABILITIES:				
Long-term loans from banks		101	302	155
Leasehold Liabilities		84	-	-
Total Non-Current Liabilities		185	302	155
CURRENT LIABILITIES:				
Short-term bank credit		44	108	227
Short-term loans and current maturities of long-term loans		232	381	279
Convertible debentures		-	102	131
Trade payables		1,819	2,101	1,522
Shareholders and related parties	5	714	288	713
Other payables		219	234	251
Leasehold Liabilities		106	-	-
Total Current Liabilities		3,028	3,214	3,123
TOTAL LIABILITIES AND EQUITY		7,057	6,268	6,310

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

23[th] August 2018
Date of Approval of the Financial Statements

Director

U.S. Dollars in thousands

	Note	Six Months Ended June 30 2018 Unaudited	Six Months Ended June 30 2017 Unaudited	Year Ended December 31 2017 Audited
Revenues		3,092	1,922	5,440
Cost of sales		(1,864)	(1,019)	(3,360)
Gross profit		1,228	903	2,080
Operating expenses:				
Research and development, net		(124)	(134)	(237)
Selling and marketing		(292)	(264)	(558)
General and administrative		(1,288)	(1,095)	(2,196)
Other income (expenses)		(34)	22	22
		(1,738)	(1,471)	(2,969)
Operating loss		(510)	(568)	(889)
Net finance income (expenses)	6	33	(357)	(461)
Total comprehensive loss for the period		(477)	(925)	(1,350)
Loss per share:				
Basic and diluted loss per share (in dollars)	4	(0.002)	(0.006)	(0.007)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

U.S. Dollars in thousands

	Share Capital *	Premium on Shares	Capital Reserve	Capital Reserve for Share-based payment	Accumulated Loss	Total
(Unaudited)						
Balance- January 1, 2018	-	9,796	89	602	(7,455)	3,032
Issue of share capital, net of expenses – see Notes 1(a)3 - 1(a)5	-	1,049	-	-	-	1,049
Share based payment – Note 4	-	-	-	134	-	134
Expiry options and warrants – Note 4	-	135	-	(135)	-	-
Comprehensive loss for the period	-	-	-	-	(477)	(477)
Balance- June 30, 2018	-	10,980	89	601	(7,918)	3,738
(Unaudited)						
Balance- January 1, 2017	-	8,332	89	428	(6,105)	2,744
Issue of share capital, net of expenses	-	912	-	-	-	912
Issue of convertible debentures	-	-	2	-	-	2
Share based payment	-	-	-	19	-	19
Comprehensive loss for the period	-	-	-	-	(925)	(925)
Balance- June 30, 2017	-	9,244	91	447	(7,030)	2,752
(Audited)						
Balance- January 1, 2017	-	8,332	89	428	(6,105)	2,744
Proceeds from issued share capital, net of expenses	-	1,464	-	-	-	1,464
Share based payment	-	-	-	174	-	174
Comprehensive loss for the year	-	-	-	-	(1,350)	(1,350)
Balance- December 31, 2017	-	9,796	89	602	(7,455)	3,032

* An amount less than one thousand.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. Dollars in thousands

	Six Months Ended June 30		Year Ended December 31
	2018	2017	2017
CASH FLOWS FROM OPERATING ACTIVITIES:	Unaudited	Unaudited	Audited
Comprehensive loss	(477)	(925)	(1,350)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	303	267	510
Interest expense and exchange rate differences	(50)	89	92
Equity settled option-based payment expense	134	19	174
Capital loss (gain)	33	(19)	(19)
Changes in assets and liabilities:			
Increase in inventories	(844)	(737)	(229)
Decrease (Increase) in trade receivables	329	380	(381)
Decrease (Increase) in other receivables	(28)	29	(36)
Increase in Income Tax Authorities	(3)	(9)	(10)
Increase in trade payables	297	676	96
Increase (Decrease) in other payables	(32)	56	73
Net cash used in operating activities	(338)	(174)	(1,080)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(46)	(150)	(144)
Proceeds from sales of property, plant and equipment	-	62	61
Increase (Decrease) in short-term deposits	1	4	2
Purchase of intangible assets	(136)	(107)	(264)
Net cash used in investing activities	(181)	(191)	(345)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of short-term bank credit, net	(183)	(40)	(38)
Proceeds from (Repayment of) a convertible debenture, net	(131)	92	131
Repayment of Short-term loans from banks	-	(31)	-
Receipt of long-term loans	97	46	46
Proceeds from shareholders and related parties, net	1	14	406
Repayment of Leasehold liability	(49)		
Repayment of long-term loans	(180)	(216)	(357)
Consideration from issue of shares	1,049	746	1,295
Net cash provided by financing activities	604	611	1,483
Increase in cash and cash equivalents	85	246	58
Cash and cash equivalents at the beginning of the period	93	35	35
Cash and cash equivalents at the end of the period	178	281	93
Appendix A – Additional Information			
Interest paid during the period	(25)	(46)	(101)
Appendix B – Non-cash financing activities			
Issuance of shares to related parties in payment of salaries from current periods	-	100	100
Issuance of shares to supplier in payment of partial debt	-	70	69
Conversion to shares of convertible debentures and unsecured loans	-	-	-

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTE 1 - GENERAL INFORMATION

a. The Reporting Entity

1. Starcom plc ("the Company") was incorporated in Jersey on November 28, 2012. The Group specializes in easy-to-use practical wireless solutions that combine advanced technology, telecommunications and digital data for the protection and management of people, fleets of vehicles, containers and assets and engages in production, marketing, distribution, research and development of G.P.S. systems.

   The Company fully owns Starcom G.P.S. Systems Ltd., an Israeli company that engages in the same field, and Starcom Systems Limited, a company in Jersey.

   During the reported period, Starcom Systems America Inc. terminated its activity, which caused a loss of $34 thousand to the group results.

   The Company's shares are admitted for trading on London's Stock Exchange Alternative Investment Market ("AIM").

   Address of the official Company office in Israel of Starcom G.P.S. Systems Ltd. is:
   16 Hata'as St., Kfar-Saba, Israel.

   Address of the Company's registered office in Jersey of Starcom Systems Limited is:
   Forum 4, Grenville Street, St Helier, Jersey, Channel Islands, JE4 8TQ

2. During January 2018 the Company raised £ 315 ($439) thousand before expenses, through a placing of 14,000,000 new Ordinary Shares of no par value at a price of 2.25p per Placing Share.

3. During May 2018 the Company raised £ 365 ($486) thousand before expenses, through a placing of 14,600,000 new Ordinary Shares of no par value at a price of 2.5p per Placing Share.

4. On April 2018 the company granted its senior management and directors' options to subscribe for 10,500,000 new Ordinary Shares at 3.25p per share. The Options vest as to 50 per cent. one year after grant and, as to the balance, two years after grant, except for the options granted to the Company's CFO, which vest over three years as to one third at the end of each respective year. Any unexercised options expire at the end of 10 years from grant.

5. During the reported period, 4,440,000 warrants were exercised into Ordinary Shares in consideration of £111 ($155) thousand before expenses. The remaining 4,226,667 warrants expired – see also note 4.

NOTE 1 - GENERAL INFORMATION (cont.)

b. Definitions in these financial statements:

1. International Financial Reporting Standards (hereinafter: "IFRS") – Standards and interpretations adopted by the International Accounting Standards Board (hereafter: "IASB") that include international financial reporting standards (IFRS) and international accounting standards (IAS), with the addition of interpretations to these Standards as determined by the International Financial Reporting Interpretations Committee (IFRIC) or interpretations determined by the Standards Interpretation Committee (SIC), respectively.
2. The Company – Starcom Plc.
3. The subsidiaries – Starcom G.P.S. Systems Ltd. And Starcom Systems Limited.
4. Starcom Jersey – Starcom Systems Limited.
5. Starcom Israel – Starcom G.P.S. Systems Ltd.
6. The Group – Starcom Plc. and the Subsidiaries.
7. Related party – As determined by International Accounting Standard No. 24 in regard to related parties.

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES

a. Basis of preparation

The interim consolidated 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 consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2017 and for the year ended on that date and with the notes thereto.
The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2017 are applied consistently in these interim consolidated financial statements.

b. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
The judgment of management, when implementing the Group accounting policies and the basic assumptions utilized in the estimates that are bound up in uncertainties are consistent with those that were utilized to prepare the annual financial statements.

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES (cont.)

c. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.
The Group has early adopted IFRS 16 as follows:

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3.

Significant accounting policy

Policy applicable from 1 January 2018:
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2018.
At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES (cont.)

c. New standards, interpretations and amendments adopted by the Group (cont.)

Policy applicable before 1 January 2018

For contracts entered into before 1 January 2018, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
— fixed payments, including in-substance fixed payments;
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
— amounts expected to be payable under a residual value guarantee; and
— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES (cont.)

c. New standards, interpretations and amendments adopted by the Group (cont.)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

<u>Short-term leases and leases of low-value assets</u>

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

<u>Under IAS 17</u>

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.
Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

U.S. Dollars in thousands

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES (cont.)

c. New standards, interpretations and amendments adopted by the Group (cont.)

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

<u>As a lessee</u>

'Property, plant and equipment' comprise owned and leased assets that do not meet the definition of investment property.

The Group leases assets including buildings and vehicles. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Property	Vehicles	Total
Balance at January 1, 2018	159	80	239
Depreciation charge for the period	(40)	(17)	(57)
Balance at June 30, 2018	119	63	182

Additions to the right-of-use assets during 2018 were in zero thousand.

Lease liabilities

<u>Maturity analysis – contractual undiscounted cash flows</u>

Less than one year	111
One to five years	87
Total undiscounted lease liabilities at June 30, 2018	198

<u>Lease liabilities included in the statement of financial position at June 30, 2018</u>

Current	106
Non-current	84
	190

<u>Amounts recognized in profit or loss</u>

Interest on lease liabilities	(5)
Expenses relating to short-term leases	(7)

<u>Amounts recognised in statement of cash flows</u>

Total cash outflow for leases	(54)

U.S. Dollars in thousands

NOTE 3 - INTANGIBLE ASSETS, NET

	Total
Cost:	
Balance as of January 1 2018	4,202
Additions during the year	136
Balance as of June 30 2018	4,338
Accumulated Amortization:	
Balance as of January 1 2018	(1,543)
Amortization during the year	(217)
Balance as of June 30 2018	(1,760)
Impairment of assets	(202)
Net book value as of June 30 2018	2,376

U.S. Dollars in thousands

NOTE 3 - INTANGIBLE ASSETS, NET (cont.)

	Total
Cost:	
Balance as of January 1 2017	3,938
Additions during the year	107
Balance as of June 30 2017	4,045
Accumulated Amortization:	
Balance as of January 1 2017	(1,135)
Amortization during the year	(200)
Balance as of June 30 2017	(1,335)
Impairment of assets	(202)
Net book value as of June 30 2017	2,508

	Total
Cost:	
Balance as of January 1 2017	3,938
Additions during the year	264
Balance as of December 31 2017	4,202
Accumulated Amortization:	
Balance as of January 1 2017	(1,135)
Amortization during the year	(408)
Balance as of December 31 2017	(1,543)
Impairment of assets	(202)
Net book value as of December 31 2017	2,457

NOTE 4 - SHARE CAPITAL

a. Composition – common stock of no par value, issued and outstanding – 273,449,513 shares and 240,409,513 shares as of June 30, 2018 and December 31, 2017, respectively.

b. A Company share grants to its holder voting rights, rights to receive dividends and rights to net assets upon dissolution.

c. See Note 1(a).

d. Weighted average number of shares used for calculation of basic and diluted loss per share:

	June 30 2018	June 30 2017	December 31 2017
Number	265,960,494	157,156,219	187,031,676

U.S. Dollars in thousands

NOTE 4 - SHARE CAPITAL (cont.)

e. Share-based payment

The following table lists the number of share options and the exercise prices of share options during the reported period:

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Share options outstanding at beginning of year	32,729,647	0.041	7,574,033	0.092
Share options exercised during the year	(4,440,000)	0.025	-	-
Share options expired during the year	(5,293,167)	0.06	-	-
Share options granted during the year	10,500,000	0.0325	25,155,614	0.025
Share options outstanding at end of year	33,496,480	0.037	32,729,647	0.041
Share options exercisable at end of period	14,149,640	0.046	15,835,967	0.055

During April 2018, the Company granted to its directors and senior management Options to subscribed for 10,500,000 shares at an exercise price of £0.0325 per share. The following table list the inputs to the Black and Scholes model used for the grants.

	Directors and Senior Management	Directors
Fair value at the measurement date	£0.019	£0.019
Quantity	6,000,000	4,500,000
Dividend Yield (%)	-	-
Expected Volatility (%)	76.8	76.8
Risk-free interest rate (%)	1.4	1.4
Share price	£0.02625	£0.02625
Vesting period (years)	1-3	1-2
Expiration period (years)	10	10

Total expenses recorded in regard to these Options in the statement of comprehensive income for the reported period amounted $134 thousand.

U.S. Dollars in thousands

NOTE 5 - SHAREHOLDERS AND RELATED PARTIES

a. Related parties that own the controlling shares in the Group are:
Mr. Avraham Hartman (8.12%), Mr. Uri Hartman (8.63%), Mr. Doron Kedem (8.63%).

b. Short-term balances

	June 30 2018	June 30 2017	December 31 2017
Credit balance	(707)	(108)	(525)
Loans	(7)	(180)	(188)
	(714)	(288)	(713)

c. Transactions:

	Six Months Ended June 30 2018	Six Months Ended June 30 2017	Year Ended December 31 2017
Total salaries, services rendered and related expenses for shareholders	194	261	465
Total share-based payment expenses	134	-	174

NOTE 6 - NET FINANCE INCOME (EXPENSES)

	Six Months Ended June 30 2018	Six Months Ended June 30 2017	Year Ended December 31 2017
Interest to banks and others	(25)	(81)	(121)
Exchange rate differences	108	(220)	(204)
Bank charges	(34)	(34)	(83)
Interest to related parties	(16)	-	(33)
Interest to suppliers	-	(22)	(20)
Net finance expenses	33	(357)	(461)

U.S. Dollars in thousands

NOTE 7 - SEGMENTATION REPORTING

Differentiation policy for the Segments:
The Company's management has defined its segmentation policy based on the financial essence of the different segments. This refers to services versus goods, delivery method and allocated resources per sector.
On this basis, the following segments were defined:

Segment information regarding the reported segments:

	Hardware	SAS	Total
Period Ended 30.06.2018:			
Segment revenues	2,202	890	3,092
Cost of sales	(1,730)	(134)	(1,864)
Gross profit	472	756	1,228
Period Ended 30.06.2017:			
Segment revenues	1,147	775	1,922
Cost of sales	(923)	(96)	(1,019)
Gross profit	224	679	903
Year Ended 31.12.2017:			
Segment revenues	3,715	1,725	5,440
Cost of sales	(3,166)	(194)	(3,360)
Gross profit	549	1,531	2,080

NOTE 8 - SIGNIFICANT EVENTS AFTER THE REPORTED PERIOD

Since the Period end, the Company has negotiated increased bank facilities with a major bank in Israel for the amount of 2.4m shekels ($0.66m) subject to normal bank covenants and conditions. These new facilities demonstrate the confidence of the bank in our future plans