

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

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 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, Director, 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 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.

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 Full Year Ended		Change %
	31 December 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000	
Income:			
Gain /(Loss) from change in fair value of investments in Portfolio Companies	(8,041)	4,960	N.M
Income from services to Portfolio Companies	4,178	4,274	(2.25)
Group's share of losses of companies accounted for under the equity method, net	(175)	(324)	(45.99)
Gain from disposal of investment accounted for under the equity method	2,068	-	N.M
Income from contracted R&D services	1,139	424	168.63
Financial income	473	188	151.60
Other income	432	417	3.60
Total income	74	9,939	(99.26)
Expenses:			
Operating, general and administrative expenses	8,664	6,710	29.12
Marketing expenses	390	243	60.49
R&D expenses, net	875	633	38.23
Financial expenses	79	352	(77.56)
Total expenses before non-recurring, non-cash expenses related to discount on pre-IPO RCL upon IPO conversion	10,008	7,938	26.08
Non-recurring, non-cash expenses related to discount on pre-IPO RCL upon IPO conversion	-	3,775	N.M
Total expenses	10,008	11,713	(14.56)
Loss before income taxes	(9,934)	(1,774)	459.98
Tax benefits (income tax expenses)	3,356	(1,794)	N.M
Net loss	(6,578)	(3,568)	84.36
Other comprehensive loss	(24)	-	N.M
Total comprehensive loss	(6,602)	(3,568)	85.03

Total comprehensive loss attributable to:			
Equity holders of the Company	(6,602)	(3,299)	100.12
Non-Controlling Interests	-	(269)	N.M
	<u>(6,602)</u>	<u>(3,568)</u>	<u>85.03</u>
Net earnings per share attributable to equity holders of the Company (in U.S dollars):			
Basic and diluted net loss	<u>(0.01)</u>	<u>(0.01)</u>	

N.M. – Not meaningful

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

	31 December 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000
Interest paid	-	(68)
Interest income	80	-
Depreciation and amortization	170	165
Foreign currency exchange loss (gain)	17	(107)
Adjustments for under or over provision of tax in respect of prior years	105	25

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

Statements of Financial Position

	Group		Company	
	31 December 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000	31 December 2016 (Unaudited) US\$'000	31 December 2015 (Audited) US\$'000
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	6,977	6,998	5,306	6,702
Short-term investments	9,225	16,438	9,051	15,038
Accounts and other receivables	895	428	657	226
Short-term loans to Portfolio companies	212	136	-	-
Total Current Assets	17,309	24,000	15,014	21,966
NON-CURRENT ASSETS:				
Investments in Portfolio Companies	83,701	84,447	-	-
Investments in companies accounted for under the equity method	1,080	-	1,080	-
Investment in Subsidiaries ⁽¹⁾	-	-	63,121	62,725
Property, plant and equipment, net	515	541	166	143
Total Non-Current Assets	85,296	84,988	64,367	62,868
Total Assets	102,605	108,988	79,381	84,834
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Trade and other payables	1,377	1,078	691	651
Deferred revenues	3,827	2,579	194	-
Total Current Liabilities	5,204	3,657	885	651
LONG-TERM LIABILITIES:				
Deferred revenues	2,166	713	194	-
Loans from the Israeli Chief Scientist	4,392	4,449	-	-
Other long-term liabilities	144	52	135	59
Deferred taxes, net	12,498	15,959	-	-
Total Long-Term Liabilities	19,200	21,173	329	59
EQUITY:				
Equity Attributable to Equity Holders of the Company:				
Share capital	1,315	1,315	1,315	1,315
Share premium	55,316	54,852	55,316	54,852
Reserve from hedges	(24)	-	(24)	-

Reserve from share-based payment transactions	4,384	4,203	4,384	4,203
Retained earnings	17,176	23,754	17,176	23,754
Total	78,167	84,124	78,167	84,124
Non-Controlling Interests	34	34	-	-
Total Equity	78,201	84,158	78,167	84,124
Total Liabilities and Equity	102,605	108,988	79,381	84,834

Note:

(1) This amount consists of the Company's investments in its subsidiary companies namely Trendlines Agtech – Mofet Ltd. and Trendlines Incubators Israel Ltd. (formerly known as Trendlines Medical – Misgav Ltd.).

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 December 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 December 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,392	-	4,449	-

Details of any collateral

The Group has non-recourse debt to the Israeli Innovation Authority (formerly known as 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 December 2016 (Unaudited)	As at 31 December 2015 (Unaudited)
Advanced Memtech Ltd.	77,668	77,668
Breezy Industries Ltd.	37,892	37,892
Leviticus Cardio Ltd.	49,250	49,250
Liola Technologies Ltd.	36,500	36,500
Magdent Ltd.	40,750	40,750
Nephera Ltd	67,830	67,830
NeuroQuest Ltd	71,820	71,820
ProArc Medical Ltd	34,860	34,860
Sol Chip Ltd.	66,310*	66,310*
VivoText Ltd.	36,669	36,669

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

**including bonus shares*

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

	Group	
	Full Year Ended	
	31 December 2016	31 December 2015
	(Unaudited)	(Audited)
	US\$'000	US\$'000
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CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	(6,578)	(3,568)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation and amortization	170	165
Income tax (tax benefits)	(3,356)	1,794
Loss (gain) from changes in fair value of investments in Portfolio Companies	8,041	(4,960)
Investments in Portfolio Companies, net	(3,376)	(1,522)
Financial expenses, net	(652)	(255)
Non-recurring, non-cash expenses related to discount on pre-IPO RCL upon IPO conversion	-	3,775
Income from services to Portfolio Companies	(3,922)	(3,911)
Share-based payments	645	1,453
Group's share of losses of companies accounted for under the equity method, net	175	324
Gain from disposal of company accounted for under the equity method, net	(2,068)	-
Changes in asset and liability items:		
Increase in short-term loans to Portfolio Companies	(142)	(195)
Decrease (increase) in accounts and other receivables	(491)	408
Increase (decrease) in trade and other payables	299	(228)
Increase in other long term liabilities	92	38
Proceeds from sale of investment in Portfolio Company	1,470	-
	<hr/>	<hr/>
	(3,115)	(3,114)
Cash paid and received during the year for:		
Interest paid	-	(68)
Interest received	80	-
Tax paid	(105)	-
Dividend received	897	718
	<hr/>	<hr/>

	872	650
Net cash used in operating activities	(8,821)	(6,032)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(144)	(114)
Proceeds from (Investment in) bank deposits and short-term investments, net	7,265	(13,622)
Proceeds from sale of company accounted for under the equity method	2,068	-
Investments in companies accounted for under equity method	(868)	(194)
Net cash provided by (used in) investing activities	8,321	(13,930)
CASH FLOW FROM FINANCING ACTIVITIES:		
Issuance of shares, net	-	15,887
Loans from the Israeli Chief Scientist (OCS)	479	-
Issuance of convertible debentures, net	-	10,177
Issuance expenses with respect to issuance of convertible debentures	-	(520)
Repayment of convertible debentures	-	(120)
Net cash provided by financing activities	479	25,424
Increase (decrease) in cash and cash equivalents	(21)	5,462
Cash and cash equivalents at the beginning of the period	6,998	1,536
Cash and cash equivalents at the end of the period	6,977	6,998
<u>Significant non-cash transactions:</u>		
Conversion of Convertible Debentures into shares upon IPO	-	13,984
Conversion of Convertible Debentures into shares	-	705
Acquisition of non-controlling interests by issuance of shares	-	2,573

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 US\$'000	Share premium US\$'000	Reserve from hedges US\$'000	Receipts on share account US\$'000	Reserve from share-based US\$'000	Retained earnings US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2016	1,315	54,852	-	-	4,203	23,754	34	84,158
Net loss and total comprehensive loss	-	-	(24)	-	-	(6,578)	-	(6,602)
Cost of share-based payments	-	-	-	-	645	-	-	645
Exercise of warrants	-	9	-	-	(9)	-	-	-
Expiration of options	-	455	-	-	(455)	-	-	-
Balance as at 31 December 2016	1,315	55,316	(24)	-	4,384	17,176	34	78,201
(Audited)								
Balance as at 1 January 2015	100	21,404	-	1,398	2,900	27,053	2,842	55,697
Net loss and total comprehensive loss	-	-	-	-	-	(3,299)	(269)	(3,568)
Cost of share-based payments	-	-	-	-	1,453	-	-	1,453
Issuance of shares upon IPO (net of expenses of \$4,200,000)	204	13,565	-	-	-	-	-	13,769
Issuance of bonus shares	810	(810)	-	-	-	-	-	-
Expiration of options	-	10	-	-	(10)	-	-	-
Issuance of shares, net	6	3,510	-	(1,398)	-	-	-	2,118
Exercise of options	-	140	-	-	(140)	-	-	-
Conversion of Convertible Debentures	1	704	-	-	-	-	-	705
Conversion of Convertible Debentures upon IPO	170	13,814	-	-	-	-	-	13,984
Acquisition of non-controlling interests by issuance of shares	24	2,515	-	-	-	-	(2,539)	-
Balance as at 31 December 2015	1,315	54,852	-	-	4,203	23,754	34	84,158

Statement of Changes in Equity -- Company

(Unaudited)	Share capital	Share premium	Reserve from hedges	Receipts on share account	Reserve from share-based payment	Retained earnings	Total equity
	US\$'000	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	-	-	(24)	-	-	(6,578)	(6,602)
Cost of share-based payments	-	-	-	-	645	-	645
Exercise of warrants	-	9	-	-	(9)	-	-
Expiration of options	-	455	-	-	(455)	-	-
Balance as at 31 December 2016	1,315	55,316	(24)	-	4,384	17,176	78,167
(Audited)							
Balance as at 1 January 2015	100	21,404	-	1,398	2,900	27,053	52,855
Net loss and total comprehensive loss	-	-	-	-	-	(3,299)	(3,299)
Cost of share-based payments	-	-	-	-	1,453	-	1,453
Issuance of shares upon IPO (net of expenses of S\$4,200,000)	204	13,565	-	-	-	-	13,769
Issuance of bonus shares	810	(810)	-	-	-	-	-
Expiration of options	-	10	-	-	(10)	-	-
Issuance of shares, net	6	3,510	-	(1,398)	-	-	2,118
Exercise of options	-	140	-	-	(140)	-	-
Conversion of Convertible Debentures	1	704	-	-	-	-	705
Conversion of Convertible Debentures upon IPO	170	13,814	-	-	-	-	13,984
Acquisition of non-controlling interests by issuance of shares	24	2,515	-	-	-	-	2,539
Balance as at 31 December 2015	1,315	54,852	-	-	4,203	23,754	84,124

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. This also states 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 September 2016 to 31 December 2016.

As at 31 December 2016, there are 55,229,448 outstanding options which can be converted into 55,229,448 shares (31 December 2015: 53,125,664 outstanding options which can be converted into 53,125,664 shares and 375,168 warrants that can be converted into 375,168 shares).

Save as disclosed above, the Company did not have any treasury shares or other convertibles as at 31 December 2016 and 31 December 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 December 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 December 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 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 consolidated 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**

Loss per share (“LPS”)	Group	
	Full Year Ended	
	31 December 2016 (Unaudited)	31 December 2015 (Audited)
Loss attributable to owners of the parent (US\$’000)	(6,578)	(3,299)
Weighted average number of ordinary shares in issue (in thousands)	508,742	365,634
Basic LPS (US\$)	(0.01)	(0.01)
Fully diluted LPS (US\$) ⁽¹⁾	(0.01)	(0.01)

Note:

(1) Fully diluted LPS of the Group in FY2016 and FY2015 are the same as the basic LPS due to the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

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

Net asset value (“NAV”)	Group		Company	
	31 December 2016 (Unaudited)	31 December 2015 (Audited)	31 December 2016 (Unaudited)	31 December 2015 (Audited)
	NAV (US\$)	78,166,993	84,124,000	78,166,993
Number of ordinary shares in issue	508,741,749	508,657,824	508,741,749	508,657,824
NAV per ordinary share (US\$)	0.15	0.17	0.15	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 financial year ended 31 December 2016 ("FY2016") as compared to the financial year ended 31 December 2015 ("FY2015").

Income

Total income decreased by approximately US\$9.9 million or 99.3% from US\$9.9 million in FY2015 to approximately US\$0.1 million in FY2016.

Gain (loss) from change in fair value of investments in Portfolio Companies

The loss in fair value of investments in Portfolio Companies was approximately US\$8.0 million in FY2016 as compared to a gain of approximately US\$5.0 million in FY2015 mainly due to:

- (i) the write off of nine (9) Portfolio Companies of approximately US\$9.8 million as a result of lack of funding in those companies; and
- (ii) a decrease of approximately US\$2.9 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 FY2016.

The loss in fair market value of investments in Portfolio Companies was partially offset by:

- (i) a gain of approximately US\$1.7 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\$2.2 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 FY2016.

Income from services to Portfolio Companies

Income from services to Portfolio Companies comprised approximately US\$0.3 million received as overhead reimbursement from our Portfolio Companies and approximately US\$3.9 million value of non-cash benefits received from the OCS in Israel. Income from services to Portfolio Companies decreased by approximately US\$0.1 million or 2.2% due to a decline in overhead reimbursement from our Portfolio Companies as there were a lower number of Portfolio Companies being serviced by the Group in FY2016 as compared to FY2015.

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

The Company recorded loss from companies accounted for under equity method in FY2016 in the amount of approximately US\$0.2 million, as compared to a loss of approximately US\$0.3 million in FY2015. The holding represents the loss incurred by the newly incorporated incubator in Singapore, Trendlines Medical Singapore Pte Ltd ("Trendlines Medical Singapore").

Gain from disposal of investment accounted for under the equity method

In FY2016, the Company sold its shareholding in E.T. View Medical Ltd., resulting in a gain of approximately US\$2.1 million.

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

Income from contracted R&D services increased by approximately US\$0.7 million or 168.6% due to the new collaboration agreements and increasing activity with existing collaboration agreements in relation to R&D services provided by Trendlines Labs to a third party.

Financial income

Financial income increased by approximately US\$0.3 million or 151.6% in FY2016 mainly due to a revaluation income arising from reduction in the fair market value of loans from the OCS.

Other income

Other income remained relatively unchanged in FY2016 as compared to FY2015.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses increased by approximately US\$2 million or 29.12%. The increase was mainly attributable to the (i) increase of employment cost by approximately US\$1.2 million mainly due to recruitment of new high level employees as part of the Company expansion and salary increases compared to FY2015, (ii) listing expenses as a public company amounted to

approximately US\$0.9 million in FY2016, and (iii) increase in depreciation and amortization by approximately US\$5,000 was mainly due to the depreciation and amortization of unused items. The above is partially offset by a decrease in share-based payments of approximately US\$0.8 million in accordance with the accounting treatment.

Marketing expenses

Marketing expenses increased by approximately US\$0.1 million mainly due to a higher use of marketing experts in FY2016.

R&D expenses, net

In line with the increase in contracted R&D services provided by our Group as mentioned above, net R&D expenses increased by approximately US\$0.2 million or 38.2% due to higher salary and options granted to the R&D team personnel and the higher usage of labs materials during FY2016.

Financial expenses

Financial expenses decreased by approximately US\$0.3 million or 77.6% due mainly to the absence of Convertible Debentures expenses incurred in FY2015. The Convertible Debentures were converted into the Company's shares on 16 November 2015.

Non recurring, non-cash expenses related to discount on pre-IPO RCL upon IPO conversion

In June 2015, the Company raised an aggregate amount of Singapore Dollar ("SGD") 13,700,000 (approximately US\$ 10.2 million) from the issuance of redeemable convertible loans ("RCL") to certain pre-IPO investors. Upon the conversion of the RCL to Company's shares at the IPO, the RCL was evaluated to approximately US\$13.6 million, resulting from the RCL discount on IPO share price. Such an increase in the value of the RCL was expensed in the statement of comprehensive income. In FY2016, no such expense was incurred by the Company.

In view of the above, loss before income tax in FY2016 was US\$10.0 million as compared to a loss before income tax of US\$1.8 million in FY2015, mainly due to the loss from change in fair value of investments in Portfolio Companies.

Tax benefits (Income Tax)

Tax benefits in FY2016 was approximately US\$3.4 million as compared to a tax expenses of approximately US\$1.8 million in FY2015 mainly due to higher taxable loss in FY2016 and the reduction in deferred taxes arising from the declining Israeli tax rate (25% until 31 December 2016, 24% in 2017 and 23% from 1 January 2018 onward).

Consolidated Statement of Financial Position

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

Total assets decreased by approximately 5.9% from approximately US\$109.0 million as at 31 December 2015 to approximately US\$102.6 million as at 31 December 2016. This was mainly due to the reduction in cash and cash equivalents and short term investments in the amount of approximately US\$7.2 million which was used for the Company's operating activity.

Non-current assets

Investments in Portfolio Companies

The investments in Portfolio Companies of approximately US\$83.7 million as at 31 December 2016 were made up of 46 Portfolio Companies presented at their fair value.

The decrease in value of our investments in Portfolio Companies by approximately US\$0.7 million was derived from the following:

- 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 demonstrated during FY2016 and as a result of the completion of fund raising exercises at less favorable terms to the Company; and
- The write off of nine (9) Portfolio Companies amounting to approximately US\$9.4 million.

The decrease in investments in Portfolio Companies was partially offset by:

- The increase in fair value of The Most Valuable Portfolio Company by approximately US\$0.8 million (net of dividend received at the amount of approximately US\$0.9 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 December 2016 was estimated using a probability-weighted discounted cash flow valuation model conducted by an independent valuation specialist;
- The investments in ten (10) new Portfolio Companies which contributed approximately US\$6.6 million to the fair value of our Portfolio Companies as at 31 December 2016; and
- An aggregate increase of approximately US\$3.1 million (net of the decrease of approximately US\$0.6 million as a result of the exit of a Portfolio Company) in the fair value of fifteen (15) of our Portfolio Companies mainly due to the completion of fund raising exercises at favorable terms to the Company, and general commercial or technological progress demonstrated in some Portfolio Companies in FY2016.

Current assets

As at 31 December 2016, current assets amounted to approximately US\$17.3 million and mainly comprised of cash and cash equivalents, short-term investments, accounts and other receivables and short-term loans to Portfolio Companies.

Cash and cash equivalents

Cash and cash equivalents remained relatively unchanged in FY2016 as compared to FY2015.

Short-term investments

Our short-term investments which represented 53.3% of our total current assets decreased by approximately US\$7.2 million mainly due to the use of the money for operating and investing activities.

Accounts and other receivables

Accounts and other receivables amounted to approximately US\$0.9 million as at 31 December 2016, mainly comprised of other receivables of approximately US\$0.4 million and trade receivables of approximately US\$0.5 million which were non-interest bearing and were generally with a credit terms of 90 days. The increase of approximately US\$0.5 million in accounts and other receivables was mainly due to higher R&D services provided by Trendlines Labs to a third party as mentioned above.

Long-term liabilities

Our total liabilities amounted to approximately at US\$24.4 million as at 31 December 2016. Our long-term liabilities, representing approximately 78.7% of our total liabilities, decreased by approximately US\$2 million or 9.3% from approximately US\$21.2 million as at 31 December 2015 to approximately US\$19.2 million as at 31 December 2016.

Long-term deferred revenue

The increase of approximately US\$1.5 million in the deferred revenue is mainly due to more new companies added to the portfolio in FY2016 as compared to FY2015.

Other long-term liabilities

Other long-term liabilities comprising the liability for employee severance benefits increased by approximately US\$92,000 as the value of the deposit related funds covering the liability for employee severance benefits was less than the value of that liability

Deferred taxes, net

Net deferred taxes decreased by approximately US\$3.5 million or 21.7% mainly due to the declining Israeli tax rate (25% until 31 December 2016, 24% in 2017 and 23% from 1 January 2018 onward).

Current liabilities

Our current liabilities increased by approximately US\$1.5 million or 42.3% from approximately US\$3.7 million as at 31 December 2015 to approximately US\$5.2 million as at 31 December 2016, mainly due to the increase in the short-term deferred revenues.

Trade and other payables

Trade and other payables increased by approximately US\$0.3 million or 27.7% mainly due to the increase in accrued expenses for the end of the year.

Short-term deferred revenues

Deferred revenue increased by approximately US\$1.2 million or 48.4% mainly due to higher number of companies added to the portfolio in FY2015 and FY2016 compared to the number of new companies in FY2014 and FY2015.

Equity

As at 31 December 2016, equity attributable to equity holders of the Company amounted to approximately US\$78.2 million, representing a decrease of approximately US\$5.9 million from approximately US\$84.1 million as at 31 December 2015. The decrease is mainly due to the net loss in FY2016.

Consolidated Statement of Cash Flow

Net cash used in operating activities of approximately US\$8.8 million in FY2016 was mainly due to a net loss of approximately US\$6.6 million and adjustments for non-cash items such as (i) loss from changes in fair value of investments in Portfolio Companies of approximately US\$8 million; (ii) Investments in Portfolio Companies of approximately US\$3.4 million; and (iii) income from services to Portfolio Companies of approximately US\$3.9 million; and (iv) net working capital outflows of approximately US\$242,000 which was mainly due to an increase of approximately US\$0.5 million in accounts and other receivables, offset by an increase of approximately US\$0.3 million in trade and other payables.

Net cash provided by investing activities of approximately US\$8.3 million in FY2016 was mainly due to the proceeds from bank deposits and short term investments of approximately US\$7.3 million and approximately US\$2.1 million from the sale of a company accounted for under the equity method, offset by investments in Trendlines Medical Singapore of approximately US\$0.9 million.

Net cash provided by financing activities of approximately US\$0.5 million in FY2016 was mainly due to approximately US\$0.5 million from long-term 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 a China-based venture capital fund and a China joint venture company in partnership with Shoushan Wealth Holdings Co. Ltd., a Chinese company specialized in private equity investment, boutique investment banking, private placement fund management and other financial services.

B. Braun, the Company's cornerstone investor in the Company's offer document dated 16 November 2015, 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 a dividend has been made: -

(a) Whether an interim (final) dividend has been declared (recommended); and
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. No dividend has been declared or recommended for the previous corresponding period.

- (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
- (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 FY2016.

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 transaction 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 FY2016.

14. Use of IPO proceeds

The Company refers to the net proceeds (“**IPO Net Proceeds**”) amounting to approximately 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:

<u>Use of IPO Net Proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilised (S\$'000)</u>	<u>Balance (S\$'000)</u>
Follow-on investments in Portfolio Companies	10,000	4,858	5,142
Expansion of our operations into new markets	5,000	1,783 ⁽¹⁾	3,217
Expansion of our business units, Trendlines Labs	2,875	1,283	1,592
Operational expenses to support Portfolio Companies	1,400	-	1,400
Total	19,275	7,924	11,351

Note:

- (1) Inclusive of US\$1.25 million (50% of the total subscription amount) utilised for the subscription of shares in Trendlines Medical Singapore in December 2016.

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable. The Company has only one operating segment.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

18. A breakdown of total sales as follows:

	Group		
	FY2016 (Unaudited) US\$'000	FY2015 (Audited) US\$'000	Increase / (Decrease) %
(a) Total (loss)/income reported for first half year	(1,767)	8,996	N.M.
(b) Net (loss)/profit after tax before deducting minority interests reported for first half year	(5,380)	3,350	N.M.
(c) Total income reported for second half year	1,841	943	95.2
(d) Net loss after tax before deducting minority interests reported for second half year	(1,198)	(6,918) ⁽¹⁾	(82.7)

N.M. – Not meaningful

Note:

- (1) including non-recurring, non-cash expenses related to discount on pre-IPO RCL upon IPO conversion.

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Not applicable. No dividend has been declared or recommended in FY2016 and FY2015.

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of Director or Chief Executive officer or substantial shareholders of the Company.

BY ORDER OF THE BOARD

David Todd Dollinger
Chairman and CEO
22 February 2017