THE TRENDLINES GROUP LTD.
(Incorporated in Israel)
(Company Registration No. 513970947)

Unaudited Financial Statements and Dividend Announcement for the Three Months Ended 30 September 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 Company and together with its subsidiaries and associated companies (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 Group also has its own internal innovation center, 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 its incubators for further development and commercialization.

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			Group		
	Three Months Ended			Nine Months Ended		
	30 September 2016 (Unaudited) US$'000	30 September 2015 (Unaudited) US$'000	Change %	30 September 2016 (Unaudited) US$'000	30 September 2015 (Unaudited) US$'000	Change %
INCOME						
Gain (loss) from change in fair value of investments in portfolio companies	643	(951)	N.M.	(5,049)	4,723	N.M.
Income from services to portfolio companies	1,032	998	3.41	3,176	3,223	(1.46)
Group's share of losses of companies accounted for under the equity method	-	(187)	N.M.	-	(315)	N.M.
Gain from disposal of investment accounted for under the equity method	2,089	-	N.M.	2,089	-	N.M.
Income from contracted R&D services	194	190	2.11	832	384	116.67
Financial income	15	(380)	N.M.	982	330	197.58
Other income	108	114	(5.26)	284	435	(34.71)
Total income	4,081	(216)	N.M.	2,314	8,780	(73.64)
EXPENSES						
Operating, general and administrative expenses	2,081	1,823	14.15	6,469	4,975	30.03
Marketing expenses	41	50	(18.00)	201	199	1.01
R&D expenses, net	258	148	74.32	640	432	48.15
Financial expenses	33	1,396	(97.71)	297	1,478	(79.91)
Total expenses	2,413	3,417	(29.41)	7,607	7,084	7.38
Income (loss) before income taxes	1,668	(3,633)	N.M.	(5,293)	1,696	N.M.
Income tax expenses /(benefit)	106	(248)	N.M.	(1,475)	1,731	N.M.
Net income (loss)	1,562	(3,385)	N.M.	(3,818)	(35)	N.M.
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Gain from cash flow hedges	48	-	N.M.	48	-	N.M.
Total other comprehensive income	48	-	N.M.	48	-	N.M.
Total comprehensive income (loss)	1,610	(3,385)	N.M.	(3,770)	(35)	N.M.
Net income (loss) attributable to:						
Equity holders of the Company	1,562	(3,361)	N.M.	(3,818)	229	N.M.

Non-controlling interests	-	(24)	N.M.	-	(264)	N.M.
	1,562	(3,385)	N.M.	(3,818)	(35)	N.M.
Total comprehensive income attributable to:						
Equity holders of the Company	48	-	N.M.	48	-	N.M.
Non-controlling interests	-	-	N.M.	-	-	N.M.
	48	-	N.M.	48	-	N.M.
Net earnings (loss) per share attributable to equity holders of the Company (U.S. dollars):						
Basic net earnings (loss)	0.00	(0.01)	N.M.	(0.01)	0.00	N.M.
Diluted net earnings (loss)	0.00	(0.01)	N.M.	(0.01)	0.00	N.M.

N.M. – not meaningful

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

	Three Months Ended		Nine Months Ended	
	30 September 2016 (Unaudited) US$'000	**30 September 2015 (Unaudited) US$'000**	**30 September 2016 (Unaudited) US$'000**	**30 September 2015 (Unaudited) US$'000**
Interest on borrowing	-	-	-	54
Depreciation and amortization	24	29	76	81
Foreign currency exchange loss/(gain)	255	228	(4)	249
Adjustments for under or overprovision of tax in respect of prior years	4	-	106	(64)

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	
	30 September 2016 (Unaudited) US$'000	31 December 2015 (Audited) US$'000	30 September 2016 (Unaudited) US$'000	31 December 2015 (Audited) US$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,113	6,998	3,909	6,702
Restricted short-term deposits	171	396	-	-
Short-term investments	11,033	16,042	11,026	15,038
Accounts and other receivables	3,960	428	2,407	226
Short-term loans to portfolio companies	134	136	-	-
	20,411	24,000	17,342	21,966
Non-current assets				
Investment in subsidiaries	-	-	64,030	62,725
Investments in portfolio companies	83,566	84,447	-	-
Property, plant and equipment, net	603	541	152	143
	84,169	84,988	64,182	62,868
Total assets	104,580	108,988	81,524	84,834
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	970	1,078	499	651
Deferred revenues	2,652	2,579	-	-
	3,622	3,657	499	651
Non-current liabilities				
Deferred revenues	1,222	713	-	-
Loans from the Israel's Chief Scientist	4,348	4,449	-	-
Deferred taxes, net	14,379	15,959	-	-
Other long-term liabilities	14	52	64	59
	19,963	21,173	64	59
Total liabilities	23,585	24,830	563	710

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	4,799	4,203	4,799	4,203
Reserve from hedges	48	-	48	-
Retained earnings	19,936	23,754	19,936	23,754
Equity attributable to owners of the parent	80,961	84,124	80,961	84,124
Non-controlling interests	34	34	-	-
Total equity	80,995	84,158	80,961	84,124
Total equity and liabilities	104,580	108,988	81,524	84,834

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

Amount repayable in one year or less, or on demand

As at 30 September 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 30 September 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
4,348	-	4,449	-

Details of any collateral

The Group has non-recourse debt to the Office of the Chief Scientist of Israel's 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 Favor of the OCS	
	As at 30 September2016 (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.	1,833,450	1,833,450

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

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		Nine Months Ended	
	30 September 2016 (Unaudited) US$´000	30 September 2015 (Unaudited) US$´000	30 September 2016 (Unaudited) US$´000	30 September 2015 (Unaudited) US$´000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	1,562	(3,385)	(3,818)	(35)
Adjustments to reconcile net income (loss) to net cash used in operating activities				
Adjustments to the profit or loss items:				
Depreciation	25	29	77	81
Income tax expense /(benefit)	106	(248)	(1,475)	1,731
(Gain) loss from changes in fair value of investments in portfolio companies	(643)	951	5,049	(4,723)
Investments in portfolio companies	(667)	(705)	(2,873)	(1,033)
Financial income (expense), net	(9)	1,171	(747)	498
Income from services to portfolio companies	(961)	(964)	(2,991)	(3,064)
Share-based payments	174	340	607	1,187
Group's share of losses of companies accounted for under the equity method, net	-	187	-	315
Gain from disposal of investment accounted for under the equity method	(2,089)	-	(2,089)	-
Changes in asset and liability items:				
(Increase) decrease in short-term loans	(77)	49	(20)	(7)
Decrease (increase) in accounts and other receivables	65	(238)	48	195
(Decrease) increase in trade and other payables	(275)	230	(108)	(372)
(Decrease) increase in other long-term liabilities	(37)	31	(38)	31
	(4,388)	833	(4,560)	(5,161)
Cash (paid) received during the period for:				
Taxes paid	(106)	-	(106)	-
Dividend received	897	-	897	718
Interest received	17	-	90	-
Interest paid	-	-	-	(54)
	808	-	881	664
Net cash used in operating activities	(2,018)	(2,552)	(7,497)	(4,532)

	Three Months Ended		Nine Months Ended	
	30 September 2016 (Unaudited) US$´000	30 September 2015 (Unaudited) US$´000	30 September 2016 (Unaudited) US$´000	30 September 2015 (Unaudited) US$´000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(96)	(5)	(139)	(26)
Purchase of shares and warrants of investments in companies accounted for under the equity method	-	-	-	(194)
(Purchase of) proceeds from sale of short-term investments, net	(11,017)	-	5,036	292
Redemption of (increase in) restricted deposits, net	160	(4,486)	225	(4,656)
Net cash (used in) provided by investing activities	(10,953)	(4,491)	5,122	(4,584)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares, net	-	-	-	2,118
Issuance of convertible debentures, net	-	507	-	10,171
Deferred IPO costs	-	(1,164)	-	(1,513)
Loans from Israel's Chief Scientist	314	-	490	-
Repayment of convertible debentures	-	-	-	(53)
Net cash (used in) provided by financing activities	314	(657)	490	10,723
Increase (decrease) in cash and cash equivalents	(12,657)	(7,700)	(1,885)	1,607
Cash and cash equivalents at the beginning of the period	17,770	10,843	6,998	1,536
Cash and cash equivalents at the end of the period	5,113	3,143	5,113	3,143
Significant non-cash transactions				
Conversion of convertible debentures into shares	-	-	-	706
Acquisition of non-controlling interest by issuance of shares	-	-	-	2,100
Exercise of options	-	-	11	-
Receivable in respect of sale of portfolio company and of shares held under equity method	3,531	-	3,531	-

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 capitalization 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 Capital	Share Premium	Reserve from Hedges	Reserve from Share-Based Payment Transactions	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 2016	**1,315**	**54,863**	**-**	**4,625**	**18,374**	**79,177**	**34**	**79,211**
Net income	-	-	-	-	1,562	1,562	-	1,562
Other comprehensive income	-	-	48	-	-	48	-	48
Total comprehensive income	-	-	48	-	1,562	1,610	-	1,610
Cost of share-based payments	-	-	-	174	-	174	-	174
Balance as at 30 September 2016	**1,315**	**54,863**	**48**	**4,799**	**19,936**	**80,961**	**34**	**80,995**
(Unaudited)								
Balance as at 1 July 2015	**112**	**27,723**	**-**	**3,737**	**30,643**	**62,215**	**502**	**62,717**
Total comprehensive loss	-	-	-	-	(3,361)	(3,361)	(24)	(3,385)
Cost of share-based payments	-	-	-	340	-	340	-	340
Exercise of options	-	140	-	(140)	-	-	-	-
Balance as at 30 September, 2015	**112**	**27,863**	**-**	**3,937**	**27,282**	**59,194**	**478**	**59,672**

Statement of Changes in Equity
Company

(Unaudited)	Share Capital	Share Premium	Reserve from Hedges	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 July 2016	**1,315**	**54,863**	**-**	**4,625**	**18,374**	**79,177**
Net income	-	-	-	-	1,562	1,562
Other comprehensive income	-	-	48	-	-	48
Total comprehensive income	-	-	48	-	1,562	1,610
Cost of share-based payments	-	-	-	174	-	174
Balance as at 30 September 2016	**1,315**	**54,863**	**48**	**4,799**	**19,936**	**80,961**
(Unaudited)						
Balance as at 1 July 2015	**112**	**27,723**	**-**	**3,737**	**30,643**	**62,215**
Total comprehensive loss	-	-	-	-	(3,361)	(3,361)
Cost of share-based payments	-	-	-	340	-	340
Exercise of options	-	140	-	(140)	-	-
Balance as at 30 September 2015	**112**	**27,863**	**-**	**3,937**	**27,282**	**59,194**

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.

Share Capital – Ordinary Shares

There were no changes in the issued share capital of the Company ("**Shares**") from 30 June 2016 to 30 September 2016.

As at 30 September 2016, there are 58,240,579 outstanding options which can be converted into 58,240,579 Shares (30 September 2015: 54,495,320 outstanding options which can be converted into 52,895,320 Shares and 960,228 warrants that can be converted into 960,228 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 30 September 2015, there was a balance of outstanding Debentures of CND$507, which could be converted into 1,781,258 shares. There were no outstanding Debentures as at 30 September 2016 as all Debentures were repaid or converted into shares during the financial year ended 31 December 2015.

As at 30 September 2015, the Company had an aggregate amount of Singapore dollar $13,895,332 (approximately US$9,754,523) outstanding redeemable convertible loans ("**Loans**"), which could be converted into 64,780,000 Shares. There were no outstanding Loans as at 30 September 2016 as all Loans were converted into shares during the financial year ended 31 December 2015.

For more information on the Debentures and the Loans 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 30 September 2016 and 30 September 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 30 September 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 30 September 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.

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

	Group		Group	
	Three Months Ended		Nine Months Ended	
Earnings (loss) per share ("EPS" or "LPS")	**30 September 2016 (Unaudited)**	**30 September 2015 (Unaudited)**	**30 September 2016 (Unaudited)**	**30 September 2015 (Unaudited)**
Profit (loss) attributable to owners of the parent for the computation of basic net earnings (US$'000)	1,562	(3,361)	(3,818)	229
Weighted average number of ordinary shares in issue (in thousands)	508,742	356,560 (2)	508,742 (3)	338,394(2)
Basic EPS (LPS) (US$)	0.00	(0.01)	(0.01)	0.00
Profit (loss) attributable to owners of the parent for the computation of diluted net earnings (US$'000)	1,562	(3,438)	(3,818)	147
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	508,742	365,082 (2)	508,742 (3)	346,916 (2)
Fully diluted EPS (LPS) (US$)	0.00(1)	0.01	(0.01) (1)	0.00

Notes:

(1) Fully diluted EPS/LPS of the Group are the same as the basic EPS/LPS for the three months and nine months ended 30 September 2016 because the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

(2) Adjusted to reflect the issuance of bonus shares during the IPO.

(3) Adjusted for 83,925 shares issued on 4 January 2016 arising from the exercise of warrants.

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	
Net asset value ("NAV")	**30 September 2016 (Unaudited)**	**31 December 2015 (Audited)**	**30 September 2016 (Unaudited)**	**31 December 2015 (Audited)**
NAV (US$'000)	80,961	84,124	80,961	84,124
Number of ordinary shares in issue (in thousands)	508,742	508,658	508,742	508,658
NAV per ordinary share (US$)	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 30 September 2016 ("3Q2016") as compared to the three months ended 30 September 2015 ("3Q2015").

Income

Total income increased by approximately US$4.3 million from a loss of US$0.2 million in 3Q2015 to a gain of US$4.1 million in 3Q2016.

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

The gain in fair value of investments in portfolio companies was approximately US$0.6 million in 3Q2016 as compared to a loss of approximately US$1.0 million in 3Q2015 mainly due to:

(i) A gain of approximately US$1.1 million in the fair value of the Most Valuable Portfolio Company (as defined in the Company's offer document dated 16 November 2015) due to commercial progress; and

(ii) an increase of approximately US$0.9 million in the fair market value of various portfolio companies mainly as a result of the completion of fund raising exercises at favorable terms to the Company, and general commercial or technological progress demonstrated in some portfolio companies in 3Q2016.

The gain in fair market value of investment in portfolio companies was offset by:

(i) A decrease of approximately US$0.5 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 3Q2016; and

(ii) the write off of two portfolio companies in the amount of approximately US$1.0 million as a result of lack of funding in those companies.

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$1.0 million of non-cash revenue which represents the fair value of the benefit of the shares received from the OCS in consideration for the incubator's services to the portfolio companies. Income from services to portfolio companies remained relatively unchanged during 3Q2016 as compared to 3Q2015.

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

The Company did not record any gain or losses from companies accounted for under equity method in 3Q2016, as compared to a loss of approximately US$0.2 million in 3Q2015. The holding represents the fair value of the Company's shareholding in E.T. View Medical Ltd., which was sold in 3Q2016.

Gain from disposal of investment accounted for under the equity method

As mentioned above, in 3Q2016 the company sold its shareholding in E.T. View Medical resulting in a gain of US$2.1 million.

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

Income from contracted R&D services of approximately US$0.2 million remained relatively unchanged during 3Q2016 as compared to 3Q2015.

Financial income

Financial income increased by approximately US$0.4 million in 3Q2016 due to a reduction in the fair market value of loans from the OCS as compared to an increase in value of loans in 3Q2015.

Other income

Other income remained relatively unchanged in 3Q2016 as compared to 3Q2015.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses increased by approximately US$0.3 million or 14.2% 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 decrease in depreciation and amortization by approximately US$5,000 in 3Q2016 was mainly due to the depreciation recorded in 3Q2015 for assets that became fully depreciated in 3Q2015.

Marketing expenses

Marketing expenses remain relatively unchanged in 3Q2016 as compared to 3Q2015.

R&D expenses, net

Net R&D expenses increased by approximately US$0.1 million or 74.3% in 3Q2016 as compared to 3Q2015 mainly due to an increase in salaries and options granted to the R&D team personnel during the financial period.

Financial expenses (income), net

Financial expenses in 3Q2016 were only $33,000 compared to $1.4 million recorded in 3Q2015. 3Q2015 financial expenses were mainly due to revaluation of a convertible debenture, which was converted on 16 November 2015.

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

Income/(loss) before income taxes

In view of the above, income before income tax in 3Q2016 was approximately US$1.7 million as compared to a loss before income tax of approximately US$3.6 million in 3Q2015, mainly due to higher income generated in 3Q2016.

Income tax (benefit)/expense

Income taxes in 3Q2016 amounted to approximately US$0.1 million as compared to tax benefits of approximately US$0.2 million in 3Q2015.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 September 2016 and 31 December 2015.

Total assets

Total assets decreased by approximately 4.0% from US$109.0 million as at 31 December 2015 to US$104.6 million as at 30 September 2016. This was mainly due to a reduction in restricted short-term deposits, short-term investments, and value of investments in portfolio companies and cash and cash equivalents.

Non-current assets

Investments in portfolio companies

Investments in portfolio companies reduced by US$0.9 million or 1.0% were mainly due to the following:

- Write off of eight (8) portfolio companies amounting to approximately US$8.6 million; and
- A decrease of approximately US$1.9 million in the aggregate fair value of some of our portfolio companies mainly due to general commercial and technological difficulties experienced during 3Q2016 and as a result of the completion of fund raising exercises at less favorable terms to the Company.

The decrease in investments in portfolio companies was partially offset by:

- Investments in six (6) new portfolio companies which contributed approximately US$3.8 million to the total fair value of our portfolio companies as at 30 September 2016;
- An aggregate increase of approximately US$3.1 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 3Q2016; and

- An increase in the fair value of the Most Valuable Portfolio Company by approximately US$3.1 million as a result of progress in development activity. The fair value of the Most Valuable Portfolio Company as at 30 September 2016 was estimated using a probability-weighted discounted cash flow valuation model conducted by an independent valuation specialist.

The fair value of all portfolio companies as at 30 September 2016 was approximately US$83.6 million. This consists of our investments in portfolio companies presented in our financial statements at their fair value.

As at 30 September 2016	Number of Portfolio Companies	Carrying Amount /Fair Value (US$'000)
"Investments in portfolio companies" (1)	43	83,566

Note:

(1) Includes our most valuable portfolio company valued at approximately US$43.0 million as at 30 September 2016.

The fair value of our investment in our portfolio companies is defined as the price that would be received for sale of 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 utilized 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.

Current assets

As at 30 September 2016, current assets amounted to approximately US$20.4 million and 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 decreased by approximately US$1.9 million mainly due to the use of cash for operational activities in the amount of US$7.5 million which was partially offset by net cash provided by investing activities of US$5.1 million.

Short-term investments and restricted short-term deposits

Short-term investments (including restricted short-term deposits) decreased by approximately US$5.2 million mainly due to the withdrawal of bank deposits for the Company's ongoing operational activities. The restricted short-term deposit of US$171,000 as at 30 September 2016 was in relation to the bank guarantee for the OCS license.

Accounts and other receivables

Accounts and other receivables amounted to approximately US$4.0 million as at 30 September 2016, mainly comprising of other receivables of approximately US$3.5 million from the sale of shares of E.T. View Medical Ltd. and trade receivables of approximately US$0.2 million which were non-interest bearing and generally with a credit term of 90 days.

Total liabilities

Total liabilities stood approximately at US$23.6 million as at 30 September 2016. Non-current liabilities represented approximately 84.6% of our total liabilities.

Non-current liabilities

Non-current liabilities decreased by approximately US$1.2 million or 5.7% mainly attributable to the following:

Deferred revenues (non-current)

An increase of US$0.5 million in deferred revenues (non-current) was due to a higher number of companies being added to the portfolio during the financial period ended 30 September 2016, as compared to the number added in the financial year ended 31 December 2015.

Loans from the OCS

Loans from the OCS remained relatively unchanged as at 30 September 2016 compared to 31 December 2015.

Deferred taxes, net

Deferred taxes, net decreased by approximately US$1.6 million or 9.9%, 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, and the reduction in the total value of investments in the portfolio companies.

Current liabilities

Our current liabilities remain relatively unchanged as at 30 September 2016 as compared to 31 December 2015.

Trade and other payables

Trade and other payables decreased by approximately US$0.1 million, or 10.0%, mainly due to a reduction in the trade payables.

Deferred revenues (current)

Deferred revenues increased by US$0.1 million or 2.8% mainly due to a higher number of companies that were added to the portfolio in the two year period prior to 30 September 2016, as compared to the number of companies in the two year period prior to 31 December 2015.

Equity

As at 30 September 2016, equity attributable to equity holders of the Company amounted to approximately US$81.0 million, representing a decrease of approximately US$3.2 million from US$84.2 million as at 31 December 2015. The decrease was mainly due to the net loss for the nine months period ended 30 September 2016, amounting to US$3.8 million.

Consolidated Statement of Cash Flow

Net cash used in operating activities of US$2.0 million in 3Q2016 was mainly due to a net income of US$1.6 million and adjustments for non-cash items such as (i) gain from changes in fair value of investments in portfolio companies of approximately US$0.6 million; (ii) gain of approximately US$2.1 million from the sale of shares in E.T. View Medical Ltd. that was collected after the end of the financial period; (iii) net working capital outflows of approximately US$0.3 million which was mainly due to a decrease in trade and other payables of approximately US$0.3 million; and (iv) income from services to portfolio companies of approximately US$1.0 million; and offset by (v) investments in portfolio companies of approximately US$0.7 million..

Net cash used in investing activities of US$11.0 million in 3Q2016 was mainly due to the purchase of short-term investments for the Company's operational activities.

Net cash provided by financing activities of US$0.3 million in 3Q2016 was mainly due to the loans received from the Israeli OCS.

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 Company continues to advance its previously announced plans, including the establishment of Trendlines Medical Singapore Pte. Ltd. (Trendlines Medical Singapore), Trendlines' Singapore-based incubator for the establishment and development of health care companies.

B. Braun, the Company's cornerstone investor in the Company's offer document dated 16 November 2015, has executed a Memorandum of Understanding to invest in and be involved with Trendlines Medical Singapore. The Company expects that Trendlines Medical Singapore will be operational by the end of 2016. B. Braun and the Company continue to further develop their relationship in all planned sectors: establishment of incubators, investment in selected Trendlines portfolio companies, and work with our in-house innovation centre, Trendlines Labs.

The Company's previously announced relationship with Bayer, including the establishment of the Trendlines Bayer Ag Innovation Fund, continues to progress with Trendlines identifying opportunities for investment by the Trendlines Bayer Ag Innovation Fund.

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.

11. Dividend

If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended);
Not applicable. 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 3Q2016.

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 3Q2016.

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.

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

Use of IPO Net Proceeds	Amount Allocated (S$'000)	Amount Utilized (S$'000)	Balance (S$'000)
Follow-on investments in portfolio companies	10,000	4,471	5,529
Expansion of our operations into new markets	5,000	454	4,546
Expansion of our business units, Trendlines Labs	2,875	976	1,899
Operational expenses to support portfolio companies	1,400	-	1,400
Total	19,275	5,901	13,374

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 that may render the unaudited financial results for the 3 months and 9 months ended 30 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

David Todd Dollinger
Chairman and CEO
8 November 2016