

Issuer/Manager	THE TRENDLINES GROUP LTD.
Securities	THE TRENDLINES GROUP LTD. – IL0011328858 – 42T
Stapled Security	No

Announcement Title	Financial Statements
Date & Time of Broadcast	10 May 2016 23:43:38
Status	New
Announcement Subtitle	First Quarter Results
Announcement Reference	SG160510OTHR16LF
Submitted by (Co./Ind. Name)	Yosef Ron
Designation	Joint Company Secretary
Description	Please see attached.

Attachments	Unaudited Financial Statement for Q1 2016
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THE TRENDLINES GROUP LTD.

(Incorporated in Israel)
(Company Registration No. 513970947)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2016

The Trendlines Group Ltd. (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 26 November 2015. The initial public offering of the Company (the “IPO”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor” or “PPCF”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318.

Background

The Company was incorporated on 1 May 2007 as a private company limited by shares under the Israeli Companies Law, under the name of “T.I.F. Ventures Ltd.”, and was subsequently renamed “The Trendlines Group Ltd.” on 16 July 2008.

The Group is focused on developing technology-based companies in the medical and agricultural fields. The Group creates and develops companies in accordance with the mission to improve the human condition. To this end, the Group discovers, invests in, incubates and provides services to companies in the fields of medical and agricultural technologies with a view toward a successful exit in the marketplace. Exits may include sales such as merger and acquisition transactions, listing on public stock exchanges and other dispositions of the Company’s holdings.

The Company and together with its subsidiaries and associated companies (the “Group”) also has its own internal innovation centre, Trendlines Labs (established as a business unit of the Company in 2011), where it engages in research and development activities to create new technologies, either as principal or in collaboration with global and local companies and partners, to address unmet market needs.

Further, Trendlines Labs’ technologies can be used for sale or licensing to others or for transfer to the incubators for further development and commercialisation.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE THREE MONTHS ENDED 31 MARCH 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	Three Months Ended		
	31 March 2016 (Unaudited) US\$'000	31 March 2015 (Unaudited) US\$'000	Change %
<u>Income:</u>			
Gain (loss) from change in fair value of investments in Portfolio Companies	(992)	1,202	N.M.
Income from services to Portfolio Companies	1,281	1,231	4.05
Group's share of losses of companies accounted for under the equity method	–	(98)	N.M.
Income from contracted R&D services	330	102	223.19
Financial income	428	574	(25.43)
Other income	93	149	(37.42)
<u>Total income</u>	<u>1,140</u>	<u>3,160</u>	<u>(63.92)</u>
<u>Expenses</u>			
Operating, general and administrative expenses	2,058	1,834	12.21
Marketing expenses	88	78	12.82
R&D expenses, net	230	153	50.29
Financial expenses	257	153	67.97
<u>Total expenses</u>	<u>2,633</u>	<u>2,218</u>	<u>18.71</u>
Income (loss) before income taxes	(1,493)	942	N.M.
Income tax benefit/(expense)	723	(362)	N.M.
Net income (loss) and total comprehensive income (loss)	<u>(770)</u>	<u>580</u>	N.M.
Net income (loss) and total comprehensive income (loss) attributable to:			
Equity holders of the Company	(770)	657	N.M.
Non-Controlling Interests	–	(77)	N.M.
	<u>(770)</u>	<u>580</u>	N.M.
Net earnings (loss) per share attributable to equity holders of the Company (U.S. Dollars):			
Basic net earnings (loss)	(0.00)	0.00	
Diluted net earnings (loss)	(0.00)	0.00	

N.M. – not meaningful

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1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Three Months Ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest on borrowing	–	34
Depreciation and amortization	27	10
Foreign currency exchange (gain)/loss	(431)	206

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 March 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000	31 March 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	8,248	6,998	7,665	6,702
Restricted short-term deposits	384	–	46	–
Short-term investments	12,047	16,438	11,000	15,038
Accounts and other receivables	652	428	404	226
Short-term loans to portfolio companies	141	136	–	–
	21,472	24,000	19,115	21,966
Non-current assets				
Investment in Subsidiaries	–	–	65,048	62,725
Investments in Portfolio Companies	85,199	84,447	–	–
Property, plant and equipment, net	540	541	139	143
	85,739	84,988	65,187	62,868
Total assets	107,211	108,988	84,302	84,834
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,172	1,078	646	651
Deferred revenues	2,115	2,579	–	–
	3,287	3,657	646	651
Non-current liabilities				
Deferred revenues	504	713	–	–
Loans from the Israeli Chief Scientist	4,508	4,449	–	–
Deferred taxes, net	15,236	15,959	–	–
Other long-term liabilities	44	52	58	59
	20,292	21,173	58	59
Total liabilities	23,579	24,830	704	710

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	Group		Company	
	31 March 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000	31 March 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000
Equity				
Equity Attributable to Equity Holders of the Company:				
Share capital	1,315	1,315	1,315	1,315
Share premium	54,863	54,852	54,863	54,852
Reserve from share-based payment transactions	4,436	4,203	4,436	4,203
Retained earnings	22,984	23,754	22,984	23,754
Equity attributable to owners of the parent	83,598	84,124	83,598	84,124
Non-controlling interests	34	34	–	–
Total equity	83,632	84,158	83,598	84,124
Total equity and liabilities	107,211	108,988	84,302	84,834

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
–	–	–	–

Amount repayable after one year

As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,508	–	4,449	–

Details of any collateral

The Group has non-recourse debt to the Office of the Chief Scientist of the Israeli Ministry of Economy ("OCS"). These loans were extended from the OCS for the purpose of funding portfolio companies, and these loans were secured by liens on shares of the following portfolio companies for which the loans were granted:

Name of Portfolio Company	Number of shares in each portfolio company pledged in favour of the OCS	
	As at 31 March 2016 (Unaudited)	As at 31 December 2015 (Unaudited)
Advanced Memtech Ltd.	77,668	77,668
Breezy Industries Ltd.	37,892	37,892
IonMed Ltd.	37,800	37,800
Leviticus Cardio Ltd.	49,250	49,250
Liola Technologies Ltd.	36,500	36,500
Magdent Ltd.	40,750	40,750
Mantissa Ltd.	40,744	40,744
MediValve Ltd.	159,600	159,600
Nephera Ltd.	67,830	67,830
NeuroQuest Ltd.	71,820	71,820
ProArc Medical Ltd.	34,860	34,860
Sol Chip Ltd.	6,631	6,631
VivoText Ltd.	36,669	36,669

For more information, please refer to the Company's offer document dated 16 November 2015.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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- 1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Statement of Cash Flows

	Three Months Ended	
	31 March 2016	31 March 2015
	(Unaudited) US\$ '000	(Unaudited) US\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	(770)	580
<u>Adjustments to reconcile net income (loss) to net cash used in operating activities:</u>		
Adjustments to the profit or loss items:		
Depreciation	27	10
Income tax (benefit)/expense	(723)	362
Loss (gain) from changes in fair value of investments in Portfolio Companies	992	(1,202)
Investments in Portfolio Companies	(1,183)	(165)
Financial income, net	(9)	(482)
Income from services to Portfolio Companies	(1,222)	(1,127)
Share-based payments	244	495
Group's share of losses of companies accounted for under the equity method, net	–	98
Changes in asset and liability items:		
Decrease (increase) in short-term loans	(5)	19
Decrease (increase) in accounts and other receivables	(224)	228
Increase (decrease) in trade and other payables	93	(315)
Decrease in other long term liabilities	(8)	–
	(2,018)	(2,079)
Cash (paid) received during the period for:		
Dividend received	–	718
Interest paid	–	(34)
	–	684
Net cash used in operating activities	(2,788)	(815)

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	Three Months Ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Purchase of property, plant and equipment	(26)	–
Purchase of shares and warrants of investments in companies accounted for under the equity method	–	(98)
Proceeds from sale of short-term investments	4,010	–
Redemption of bank deposits and restricted deposits, net	–	137
Net cash provided by investing activities	3,984	39
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	–	703
Loans from the Israeli Chief Scientist	54	–
Repayment of Convertible debentures	–	(60)
Net cash provided by financing activities	54	643
Increase (decrease) in cash and cash equivalents	1,250	(133)
Cash and cash equivalents at the beginning of the period	6,998	1,536
Cash and cash equivalents at the end of the period	<u>8,248</u>	<u>1,403</u>
<u>Significant non-cash transactions</u>		
Conversion of Convertible Debentures into shares	–	<u>136</u>

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity

Group

(Unaudited)	Share	Share	Receipts	Reserve	Retained	Total	Non-	Total
	Capital	premium	on share	from share-	earnings		controlling	equity
	US\$'000	US\$'000	account	based	US\$'000	US\$'000	interests	US\$'000
	US\$'000	US\$'000	US\$'000	payment	US\$'000	US\$'000	US\$'000	US\$'000
	US\$'000	US\$'000	US\$'000	transactions	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2016	1,315	54,852	–	4,203	23,754	84,124	34	84,158
Net loss and total comprehensive loss	–	–	–	–	(770)	(770)	–	(770)
Cost of share-based payments	–	–	–	244	–	244	–	244
Exercise of options	–	11	–	(11)	–	–	–	–
Balance as at 31 March 2016	1,315	54,863	–	4,436	22,984	83,598	34	83,632
Balance as at 1 January 2015	100	21,404	1,398	2,900	27,053	52,855	2,842	55,697
Net income and total comprehensive income	–	–	–	–	657	657	(77)	580
Issuance of shares net	1	702	–	–	–	703	–	703
Cost of share-based payments	–	–	–	495	–	495	–	495
Receipts on account of shares, net	2	1,396	(1,398)	–	–	–	–	–
Conversion of Convertible Debentures	–	136	–	–	–	136	–	136
Balance as at 31 March 2015	103	23,638	–	3,395	27,710	54,846	2,765	57,611

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Statement of Changes in Equity

Company

(Unaudited)	Share Capital	Share premium	Receipts on share account	Reserve from share-based payment transactions	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2016	1,315	54,852	–	4,203	23,754	84,124
Net loss and total comprehensive loss	–	–	–	–	(770)	(770)
Cost of share-based payments	–	–	–	244	–	244
Exercise of options	–	11	–	(11)	–	–
Balance as at 31 March 2016	1,315	54,863	–	4,436	22,984	83,598
Balance as at 1 January 2015	100	21,404	1,398	2,900	27,053	52,855
Net income and total comprehensive income	–	–	–	–	657	657
Issuance of shares net	1	702	–	–	–	703
Cost of share-based payments	–	–	–	495	–	495
Receipts on account of shares, net	2	1,396	(1,398)	–	–	–
Conversion of Convertible Debentures	–	136	–	–	–	136
Balance as at 31 March 2015	103	23,638	–	3,395	27,710	54,846

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (US\$)
Balance as at 31 December 2015	508,657,824	56,167,257
Exercise of warrants ⁽¹⁾	83,925	11,138
Balance as at 31 March 2016	508,741,749	56,178,395

Note:

- (1) 83,925 new shares were issued on 4 January 2016 pursuant to a cashless exercise by Tmura – The Israeli Public Service Venture Fund ("Tmura") of the warrant granted to Tmura on 11 June 2014. For more information, please refer to the Company's offer document dated 16 November 2015.

As at 31 March 2016, there are 53,445,664 outstanding options which can be converted into 53,445,664 shares (31 March 2015: 53,554,968 outstanding options which can be converted into 53,554,968 shares and 375,168 warrants that can be converted into 375,168 shares). On 30 April 2014, the Company issued an aggregate of Canadian dollar ("CND") CND\$2,316 (approximately US\$2,100) principal amount of 10% unsecured convertible debentures (the "Debentures"). As at 31 March 2015, there was a balance of outstanding Debentures of CND\$1,579 which could be converted into 7,735,336 shares. There were no outstanding Debentures as at 31 March 2016 as all Debentures were repaid or converted into shares during FY2015. For more information on the Debentures please refer to the Company's offer document dated 16 November 2015.

Save as disclosed above, the Company did not have any treasury shares or convertibles as at 31 March 2016 and 31 March 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 31 March 2016	As at 31 December 2015
Total number of issued shares	508,741,749	508,657,824

The Company did not have any treasury shares as at 31 March 2016 and 31 December 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised International Financial Reporting Standards ("IFRS") and Interpretations of Financial Reporting Standards ("IFRIC") that are mandatory for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised IFRS and IFRIC did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings (loss) per share ("EPS" or "LPS")	Group	
	Three Months Ended	
	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)
(Loss) profit attributable to owners of the parent (US\$'000)	(770)	657
Weighted average number of ordinary shares in issue (in thousands)	508,742	328,548 ⁽²⁾
Basic (LPS) EPS (US\$)	(0.00)	0.00
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	508,742	344,209 ⁽²⁾
Fully diluted (LPS) EPS (US\$)	(0.00) ⁽¹⁾	0.00

Note:

(1) Fully diluted LPS of the Group in 1Q2016 is the same as the basic LPS because the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

(2) Number of shares for 31 March 2015 were adjusted to reflect the issuance of bonus shares during the IPO.

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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
- (a) **Current period reported on; and**
- (b) **Immediately preceding financial year**

	Group		Company	
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Net asset value ("NAV")				
NAV (US\$'000)	83,631	84,158	83,598	84,124
Number of ordinary shares in issue (in thousands)	508,742	508,658	508,742	508,658
NAV per ordinary share (US\$)	0.16	0.17	0.16	0.17

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the three months ended 31 March 2016 ("1Q2016") as compared to the three months ended 31 March 2015 ("1Q2015").

Income

Total income decreased by approximately US\$2.0 million or 63.4% from US\$3.2 million in 1Q2015 to US\$1.1 million in 1Q2016.

Gain (loss) from change in fair value of investments in portfolio companies

The change in fair value of investments in portfolio companies was a loss of approximately US\$1.0 million as compared to a gain of approximately US\$1.2 million in 1Q2015 mainly due to:

- (i) a decrease of approximately US\$4.8 million in the fair market value of various portfolio companies mainly as a result of the completion of fund raising exercises at less favorable terms to the Company, and general commercial or technological difficulties demonstrated in some portfolio companies in 1Q2016; and
- (ii) the write off of two portfolio companies in the amount of approximately US\$1.0 million, a result of development challenges in one of the companies and the lack of funding in the other company.

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The losses was partially offset by:

- (i) a gain of approximately US\$3.9 million in the fair value of the Most Valuable Portfolio Company (as defined in the Company's offer document dated 16 November 2015) which made commercial progress;
- (ii) an aggregate gain in fair value of approximately US\$0.6 million for some portfolio companies as a result of the completion of fund raising exercises at higher valuation and general commercial and technological progress demonstrated in some portfolio companies in 1Q2016; and
- (iii) an increase in the market price of a publicly traded portfolio company amounting to approximately US\$0.3 million in 1Q2016.

Income from services to portfolio companies

Income from services to portfolio companies comprised approximately US\$0.1 million received as overhead reimbursement from our portfolio companies and approximately US\$1.2 million of non-cash benefits received from the OCS in Israel. Income from services to portfolio companies remains relatively unchanged in 1Q2016 as compare to 1Q2015.

Group's share of losses of companies accounted for under the equity method, net

In 1Q2016, the Company did not record any gain or losses from companies accounted for under equity method, as compared to a loss of approximately US\$0.1 million in 1Q2015. The holding represents the Company's holding in E.T. View Medical Ltd.

Income from contracted research and development ("R&D") services

Income from contracted R&D services increased by approximately US\$0.2 million or 223% due to new collaboration agreement in relation to R&D services provided by Trendlines Labs to a third party.

Finance income

Financial income decreased by approximately US\$0.1 million in 1Q2016 due to the absence of gain from the fair market value of a long term investment, that was recorded in 1Q2015. Financial income amounting to approximately US\$0.4 million in 1Q2016 represents an income arising from currency exchange differences.

Other income

Other income decreased by approximately US\$0.1 million mainly due to the absence of the consideration in respect of a non-compete agreement that the Group received in 1Q2015 relating to an asset deal exit of a portfolio company that occurred in 2013.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses increased by approximately US\$0.2 million or 12.2% which was mainly attributable to an increase in consulting and professional expenses incurred by the Company following its listing on the Catalist Board of SGX-ST. The increase in depreciation and amortisation by approximately US\$17,000 was mainly due to acceleration of depreciation of some unused items.

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Marketing expenses

Marketing expenses remain relatively unchanged in 1Q2016 as compared to 1Q2015.

R&D expenses, net

Net R&D expenses increased by approximately US\$0.1 million or 50.3% which was in line with the increase in R&D services provided by our Trendlines Labs as mentioned above, which resulted in an increase of manpower in the R&D group.

Financial expenses

Financial expenses increased by approximately US\$0.1 million due mainly to increase in the fair value of the OCS loans, which resulted in higher financial expenses.

Income/(loss) before income taxes

In view of the above, loss before income tax in 1Q2016 was approximately US\$1.5 million as compared to an income before income tax of approximately US\$0.9 million in 1Q2015, mainly due to lower income generated in 1Q2016.

Income tax (benefit)/expense

Income taxes in 1Q2016 amounted to a tax benefit of approximately US\$0.8 million compared to tax expenses of approximately US\$0.4 million in 1Q2015. The income tax benefit in 1Q2016 was mainly due to a change in deferred taxes in the amount of approximately US\$0.7 million due to a reduction of the statutory corporate income tax rate in Israel from 26.5% prior to 1 January 2016 to 25%, effective as at 1 January 2016.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2016 and 31 December 2015.

Total assets

Total assets decreased by approximately 1.6% from US\$109.0 million as at 31 December 2015 to US\$107.2 million as at 31 March 2016. This was mainly due to approximately US\$2.8 million reduction in cash, restricted deposit and short-term investments net, which was partially offset by approximately US\$0.8 increase in our investments in portfolio companies, or 0.9% from approximately US\$84.4 million as at 31 December 2015 to approximately US\$85.2 million as at 31 March 2016.

Non-current assets

Investments in portfolio companies and companies accounted for under the equity method

The increase in value of investments in portfolio companies were mainly due to the following:

- the Most Valuable Portfolio Company whose fair value increased by approximately US\$3.9 million as a result of a higher valuation ascribed to the royalties on future net sales expected to be received under the 2014 Asset Purchase Agreement. The fair value of the Most Valuable Portfolio Company as at 31 March 2016 was estimated using a probability-weighted discounted cash flow valuation model conducted by an independent valuation specialist;
- investments in one (1) new portfolio company which contributed approximately US\$0.6 million to the fair value of our portfolio companies as at 31 March 2016; and

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- an aggregate increase of approximately US\$1.2 million in the fair value of some of our portfolio companies mainly due to a completion of fund raising exercises and general commercial and technological progress demonstrated during 1Q2016.

The increase in fair value of our portfolio companies was partially offset by:

- a decrease of approximately US\$4.7 million in the aggregate fair value of some of our portfolio companies mainly due to general commercial and technological difficulties demonstrated during 1Q2016 and as a result of the completion of fund raising exercises at less favorable terms to the Company; and
- approximately US\$1.0 million, due to the write off of two (2) portfolio companies.

The fair value of all the portfolio companies as at 31 March 2016 was approximately US\$86.9 million. This consists of our investments in portfolio companies presented in our financial statements at their fair value of approximately US\$85.2 million, as well as the fair market value of the associated company, E.T.View Medical Ltd., held through our Company, of approximately US\$1.7 million.

As at 31 March 2016	Number of Portfolio Companies	Carrying Amount (US\$'000)	Fair Value (US\$'000)
"Investments in portfolio companies" ⁽¹⁾	44	85,199 ⁽²⁾	85,199
"Investments in companies accounted for under the equity method"	1	–	1,700 ⁽³⁾
Total Portfolio	45	85,199	86,899

Notes:

(1) Includes a portfolio company valued at approximately US\$43.8 million as at 31 March 2016.

(2) Includes the fair value of Group's investment in E.T.View Medical Ltd., which is held through the Company's direct subsidiary, Trendlines Medical – Misgav Ltd.

(3) Represents the fair value of the portion of Company's shareholdings in E.T.View Medical Ltd., comprising 2,787,052 shares as at 31 March 2016. The fair value is derived from the traded share price of E.T.View Medical Ltd. as quoted on the Tel Aviv Stock Exchange as at the close of trading on 31 March 2016.

The fair value of our investment in our portfolio companies is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Each portfolio company is evaluated on a fair value basis based on a variety of valuation methodologies that includes the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include a range of inputs, including, *inter alia*, considerations of liquidity and model inputs related to items such as prevailing growth rates in light of general market growth, discount rates, volatility, prevailing relevant business conditions and industry trends, competitive environment and market position, anticipated needs for working and fixed capital and historical and expected levels and trends of operating profitability. Our Company utilised our assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of our Company.

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FOR THE THREE MONTHS ENDED 31 MARCH 2016

Current assets

As at 31 March 2016, current assets amounted to approximately US\$21.5 million and were comprised of cash and cash equivalents, restricted short-term deposits, short-term investments, accounts and other receivables, and short-term loans to portfolio companies.

Cash and cash equivalents

Cash and cash equivalents increased by approximately US\$1.3 million mainly due to the proceeds from sale of short-term investments partially offset by the use of proceeds of that sale for operational activities.

Short-term investments and restricted short-term deposits

Our short-term investments (including restricted short-term deposits) which represented 57.9% of our total current assets decreased by approximately US\$4.0 million mainly due to the sale of short-term investments for the Company's on going activity. The restricted short-term deposit of US\$384,000 as at 31 March 2016 were in relation to the bank guarantee for the OCS license.

Accounts and other receivables

Accounts and other receivables amounted to approximately US\$0.7 million as at 31 March 2016, mainly comprised of other receivables of approximately US\$0.3 million and trade receivables of approximately US\$0.3 million which were non-interest bearing and were generally with credit terms of 90 days. The increase of US\$0.2 million in accounts and other receivables was mainly due to more R&D services provided by Trendlines Labs to a third party.

Total liabilities

Total liabilities stood at approximately at US\$23.6 million as at 31 March 2016. Our non-current liabilities, representing approximately 86.1% of our total liabilities decreased by approximately US\$0.9 million or 4.2% from approximately US\$21.2 million as at 31 December 2015 to approximately US\$20.3 million as at 31 March 2016. This was mainly attributable to the following:

Non-current liabilities

Deferred revenue (non-current)

A decrease of US\$ 0.2 million in the deferred revenue, was due to fewer companies being added to the portfolio during the period, as compared to the number added in the comparable period.

Deferred taxes, net

Net deferred taxes decreased by approximately US\$0.7 million, or 4.5%, mainly due to the decrease in the statutory corporate income tax rate in Israel from 26.5% prior to 1 January 2016 to 25%, effective as at 1 January 2016.

Current liabilities

Our current liabilities decreased by approximately US\$0.4 million, or 10.1%, from approximately US\$3.7 million as at 31 December 2015 to approximately US\$3.3 million as at 31 March 2016.

Trade and other payables (current)

Trade and other payables increased by approximately US\$0.1 million, or 8.7%, mainly due to an increase in unrecognized revenue from an ongoing R&D project, that will be recognized in subsequent periods.

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Deferred revenues (current)

Deferred revenue decreased by US\$0.5 million or 18.0% mainly due to lower number of companies that were added to the portfolio in the two years period prior to 31 March 2016 as compared to the number of companies in the two years period prior to 31 December 2015.

Equity

As at 31 March 2016, equity attributable to equity holders of the Company amounted to approximately US\$83.6 million, which represented a decrease of approximately US\$0.5 million from US\$84.1 million as at 31 December 2015. The decrease was mainly due to the net loss for the period amounting to US\$0.8 million.

Consolidated Statement of Cash Flow

Net cash used in operating activities of US\$2.8 million in 1Q2016 was mainly due to a net loss of US\$0.8 million and adjustments for non-cash items such as (i) loss from changes in fair value of investments in portfolio companies of approximately US\$1.0 million; (ii) investments in portfolio companies of approximately US\$1.2 million; and (iii) income from services to portfolio companies of approximately US\$1.2 million; and (iv) net working capital outflows of approximately US\$0.2 million which was mainly due to an increase in accounts and other receivables of approximately US\$0.2 million.

Net cash used in investing activities of US\$26,000 in 1Q2016 was mainly due to the purchase of equipment.

Net cash provided by investment activities of US\$4.1 million in 1Q2016 was mainly due to the sale of short-term investments for Company's operational activities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The establishment of the Trendlines Bayer Agtech Innovation Fund, a US\$10 million fund focuses on investing in Trendlines Agtech's portfolio companies, in April 2016 provides the Company the access to Bayer AG's market expertise and reach, as well as funding. This may in turn provide an important boost to selected portfolio companies of the Group and to Trendlines Agtech.

The move of Trendlines Agtech to our headquarters in Misgav, Israel later this year is expected to realize certain operating efficiencies while the Company continues to invest in new agritech companies with financial support from the OCS.

The Company remains committed to its stated plans in the medical and agricultural technologies fields and believes that the continued need for new and improved products in these fields represents investment opportunities for the Company.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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11. Dividend

If a decision regarding dividend has been made:-

- (a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current reporting period.

- (b)(i) Amount per share (cents)
(Optional) Rate (%)
Not applicable.

- (b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)
Not applicable.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for 1Q2016.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate for recurrent interest person transactions. Save for the interested person transactions as disclosed on pages 236 to 252 of the Company's offer document dated 16 November 2015, there were no other interested person transactions which were more than S\$100,000 entered into during 1Q2016.

14. Use of IPO proceeds

The Company refers to the net proceeds ("**IPO Net Proceeds**") amounting to S\$19.3 million raised from the IPO on the Catalist Board of SGX-ST on 26 November 2015.

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As at the date of this announcement, the status on the use of the IPO Net Proceeds is as follows:

<u>Use of IPO Net Proceeds</u>	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Follow-on investments in portfolio companies	10,000	3,265	6,735
Expansion of our operations into new markets	5,000	189	4,811
Expansion of our business units, Trendlines Labs	2,875	512	2,363
Operational expenses to support portfolio companies	1,400	–	1,400
Total	19,275	3,966	15,309

The above utilizations are in accordance with the intended use of IPO Net Proceeds, as stated in the Company's Offer Document dated 16 November 2015.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months ended 31 March 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

David Todd Dollinger
Chairman and CEO
10 May 2016