

Fifth Dimension Holdings Ltd.

**Interim Condensed Financial
Statements**

**As of March 31, 2016
(Unaudited)**

Interim Condensed Financial Statements as at March 31, 2016

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Interim Condensed Balance Sheets as of

	March 31 2016 (Unaudited) \$ thousands	December 31 2015 (Audited) \$ thousands
Assets		
Current assets		
Cash and cash equivalents	5,521	8,005
Accounts receivable	166	150
Total current assets	5,687	8,155
Long-term assets		
Long-term deposits	78	74
Fixed assets	703	449
Total long-term assets	781	523
Total assets	6,468	8,678
Current liabilities		
Trade payables	235	256
Other accounts payable	697	575
Total liabilities	932	831
Shareholders' equity	5,536	7,847
Total liabilities and shareholders' equity	6,468	8,678


 Yoel Neeman
 Head of Corporate


 Guy Caspi
 CEO

May 15, 2016

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

Interim Condensed Statements of Operations for the

	Three-month period ended March 31 2016 (Unaudited) \$ thousands	Year ended December 31 2015 (Audited) \$ thousands
Revenues, see Note 1B	-	2,043
Cost of services	-	191
Gross profit	-	1,852
Research and development expenses	1,648	2,467
Marketing expenses	184	532
General and administration expenses	564	1,625
Operating loss	2,396	2,772
Financial expenses (income)	(85)	180
Net loss	2,311	2,952

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

Interim Condensed Statements of Changes in Shareholders' Equity

	Ordinary	Ordinary A	Ordinary B	Ordinary B1	Ordinary	Ordinary A	Ordinary B	Ordinary B1	Additional	Accumulated	Total
	Number of shares outstanding	Number of shares outstanding	Number of shares outstanding	Number of shares outstanding	Shares	Shares	Shares	Shares	paid-in capital	deficit	
					\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Balance as of January 1, 2016 (audited)	1,476,725	671,532	493,329	48,043	*	*	1	*	10,794	(2,948)	7,847
Changes during the three-month period ended March 31, 2016 (unaudited):											
Net loss	-	-	-	-	-	-	-	-	-	(2,311)	(2,311)
Balance as of March 31, 2016 (unaudited)	1,476,725	671,532	493,329	48,043	*	*	1	*	10,794	(5,259)	5,536
Balance as of January 1, 2015 (audited)	10,000	-	-	-	*	-	-	-	-	4	4
Changes during 2015 (audited) :											
Issuance of Ordinary shares	1,466,725	-	-	-	*	-	-	-	-	-	-
Issuance of Ordinary A shares	-	637,151	-	-	-	*	-	-	-	-	-
Issuance of Ordinary A shares, net of issuance costs	-	34,381	-	-	-	*	-	-	500	-	500
Issuance of Ordinary B shares, net of issuance costs	-	-	493,329	-	-	-	1	-	9,294	-	9,295
Issuance of Ordinary B1 shares, net of issuance costs	-	-	-	48,043	-	-	-	*	1,000	-	1,000
Net loss	-	-	-	-	-	-	-	-	-	(2,952)	(2,952)
Balance as of December 31, 2015 (audited)	1,476,725	671,532	493,329	48,043	*	*	1	*	10,794	(2,948)	7,847

* Represents an amount lower than \$ 1 thousand.

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

Interim Condensed Statements of Cash Flows for the

	Three-month period ended March 31 2016 (Unaudited) \$ thousands	Year ended December 31 2015 (Audited) \$ thousands
Cash flows from operating activities:		
Net loss	(2,311)	(2,952)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	45	82
Increase in other accounts receivable	(16)	(118)
Increase (decrease) in trade payables	(21)	57
Decrease in related party	-	(947)
Increase in other accounts payable and accrued expenses	122	575
Net cash used in operating activities	<u>(2,181)</u>	<u>(3,303)</u>
Cash flows from investing activities:		
Change in restricted cash		894
Investment in long term deposit	(4)	(2)
Purchase of property and equipment	(299)	(379)
Net cash provided by (used in) investing activities	<u>(303)</u>	<u>513</u>
Cash flows from financing activities:		
Proceeds from issuance of Ordinary Shares	-	10,795
Net cash provided by financing activities	<u>-</u>	<u>10,795</u>
Increase (decrease) in cash and cash equivalents	(2,484)	8,005
Cash and cash equivalents at the beginning of the period	8,005	-
Cash and cash equivalents at the end of the period	<u>5,521</u>	<u>8,005</u>

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

Notes to the Interim Condensed Financial Statements

Note 1 - General

- A. Fifth Dimension Holdings Ltd (the "Company") develops proprietary solutions in the field of cyber-intelligence.
- B. Until February 2015, the Company provided development services to a certain third party (Strenofix Ltd.), a Cypriot entity that held in trust for others the share capital of the Company. According to the services agreement between the Company and Strenofix Ltd. dated as of August 25, 2014, Strenofix Ltd. pays all the out of pocket costs and expenses incurred by the Company in connection with the provision of the services to Strenofix Ltd. and any such amount is restricted and deemed to be held by the Company in trust for Strenofix Ltd. until it is expended by the Company. According to the services agreement, in consideration for its services, the Company is entitled to share 40% of the income derived by Strenofix Ltd. from such services.
The Services Agreement between the Company and Strenofix Ltd. was terminated as of February 1, 2015. The termination agreement provided for an additional period during which all accounts between the parties to the Services Agreement will be settled. The Company continues to develop software and generates proprietary intellectual property.
- C. The trust arrangement between Strenofix Ltd. and certain third parties pursuant to which Strenofix Ltd. held in trust the share capital of the Company was terminated on April 1, 2015 and the share capital of the Company was transferred, effective as of such date, to the beneficial holders thereof.
- D. As these interim condensed financial statements are prepared for internal purposes, comparative figures for the corresponding periods of the preceding fiscal year in the interim condensed statements of operations and the interim statement of cash flows have not been presented.
- E. In April-May 2015, in a series of funding transactions, the Company modified its share capital by creating new classes of shares and issued new shares in consideration for a total of US\$ 11.5 million from existing and new shareholders. As a result of such funding transaction, the share capital of the Company consists of Ordinary shares, Ordinary A shares, Ordinary B1 and Ordinary B shares.

Note 2 - Basis of Presentation

The accompanying Balance Sheet as of March 31, 2016, the Statements of Operations for the three-month period ended March 31, 2016, and the Statement of Changes in Shareholders' Equity (Deficit) and the Statement of Cash Flows for the three-month period ended March 31, 2016 are unaudited. These unaudited interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in Israel (GAAP).

The unaudited interim condensed financial statements contain all adjustments which, in the opinion of management, are necessary to present fairly, the financial information included therein. It is suggested that these financial statements be read in conjunction with the audited financial statements and accompanying notes included in the Company's report for the year ended December 31, 2015. Results for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Notes to the Interim Condensed Financial Statements

Note 3 – Subsequent event

On April 21, 2016, the Company entered into and closed a Ordinary C Share Purchase Agreement with an investor pursuant to which the Company issued and sold a total of 166,109 Ordinary C Shares in consideration for an aggregate gross proceeds of \$5,000,000.