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NAVISTAR INTERNATIONAL CORP  
Form 8-K  
December 11, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): December 10, 2002

N A V I S T A R     I N T E R N A T I O N A L     C O R P O R A T I O N

-----  
(Exact name of registrant as specified in its charter)

Delaware

1-9618

36-

-----  
(State or other jurisdiction of  
incorporation or organization)

(Commission File No.)

(I.R.S.  
Identif

4201 Winfield Road, P.O. Box 1488, Warrenville, Illinois

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(Address of principal executive offices)

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(Z

Registrant's telephone number, including area code (630) 753-5000

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ITEM 5.     OTHER EVENTS

On December 10, 2002, the Registrant issued the press release, which is attached  
this Report and incorporated by reference herein.

ITEM 7.     FINANCIAL STATEMENTS AND EXHIBITS

(c)     Exhibits

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Exhibit No. -----	Description -----
99.1	Press Release dated December 10, 2002

SIGNATURES  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly to be signed on its behalf by the undersigned hereunto duly authorized.

NAVISTAR INTERNATIONAL CORPORATION  
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Registrant

Date: December 10, 2002

/s/ Mark T. Schwetschenau  
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Mark T. Schwetschenau  
Vice President and Controller  
(Principal Accounting Officer)

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INDEX TO EXHIBITS

Exhibit No. -----	Description -----
99.1	Press Release dated December 10, 2002

ck 2px solid">

Stock based  
compensation (1)

Other

Total

Gustavo Perrotta

2014

80,000 214,218 9,850 304,068  
Adiv Baruch (2)

2014

7,000 20,810 - 27,810  
Ron Lubash

2014

90,000 211,321 19,530 320,851 177,000 446,349 29,380 652,729

- (1) The dollar value recognized for the stock option award was determined in accordance with FASB ASC Topic 718. For information on the determination of the fair value of each option granted as of the grant date, and of assumptions made with respect to the value of option awards, see in this Registration Statement on Form 10 note 10.D to our Consolidated Financial Statements for the year ended December 31, 2014.
- (2) Mr. Baruch ceased to be a director on March 1, 2014.

Consulting, Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

On September 23, 2008, we entered into a consulting agreement (the “Citron Consulting Agreement”) with Citron Investments Ltd. (the “Consultant”), an Israeli corporation wholly owned by our director and CEO, Mr. Citron. Pursuant to the Citron Consulting Agreement, we retained the services of the Consultant to provide the services of Mr. Citron as our CEO in a part time capacity. Pursuant to the Citron Consulting Agreement, we are required to pay the Consultant a monthly fee of \$10,000 (the “Monthly Fee”), and will reimburse expenses incurred by the Consultant in connection with one automobile owned and operated by the Consultant not to exceed \$1,000 per month and shall include Mr. Citron in our liability insurance program for officers and directors (“Automobile Expenses”). In addition, under the terms of the Citron Consulting Agreement, should our valuation based on the price per share of our shares as quoted on the stock exchange or on an automatic quotation system (such as the OTCQB) in which our shares are listed or quoted, during the term of the Citron Consulting Agreement, exceed \$10,000,000 throughout a continuous period of at least 30 consecutive days, then the Consultant shall be entitled to receive from us a special bonus equaling 2% of the average of our valuation in such 30-day period. The Citron Consulting Agreement can be terminated by either party for no reason with a 90-day advance written notice or for a material breach with a 14-day advance written notice if such a breach was not cured during the aforesaid 14-day period.

On December 9, 2010, we and the Consultant amended the Citron Consulting Agreement (the "Amendment"). The Amendment amended the compensation terms of Mr. Citron as follows: (i) Mr. Citron received from us a special discretionary bonus for the year 2010 in the amount of \$84,000. Such bonus was granted for our performance and for performing services for us on a full time capacity during 2010, notwithstanding the fact that the Citron Consulting Agreement provides that Mr. Citron should devote 25 hours per week for the provision of such services. The bonus was paid based on our cash flow; (ii) effective January 1, 2011, the annual fee to Mr. Citron, for providing us services on a full time basis, was set at \$200,000; and (iii) Mr. Citron was entitled to receive a recurring annual bonus in the amount of \$50,000 subject to meeting our goals as such goals shall be determined by our Board in the annual budget.

On October 31, 2013, we entered into an Addendum to the Citron Consulting Agreement whereby, effective as of January 1, 2013, the Monthly Fee was raised to \$20,000 totaling \$240,000 per year, and the Automobile Expenses to \$1,150 per month. We have also agreed that, commencing on August 1, 2013 and as long as the Agreement will be in effect, the Consultant shall be entitled to receive from the Company, in addition to the other payments under the Agreement, a monthly bonus equal to 1.25% of the Net Deposits (as defined below) that shall be generated during such month. Such amount shall be calculated and payable on a monthly basis together with the Monthly Fee.

The Consultant provides us with the services of Mr. Shimon Citron as our CEO and has supervision and control over, and responsibility for, the strategic direction and general day-to-day leadership and management of the business. As part of the overall compensation package to Shimon Citron, a portion of the compensation is paid through an employment contract which was set up for personal tax planning and employee benefits and a portion is paid to the Consultant.

The term "Net Deposits" means, with respect to each calendar month, the aggregate deposits that shall be made into the Trading Platform during such month, less all the withdrawals that shall be made from the Trading Platform during such month less transaction fees (such as processing fees and banking fees) and less charge-backs made during such month with respect to funds deposited into the Trading Platform.

In addition, on November 1, 2013 we entered into an employment agreement with Mr. Shimon Citron to continue to serve as our CEO with an annual compensation of \$130,000, in addition to the fees payable under the Citron Consulting Agreement as amended.

As of December 31, 2013, we had outstanding management fees and payroll expenses to be paid to Mr. Citron (personally and through his private company), in the aggregate amount of approximately \$168,000.

Effective August 13, 2015, we appointed Mr. Itai Loewenstein as our Chief Financial Officer. As of that date, we entered into an employment agreement with Mr. Loewenstein, pursuant to which Mr. Loewenstein is being paid an annual salary of \$140,000. In addition, Mr. Loewenstein was granted 400,000 options to purchase shares of our common stock at the exercise price of \$0.50 per share in accordance with the terms of our equity compensation plan.

On August 2, 2015, we appointed Mr. Michael Ekstein as our Chief Technology Officer effective August 20, 2015, and approved the terms of his employment agreement dated August 2, 2015. Pursuant to his employment agreement, Mr. Ekstein will be paid an annual salary of \$169,000 and will be granted 400,000 options to purchase shares of our common stock at the exercise price of \$0.50 per share, in accordance with the terms of our equity compensation plan.

Other than Messrs. Citron and Sordo, none of our directors or officers has an employment contract or change-in-control arrangement, other than stock and option awards that contain certain change-in-control provisions such as accelerated vesting due to an acquisition. In the event an acquisition that is not a private transaction occurs while the optionee maintains a business relationship with us and the option has not fully vested, the option will

become exercisable for 100% of the then number of shares as to which it has not vested and such vesting will occur immediately prior to the closing of the acquisition.

The stock and option awards that would vest for each named executive officer if a change-in-control were to occur are disclosed under our Outstanding Equity Awards at Fiscal Year-End Table. Our stock and option awards contain certain change-in-control provisions. Descriptions of those provisions are set forth below:

#### Stock Awards Change-in-Control Definition

Change-in-Control shall mean (a) the acquisition in a transaction or series of transactions by any person (such term to include anyone deemed a person under Section 13(d)(3) of the Exchange Act), other than the Company or any of its subsidiaries, or any employee benefit plan or related trust of the Company or any of its subsidiaries, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided a Change-in-Control shall not occur solely as the result of an initial public offering or (b) the sale or other disposition of all or substantially all of the assets of the Company in one transaction or series of related transactions.

#### Option Awards Change-in-Control Definition

In the event an acquisition that is not a private transaction occurs while the optionee maintains a business relationship with the Company and the option has not fully vested, the option shall become exercisable for 100% of the then number of shares as to which it has not vested, such vesting to occur immediately prior to the closing of the acquisition. For these purposes, acquisition means the sale of the Company by merger in which the stockholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (ii) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (iii) any other acquisition of the business of the Company, as determined by the Board. A business relationship means service to the Company or its successor in the capacity of an employee, officer, director or consultant, and a private transaction means any acquisition where the consideration received or retained by the holders of the then outstanding capital stock of the Company does not consist of (i) cash or cash equivalent consideration, (ii) securities which are registered under the Securities Act of 1933 ("Securities Act"), or any successor statute or (iii) securities for which the Company or any other issuer thereof has agreed, including pursuant to a demand, to file a registration statement within 90 days of completion of the transaction for resale to the public pursuant to the Securities Act.

#### Item 7. Certain Relationships and Related Transactions, and Director Independence.

##### Certain relationships and related transactions

Since January 1, 2013, we have participated in the following transactions with our directors, executive officers, holders of more than 5% of our voting securities, and affiliates or immediate family members of our directors, executive officers, and holders of more than 5% of our voting securities. We believe that all of these transactions were on terms as favorable as could have been obtained from unrelated third parties.

##### Employment and Consulting Agreements

See Item 5 of this Registration Statement on Form 10 for a description of agreements we have with our named executive officers or related entities.

##### Financing Activities

See the sections captioned “Liquidity and Capital Resources” under Item 2 of this Registration Statement on Form 10 for a description of certain financing agreements entered into with certain shareholders and directors.

Director independence

Other than Mr. Stephan A. Fitch, none of our directors is an independent director.

## Item 8. Legal Proceedings.

Currently we are not a party to any legal proceedings.

In the ordinary course of business, we may become a party to lawsuits involving various matters. The impact and outcome of litigation, if any, is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

## Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters .

## Market information

Until August 2013, our common stock was quoted on the OTCQB under the symbol "WGMI". On August 26, 2013, we filed a Form 15 with the SEC to voluntarily deregister our common stock and suspend our reporting obligations under the Exchange Act. Currently, our common stock is quoted on the OTC Pink. We expect that our common stock will be traded on the OTC Bulletin Board following the effectiveness of this Registration Statement on Form 10.

The following table sets forth the range of high and low bid quotations for each quarter within the two most recent fiscal years ended December 31, 2013 and December 31, 2014. These quotations as reported on the OTCQB and OTC Pink markets reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

Quotations as reported on the OTCQB Market:

Period	HIGH	LOW
<b>FISCAL YEAR ENDED DECEMBER 31, 2013</b>		
First Quarter Ended March 31, 2013	\$ 0.12	\$ 0.02
Second Quarter Ended June 30, 2013	\$ 0.12	\$ 0.05

Quotations as reported on the OTC Pink:

Period	HIGH	LOW
Third Quarter Ended September 30, 2015	\$ 0.10	\$ 0.09
Second Quarter Ended June 30, 2015	\$ 0.08	\$ 0.08
First Quarter Ended March 31, 2015	\$ 0.20	\$ 0.12
<b>FISCAL YEAR ENDED DECEMBER 31, 2014</b>		
First Quarter Ended March 31, 2014	\$ 0.25	\$ 0.03
Second Quarter Ended June 30, 2014	\$ 0.23	\$ 0.13
Third Quarter Ended September 30, 2014	\$ 0.29	\$ 0.12
Fourth Quarter Ended December 31, 2014	\$ 0.28	\$ 0.11
<b>FISCAL YEAR ENDED DECEMBER 31, 2013</b>		
Third Quarter Ended September 30, 2013	\$ 0.06	\$ 0.03
Fourth Quarter Ended December 31, 2013	\$ 0.04	\$ 0.02

## Holders

As of October 6, 2015, there were 102 holders of record of our common stock. See Item 4 "Security Ownership of Certain Beneficial Owners and Management" for information on the holders of our common stock. Also see Item 11 "Description of Registrant's Securities to be Registered" for a description of our outstanding and issued capital stock.



Rule 144

In general, pursuant to Rule 144, under the Securities Act, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for a least six months (including certain periods of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. Under Rule 144, a person who is not deemed to have been one of our affiliates at any time during the 3 months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least one year is entitled to sell the shares without restriction.

On the other hand, our affiliates or persons selling shares on behalf of our affiliates who own shares that were acquired from us or an affiliate of ours at least six months prior to the proposed sale are entitled to sell within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which as of October 6, 2015, equaled approximately 1,084,178 shares of our common stock; or
- the average weekly trading volume of our common stock, if and when our common stock is traded on the OTC Bulletin Board, during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us for at least 90 days.

#### Outstanding Common Stock

Under Rule 144, 60,749,047 additional shares of our common stock will qualify for resale under Rule 144 immediately after the effectiveness of this Registration Statement on Form 10.

#### Options

Rule 701 provides that the shares of common stock acquired upon the exercise of currently outstanding options or other rights granted under our equity plans may be resold by persons, other than affiliates, beginning 90 days after the date of the effectiveness of this Registration Statement on Form 10, restricted only by the manner of sale provisions of Rule 144, and by affiliates in accordance with Rule 144 without compliance with its one-year minimum holding period.

As of October 6, 2015, we had 29,976,000 options outstanding under our equity compensation plan, exercisable into shares of our common stock, at a weighted average exercise price of approximately \$.019 per share. As of October 6, 2015, 20,958,833 options were exercisable into shares of our common stock, and 9,017,167 options were not yet exercisable.

We intend to file one or more registration statements on Form S-8 under the Securities Act following the effectiveness of this Registration Statement on Form 10 to register all shares of our common stock which have been issued or are issuable upon exercise of outstanding stock options or other rights granted under our Option Plan. These registration statements are expected to become effective upon filing. Shares covered by these registration statements will thereupon be eligible for sale in the public market, subject in certain cases to vesting of such shares.

#### Warrants

As of October 6, 2015, there were 37,360,261 outstanding warrants for shares of our common stock issuable at a weighted average exercise price of approximately \$0.16 per share, of which 31,314,696 are exercisable at such date.

#### Dividend policy

Historically, we have not declared or paid any cash dividends on our common stock. However, on February 11, 2011, our Board adopted a policy pursuant to which we may pay dividends to our stockholders at a rate of up to 50% of our audited net profits, if any. Dividends will be paid only if lawful under applicable laws and if not in violation of our financing agreements. Though our Board's policy sets the maximum rate for such dividends, the amount and timing of

any dividend declared and paid will remain in the discretion of the Board and will depend upon our results of operations, financial condition and capital requirements, and such other factors deemed relevant by our Board.

We incurred a loss of \$8,941,517 and \$3,342,026 for the years ended December 31, 2014 and 2013, respectively.

#### 2004 Global Share Option Plan

The Option Plan is described in Item 6 “Executive Compensation” beginning on page [38] of this Registration Statement of Form 10.

The following table provides information as of December 31, 2014, regarding shares of our common stock that may be issued under the Option Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders-2004 Global Share Option Plan	28,603,000	\$ 0.18	1,397,000
Equity compensation plans not approved by security holders	0	0	0
Total	28,603,000	\$ 0.18	1,397,000

#### Item 10. Recent Sales of Unregistered Securities.

##### Convertible Loans and Warrants

On October 29, 2013, we entered into a convertible loan agreement with certain lenders, according to which, we borrowed from the lenders a total amount of \$1,391,000. This loan matures on October 29, 2014, is linked to the Euro and bears an annual interest of 10% to be repaid in a lump sum on such maturity date. This loan is convertible into "Conversion Units" which in total include 7,224,777 shares of our common stock, and warrants exercisable into 722,478 shares of our common stock each at a strike price of \$0.19078 for a period of 18 months after issuance. The lenders are entitled to require that this loan be repaid by delivering a 21 days prior written notice to the Company. In such case the Company is obligated to repay the principal of this loan and the interest accrued until such date. During 2014 we and lenders agreed to extend the payment date, under the same terms to October 29, 2015.

In February 2014, we issued convertible loans to new and existing shareholders for a total consideration of \$2.8 million. The principal amount of the loans (but not the accrued interest) is convertible at any time before these loans mature into 7,963,542 shares of our common stock at an exercise price of \$0.35 per share. Some of the loans are linked to the Euro, all the loans bear interest at an annual rate of 10%. The loans and accrued interest mature one year from the date of receipt of the loans, unless converted earlier by the lender. The lender may elect to extend the maturity for an additional year. In April 2015, we repaid \$107,600 plus interest of the February 2014 loans. In addition, \$364,205 of the February 2014 loans were converted into 1,040,586 of shares of our common stock. Additionally, \$800,000 of the February 2014 loans were extended for an additional six months to be repaid with interest in August of 2015. The remaining \$1,391,193 of loans were extended for one additional year in consideration of the issuance of an additional 1,285,714 warrants at an exercise price of \$0.35 per share.

In December 2014, we entered into a convertible loan agreement with certain lenders, according to which we borrowed a total amount of \$922,500. The loan is linked to the Euro, matures in December 2015, and bears an annual interest rate of 10% to be repaid in a lump sum on such maturity date. This loan is convertible into "Conversion Units" which include, in the aggregate, 4,835,413 shares of our common stock, and warrants exercisable into 2,417,706 shares of our common stock exercisable for a period of 60 months from the issuance date thereof, at an exercise price per share of \$0.19078.

On July 28, 2015, the Company entered into a convertible loan agreement pursuant to which the lender loaned the Company the principal amount of \$1,000,000. The loan matures in July 2016, subject to certain prepayment rights of the lender. The lender is entitled to require that the loan be repaid within six months after the closing date, at which time the lender may demand prepayment of the loan amount, including any accrued and unpaid interest. The loan bears an annual interest rate of 10%, to be paid every six months. The loan is convertible into 5,241,640 shares of common stock of the Company upon either: (i) the maturity date, or (ii) the occurrence of an event of default. In connection with the loan, the Company also granted the lender warrants to acquire 1,572,492 shares of common stock of the company at an exercise price of \$0.19078 per share, exercisable over a period of five years from the date of issuance.

All transactions have been made pursuant to an exemption from registration under Regulation S under the Securities Act.

#### Common Stock and Warrants

On March 5, 2013, we issued an aggregate of 1,368,920 shares of our common stock in connection with the exercise of 899,387 warrants at the price per share equal to \$0.0595, for a total amount of \$53,513. These warrants were issued in connection with the March 2008 convertible debt transaction with Mr. Shimon Citron, our CEO and a director. The shares were issued pursuant to an exemption from registration under Regulation S under the Securities Act.

On June 12, 2013, we entered into a securities purchase agreement with Ricx, pursuant to which we sold to Ricx 4,295,220 shares of restricted common stock of the Company at a price of \$0.10 per share, and issued a warrant to purchase 859,044 shares of common stock of the Company at an exercise price per share of \$0.10. No separate consideration was paid for the New Warrant. The New Warrant expires on June 12, 2016. The net proceeds from the sale of Ricx's Shares and the issuance of the New Warrant amounted to \$429,522. The transaction closed on June 12, 2013. We have received no additional consideration for such warrant. This warrant expires on June 12, 2016. The sale of Ricx's Shares and issuance of the New Warrant were made pursuant to an exemption from registration under Regulation S under the Securities Act.

On December 10, 2013, we entered into a securities purchase agreement with certain investors, pursuant to which we issued 1,920,631 shares of our common stock for a total consideration in the amount of \$366,418, and a warrant to purchase 192,063 shares of our common stock at an exercise price per share of \$0.19078. We have received no additional consideration for such warrant. This warrant expires on December 10, 2015. The sale of the shares and issuance of the warrants were made pursuant to an exemption from registration under Regulation S under the Securities Act.

In May 2014, we entered into a share purchase agreement with certain investors, pursuant to which we issued 7,880,000 shares of our common stock for a total consideration of \$3,940,000, and warrants to purchase 788,000 shares of our common stock at an exercise price per share of \$0.50. These warrants expire in November, 2019. The net proceeds from the sale of shares and issuance of warrants amounted to \$3,717,620 and were recorded in equity. The transaction closed on June 6, 2014. All of these investors were accredited investors, and such transactions were exempt from registration under the Securities Act under Section 4(a)(2) and/or Regulation S thereunder.

In the first quarter of 2015, several investors exercised 7,542,969 warrants into shares of common stock and the Company received \$733,438 in cash. As additional consideration, the Company issued these investors 15,210,938 warrants at an exercise price of \$0.19078 per share for a period of five years commencing six months after the date of the closing of the Common Stock Purchase Warrant.

In March 2015, we entered into a securities purchase agreement (the "SPA") with a related party pursuant to which the Company issued to the investor 262,082 shares of common stock of the Company at a price of \$0.19078 per share.

In April 2015, we granted 7,530,000 options to employees, board members and consultants in accordance to the terms and condition of the Company's 2004 Global Share Option Plan. In addition, we entered into a securities purchase agreement (the "SPA") with an investor pursuant to which the Company issued to the Investor 3,794,947 shares of common stock of the Company at a price of \$0.19078 per share. As additional consideration, the company issued this investor 1,138,484 warrants.

In June 2015, we entered into a securities purchase agreement (the "SPA") with two investors pursuant to which the Company issued to these Investors 1,179,370 shares of common stock of the Company at a price of

\$0.19078 per share. As additional consideration, the company issued these investors 353,811 warrants.

No underwriters were involved in the foregoing sales of securities. All purchasers of shares of our convertible loans and warrants described above represented to us in connection with their purchase that they were accredited investors and made customary investment representations.

Item 11. Description of Registrant's Securities to be Registered.

General

The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our articles of incorporation, as amended ("Articles of Incorporation"), and bylaws filed as exhibits to this Registration Statement on Form 10 and to the Delaware General Corporation Law.

On July 14, 2014, we amended our articles of incorporation to increase the amount of our authorized capital stock to 300 million shares of common stock, par value \$0.001 per share.

As of October 6, 2015, we had issued and outstanding 108,417,756 shares of common stock. All outstanding shares of our common stock are validly issued, fully paid and non assessable.

Common Stock

**Voting Rights.** The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders and do not have any cumulative voting rights.

**Dividends.** Holders of our common stock are entitled to receive proportionally any dividends declared by our board of directors.

**Liquidation.** In the event of our liquidation or dissolution, holders of our common stock are entitled to share ratably in all assets remaining after payment of all debts and other liabilities.

**Rights and Preferences.** Holders of our common stock have no preemptive, subscription, redemption or conversion rights.

Convertible Debentures

As of October 6, 2015, there were 17,301,829 shares of our common stock issuable upon conversion of our outstanding convertible loans at a conversion price of \$0.19 per share and 5,714,285 shares of our common stock issuable upon conversion of our outstanding convertible loans at a conversion price of \$0.35 per share.

Options

As of October 6, 2015, we had 29,976,000 options outstanding under our equity compensation plan, exercisable into shares of our common stock, at a weighted average exercise price of approximately \$0.19 per share. As of October 6, 2015, 20,958,883 options were exercisable into shares of our common stock, and 9,017,167 options were not exercisable.

Warrants

As of October 6, 2015, there were 37,360,261 outstanding warrants for shares of our common stock issuable at a weighted average exercise price of approximately \$0.16 per share, of which 31,314,696 are exercisable at such date.



## Registration Rights

We are not a party to any registration rights agreements.

## Item 12. Indemnification of Directors and Officers.

The Delaware General Corporation Law and our bylaws provide for indemnification of our directors and officers for liabilities and expenses that they may incur in such capacities. In general, directors and officers are indemnified with respect to actions taken in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal action or proceeding, actions that the indemnitee had no reasonable cause to believe were unlawful. Reference is made to our bylaws filed as Exhibit 3.2 hereto.

Our current directors and officers insurance policy expires on February 7, 2016. We have an insurance policy that covers our directors and officers for all losses arising out of all claims made against any director or officer up to a combined loss of \$3,000,000.

Our bylaws limit the liability of directors to the maximum extent permitted by the Delaware General Corporation Law. Delaware General Corporation Law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability (i) for breach of his duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit.

The limitations do not apply to liabilities arising under the federal securities laws and do not affect the availability of equitable remedies, including injunctive relief or rescission.

Our bylaws provide that we will indemnify our directors and officers, and may indemnify other employees and agents, to the maximum extent permitted by law. We believe that indemnification under our bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or agent for any liability arising out of actions taken in his capacity as an officer, director, employee or agent, regardless of whether the bylaws would permit indemnification.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons under the Articles of Incorporation or bylaws or the indemnification agreements we have entered into with our directors and officers, we have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Our bylaws provide that we must indemnify our directors and officers and that we must advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to very limited exceptions. In addition, our bylaws provide that our directors will not be personally liable for monetary damages to us for breaches of their fiduciary duty as directors, except to the extent that the Delaware General Corporation Law prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Our

stockholders may lose some or all of their investment in our common stock if we pay the costs of settlement or damage awards against our directors and officers under these provisions. We believe these provisions, the director and officer insurance we maintain, and the indemnification agreements we have entered into with our directors and officers are necessary to attract and retain talented and experienced directors and officers.

Item 13. Financial Statements and Supplementary Data.

The financial statements of EZTD Inc., for the periods ended June 30, 2015 and June 30, 2014, and for the fiscal years ended December 31, 2014 and 2013, are set forth in Item 15 “Financial Statements and Exhibits” and begin on page F-1 of this Registration Statement of Form 10.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On November 17, 2014, Ziv Haft, certified public accountants (Isr.) and a member firm of BDO (“BDO”) resigned as our independent registered public accounting firm. A copy of BDO’s resignation letter is included as Exhibit 16.1 to this Registration Statement on Form 10. BDO advised us that the untimely disclosure by us to BDO of the proceedings against CCB in Bulgaria and the risk to our deposited amounts with CCB impacted the reliability of our unaudited financial statements for the six months ended June 30, 2014. We subsequently implemented a more effective internal controls system and On March 12, 2015, we took the necessary required actions requested by BDO and re-engaged BDO as our independent registered public accounting firm.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The following Financial Statements are filed as part of this Registration Statement on Form 10:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets for the six month period ended June 30, 2015 (unaudited) and for the years ended December 31, 2014 and 2013.

Consolidated Statements of Operations for the six month period ended June 30, 2015 (unaudited) and June 30, 2014 (unaudited), and for the years ended December 31, 2014 and 2013.

Consolidated Statements of Comprehensive Income for the six month period ended June 30, 2015 (unaudited), and June 30, 2014 (unaudited), and for the years ended December 31, 2014 and 2013.

Statements of Changes in Equity for the six month period ended June 30, 2015 (unaudited), and June 30, 2014 (unaudited), and for the years ended December 31, 2014 and 2013.

Consolidated Statements of Cash flows for the six month period ended June 30, 2015 (unaudited), and June 30, 2014 (unaudited), and for the years ended December 31, 2014 and 2013.

(FORMERLY: EZTRADER INC.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

IN U.S. DOLLARS

UNAUDITED

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## CONSOLIDATED BALANCE SHEETS

U.S. dollars

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Segregated client cash accounts	\$1,651,373	\$2,343,017
Restricted cash	192,953	41,627
Receivable from credit card companies	636,374	699,832
Other current assets	1,396,146	638,837
Total current assets	\$3,876,846	\$3,723,313
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net	\$1,365,515	\$834,272
Total non-current assets	\$1,365,515	\$834,272
Total assets	\$5,242,361	\$4,557,585

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

## CONSOLIDATED BALANCE SHEETS

U.S. dollars

	Note	June 30, 2015	December 31, 2014
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Obligation to customers		\$ 2,657,197	\$ 3,127,273
Financial Liabilities		344,500	-
Convertible loans	4	4,479,895	5,088,024
Accounts payable		888,965	1,043,485
Related parties		50,225	103,097
Accrued expenses and other accounts payable		1,610,973	1,827,514
Total current liabilities		\$ 10,031,755	\$ 11,189,393
<b>LONG TERM LIABILITIES:</b>			
Accrued severance pay, net		188,296	110,306
Total liabilities		\$ 10,220,051	\$ 11,299,699
<b>EQUITY (DEFICIENCY):</b>			
Common stock of \$ 0.001 par value:			
Authorized: 300,000,000 shares at June 30, 2015 and December 31, 2014; Issued and outstanding:			
95,160,302 and 94,385,302 shares at June 30, 2015 and December 31, 2014, respectively			
		95,161	94,386
Additional paid-in capital		30,153,673	27,900,278
Prepayment on account of shares		2,046,642	-
Accumulated deficit		(37,273,166 )	(34,736,778 )
Equity (deficiency)		\$ (4,977,690 )	\$ (6,742,114 )
Total liabilities and equity		\$ 5,242,361	\$ \$4,557,585

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

## CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars

	Six months ended	
	June 30, 2015	June 30, 2014
Revenues	\$12,545,307	\$7,952,947
Operating expenses:		
Sales and marketing	9,531,026	6,567,968
General and administrative	1,840,015	1,258,680
Research and development	883,707	635,789
Stock-based compensation	909,774	488,835
Impairment of bank deposits	-	4,121,544
Total operating expenses	13,164,522	13,072,816
Operating loss	619,215	5,119,869
Financial expenses, net	1,917,173	309,435
Net loss before taxes on income	2,536,388	5,429,304
Taxes on income	-	-
Net loss attributable to the Company	\$2,536,388	\$5,429,304
Total basic and diluted net loss per share	(0.03     )	(0.06     )
Weighted average number of common stock used in computing basic and diluted net loss per share	94,622,968	87,031,332

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

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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U.S. dollars

	Six months ended	
	June 30, 2015	June 30, 2014
Net loss	\$2,536,388	\$5,429,304
Other comprehensive loss, net of tax:	-	-
Total comprehensive loss	\$2,536,388	\$5,429,304

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

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## STATEMENTS OF CHANGES IN EQUITY

U.S. dollars

	Common stock Number	Share capital Amount	Additional paid-in capital	Prepayment on account of shares	Accumulated deficit	Total shareholders' equity (deficiency)
Balance as of December 31, 2014	94,385,302	\$94,386	\$27,900,278	\$-	\$(34,736,778 )	\$(6,742,114 )
Conversion of loan	-	-	-	364,205	-	364,205
Exercise of warrants	625,000	625	49,375	-	-	50,000
Prepayment on account of shares upon exercise of warrants	-	-	-	1,682,437	-	1,682,437
Exercise of options	150,000	150	14,850	-	-	15,000
Grant of warrants	-	-	1,279,396	-	-	1,279,396
Stock - based compensation	-	-	909,774	-	-	909,774
Net loss	-	-	-	-	(2,536,388 )	(2,536,388 )
Balance as of June 30, 2015	95,160,302	\$95,161	\$30,153,673	\$2,046,642	\$(37,273,166 )	\$(4,977,690 )

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

## STATEMENTS OF CHANGES IN EQUITY

U.S. dollars

	Common stock Number	Share capital Amount	Additional paid-in capital	Prepayment on account of shares	Accumulated deficit	Total shareholders' equity(deficiency)
Balance as of December 31, 2013	84,195,671	\$84,196	\$22,163,156	\$346,463	\$(25,795,261)	\$ (3,201,446 )
Issuance of shares	10,801,000	10,801	4,054,283	(346,463 )	-	3,718,621
Stock - based compensation	-	-	488,835	-	-	488,835
Net loss	-	-	-	-	(5,429,304 )	(5,429,304 )
Balance as of June 30, 2014	94,996,671	\$94,997	\$26,706,274	-	\$(31,224,565)	\$ (4,423,294 )

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

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars

	Six months ended	
	June 30, 2015	June 30, 2014
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,536,388 )	\$ (5,429,304 )
<b>Adjustments required to reconcile net loss to net cash used in operating activities:</b>		
Stock-based compensation	909,774	488,835
Depreciation and amortization	191,363	75,375
Fair value of warrants granted to shareholders	1,279,396	-
Accrued interest and amortization of discount and exchange differences of convertible loans	(136,324 )	164,916
Decrease in receivables from credit card companies	63,458	279,909
Increase in trade and other accounts receivable	(757,309 )	(483,688 )
Increase (decrease) in trade payables	(154,520 )	166,585
Increase (decrease) in obligation to customers and other payables	(686,616 )	324,118
Increase in financial liabilities	344,500	-
Increase in severance pay, net	77,990	28,432
Decrease in related parties payables	(52,873 )	(409,134 )
Net cash used in operating activities	\$ (1,457,549 )	\$ (4,793,956 )
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	\$ (722,606 )	\$ (211,907 )
Decrease (increase) in Segregated client cash accounts	691,644	(2,059,491 )
Decrease (increase) in restricted cash	(151,326 )	1,331,133
Net cash used in investing activities	\$ (182,288 )	\$ (940,265 )
<b>Cash flows from financing activities:</b>		
Issuance of shares and warrants	\$ 65,000	\$ 3,718,621
Prepayment on account of shares	1,682,437	-
Proceeds received from convertible loans	-	2,796,143
Repayment of convertible loans	(107,600 )	(100,000 )
Short-term bank credit, net	-	(78,239 )
Net cash provided by financing activities	\$ 1,639,837	\$ 6,336,525

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## CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

U.S. dollars

	Six months ended	
	June 30, 2015	June 30, 2014
Increase in cash and cash equivalents	\$-	\$602,304
Cash and cash equivalents at the beginning of the period	-	\$114,286
Cash and cash equivalents at the end of the period	\$-	\$716,590
Supplemental disclosure of cash flows information:		
Interest paid	\$135,643	\$6,603
Conversion of convertible loan to prepayment on account of shares	\$364,205	\$-

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

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 1 - GENERAL:

A. EZTD Inc. (formerly: EZ Trader Inc.) ("the Company") was incorporated in April 2002 under the laws of the State of Nevada. On June 3, 2015, the Company reincorporated in Delaware. The Company is engaged in offering online trading of binary options. The Company's shares were quoted on the OTCQB in the United States under the symbol "EZTD" from 2010 until August 2013, when the Company terminated its registration under the Securities Exchange Act of 1934, as amended, and as a result the Company's shares are now quoted on the OTC Pink.

The Company conducts its operations and business with and through its active wholly-owned subsidiaries, (a) Win Global Markets Inc (Israel) Ltd., an Israeli company, and (b) WGM Services Ltd., a company registered in Cyprus ("WGM"). On January 26, 2015, the Company changed its name from EZ Trader, Inc. to EZTD Inc. (the "Company").

In June 2014, the Company had approximately \$4,200,000 in deposits (including the most recent deposit of approximately \$3,000,000 by one of its investors) with Corporate Commercial Bank ("CCB"), the fourth largest bank in Bulgaria. These funds were deposited with CCB because:

- 1) The amounts were received in United States dollars and not in Euros whereas the banks the Company worked with received deposits in Euros only.
- 2) Depositing the funds with an Israeli bank was not practical due to 20% withholding tax deduction required by local law, making it impossible to use the funds.
- 3) Deposit to a new bank account was not practical and could take approximately 6 months. The Company had a good history with CCB, with approximately \$1,000,000 held by the bank prior to the above
- 4) deposit, and no commission or withholding tax deduction was needed in order for the Company to deposit and use the funds.

On June 21, 2014, CCB ceased operations for the next 3 to 6 months and none of the depositors had any access to their funds, without further specific explanations. The Company immediately started to take all the necessary measures to recover the funds from CCB. On November 6, 2014, the new parliament of Bulgaria announced that it would not bailout CCB. After that announcement the Company started a process of preparing several law suits against CCB and its auditors, KPMG Bulgaria. In January 2015, the Company received €100,000 from the Bulgarian Deposits Insurance Fund. The amount of \$4,100,000 deposited with CCB was expensed as an impairment of bank deposits.

The following are the developments and actions taken by the Company in order to retrieve its \$4,200,000 deposit with CCB:

- 1) Permanent administrators have been appointed to determine CCB's assets that will be available for distribution to the depositors. The Company has hired local legal counsel and filed a claim with the administrators.
- 2) The Company has met with the U.S. Ambassador in Sofia in order to get assistance in receiving fair and equitable treatment. The Company has followed up with the U.S. Ambassador in Sofia, who has since met with the permanent administrators and has brought the Company's case to their attention.
- 3) The Company's local counsel is filing a partial claim against KPMG Bulgaria for €500,000. The court fees for filing the claim are 4% of the claim amount. The Company has also reserved the right to increase the amount of the claim at any time once it learns what the administrators will distribute to depositors.
- 4) The Company has hired an investigative firm to assess the relationship between KPMG International in Switzerland and KPMG Bulgaria. They have interviewed 30 people including former KPMG employees. KPMG

Bulgaria pays a franchise fee to KPMG International. In addition KPMG International reviews audits of its member firms once every year or two. KPMG International is also very active in training partners of its member firms to perform services according to its practices.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 1 - GENERAL (Cont.):

- 5) The Company has engaged a law firm in Switzerland to represent it against KPMG International.
- B. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered losses from operations and negative cash flows from operations since inception. For the six months ended June 30, 2015, the net loss attributable to the Company was \$2,738,229 and the negative cash flows from operations were \$1,457,549. As of June 30, 2015, the Company's obligation to customers amounted to \$2,657,197, while current assets were \$3,876,846. Customers may withdraw their deposits upon demand. According to the regulatory requirement in Cyprus, the Company's subsidiary in Cyprus has to comply with the covenant of maintaining a capital of at least €730,000 and having funds in excess of client obligations. Funds consist of cash, segregated client cash accounts, restricted cash and receivables from credit card companies. Despite its negative cash flows, the Company has been able to secure financing to support its operations to date, based on share issuances and loans. The Company plans to seek additional funds from equity issuances in order to continue its operations and to leverage its binary options business. Although there is a substantial doubt that the Company will continue as a going concern, the consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.
- C. Between November 20, 2014 and December 22, 2014, the Company's authorization from the Cyprus Securities and Exchange Commission ("CYSEC") was temporarily suspended due to a shortfall in client funds. The shortfall was due to the fact that CCB, in which the Company had deposits of \$4.2 million, ceased operations in June 2014 and was subsequently declared bankrupt in November 2014. Upon the additional injection of approximately \$1 million, sourced from a convertible loan received from new and existing investors on December 5, 2014, in order to meet client obligations (see also note 4(D)), CYSEC decided to withdraw the suspension, as it is satisfied that the Company has complied with the provisions of Cyprus law 144(I)/2007.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company. Operating results for the six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. For further information, reference is made to the consolidated financial statements and footnotes thereto for the year ended December 31, 2014 included in the Company's Registration Statement on Form 10.





EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

The interim condensed consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries. All intercompany balances and transactions have been eliminated on consolidation.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements comprise the results and position of the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. In assessing control, legal and contractual rights are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control is achieved until the date that control ceases. Intercompany transactions and balances are eliminated upon consolidation.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Recently Issued Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, Revenue from contracts with customers (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply a five step methodology: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. An entity should apply the amendments in this update using one of the following two methods: (1) retrospectively to each prior reporting period presented (along with some practical expedients); or (2) retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The amendments in this update will be effective prospectively for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently evaluating the impact of the adoption of this update on our consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, “Presentation of Financial statements – Going concern (subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern” (“ASU 2014-154”). The new standard provides guidance on management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company’s ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 applies prospectively to annual periods ending after December 15, 2016, and to annual and interim periods thereafter. Early application is permitted. The Company is still assessing whether this adoption will have an effect on its consolidated financial statements or disclosures.

In April 2015, FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability in a manner consistent with the treatment for debt discounts. The amendments in this update do not affect the recognition and measurement guidance for debt issuance costs. In addition, the ASU requires that the amortization of debt issuance costs be reported as interest expense. The standard is effective for fiscal years and the interim periods within those fiscal years beginning on or after December 15, 2015. ASU 2015-03 should be applied retrospectively to all prior periods presented in the financial statements, subject to the disclosure requirements for a change in an accounting principle. Early adoption is permitted for financial statements that have not been previously issued. The Company does not expect material impacts on its consolidated financial statements upon adoption.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 3 - FAIR VALUE MEASUREMENT:

The Company measures fair value and discloses fair value measurements for financial and non-financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

Items carried at fair value as of June 30, 2015 and December 31, 2014 are classified in the table below in one of the three categories described above.

	Fair value measurements using input type			
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Segregated client cash accounts	\$ 1,651,373	\$ -	\$ -	\$ 1,651,373
Restricted cash	192,953	-	-	192,953
Forward derivative	-	(114,041 )	-	(114,041 )
Financial liabilities	-	-	(344,500 )	(344,500 )
	\$ 1,844,326	\$ (114,041 )	\$ (334,500 )	\$ 1,385,785

The Company measures changes in the fair value of "long term options" (classified as financial liabilities) through profit or loss using valuation techniques.

Total gain for the period recognized in earnings amounted to \$959,115 and total unrealized gain related to those financial liabilities at the end of the period recognized in earnings amounted to \$339,725. All instruments were issued during the period and no transfers took place into or out of Level 3 during the period.

This fair value measurement is based on significant unobservable inputs (other than quoted prices in active markets that are observable for liability) in the market and thus represents a Level 3 measurement within the fair value hierarchy. The key inputs used in measuring the fair value of financial liabilities depends upon the type of derivative and the nature of the underlying instrument, and includes: risk-free interest rates, quoted foreign- exchange rates, quoted market prices, contractual life of the derivative and expected volatility based on past experience.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 3 - FAIR VALUE MEASUREMENT (Cont.):

The Company's financial liabilities are evaluated on a quarterly basis by the Company's Finance Department based upon the Rubenstein and Reiner pricing model for cash-or-nothing options in determining fair value. These evaluations are independently reviewed on an annual basis by an independent third party. Any changes in fair value of financial liability are recorded in the consolidated statement of operations. Changes in fair value of financial liability are recorded in consolidated statement of operations.

The measurement of financial liabilities classified within Level 3 of the fair value hierarchy is evaluated by the head of the Company's risk department and the Company's Chief Financial Officer. Measurements deemed necessary are reviewed by the Board of Directors.

The following table summarizes the valuation techniques and inputs for Level 3 fair value measurements.

Liabilities	Fair value	Methodology	Input	Weighted Average
Derivative options based on commodities	\$ 32,725	Cash or Nothing- option model	Expected volatility Risk-free interest rate Expected contractual life	22.41% 0.01% 0.15
Derivative options based on exchange differences	\$ 234,260	Cash or Nothing- option model	Expected volatility Risk-free interest rate Expected contractual life	31.5% 0.01% 0.25
Derivative options based on equity shares	\$ 77,515	Cash or Nothing- option model	Expected volatility Risk-free interest rate Expected contractual life	30.42% 0.01% 0.25

	Fair value measurements using input type			
	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Segregated client cash accounts	\$2,343,017	\$-	\$-	\$2,343,017
Restricted cash	41,627	-	-	41,627
	\$2,384,644	\$-	\$-	\$2,384,644

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 4: CONVERTIBLE LOANS:

A. On May 12, 2013, the Company entered into a Finance Agreement with Activa Red Green (the "Lender"), pursuant to which the Lender loaned to the Company \$100,000 with a maturity date of May 11, 2014 (the "Loan"). The Loan bears annual interest of 20%. In addition, in the event of default and nonpayment the Loan shall bear additional penalty interest of 4% per annum. The Lender is entitled to convert the loan into shares of common stock of the Company at a conversion price of \$0.10 per share and upon such conversion receive with a warrant to purchase 1/10 share of common stock at the a price per share of \$0.10. The loan was fully paid in May, 2014.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10: Distinguishing Liabilities from Equity. The embedded conversion feature should not be bifurcated in accordance with ASC 815: Derivatives and Hedging. In addition, the Company followed ASC 470-20: Debt, to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

B. On October 29, 2013 (the "Closing Date"), the Company entered into a Convertible Loan agreement, according to which, the lenders will provide a loan in the amount of \$1,391,000. The loan is linked to the Euro and bears an annual interest of 10% to be repaid in one lump sum with the loan principal upon the lapse of one year as of the Closing Date. The lenders may convert the loan into shares on each of the dates falling upon: (1) the lapse of six (6) months after the Closing Date, and (2) the lapse of one (1) year as of the Closing Date. The loan is convertible into "Conversion Units" which in total include 7,224,777 common shares of the Company, and Warrants exercisable into 722,478 ordinary shares of the Company each at a strike price of \$0.19078 for a period of 18 months after issuance. The lenders are entitled to require that the loan shall be repaid upon the lapse of six (6) months after the Closing Date, by delivering a written notice to the Company at least 21 days prior to such date, and in such case the Company is required to repay the loan (principal and interest accrued until such date) on such earlier date. During 2014 the lenders and the Company agreed to extend the payment date under the same terms to October 29, 2015. The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the prepayment clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized. The Company recorded issuance costs of approximately \$73,000, which is amortized using the effective interest rate of the loan over the loan period. As of December 31, 2014, all the issuance costs were recorded in the Statements of Operations.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 4: CONVERTIBLE LOANS (CONT.):

C. On February 13 and 27, 2014, the Company entered into a Convertible Loans Agreement (the "February 2014 Convertible Loans Agreement") with some of its shareholders and new investors, in order to raise an aggregated amount of \$2,800,000. The loans are convertible into total of 7,963,542 ordinary shares of the Company. Some of the Loans are linked to the Euro, all the loans bear interest at an annual rate of 10%. The Company shall repay the Loan Amount and the Interest, in one lump sum, on the "Final Repayment Day", which is 12 months after the Closing or, if extended by the lender- 24 months from the Closing date.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the extension clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

The Company recorded issuance costs of approximately \$154,000 which is amortized using the effective rate of the loan over the loan period. As of June 30, 2015, all the deferred issuance costs were recorded in the Statements of Operations.

In the first quarter of 2015, \$364,205 of the February 2014 loans were converted into 1,040,586 of shares of common stock. Additionally, \$800,000 of the February 2014 loans were extended for an additional six months to be repaid with interest in August 2015. The remaining \$1,391,193 loans were extended for one additional year in consideration of the issuance of additional 1,285,714 warrants at an exercise price of \$0.35 per share.

D. In December 2014, the Company entered into a convertible loan agreement with lenders, according to which, the lenders will provide a loan in the amount of \$922,500. The loan is linked to the Euro and matures in December 2015, and bears an annual interest of 10% to be repaid in a lump sum on such maturity date. This loan is convertible into "Conversion Units" which in total include 4,835,413 shares of common stock, and warrants exercisable into 2,417,706 shares of common stock each at an exercise price of \$0.19078 for a period of 60 months after issuance.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the extension clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

The Company recorded issuance costs of approximately \$62,000, which is amortized using the effective rate of the loan over the loan period. As of June 30, 2015, the unamortized issuance costs of \$29,731 were presented in other current assets

NOTE 5 - SHARE CAPITAL:

1. In March 2015, several investors exercised 7,605,469 warrants into shares of common stock, for which the Company received \$733,438 in cash. As an incentive to exercise the warrants being held by such investors, the Company issued those investors 15,210,938 fully vested warrants (for no additional consideration) at an exercise price of \$0.19078 per share, for a period of five years commencing six months after the date of the issuance of the

warrants. At the date these warrants were issued, the total fair value of the warrants amounted to \$1.2 million, measured by using the Black-Scholes model and applying the following assumptions: expected life period of 5 years, share price of \$0.15, interest risk free rate of 1.65%, and volatility rate of 70%. By applying the rationale from ASC 470-20-40: Recognition Of Expense Upon Conversion, the \$1.2 million fair value of the issued warrants was recorded as financing expense against additional paid in capital.



EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 5 - SHARE CAPITAL (Cont.):

2. In March 2015, the Company entered into a securities purchase agreement (the "SPA") with an investor pursuant to which the Company issued to the Investor 262,082 shares of common stock of the Company at a price of \$0.19078 per share.
3. In April 2015, the Company repaid \$107,600 plus interest of the February 2014 loans. In addition, \$364,205 of the February 2014 loans were converted into 1,040,586 of shares of common stock. Additionally, \$800,000 of the February 2014 loans were extended for an additional six months to be repaid with interest in August 2015; \$300,000 of the extended February 2014 loans were repaid in September 2015, and the remaining \$500,000 in loans were extended for an additional six months, to be repaid with interest in February 2016. The remaining \$1,391,193 of loans were extended for one additional year in consideration of the issuance of additional 1,285,714 warrants at an exercise price of \$0.35 per share. Furthermore, the Company granted 7,530,000 options to employees, board members and consultants in accordance to the terms and conditions of the 2004 Global Share Option Plan and entered into a securities purchase agreement with an investor pursuant to which the Company issued to the investor 3,794,947 shares of common stock and 1,138,484 warrants at an exercise price of \$0.19078 per share for consideration of \$724,000.
4. In June 2015, the Company entered into a securities purchase agreement with two investors pursuant to which the Company issued to these investors 1,179,370 shares of common and 353,811 warrants at an exercise price of \$0.19078 per share for a consideration of \$225,000.

NOTE 6: STOCK-BASED COMPENSATION:

The Company accounts for stock-based compensation to employees in accordance with FASB ASC Topic 718, "Stock Compensation". The Company measures and recognizes compensation expense for share-based awards based on estimated fair values on the date of grant using the Black-Scholes option-pricing model. This option pricing model requires that the Company make several estimates, including the option's expected life and the price volatility of the underlying stock.

A summary of the Company's share option activity to employees, service providers and directors, and related information is as follows:

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 6: STOCK-BASED COMPENSATION (Cont.):

	2015		Six months ended June 30,	
	Unaudited		2014	
	Number	Weighted	Number	Weighted
	of options	average	of options	average
		exercise		exercise
		price		price
		\$		\$
Outstanding at the beginning of the year	28,603,000	0.18	12,915,261	0.27
Granted*	7,530,000	0.5	11,820,000	0.10
Exercised	(150,000 )	0.1	(10,000 )	0.10
Forfeited	(901,346 )	0.1	(40,000 )	0.10
Expired	(324,643 )	0.1	(402,261 )	0.84
Outstanding at the end of half year	34,757,011	0.25	24,283,000	0.178
Options exercisable at the end of the half year	15,372,844	0.10	8,103,833	722,633

\*The fair value of each option granted is estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 0% for all years; expected volatility - 85%; risk-free interest rate - 1.0%; expected life 5 years.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 7 - RELATED PARTIES:

Transactions	Six months ended June 30,	
	2015	2014
Stock-based compensation	\$ 508,929	\$ 387,254
Management fees (1), salaries (2), and bonuses (3)	737,180	480,690
	\$ 1,246,109	\$ 867,944

  

Balances	June 30,	December
	2015	31, 2014
Accrued fees and bonuses	12,593	103,097

- (1) Management fees of \$126,080 and \$126,900 for the six month periods ended June 30, 2015 and 2014, respectively, were paid to the Company's CEO.
- (2) Salaries were paid to the Company's CEO and Media Manager in the amounts of \$72,832 and \$38,598, respectively, for the six month periods ended June 30, 2015. Salaries were paid to the Company's CEO and Media Manager in the amounts of \$68,537 and \$34,069, respectively, for the six month periods ended June 30, 2014. Fees of \$141,643 and \$110,000 were paid to the Company's directors, for the six month periods ended June 30, 2015 and 2014, respectively.
- (3) Bonuses were paid to Company's CEO in the amount of \$156,235 and \$101,986 for the six month periods ended June 30, 2015 and 2014, respectively, equal to 1.25% of total net deposits; bonuses were paid to the Company's Media Manager in the amount of \$201,792 and \$39,198 for the six month periods ended June 30, 2015 and 2014, respectively, equal to \$10 for each first-time deposit.

## NOTE 8: SUBSEQUENT EVENTS

- A. On June 17, 2015, for the purpose of expanding into new markets, the Company signed a share purchase agreement with GKFX Financial Services Limited, to purchase all of its outstanding shares. GKFX Financial Services Limited operates as a foreign exchange brokerage business, and holds a corresponding Type 1 Financial Instruments Business Registration under the Financial Instruments and Exchange Act. GKFX Financial Services Limited is also in the process of obtaining a Japanese regulatory license to offer online binary options products and services. The aggregate purchase price for all outstanding shares in GKFX Financial Services Limited was \$400,000, plus the value of net assets of GKFX Financial Services Limited on the closing date, which took place on July 3, 2015.
- B. On July 28, 2015, the Company entered into a convertible loan agreement pursuant to which the lender loaned the Company the principal amount of \$1,000,000. The loan matures in July 2016, subject to certain prepayment rights of the lender. The lender is entitled to require that the loan be repaid within six months after the closing date, at which time the lender may demand prepayment of the loan amount, including any accrued and unpaid interest. The loan bears an annual interest rate of 10%, to be paid every six months. The loan is convertible into 5,241,640

shares of common stock of the Company upon either: (i) the maturity date, or (ii) the occurrence of an event of default. In connection with the loan, the Company also granted the lender warrants to acquire 1,572,492 shares of common stock of the company at an exercise price of \$0.19078 per share, exercisable over a period of five years from the date of issuance.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 8: SUBSEQUENT EVENTS (Cont.):

C. Commencing August 1 2015, the Company has upgraded the terms and conditions of granting trading benefits to be consistent with Circular 68 issued by CYSEC regarding the granting of trading benefits. The Company has separated trading benefits into two separate types of contingent trading bonuses, as follows:

- "Sign-Up Bonus": a Sign-Up Bonus may be granted after a customer registers a new account with the Company. The client is not required to make a prior deposit into the account. The customer can capitalize the free initial credit granted to him or her as a result of the Sign-Up Bonus only if he meets the withdrawal preconditions (volume generation must be equal to 25 times the initial bonus provided within 90 days).
- "Deposit Bonus": a Deposit Bonus may be granted to a customer once he makes a deposit into his or her trading account. In the case of Deposit Bonuses, customer funds, including profits and losses, are available for withdrawal at any given time; the only element dependent on the withdrawal preconditions is the bonus itself. This Deposit Bonus is only available for withdrawal if the customer meets the withdrawal preconditions (volume generation must be equal to 25 times the initial bonus provided within 90 days).

Customers are informed about all aspects of the bonuses at the time of election via the detailed terms and conditions available on the Company's website.

D. \$300,000 of the extended February 2014 loans were repaid in September 2015, and the remaining \$500,000 in loans were extended for an additional six months, to be repaid with interest in February 2016.

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EZTD INC.

(FORMERLY: EZTRADER INC.)

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2014

IN U.S. DOLLARS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

EZTD INC. (FORMERLY: EZTRADER, INC.)

We have audited the accompanying consolidated balance sheets of EZTD INC. (formerly: EZTRADER INC.) (the “Company”) as of December 31, 2014 and 2013 and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1.B to the consolidated financial statements, the Company has suffered losses from operations and has negative cash flows from operations that raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans as to these matters are also discussed in the Note. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result from the outcome of these uncertainties.

Tel Aviv, Israel

July 2, 2015, except for notes 1, 7, 10, 11, 12, 15 and 16, for which date is October 6, 2015.

/s/ Ziv Haft

Certified Public Accountants  
(Isr.)

BDO Member Firm

EZTD INC. (formerly: EZTRADER INC.)

## CONSOLIDATED BALANCE SHEETS

U.S. dollars

	Note	December 31,	
		2014	2013
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		\$-	\$ 114,286
Segregated client cash accounts		2,343,017	61,526
Restricted cash		41,627	1,377,672
Receivable from credit card companies		699,832	705,004
Other current assets	4	638,837	119,143
<b>Total current assets</b>		<b>\$3,723,313</b>	<b>\$2,377,631</b>
<b>NON-CURRENT ASSETS:</b>			
Property and equipment, net	5	\$ 834,272	\$ 151,550
Intangible assets	6	-	39,028
<b>Total non-current assets</b>		<b>\$ 834,272</b>	<b>\$ 190,578</b>
<b>Total assets</b>		<b>\$4,557,585</b>	<b>\$2,568,209</b>

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

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EZTD INC. (formerly: EZTRADER INC.)

## CONSOLIDATED BALANCE SHEETS

U.S. dollars

	Note	December 31,	
		2014	2013
<b>CURRENT LIABILITIES:</b>			
Short-term bank credit		\$ -	\$ 78,696
Obligation to customers	7	3,127,273	2,144,201
Account payables	8	1,043,485	646,383
Related parties	15	103,097	435,143
Accrued expenses and other account payables	9	1,827,514	911,490
Convertible loans	10	5,088,024	1,518,598
<b>Total current liabilities</b>		<b>\$ 11,189,393</b>	<b>\$ 5,734,511</b>
<b>LONG TERM LIABILITIES:</b>			
Accrued severance pay, net	2.M	110,306	35,144
<b>Total liabilities</b>		<b>\$ 11,299,699</b>	<b>\$ 5,769,655</b>
<b>EQUITY (DEFICIENCY)</b>			
Common stock of \$ 0.001 par value:			
Authorized: 300,000,000 and 150,000,000 shares at December 31, 2014 and 2013, respectively			
Issued and outstanding: 94,385,302 shares at December 31, 2014 and 84,195,671 at December 31, 2013.			
		94,386	84,196
Additional paid-in capital		27,900,278	22,163,156
Prepayment on account of shares		-	346,463
Accumulated deficit		(34,736,778)	(25,795,261)
<b>Equity (deficiency)</b>		<b>\$ (6,742,114 )</b>	<b>\$ (3,201,446 )</b>
<b>Total liabilities and equity</b>		<b>\$ 4,557,585</b>	<b>\$ 2,568,209</b>

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

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EZTD INC. (formerly: EZTRADER INC.)

## CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars

	Notes	Year ended December 31,	
		2014	2013
Revenues		\$20,113,803	\$5,340,040
Operating expenses:			
Sales and marketing		17,785,621	5,654,134
General and administrative		3,073,162	1,824,221
Research and development		1,365,789	755,540
Stock-based compensation		1,644,356	105,955
Impairment of bank deposit	1C	4,121,544	-
Total operating expenses		27,990,472	8,339,850
Operating loss		(7,876,669 )	(2,999,810 )
Financial expenses, net	14	(1,064,848 )	(342,216 )
Net loss before taxes on income		\$(8,941,517 )	\$(3,342,026 )
Taxes on income	13	-	-
Net loss attributable to the Company		\$(8,941,517 )	\$(3,342,026 )
Total basic and diluted net loss per share		\$(0.10 )	\$(0.04 )
Weighted average number of common stock used in computing basic and diluted net loss per share		90,579,670	82,037,502

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

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EZTD INC. (formerly: EZTRADER INC.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars

	Year ended December 31,	
	2014	2013
Net loss	\$(8,941,517 )	\$(3,342,026)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	\$(8,941,517 )	\$(3,342,026)

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

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EZTD INC. (formerly: EZTRADER INC.)

## STATEMENTS OF CHANGES IN EQUITY

U.S. dollars

	Common stock Number	Share capital Amount	Additional paid-in capital	Prepayment on account of shares	Accumulated deficit	Total shareholders' equity (deficiency)
Balance as of December 31, 2012	78,531,531	\$78,532	\$21,579,829	\$-	\$(22,453,235 )	\$(794,874 )
Prepayment on account of shares, net	-	-	-	346,463	-	346,463
Issuance of shares and warrants	5,664,140	5,664	477,372	-	-	483,036
Stock - based compensation	-	-	105,955	-	-	105,955
Net loss	-	-	-	-	(3,342,026 )	(3,342,026 )
Balance as of December 31, 2013	84,195,671	\$84,196	\$22,163,156	\$346,463	\$(25,795,261 )	\$(3,201,446 )
Issuance of shares and warrants	10,189,631	10,190	4,092,766	(346,463 )	-	3,756,493
Stock - based compensation	-	-	1,644,356	-	-	1,644,356
Net loss	-	-	-	-	(8,941,517 )	(8,941,517 )
Balance as of December 31, 2014	94,385,302	\$94,386	\$27,900,278	\$-	\$(34,736,778 )	\$(6,742,114 )

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

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EZTD INC. (formerly: EZTRADER INC.)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars

	Year ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$(8,941,517 )	\$(3,342,026 )
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	114,027	134,645
Stock-based compensation	1,644,356	105,955
Accrued interest and amortization of discount and exchange differences of convertible loans	(51,499 )	41,418
Decrease (increase) in credit cards companies	5,172	(482,461 )
Increase in other current assets	(519,694 )	(56,248 )
Increase in trade payables	397,102	199,887
Increase in obligation to customers and other payables	1,899,096	2,378,017
Increase in severance pay, net	75,162	35,143
Increase (decrease) in related parties	(332,046 )	240,668
Net cash used in operating activities	\$(5,709,841 )	\$(745,002 )
Cash flows from investing activities:		
Purchase of property and equipment	\$(757,721 )	\$(71,919 )
Decrease (increase) in segregated client cash accounts	(2,281,491 )	1,674
Decrease (increase) in restricted cash	1,336,045	(1,354,956 )
Net cash used in investing activities	\$(1,703,167 )	\$(1,425,201 )

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

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EZTD INC. (formerly: EZTRADER INC.)

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.):

U.S. dollars

	Year ended December 31,	
	2014	2013
Cash flows from financing activities:		
Short-term bank credit, net	\$(78,696 )	\$36,204
Proceeds received from Convertible loans	3,720,925	1,418,785
Repayment of convertible loans	(100,000 )	-
Issuance of shares and warrants	3,756,493	483,037
Prepayment on account of shares	-	346,463
Net cash provided by financing activities	\$7,298,722	\$2,284,489
Increase (decrease) in cash and cash equivalents	\$(114,286 )	\$114,286
Cash and cash equivalents at the beginning of the year	\$114,286	\$-
Cash and cash equivalents at the end of the year	\$-	\$114,286
Supplemental disclosure of cash flows information:		
Cash paid during the period for:		
Interest	\$112,143	\$10,400

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

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 1 - GENERAL:

A. EZTD Inc. (formerly: EZTrader Inc.) ("the Company") was incorporated in April 2002 under the laws of the State of Nevada. On June 3, 2015, the Company reincorporated in Delaware. The Company is engaged in offering online trading of binary options. The Company's shares were quoted on the OTCQB in the United States under the symbol "EZTD" from 2010 until August 2013, when the Company terminated its registration under the Securities Exchange Act of 1934, as amended, and as a result the Company's shares are now quoted on the OTC Pink.

The Company conducts its operations and business with and through its active wholly-owned subsidiaries, (a) Win Global Markets Inc (Israel) Ltd., an Israeli company, and (b) WGM Services Ltd., a company registered in Cyprus ("WGM"). On January 26, 2015 the Company changed its name from EZTrader, Inc. to EZTD Inc. (the "Company").

In June 2014 the Company had approximately \$ 4,200,000 in deposits (including the most recent deposit of approximately \$3,000,000 by one of its investors) with Corporate Commercial Bank ("CCB"), the fourth largest bank in Bulgaria. These funds were deposited with CCB because:

- 1) The amounts were received in United States dollars and not in Euros whereas the banks the Company worked with received deposits in Euros only.
- 2) Depositing the funds with an Israeli bank was not practical due to 20% withholding tax deduction required by local law, making it impossible to use the funds.
- 3) Deposit to a new bank account was not practical and could take approximately 6 months.
- 4) The Company had a good history with CCB, with approximately \$1,000,000 held by the bank prior to the above deposit, and no commission or withholding tax deduction was needed in order for the Company to deposit and use the funds.

On June 21, 2014 CCB ceased operations for the next 3 to 6 months and none of the depositors had any access to their funds, without further specific explanation. The Company immediately started to take all the necessary measures to recover the funds from CCB. On November 6, 2014, the new parliament of Bulgaria announced that it would not bail out CCB. After that announcement the Company started a process of preparing several law suits against CCB and its auditors, KPMG Bulgaria. In January 2015, the Company received €100,000 from the Bulgarian Deposits Insurance Fund. The amount of \$ 4,100,000 deposited in CCB was expensed as an impairment of bank deposit.

The following are the developments and actions taken by the Company in order to retrieve its \$4,200,000 deposit with CCB:

- 1) Permanent administrators have been appointed to determine CCB's assets that will be available for distribution to the depositors. The Company has hired local legal counsel and filed a claim with the administrators.
- 2) The Company has met with the U.S. Ambassador in Sofia in order to get assistance in receiving fair and equitable treatment. The Company has followed up with the U.S. Ambassador in Sofia, who has since met with the permanent administrators and has brought our case to their attention.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 1 - GENERAL (Cont.):

- 3) The Company's local counsel is filing a partial claim against KPMG Bulgaria for €500,000. The court fees for filing the claim are 4% of the claim amount. The Company has also reserved the right to increase the amount of the claim at any time once it learns what the administrators will distribute to depositors.
- 4) The Company has hired an investigative firm to assess the relationship between KPMG international in Switzerland and KPMG Bulgaria. They have interviewed 30 people including former KPMG employees. KPMG Bulgaria pays a franchise fee to KPMG international. In addition KPMG International reviews audits of its member firms once every year or two. KPMG international is also very active in training partners of its member firms to perform services according to its practices.

5) The Company has engaged a law firm in Switzerland to represent it against KPMG International.

B. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered losses from operations and negative cash flows from operations since inception. For the year ended December 31, 2014, the net loss attributable to the Company was \$8,941,517 and the negative cash flows from operations were \$5,709,841. As of December 31, 2014, the Company's obligation to customers amounted to \$3,127,273, while current assets were \$3,723,313. Customers may withdraw their deposits upon demand. According to the regulatory requirements in Cyprus, the Company's subsidiary in Cyprus has to comply with the covenant of maintaining a capital account balance of at least €730,000 and having funds in excess of client obligations. Funds consist of cash, segregated client cash accounts, restricted cash and receivables from credit card companies. Despite its negative cash flows, the Company has been able to secure financing to support its operations to date, based on share issuances. The Company plans to seek additional funds from equity issuances in order to continue its operations and to leverage its binary options business. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

C. Between November 20, 2014 and December 22, 2014, the Company's authorization from Cyprus Securities and Exchange Commission ("CYSEC") was temporarily suspended due to a shortfall in client funds. The shortfall was due to the fact that CCB, in which the Company had deposits of \$4.2 million ceased operations in June 2014 and was subsequently, declared bankrupt in November 2014. Upon the additional injection of approximately \$1 million, sourced from a convertible loan received from new and existing investors on December 5, 2014, in order to meet client obligations (see also note 10(D)), CYSEC decided to withdraw the suspension, as it is satisfied that the Company has complied with the provisions of Law 144(I)/2007.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

B. Financial statements in U.S. dollars:

The currency of the primary economic environment in which the operations of the Company and its subsidiaries are conducted is the U.S. dollar ("dollar"). In addition, a substantial portion of the Company's revenues and costs are incurred in dollars. Thus, the functional and reporting currency of the Company is considered to be the dollar. The functional currency of all subsidiaries is the U.S. dollar, therefore there is no unrealized gain/loss.

Transactions and balances denominated in U.S. dollars are presented at their original amounts. Monetary accounts maintained in currencies other than the dollar are re-measured into dollars in accordance with Accounting Standards Codification No. 830-10, Foreign Currency Matters. All transaction gains and losses of the re-measurement of monetary balance sheet items are reflected in the consolidated statements of operations as financial income or expenses, as appropriate.

C. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation.

D. Cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less, at the date acquired.

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EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

## E. Segregated client cash accounts:

According to regulatory requirements in Cyprus, under this regulation, the Company must comply with the covenant of having funds in excess of client obligations. Funds consist of cash, segregated client cash accounts, restricted cash and receivables from credit card companies. The Company records all transactions from credit card companies and banks on a daily basis. In addition, revenue is recognized on a daily basis and the correlating client obligation account is updated. This allows the company to determine the cash available to be transferred from the segregated cash accounts to its operating cash account.

## F. Restricted cash:

The restricted cash in the amount of \$41,627 at December 31, 2014, is held for financial institutions in respect of fulfillments of lease obligations.

## G. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method, over the estimated useful lives of the assets, at the following annual rates:

	%
Computers and peripheral equipment	33
Electronic devices	15
Leasehold improvements	Over the shorter of lease term or the life of the assets
Office furniture and equipment	6

## H. Intangible assets:

Identifiable intangible assets mainly consist of purchased customer database and software platform. Intangible assets are stated at cost, net of accumulated amortization. Intangible assets are amortized over their useful life using the straight-line method.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

I. Impairment of long lived assets and intangible assets subject to amortization:

Property and equipment and intangible assets subject to amortization are reviewed for impairment in accordance with ASC No. 360, Accounting for the Impairment or Disposal of Long-Lived Assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Intangible assets are recorded at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets that are not considered to have an indefinite useful life are amortized over their estimated useful lives.

All other intangible assets are amortized over their estimated useful lives on a straight-line basis.

During 2013 and 2014, no impairment losses were recorded.

J. Accounting for stock-based compensation:

The Company accounts for stock-based compensation to employees in accordance with ASC 718, Stock Compensation. The Company measures and recognizes compensation expense for share-based awards based on estimated fair values on the date of grant using the Black-Scholes option-pricing model. This option pricing model requires that the Company make several estimates, including the option's expected life and the price volatility of the underlying stock. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statement of operations. The Company recognizes compensation expenses for the value of its awards, which have graded vesting, based on the straight line method over the vesting period, net of estimated forfeitures. Estimated forfeitures are based on actual historical pre-vesting forfeitures. For the years ended December 31, 2014 and 2013, the Company recorded stock-based compensation costs in the amount of \$1,644,356 and \$105,955, respectively. At December 31, 2014, the Company's total unrecognized stock-based compensation costs amounted to approximately \$2,978,485.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

K. Revenue recognition from binary option business:

The Company generates revenues from its binary options business. The online binary options trading business involves a customer trying to predict the occurrence of a future event that will be settled in a win or lose situation at expiration or the end of the day. There is only a win or lose situation (binary option) and the gain or loss is recognized once every hour, or at the end of each day. Thus, each event commences and ends on the same day. Open client positions are carried at fair market value and gains and losses arising on this valuation are recognized in revenue as well as gains and losses realized on positions that have closed. The revenues are principally generated from the margin between winning customers to losing customers. In a winning situation (when either a higher or a lower strike price has been achieved at the expiration of the underlying asset) the binary option entitles a customer a fixed return (usually around 75%) in addition to the transaction amount. In a losing situation (when the customer's prediction is not fulfilled) the customer loses between 90%-95% of the transaction price. In its consolidated statement of operations the Company recognizes revenues from the binary options on a net basis. In addition, once the customer makes a deposit, a contingent bonus is added into his or her account on top of his or her deposited amount. The customer is granted with the opportunity to forego the bonus and continue with the deposit made by him or her only. The bonus added is typically, on average, between 20% and 30% of the customer's actual deposit but the company may choose to increase the bonus amount offered to the customer and the customer as well may request to increase the bonus amount. To be entitled to withdraw a bonus or any profit earned in the account after the bonus is added into the account, a customer must turn-over a trading volume of 25 times the amount of the bonus. As an example, if a customer received a bonus of \$100, to be entitled to withdraw this bonus, he will need to trade a minimum volume of at least \$2,500 during a time period no longer than 90 days from his or her first trade. If the customer has not reached the required volume within this 90 days period, then the bonus will be voided and deducted from the customer's available balance and any other profit earned in the account after the receipt of such bonus will be void as well and will not be included in the amounts that the customer can withdraw from his or her account. In the event that the customer loses on a particular trade after a bonus was added into his or her account, such loss will be deducted from the actual amounts deposited by the customer and not from the bonus.

For volume purposes, trading both a call option and a put option on the same asset and at the same expiration time would be considered as a single trade. Sell option transactions will not be considered for the trading volume needed to be met in order to withdraw the bonus. A customer may not receive a bonus for a deposit when, at the same time, they have a pending withdrawal request. The Company may decide at its own discretion whether or not to grant bonuses.

L. Research and development costs:

Research and development costs, including direct and allocated expenses are expensed as incurred.

M. Accrued Severance Pay, Net:

1. Accrued Liability:

The Company is liable for severance pay to its employees pursuant to the applicable local laws prevailing in the respective countries of employment and employment agreements. For Israeli employees, the liability is partially covered by individual managers' insurance policies under the name of the employee, for which the Company makes

monthly payments. The Company may make withdrawals from the managers' insurance policies only for the purpose of paying severance pay. The amounts accrued and the amounts funded with managers' insurance policies are as follows:

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

## M. Accrued Severance Pay, Net (Cont.):

	December 31,	
	2014	2013
Accrued severance pay	\$ 246,480	\$ 115,117
Less - amount funded	136,174	79,973
	\$ 110,306	\$ 35,144

## 2. Expenses:

The expenses related to severance pay for the years ended, December 31, 2014 and 2013, were \$131,363 and \$87,267, respectively.

## N. Comprehensive loss:

As the Company has no comprehensive loss, there is no difference between net loss and total comprehensive loss.

## O. Income taxes:

The Company accounts for income taxes in accordance with Accounting Standards Codification No. 740, Income Taxes ("ASC No. 740"). ASC No. 740 prescribes the use of the liability method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

ASC No. 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

P. Financial Instruments:

1. Concentrations of credit risk:

Financial instruments that have the potential to expose the Company to credit risks are mainly cash and cash equivalents, bank deposit accounts, and trade receivables.

The Company holds cash and cash equivalents, and deposit accounts at large banks in Israel, the United States, and Europe, thereby substantially reducing the risk of loss.

The Company performs ongoing credit evaluations of its customers for the purpose of determining the appropriate allowance for doubtful accounts and generally does not require collateral. An appropriate allowance for doubtful accounts is included in the accounts.

2. Fair value measurement:

The Company measures fair value and discloses fair value measurements for financial and non-financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

Q. Basic and diluted net loss per share - EPS:

Basic net income per share is computed based on the weighted average number of common shares outstanding during each year. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each year, plus dilutive potential shares of common stock considered outstanding during the year, in accordance with ASC 260, Earnings Per Share. For each of the years ended December 31, 2014 and 2013, the Company incurred a net loss and therefore no diluted EPS was presented and all common stock equivalents were anti-dilutive.

R. Reclassifications:



Certain comparative figures have been reclassified to conform to the current year presentation.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

S. Recently Issued Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, Revenue from contracts with customers (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply a five step methodology: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price;(4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. An entity should apply the amendments in this update using one of the following two methods: (1) retrospectively to each prior reporting period presented (along with some practical expedients); or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The amendments in this update will be effective prospectively for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We are currently evaluating the impact of the adoption of this update on our consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial statements – Going concern (subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern” (“ASU 2014-154”). The new standard provides guidance on management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company’s ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 applies prospectively to annual periods ending after December 15, 2016, and to annual periods thereafter. Early application is permitted. The Company is still assessing whether this adoption will have an effect on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs", requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability in a manner consistent with the treatment for debt discounts. The amendments in this update do not affect the recognition and measurement guidance for debt issuance costs. In addition, the ASU requires that the amortization of debt issuance costs be reported as interest expense. The standard is effective for fiscal years and the interim periods within those fiscal years beginning on or after December 15, 2015. ASU 2015-03 should be applied retrospectively to all prior periods presented in the financial statements, subject to the disclosure requirements for a change in an accounting principle. Early adoption is permitted for financial statements that have not been previously issued. The Company does not expect material impacts on its consolidated financial statements upon adoption.

EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 3 - FAIR VALUE MEASUREMENT:

Items carried at fair value as of December 31, 2014 and 2013 are classified in the table below in one of the three categories described in Note 2.P.2.

	Fair value measurements using input type			
	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Segregated client cash accounts	\$2,343,017	\$-	\$-	\$2,343,017
Restricted cash	41,627	-	-	41,627
	\$2,384,644	\$-	\$-	\$2,384,644

	Fair value measurements using input type			
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 114,286	\$ -	\$ -	\$ 114,286
Segregated client cash accounts	61,526	-	-	61,526
Restricted cash	1,377,672	-	-	1,377,672
	\$ 1,553,484	\$ -	\$ -	\$ 1,553,484

## NOTE 4 - OTHER CURRENT ASSETS:

	December 31,	
	2014	2013
Government authorities	\$135,645	\$36,639
Deferred issuance costs	82,334	58,395
Prepaid Media	157,878	-
Prepaid expenses and others	262,980	24,109
	\$638,837	\$119,143

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 5 - PROPERTY AND EQUIPMENT, NET:

	December 31,	
	2014	2013
<b>Cost:</b>		
Computers and peripheral equipment	\$866,582	\$187,631
Electronic devices	35,744	11,619
Leasehold improvements	61,068	36,576
Office furniture and equipment	53,788	23,635
	1,017,182	259,461
	December 31,	
	2014	2013
<b>Accumulated depreciation:</b>		
Computers and peripheral equipment	161,591	86,942
Electronic devices	5,112	4,090
Leasehold improvements	12,972	7,443
Office furniture and equipment	3,235	9,436
	182,910	107,911
Depreciated cost	\$834,272	\$151,550

Depreciation expenses were \$74,999 and \$40,979 for the years ended December 31, 2014 and 2013, respectively.

## NOTE 6 - INTANGIBLE ASSETS:

In May 2011, WGM and Venice Technologies Ltd., an Israeli corporation ("Venice"), entered into a Purchase Agreement (the "Venice Agreement"), pursuant to which WGM agreed to purchase Venice's customer database (including liability to customers) and online trading of binary options software, including the domain name www.eztrader.com, for \$625,000 of which \$500,000 was paid in cash at closing in June 2011. With respect to the remainder of the consideration in the amount of \$125,000, Venice had the option to either (i) receive the consideration on September 1, 2011, or (ii) receive 1,562,500 shares of the Company's common stock by such date. This option was recorded as a derivative liability in the amount of \$64,000 in addition to the liability of \$125,000. On September 1, 2011, the option was expired and the Company paid Venice the remaining \$125,000.

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EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 6 - INTANGIBLE ASSETS (Cont.):

Upon payment of the \$125,000 and expiration of the option, the balance of the derivative liability in the amount of \$64,000 was written off to finance income. The total purchase price of \$689,000 was evaluated by an independent valuator expert and was attributed to customer database in the amount of \$866,000, software platform in the amount of \$281,000 and a liability to customers in the amount of \$458,000. The software platform is being amortized over a 3 year period and the customer database over 1 year, each of which represents their economic useful life.

Amortization expense for the years ended December 31, 2014 and 2013 amounted to \$39,028 and \$93,666, respectively.

## NOTE 7 - OBLIGATION TO CUSTOMERS:

Client obligations consist of funds held in segregated accounts on behalf of clients. Deposits made by customers are considered and recorded as an obligation of the Company to its customers. Customers are entitled to withdraw funds held on their behalf.

According to regulatory requirements in Cyprus, under this regulation, the Company must comply with the covenant of having funds in excess of client obligations. Funds consist of cash, segregated client cash accounts, restricted cash and receivables from credit card companies.

Bonuses are recorded as obligation to customers in accordance with ASC 450: Disclosure of Certain Loss Contingencies.

## NOTE 8 - ACCOUNT PAYABLES:

	December 31,	
	2014	2013
Trade Payables	\$441,737	\$327,855
Affiliates	601,748	318,528
	\$1,043,485	\$646,383

## NOTE 9 - ACCRUED EXPENSES AND OTHER ACCOUNT PAYABLES:

	December 31,	
	2014	2013
Accrued expenses to suppliers and others	\$1,283,308	\$510,358
Employees and wage-related liabilities	544,206	401,132
	\$1,827,514	\$911,490

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 10 - CONVERTIBLE LOANS:

A. On May 12, 2013, the Company entered into a Finance Agreement with Activa Red Green (the "Lender"), pursuant to which the Lender loaned to the Company \$100,000 with a maturity date of May 11, 2014 (the "Loan"). The Loan bears annual interest of 20%. In addition, in the event of default and nonpayment the Loan shall bear additional penalty interest of 4% per annum. The Lender is entitled to convert the loan into shares of common stock of the Company at a conversion price of \$0.10 per share and upon such conversion receive with a warrant to purchase 1/10 share of common stock at the a price per share of \$0.10. The loan was fully paid in May, 2014.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10: Distinguishing Liabilities from Equity. The embedded conversion feature should not be bifurcated in accordance with ASC 815: Derivatives and Hedging. In addition, the Company followed ASC 470-20: Debt, to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

B. On October 29, 2013 (the "Closing Date"), the Company entered into a Convertible Loan agreement, according to which, the lenders will provide a loan in the amount of \$1,391,000. The loan is linked to the EURO and bears an annual interest of 10% to be repaid in one lump sum with the loan principal upon the lapse of one year as of the Closing Date. The lenders may convert the loan into shares on each of the dates falling upon: (1) the lapse of six (6) months after the Closing Date, and (2) the lapse of one (1) year as of the Closing Date. The loan is convertible into "Conversion Units" which in total include 7,224,777 common shares of the Company, and Warrants exercisable into 722,478 ordinary shares of the Company each at a strike price of \$0.19078 for a period of 18 months after issuance. The lenders are entitled to require that the loan shall be repaid upon the lapse of six (6) months after the Closing, by delivering a written notice to the Company at least 21 days prior to such date, and in such case the Company shall repay the loan (principal and interest accrued until such date) on such earlier date. During 2014 the lenders and the Company agreed to extend the payment date, under the same terms to October 29, 2015.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the prepayment clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

The Company recorded issuance costs of approximately \$73,000, which is amortized using the effective interest rate of the loan over the loan period. As of December 31, 2014, all the issuance costs were recorded in the Statements of Operations.

C. On February 13 and 27, 2014, the Company entered into a Convertible Loans Agreement (the "February 2014 Convertible Loans Agreement") with some of its shareholders and new investors, in order to raise an aggregated amount of \$ 2,800,000. The loans are convertible into total of 7,963,542 ordinary shares of the Company. Some of the loans are linked to the Euro , all the loans bear interest at an annual rate of 10%. The Company shall repay the Loan Amount and the Interest, in one lump sum, on the "Final Repayment Day", which is 12 months after the Closing or, if extended by the lender- 24 months from the Closing date (see also note 16 - "subsequent events").



EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 10 - CONVERTIBLE LOANS (Cont.):

The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the extension clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

The Company recorded issuance costs of approximately \$154,000, which is amortized using the effective rate of the loan over the loan period. As of December 31, 2014, the deferred issuance costs of \$25,000 were present in other current asset.

D. In December 2014, the Company entered into a convertible loan agreement with lenders, according to which, the lenders will provide a loan in the amount of \$922,500. The loan is linked to the EURO and matures in December 2015, and bears an annual interest of 10% to be repaid in a lump sum on such maturity date. This loan is convertible into "Conversion Units" which in total include 4,835,413 shares of common stock, and warrants exercisable into 2,417,706 shares of common stock each at a strike price of \$0.19078 for a period of 60 months after issuance.

The Company determined that the convertible loan does not fall within the scope of ASC 480-10. The embedded conversion feature and the extension clause should not be bifurcated in accordance with ASC 815. In addition, the Company followed ASC 470-20 to determine whether a beneficial conversion feature exists at loan inception and came to the conclusion that a beneficial conversion feature should not be recognized.

The Company recorded issuance costs of approximately \$62,000, which is amortized using the effective rate of the loan over the loan period. As of December 31, 2014, the unamortized issuance costs of \$58,000 were presented in other current asset.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES:

Lease commitments:

The Company leases its facilities under a lease agreement in Israel. This location for 2012 consists of approximately 250 square meters of office space and the rent is approximately \$3,600 per month. The Company has a new location beginning February 1, 2013 and ending January 31, 2015 of approximately 570 square meters for \$7,719 monthly rent. On December 2013, the Company signed an amendment to the existing rent agreement, according to which the Company will rent office space of approximately 850 square meters for a monthly rent of approximately \$11,000 per month. Simultaneously, on December 2013, the Company entered into a property management agreement, according to which the Company will pay to a management company a monthly fee to cover the relative part of the building expenses of the facilities rented in the amount equal to costs plus 15%.



EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES (Cont.):

Future minimum commitments under non-cancelable operating leases as of December 31, 2014 are as follows:

Year ending December 31,	Rental of premises
2015	\$ 119,884
2016	120,364
	\$ 240,248

Total rent and related expenses for the year ended December 31, 2014 and 2013 were \$176,583 \$133,290, respectively.

## NOTE 12 - EQUITY:

## A. Shareholders' rights:

The shares of common stock confer upon the holders the right to elect the directors and to receive notice to participate and vote in the shareholders meetings of the Company, and the right to receive dividends, if and when declared. A special meeting of shareholders of the Company was held on July 15, 2014. The Company's shareholders approved an amendment to the amended Articles of Incorporation of the Company to increase the number of authorized shares of its common stock from 150,000,000 shares, par value \$0.001 per share, to 300,000,000 shares, par value \$0.001 per share.

B. On November 8, 2012, the Company entered into securities purchase agreements with three existing shareholders, including certain of its management, pursuant to which the Company sold 3,790,000 shares and warrants to purchase an aggregate of 379,000 shares of common stock (the "Warrants") at exercise prices per share of \$0.10. No separate consideration was paid for the Warrants. The Warrants are exercisable on or after May 8, 2013 until twenty-four months from the date of issuance thereof. The aggregate net proceeds from the sale of the shares and issuance of the Warrants amounted to \$379,000.

C. On March 5, 2013, the Company issued an aggregate of 1,368,920 shares of common stock in connection with the cashless and cash-based (aggregate cash amount of \$53,513) exercises of \$500,000 of warrants issued in connection with the Company's March 2008 convertible debt transaction with related parties.

EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 12 - EQUITY (Cont.):

D. On June 12, 2013, the Company entered into a securities purchase agreement with Ricx Investments Ltd. (the "Investor"), pursuant to which the Company issued to the Investor 4,295,220 shares of restricted common stock (the "Investor's Shares") of the Company at a price of \$0.10 per share, and issued a warrant to purchase 859,044 shares of common stock (the "Warrant") at an exercise price per share of \$0.10. No separate consideration was paid for the Warrant. The Warrant expires on June 12, 2016. The net proceeds from the issuance of the Investor's Shares and the Warrant amounted to \$429,522 and were recorded in equity. The transaction closed on June 12, 2013. On December 10, 2013, the Company entered into a securities purchase agreement with three investors (the "Investors"), pursuant to which the Company issued to the Investors 1,920,631 shares of common stock (the "Investor's Shares") at a price of \$0.19 per share, and issued a warrant to purchase 192,063 shares of common stock (the "December Warrant") of the Company at an exercise price per share of \$0.19. No separate consideration was paid for the December Warrant. The December Warrant expires on December 10, 2015. The gross proceeds from the issuance of the Investor's Shares and the Warrant amounted to \$366,418 and was recorded in equity under prepayment on account of shares due to delay in issuing the shares, but the securities purchase agreement dated December 10, 2015 was approved by the Company's Board of Directors.

E. In May 2014, the Company entered into a share purchase agreement with certain investors, pursuant to which the Company issued 7,880,000 shares of common stock for a total consideration of \$3,940,000, and warrants to purchase 788,000 shares of common stock at an exercise price per share of \$0.50. These warrants expire in November 2019. The net proceeds from the sale of shares and issuance of warrants amounted to \$3,717,620 and were recorded in equity. The transaction closed on June 6, 2014. The total consideration of \$3,940,000 from this transaction was deposited in CCB in Bulgaria (see also Note- 1D). The transaction costs of approximately \$20,000 were recorded as a deduction from prepayment on account of shares.

F. In November 2014, several investors exercised 379,000 warrants in consideration of \$37,900 of cash. The Company issued 379,000 shares to these investors.

G. Warrants to purchase common stock:

The Company accounted for these warrants as equity instruments based on the guidance of ASC 815, "Derivatives and Hedging", ASC 480-10, "Distinguishing Liabilities from Equity", its related FASB staff positions, ASC 815-40 "Contracts in Entity's Own Stock" and the AICPA Technical Practice Aid for accounting for preferred shares and warrants, including the roadmap for accounting for freestanding financial instruments indexed to, and potentially settled in, a company's own stock.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 12 - EQUITY (Cont.):

Significant terms of warrants to purchase common stock are as follows as of December 31, 2014:

Expiration Date	Warrants for common stock	Exercise price per share \$
October 2015	1,875,000	0.08
December 2015	192,063	0.19
June 2016	3,125,000	0.08
June 2016	859,044	0.10
August 2016	2,925,000	0.08
February 2018	6,250,000	0.08
June, 2018	6,250,000	0.10
June, 2019	788,000	0.50
	22,264,107	

## H. Stock option plans:

1. On November 23, 2004, the Company adopted the 2004 Global Share Option Plan (the "2004 Global Share Option Plan"). The 2004 Global Share Option Plan is intended to provide incentives to employees, directors and consultants by providing them with opportunities to purchase shares of the Company's common stock. Under the terms of the 2004 Global Share Option Plan, it is effective as of November 23, 2004 and terminates at the end of ten years from such date, which has been extended for additional ten years expiring in 2024. The Company initially reserved 5,000,000 authorized but unissued shares of its common stock to be issued under the 2004 Global Share Option Plan. On May 4, 2006, April 15, 2012 and September 13, 2012, and July 15, 2014 the Company's Board approved amendments to its 2004 Global Share Option Plan under which the number of shares reserved by the Company for the purpose of the 2004 Global Share Option Plan were increased from 5,000,000 to 8,000,000, 16,000,000 and 20,000,000 and 30,000,000, respectively. The exercise price of the options granted under the plans may not be less than the nominal value of the shares into which such options are exercised. The options vest primarily over three years. Any options that are forfeited or not exercised before expiration become available for future grants.

EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 12 - EQUITY (Cont.):

## H. Stock option plans (Cont.):

2. A summary of the Company's share option activity to employees and directors and related information is as follows:

	2014		Year ended December 31, 2013	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	12,915,261	0.27	8,705,261	0.44
Granted	17,660,000	0.11	7,610,000	0.10
Exercised	(10,000 )	0.10	-	-
Forfeited	(1,214,670 )	0.10	(1,572,500 )	0.10
Expired	(747,591 )	0.46	(1,827,500 )	0.51
Outstanding at the end of the year	28,603,000	0.18	12,915,261	0.27
Options exercisable at the end of the year	14,268,833	0.10	7,185,261	0.40
Weighted-average fair value of options granted during the year	\$ 0.25		\$ 0.08	

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EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 12 - EQUITY (Cont.):

## H. Stock option plans (Cont.):

3. The Company granted options in 2013 and 2014. The fair value of each option granted is estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 0% for 2014 and 2013; expected volatility: 2014 - 84%, 2013 - 86%; risk-free interest rate 2014 - 1.5%, 2013 - 0.37%; expected life: 2014 - 3.5 years, 2013 - 3.5 years. There was no intrinsic value for options outstanding during 2014 and 2013 as the market price of the share was lower than the exercise price.

4. The Company is required to assume a dividend yield as an input in the Black-Scholes option-pricing model. The dividend yield assumption is based on the Company's historical experience and expectation of future dividend payouts and may be subject to change in the future. The Company uses historical volatility in accordance with FASB ASC Topic 718, "Stock Compensation". The computation of volatility uses volatility derived from similar traded companies. The risk-free interest rate assumption is the implied yield currently available on U.S. Treasury zero coupon bonds, issued with a remaining term equal to the expected life term of the Company's options. Pre-vesting forfeiture rates were estimated based on pre-vesting forfeiture experience. The Company uses the simplified method to compute the expected option term for options granted. The options outstanding as of December 31, 2014, have been classified by ranges of exercise price, as follows:

Exercise price	Options outstanding as of December 31, 2014	Weighted average remaining contractual life (years)	Options exercisable as of December 31, 2014
\$ 0.06	2,100,000	3.71	2,100,000
0.10	23,403,000	3.94	10,352,166
0.11	1,500,000	0.72	1,500,000
0.20	1,000,000	4.50	166,667
0.35	600,000	4.50	150,000
	28,603,000		14,268,833

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EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 13 - TAXES ON INCOME:

## A. Loss before taxes on income:

	Year ended December 31,	
	2014	2013
Domestic	\$ 8,015,561	\$ 1,776,361
Foreign	925,956	1,565,665
	\$ 8,941,517	\$ 3,342,026

## B. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company and its subsidiaries' deferred tax assets are as follows:

	Year ended December 31,	
	2014	2013
Operating loss carry-forwards and temporary differences	\$ 7,723,036	\$ 4,566,597
Deferred tax asset before valuation allowance	7,723,036	4,566,597
Valuation allowance	\$ (7,723,036)	\$ (4,566,597)
Net deferred tax asset	\$ -	\$ -

As of December 31, 2014, the Company and its subsidiaries have provided valuation allowances of \$7,723,036 in respect of deferred tax assets resulting from tax loss carry-forwards and other temporary differences. Management currently believes that it is more likely than not that the deferred tax regarding the loss carry-forwards and other temporary differences will not be realized in the foreseeable future. The change in valuation allowance was \$3,156,439 in 2014.

## C. Net operating losses carry-forwards:

The Company had accumulated losses for tax purposes as of December 31, 2014, in the amount of approximately \$20.7 million of which approximately \$17,400,000 was incurred in the United States and is limited to a period of 20 years. The remaining loss of approximately \$3,300,000 was incurred in Israel and the loss carry forward is not limited and may be carried forward and offset against taxable income.

EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 13 - TAXES ON INCOME (Cont.):

## D. Tax rates on Israeli subsidiary:

The Israeli corporate tax rate was in 25% in 2013.

On July 30, 2013, the Israeli parliament approved the Bill for the Change of National Priorities (Legislation Amendments for Achieving the Budget Targets for the years 2013 and 2014) (hereinafter: the "Law"). The main change included in the Law with respect to taxation is an increase of corporation tax by 1.5% from 2014 onwards (from 25% to 26.5%).

## E. A reconciliation of the theoretical tax:

The main reconciling items between the statutory tax rate of the Company and the zero effective tax rate are the non-recognition of the benefits from accumulated net operating carry-forward losses among the various subsidiaries due to the uncertainty of the realization of such tax benefits.

## F. Income taxes on non-U.S. subsidiaries:

Non-U.S. subsidiaries are taxed according to the tax laws in their respective country of residence. U.S. income taxes and foreign withholding taxes were not provided for on undistributed earnings of the Company's foreign subsidiaries. The Company intends to reinvest these earnings indefinitely in its foreign subsidiaries. If these earnings were distributed to the U.S. in the form of dividends or otherwise, the Company would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes.

## G. Uncertain tax position:

The Company has recorded no liability for income taxes associated with unrecognized tax benefits as of December 31, 2014 and 2013.

## NOTE 14 - FINANCIAL EXPENSE, NET:

	Year ended December 31	
	2014	2013
Foreign currency exchange differences	\$(457,630 )	\$(118,407 )
Interest, bank charges and fees, net	(607,218 )	(223,809 )
	\$(1,064,848)	\$(342,216 )

EZTD INC. (formerly: EZTRADER INC.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

## NOTE 15 - RELATED PARTIES:

Transactions	Year ended December 31,	
	2014	2013
Stock-based compensation	\$ 955,787	\$ 76,377
Management fees (1), salaries (2), and bonuses (3)	1,087,030	573,673
	\$ 2,042,817	\$ 650,050
Balances	December 31,	
	2014	2013
Short-term loan	\$-	\$75,460
Accrued fees and bonuses	103,097	359,683
	\$103,097	\$435,143

- (1) Management fees of \$253,800 and \$219,265 for 2014 and 2013, respectively paid to the Company's CEO.
- (2) Salaries paid to the Company's CEO and Media Manager in the amount of \$124,374 and \$72,148 for 2014, respectively. Salaries paid to the Company's CEO and Media Manager in the amount of \$33,187 and \$19,992 for 2013, respectively. Fees of \$177,000 and \$198,894 to the Company's directors for 2014 and 2013, respectively.
- (3) Bonus paid to Company's CEO for 2014 in the amount of \$278,439 which is equal to 1.25% of total net deposits, and for 2013 in the amount of \$80,000. Bonus paid to Company's Media Manager in the amount of \$181,269 and \$22,335 for 2014 and 2013, respectively, which is equal to \$10 for each first-time deposit.

## NOTE 16 - SUBSEQUENT EVENTS:

- A. In April 2015, the Company repaid \$107,600 plus interest of the February 2014 loans. In addition, \$364,205 of the February 2014 loans were converted into 1,040,586 of shares of common stock. Additionally, \$800,000 of the February 2014 loans were extended for an additional six months to be repaid with interest in August 2015. The remaining \$1,391,193 loans were extended for one additional year in consideration of the issuance of additional 1,285,714 of warrants at an exercise price of \$0.35 per share. \$300,000 of the extended February 2014 loans were repaid in September 2015, and the remaining \$500,000 in loans were extended for an additional six months, to be repaid with interest in February 2016. Furthermore, the Company granted 7,530,000 options to employees, board members and consultants in accordance to the terms and condition of the 2004 Global Share Option Plan and entered into a securities purchase agreement with an investor pursuant to which the Company issued to the investor 3,794,947 shares of common stock of the Company at a price of \$0.19078 per share. As additional consideration, the Company issued this investor 1,138,484 warrants.
- B. In the first quarter of 2015, several investors and a related party exercised 7,292,969 and 312,500 warrants respectively into shares of common stock, and the Company received \$708,438 and \$25,000 in cash respectively. As additional consideration, the Company issued these investors and related party 14,585,938 and 625,000 warrants respectively at an exercise price of \$0.19078 per share, for a period of five years commencing six months after the date of the closing of the Common Stock Purchase Warrant.
- C.



In March 2015, the Company entered into a securities purchase agreement with a related party pursuant to which the Company issued to the Investor 262,082 shares of common stock of the Company at a price of \$0.19078 per share.

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EZTD INC. (formerly: EZTRADER INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (U.S. dollars)

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NOTE 16 - SUBSEQUENT EVENTS (Cont.):

D. In June 2015, the Company entered into a securities purchase agreement with two investors pursuant to which the Company issued to these Investors 1,179,370 shares of common of the Company at a price of \$0.19078 per share. As additional consideration, the company issued these investors 353,811 warrants.

E. On June 17, 2015, for the purpose of expanding into new markets, The Company signed a share purchase agreement with GKFX Financial Services Limited, to all of its outstanding shares. GKFX Financial Services Limited GKFX Financial Services operates as a foreign exchange brokerage business and holds a corresponding Type 1 Financial Instruments Business Registration under the Financial Instruments and Exchange Act. GKFX Financial Services Limited is also in the process of obtaining a Japanese regulatory license to offer online binary options products and services.

The aggregate purchase price for all outstanding shares in GKFX Financial Services Limited was \$400,000, plus the value of net assets of GKFX Financial Services Limited on the closing date, which is scheduled to be July 3, 2015.

The share purchase agreement with GKFX Financial Services Limited includes various covenants, conditions, representations and warranties typical of this type of transaction, and its consummation is subject to the closing conditions and requirements set forth therein.

F. On July 28, 2015, the Company entered into a convertible loan agreement pursuant to which the lender loaned the Company the principal amount of \$1,000,000. The loan matures in July 2016, subject to certain prepayment rights of the lender. The lender is entitled to require that the loan be repaid within six months after the closing date, at which time the lender may demand prepayment of the loan amount, including any accrued and unpaid interest. The loan bears an annual interest rate of 10%, to be paid every six months. The loan is convertible into 5,241,640 shares of common stock of the Company upon either: (i) the maturity date, or (ii) the occurrence of an event of default. In connection with the loan, the Company also granted the lender warrants to acquire 1,572,492 shares of common stock of the company at an exercise price of \$0.19078 per share, exercisable over a period of five years from the date of issuance.

G. Commencing August 1, 2015 the Company has upgraded the terms and conditions of granting trading benefits to be consistent with Circular 68 issued by CYSEC regarding the granting of trading benefits. The Company has separated trading benefits into two separate types of contingent trading bonuses, as follows:

- "Sign-Up Bonus": a Sign-Up Bonus may be granted after a customer registers a new account with the Company. The client is not required to make a prior deposit into the account. The customer can capitalize the free initial credit granted to him or her as a result of the Sign-Up Bonus only if he meets the withdrawal preconditions (volume generation must be equal to 25 times the initial bonus provided within 90 days).

- "Deposit Bonus": a Deposit Bonus may be granted to a customer once he makes a deposit into his or her trading account. In the case of Deposit Bonuses, customer funds, including profits and losses, are available for withdrawal at any given time; the only element dependent on the withdrawal preconditions is the bonus itself. This Deposit Bonus is only available for withdrawal if the customer meets the withdrawal preconditions (volume generation must be equal to 25 times the initial bonus provided within 90 days).

Customers are informed about all aspects of the bonuses at the time of election via the detailed terms and conditions available on the Company's website.

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INSERT A1

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
3.1	Composite copy of the Company's Articles of Incorporation as amended on July 14, 2014 (incorporated by reference to Exhibit 3.1 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to our Form SB-2 (File No. 333-91356) filed with the Securities and Exchange Commission on June 27, 2002).
3.3*	Certificate of Conversion of the Company from a Non-Delaware Corporation to a Delaware Corporation as of June 3, 2015.
4.1	Common Stock Purchase Warrant dated March 6, 2008 issued by the Company to Shimon Citron (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K (File No. 000-51255) filed with the Securities and Exchange Commission on March 14, 2008).
4.2	Form of Common Stock Purchase Warrant dated November 8, 2012 (incorporated by reference to Exhibit 4.7 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2013).
4.3	Form of Common Stock Purchase Warrant dated June 12, 2013, issued by the Company to Ricx Investments Ltd. (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 14, 2013).
4.4	Form of Common Stock Purchase Warrant dated December 10, 2013, issued by the Company to certain investors (incorporated by reference to Exhibit 4.4 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
4.5	Form of Common Stock Purchase Warrant dated May 2014, issued by the Company to certain investors (incorporated by reference to Exhibit 4.5 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
4.6	Form of Common Stock Purchase Warrant dated April March and June, 2015, issued by the Company to certain investors (incorporated by reference to Exhibit 4.6 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on July 2, 2015).
4.7	

Form of Common Stock Purchase Warrant dated April March and July 28, 2015, issued by the Company to an investor. (incorporated by reference to Exhibit 4.7 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on August 17, 2015).

- 10.1 2004 Global Share Option Plan (incorporated by reference to Exhibit 10.1 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2013).
- 10.2 Sample Agreement under the Company's 2004 Global Share Option Plan (incorporated by reference to Exhibit 10.25 to our Annual Report on Form 10K-SB (File No. 000-51255) filed with the Securities and Exchange Commission on April 11, 2006).
- 10.3 Consulting Agreement, dated September 23, 2008, between the Company and Citron Investments Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 000-51255) filed with the Securities and Exchange Commission on September 25, 2008).
- 10.4 Addendum dated December 9, 2010, to Consulting Agreement, dated September 23, 2008, between the Company and Citron Investments Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2010).
- 10.5 Addendum dated November 1, 2013, to Consulting Agreement, dated September 23, 2008, between the Company and Citron Investments Ltd. (incorporated by reference to Exhibit 3.1 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
- 10.6 Employment Agreement, dated October 31, 2013, between the Company and Shimon Citron (incorporated by reference to Exhibit 10.6 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
- 10.7 Employment Agreement, dated August 13, 2015, between the Company and Itai Loewenstein. (incorporated by reference to Exhibit 10.7 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on August 17, 2015).
- 10.8 Employment Agreement, dated August 2, 2015, between the Company and Michael Ekstein. (incorporated by reference to Exhibit 10.8 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on August 17, 2015).

- 10.9 Securities Purchase Agreement, dated June 12, 2013, between Ricx Investments Ltd. and the registrant (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 14, 2013).
- 10.10 Finance Agreement dated May 12, 2013, by and among the Company, Win Global Markets (Israel) Ltd. and Activa Red Green Ltd. (incorporated by reference to Exhibit 10.8 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
- 10.11\* Convertible Loan Agreement dated October 29, 2013, by and among the Company and certain Company shareholders.
- 10.12 Form of Securities Purchase Agreement dated December 10, 2013, by and among the Company and certain Company shareholders (incorporated by reference to Exhibit 10.10 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
- 10.13\* Convertible Loan Agreement dated February 2014, by and among the Company and certain Company shareholders.
- 10.14 Convertible Loan Agreement dated July 28, 2015, by and between the Company and AFTH S.C.Sp. (incorporated by reference to Exhibit 10.14 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on August 17, 2015).
- 10.15 Form of Share Purchase Agreement dated May and June, 2014, by and among the Company and certain Company shareholders (incorporated by reference to Exhibit 10.12 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).
- 10.16 Schedule of Omitted Documents to the form of Convertible Loans Agreement dated October 29, 2013, by and among the Company and Company's shareholders (incorporated by reference to Exhibit 10.13 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on October 30, 2014).
- 10.17 Schedule of Omitted Documents to the form of Securities Purchase Agreement dated December 10, 2013, by and among the Company and Company's shareholders (incorporated by reference to Exhibit 10.14 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on October 30, 2014).
- 10.18 Schedule of Omitted Documents to the form of Convertible Loans Agreement dated February 2014, by and among the Company and Company's shareholders (incorporated by reference to Exhibit 10.14 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on October 30, 2014).
- 10.19 Schedule of Omitted Documents to the form of Share Purchase Agreement dated May and June, 2014, by and among the Company and Company's shareholders (incorporated by reference to Exhibit 10.15 to our Form 10/A (File No. 000-51255) filed with the Securities and Exchange Commission on October 30, 2014).

10.20 Schedule of Omitted Documents to the form of Convertible Loans Agreement dated December 5, 2014, by and among the Company and Company's shareholders (incorporated by reference to Exhibit 10.18 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on July 2, 2015).

16.1 BDO resignation letter dated November 17, 2014 (incorporated by reference to Exhibit 4.6 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on July 2, 2015).

21.1 List of subsidiaries (incorporated by reference to Exhibit 21.1 to our Form 10 (File No. 000-51255) filed with the Securities and Exchange Commission on September 15, 2014).

\* Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

EZTD INC.

By: /s/ Shimon Citron  
Name: Shimon Citron  
Title: Chief Executive Officer

Date: October 7, 2015

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