



THE TRENDLINES GROUP LTD.

(Incorporated in Israel)

(Company Registration No. 513970947)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 31 March 2019**

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 (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 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		Change %
	Three Months Ended		
	31 March 2019 (Unaudited) US\$'000	31 March 2018 (Unaudited) US\$'000	
<u>Income:</u>			
Loss from change in fair value of investments in Portfolio Companies	(252)	(1,234)	(79.58)
Income from services to Portfolio Companies	1,247	1,440	(13.40)
Income from contracted R&D services	248	89	178.65
Financial income	171	-	N.M
Other income	20	275	(92.73)
<u>Total income</u>	<u>1,434</u>	<u>570</u>	<u>151.57</u>
<u>Expenses</u>			
Operating, general and administrative expenses	1,447	1,507	(3.98)
Marketing expenses	49	95	(48.42)
R&D expenses, net	432	247	74.90
Financial expenses	335	70	378.57
<u>Total expenses</u>	<u>2,263</u>	<u>1,919</u>	<u>17.93</u>
Loss before income taxes	(829)	(1,349)	(38.55)
Tax benefit (Income tax expenses)	122	(2)	N.M
<u>Net loss</u>	<u>(707)</u>	<u>(1,351)</u>	<u>(47.67)</u>
<u>Other comprehensive income :</u>			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Gain from cash flow hedges	104	57	82.46
<u>Total comprehensive loss</u>	<u>(603)</u>	<u>(1,408)</u>	<u>(57.17)</u>
<u>Net loss attributable to:</u>			
Equity holders of the Company	(579)	(1,316)	(56.00)
Non-Controlling Interests	(128)	35	(465.71)
	<u>(707)</u>	<u>(1,351)</u>	<u>(47.67)</u>
<u>Total comprehensive loss attributable to:</u>			
Equity holders of the Company	(475)	(1,373)	(65.40)
Non-Controlling Interests	(128)	(35)	N.M
	<u>(603)</u>	<u>(1,408)</u>	<u>(57.17)</u>

Net earnings (loss) per share attributable to equity holders of the Company (U.S. cents):			
Basic net earnings (loss)	<u>(0.10)</u>	<u>(0.22)</u>	(54.55)
Diluted net earnings (loss)	<u>(0.10)</u>	<u>(0.22)</u>	(54.55)

*N.M. – not meaningful

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

	Three Months Ended	
	31 March 2019	31 March 2018
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Depreciation and amortization	195	70
Foreign currency exchange gain	153	59

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 2019 (Unaudited) US\$'000	31 December 2018 (Audited) US\$'000	31 March 2019 (Unaudited) US\$'000	31 December 2018 (Audited) US\$'000
Assets				
Current assets				
Cash and cash equivalents	6,186	8,136	4,680	6,429
Short-term bank deposits	2,749	2,728	2,660	2,642
Accounts and other receivables	542	605	236	162
Short-term loans to Portfolio Companies	251	363	-	-
	9,728	11,832	7,575	9,233
Non-current assets				
Investment in Subsidiaries	-	-	78,310	77,317
Investments in Portfolio Companies	97,459	97,226	-	-
Right of use asset	2,546	-	-	-
Property, plant and equipment, net	906	952	310	329
	100,911	98,178	78,620	77,646
Total assets	110,639	110,010	86,195	86,879
EQUITY AND LIABILITIES				
Current liabilities				
Current maturity of lease liability	403	-	-	-
Trade and other payables	1,468	1,745	586	776
Deferred revenues	3,044	3,630	-	-
	4,915	5,375	586	776
Non-current liabilities				
Deferred revenues	859	1,393	-	-
Loans from the Israel Innovation Authority	3,109	2,974	-	-
Lease liability	2,236	-	-	-
Deferred taxes, net	13,553	13,676	-	-
Other long-term liabilities	184	177	154	145
	19,941	18,220	154	145
Total liabilities	24,856	23,595	741	921

Equity

Equity Attributable to Equity

Holders of the Company:

Share capital	1,601	1,601	1,601	1,601
Share premium	65,553	65,282	65,553	65,282
Reserve from hedge	9	(95)	9	(95)
Reserve from share-based payment transactions	3,952	4,252	3,952	4,252
Retained earnings	14,339	14,918	14,339	14,918

Equity attributable to owners of the parent

Non-controlling interests	85,454	85,958	85,454	85,958
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Total equity

	85,783	86,415	85,454	85,958
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Total equity and liabilities

	110,639	110,010	85,195	86,879
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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 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	403	-	-

Amount repayable after one year

As at 31 March 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
3,109	2,236	2,974	-

Details of any collateral

The Group has non-recourse debt to the Israeli Innovation Authority ("IIA") (formerly known as the Office of the Chief Scientist) of the Israeli Ministry of Economy and Industry. These loans were extended from the IIA 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 IIA	
	As at 31 March 2019 (Unaudited)	As at 31 December 2018 (Unaudited)
	Advanced Memtech Ltd.	77,668
Leviticus Cardio Ltd.	49,250	49,250
Magdent Ltd.	40,750	40,750
NeuroQuest Ltd.	71,820	71,820
ProArc Medical Ltd.	34,860	34,860
Sol Chip Ltd.	66,310	66,310

For more information, please 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	
	31 March 2019	31 March 2018
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(707)	(1,351)
<u>Adjustments to reconcile net loss to net cash used in operating activities:</u>		
Adjustments to the profit or loss items:		
Depreciation	195	70
(Tax benefit) income tax expenses	(122)	2
Loss from changes in fair value of investments in Portfolio Companies	252	1,234
Financial income, net	111	162
Income from services to Portfolio Companies	(1,094)	(1,298)
Share-based payments	(29)	30
Changes in asset and liability items:		
Increase in short-term loans to Portfolio Companies	112	5
Decrease in accounts and other receivables	63	53
Decrease in trade and other payables	(173)	(426)
Increase in other long-term liabilities	7	10
	(678)	(158)
Investments in Portfolio Companies	(485)	(636)
Cash (paid) received during the year for:		
Interest paid	45	(36)
Interest received	17	69
	(1,808)	(2,112)
Net cash used in operating activities	(1,808)	(2,112)

	Three Months Ended	
	31 March 2019	31 March 2018
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(29)	(52)
Proceeds from sale (purchase) of short-term bank deposits	(21)	1,124
Deconsolidation of subsidiary (Note 1)	-	(145)
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Net cash (used in) provided by investing activities	(50)	927
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liability	(114)	-
Loans repaid to the Israel Innovation Authority	(50)	(97)
Loans received from the Israel Innovation Authority	72	75
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Net cash (used in) provided by financing activities	(92)	(22)
Decrease in cash and cash equivalents	(1,950)	(1,207)
Cash and cash equivalents at the beginning of the period	8,136	8,747
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Cash and cash equivalents at the end of the period	<u>6,186</u>	<u>7,540</u>
Note 1:		
Deconsolidation of subsidiary:		
Accounts and other receivables	-	(18)
Property, plant and equipment, net	-	(2)
Investments in Portfolio Companies, net	-	830
Trade and other payables	-	92
Deferred revenues	-	(472)
Gain from revaluation of investment resulting from deconsolidation of subsidiary	-	(285)
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	-	145
Non-cash transactions		
Right of use asset recognized against Lease liability	2,666	-
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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 Capital	Share premium	Reserve from hedge	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 January 2019	1,601	65,282	(95)	4,252	14,918	85,958	457	86,415
Net loss and total comprehensive loss	-	-	104	-	(579)	(475)	(128)	(603)
Cost of share-based payments	-	-	-	(29)	-	(29)	-	(29)
Expiration of options	-	271	-	(271)	-	-	-	-
Balance as at 31 March 2019	1,601	65,553	9	3,952	14,339	85,454	329	85,783
(Unaudited)								
Balance as at 1 January 2018	1,601	65,028	66	4,477	21,039	92,211	654	92,865
Net loss and total comprehensive loss	-	-	(57)	-	(1,316)	(1,373)	(35)	(1,408)
Cost of share-based payments	-	-	-	30	-	30	-	30
Balance as at 31 March 2018	1,601	65,028	9	4,507	19,723	90,868	619	91,487

**Statement of Changes in Equity
Company**

(Unaudited)	Share Capital	Share premium	Reserve from hedge	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 2019	1,601	65,282	(95)	4,252	14,918	85,958
Net loss and total comprehensive loss	-	-	104	-	(579)	(475)
Cost of share-based payments	-	-	-	(29)	-	(29)
Expiration of options	-	271	-	(271)	-	-
Balance as at 31 March 2019	1,601	65,553	9	3,952	14,339	85,454
(Unaudited)						
Balance as at 1 January 2018	1,601	65,028	66	4,477	21,039	92,211
Net loss and total comprehensive loss	-	-	(57)	-	(1,316)	(1,373)
Cost of share-based payments	-	-	-	30	-	30
Balance as at 31 March 2018	1,601	65,028	9	4,507	19,723	90,868

- 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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”) since 31 December 2018 to 31 March 2019.

As at 31 March 2019, there are 53,964,444 outstanding options which can be converted into 53,964,444 ordinary shares of the Company (31 March 2018: 54,610,090 outstanding options which can be converted into 54,610,090 Shares).

Save as disclosed above, the Company did not have any other convertibles as at 31 March 2019 and 31 March 2018.

There were also no treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

- 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 2019	As at 31 December 2018
Total number of issued shares	608,741,749	608,741,749

The Company did not have any treasury shares as at 31 March 2019 and 31 December 2018.

- 1(d)(iv) A statement showing all sales, transfers, 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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings 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 2018.

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 ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2019. The Company adopted IFRS 16 as of January 1, 2019 using the modified retrospective approach electing to recognize the right of use asset in an amount equal to the lease liability as of the adoption date in the amount of approximately \$2.7 million respectively, with no change in its equity. The adoption of the applicable new and revised IFRS and INT FRS did not have any significant impact on the financial statements of the Group for the current financial period reported on.

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" / "(LPS))"	Group	
	Three Months Ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Loss attributable to owners of the parent for the computation of basic net loss (US\$'000)	(579)	(1,316)
Weighted average number of ordinary shares in issue (in thousands)	608,742	608,742
Basic LPS (US cents)	(0.10)	(0.22)
Loss) attributable to owners of the parent for the computation of diluted net loss (US\$'000)	(579)	(1,316)
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	608,742	608,742
Fully diluted LPS (US cents)	(0.10) ⁽¹⁾	(0.22) ⁽¹⁾

Notes:

(1) Fully diluted (LPS) of the Group is the same as the basic (LPS) because 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 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2019 (Unaudited)	31 December 2018 (Audited)
NAV (US\$)	85,454,000	85,957,672	85,454,000	85,957,672
Number of ordinary shares in issue	608,741,749	608,741,749	608,741,749	608,741,749
NAV per ordinary share (US\$)	0.14	0.15	0.14	0.15

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 2019 ("Q12019") as compared to the three months ended 31 March 2018 ("Q12018").

Loss from change in fair value of investments in Portfolio Companies

The loss in fair value of investments in Portfolio Companies was US\$0.3 million in Q12019 as compared to a loss of US\$1.2 million in Q12018. The main reasons to the Q12019 loss are:

- (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 Q12019; and
- (ii) the write off of one (1) Portfolio Company of approximately US\$0.7 million as a result of lack of funding in this company.

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

An aggregate net increase of US\$1.0 million in the overall fair market value of various Portfolio Companies which was derived based on factors such as the terms on which each Portfolio Company completed its fund raising exercises, and each Portfolio Company's commercial or technological progress. In general, favourable terms for fund raising exercises and higher commercial or technological progress would lead to higher fair market values.

Income from services to Portfolio Companies

Income from services to Portfolio Companies comprised approximately US\$0.2 million received as overhead reimbursement from our Portfolio Companies and approximately US\$1.1 million value of non-cash benefits received from the IIA in Israel. Income from services to Portfolio Companies received as overhead reimbursement from our Portfolio Companies decreased by approximately US\$0.2 million or 15.7% mainly due to a decrease in number of Portfolio Companies being serviced by the Group in Q12019 as compared to Q12018.

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

Income from contracted R&D services increased by approximately US\$0.2 million or 178.7% due to a higher level of activity in relation to R&D services provided by Trendlines Labs to third parties.

Financial income

Financial income is US\$0.2 million due to an exchange rate difference between the USD and the NIS. The exchange rate between USD:NIS was 3.63 as of 31 March 2019 and 3.75 as of 31 December 2018.

Other Income

Other income decreased by US\$0.3 million mainly due to a one-time income in 1Q2018 from a third party relating to an option given to the third party to acquire a portfolio company. In 1Q2019 there was no such income.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses decreased by approximately US\$0.1 million or 3.4%. The decrease was mainly attributable to the decrease of employment cost due to personnel changes in the Group that resulted in a decrease in the overall employment cost of the Group.

R&D expenses, net

R&D expenses increased by approximately US\$0.2 million or 74.9%. The increase was mainly attributable to the R&D cost incurred by some consolidated Portfolio Companies from Trendlines Medical Singapore, the incubator in Singapore.

Financial expenses

Financial expenses is US\$0.3 million due to increase in the fair value of the loans received from the IIA.

Depreciation and Amortization

The Depreciation and Amortization increased by US\$125,000 due to the adoption of the IRFS 16, and a creation of a new assets " Right of use asset" which is being depreciated over the terms of the leases.

Loss before income taxes

In view of the above, loss before income tax in Q12019 was approximately US\$0.8 million as compared to a loss of US\$1.3 million in Q12018, mainly due to the difference in the loss from change in fair value of investments in Portfolio Companies.

Consolidated Statement of Financial Position

Comparative performance for both assets and liabilities are based on the Group's financial statements as at 31 March 2019 and 31 December 2018.

Total assets

Total assets increased by approximately 0.6% from US\$110.0 million as at 31 December 2018 to US\$110.6 million as at 31 March 2019. This was due to the initial adoption of IFRS 16, which resulted with the booking of the right of use of the facilities (future rent cost) as an asset (Right of use assets) in the amount of US\$2.5 million and Cash and cash equivalents that decreased by approximately US\$1.9 million mainly due to the utilization of cash for operating activities during Q12019.

Non-current assets

Investments in Portfolio Companies

The investments in Portfolio Companies of US\$97.5 million as at 31 March 2019 comprised of 53 Portfolio Companies presented at fair value, an increase of US\$0.2 million or 0.2% as compared to 31 December 2018.

The changes in the value of our investments in Portfolio Companies were mainly due to:

- An aggregate increase of approximately US\$1.0 million in the overall fair value of several of our Portfolio Companies which was derived based on factors such as the completion of fund raising exercises at favorable terms to the company, and each company's commercial and technological progress; and
- The additional investments in a few of our Portfolio Companies in the amount of approximately US\$0.5 million.

The increase in investments in Portfolio Companies was offset by:

- The write-off of one Portfolio Company during Q12019 amounting to approximately US\$0.7 million due to lack of funding in this company; and
- An aggregate decrease of approximately US\$0.5 million in the overall fair value of several of our Portfolio Companies which was derived based on factors such as the completion of fund raising exercises at less favorable terms to the company, and each company's commercial and technological progress.

Current assets

Cash and cash equivalents

Cash and cash equivalents decreased by approximately US\$1.9 million mainly due to the utilization of cash for operating activities during Q12019. Please refer to the section “Consolidated Statement of Cash Flow” below for explanation on the utilization of cash for operating activities.

Our cash and cash equivalents and short term deposit represent 91.8% of our total current assets.

Non-current liabilities

Long-term deferred revenue

The Company’s deferred revenues are recognized over a period of 24 months (commencing from the date on which the Group provides its service to the respective Portfolio Company). As at 31 March 2019, long term deferred revenues amounted to US\$0.9 million. This represents a decrease of US\$0.5 million which was mainly due to fewer number of Portfolio Companies, as at 31 March 2019, that have deferred revenues to be recognized in the 13th to 24th month period, as compared to that as at 31 December 2018.

Loans from the IIA

The loans from the IIA increased by US\$0.1 million or 4.5%, from US\$3.0 million as at 31 December 2018 to US\$3.1 million as at 31 March 2019 mainly due to new operation loans received during Q12019 from the IIA.

Lease Liabilities

Upon adoption of the IFRS 16 as explained in paragraph 5, the Company recognized the right of use asset in an amount equal to the lease liability as of the adoption date in the amount of approximately US\$2.7 million, with no change in its equity. As at 31 March 2019, long term lease liabilities amounted to US\$2.2 million (in addition to US\$0.4 million as current maturity of lease liability)

Current liabilities

Trade and other payables

Trade and other payables decreased by approximately US\$0.2 million, or 15.8%, from approximately US\$1.7 million as at 31 December 2018 to approximately US\$1.5 million as at 31 March 2019 mainly due to decrease in trade payables relating to services provided at the end of 2018 and its related expense which was paid during Q12019.

Short-term deferred revenues

A decrease of US\$0.6 million in the short-term deferred revenue was mainly due to fewer number of Portfolio Companies, as at 31 March 2019, that have deferred revenues to be recognized in the 1st - to 12 - month period, as compared to that as at 31 December 2018.

Equity

As at 31 March 2019, equity attributable to equity holders of the Company amounted to approximately US\$85.5 million.

Consolidated Statement of Cash Flow

Net cash used in operating activities of US\$1.9 million in Q12019 was mainly due to a net loss of US\$0.7 million and adjustments for non-cash items such as (i) loss from changes in fair value of investments in Portfolio Companies of approximately US\$0.3 million; (ii) income from services to Portfolio Companies of approximately US\$1.1 million; and (iii) non cash income tax income of approximately US\$0.1 million.

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 is placing primary emphasis during 2019 on supporting its existing portfolio companies, and less emphasis on investing in new companies. As a result, the Company expects to establish fewer new companies in 2019 compared with previous years.

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 both investment and liquidity opportunities for the Company.

During the course of 2018 and 2019, the Company issued several announcements relating to the introduction of the Stimatix product, known as the Be-1[®], into the market by B. Braun. On April 25, 2019, the Company announced that Stimatix has declared a dividend to its shareholders and that its share of the dividend would be approximately \$1.4 million. The source of this dividend is primarily from the proceeds of the upfront payment from B. Braun when it acquired the Stimatix assets.

During 2018, the Company implemented a cost reduction plan, as has previously been reported. In 2019, the Company is continuing to carefully monitor its expense structure and certain additional cuts have been made.

On 18 December 2018, Trendlines announced that it intends to open a Singapore-based innovation center focused on developing agrifood technologies and that it is planning to raise a US\$40 million venture fund to support the new investment activity and will act as the new fund's general partner. The new Trendlines' agrifood tech center aims to leverage technological and scientific knowledge in Singapore and the region with Trendlines' experience and know-how in investing in and building companies to accelerate technology development and investment in Southeast Asia's agrifood supply chain. On 15 January 2019 the Company announced that its new Singapore agrifood-focused

venture fund has been appointed as one of the partners under the Startup SG Equity scheme, administered by SEEDS Capital Pte. Ltd. ("SEEDS Capital"), an investment arm of SPRING Singapore, and on 30 January 2019 the Company announced that Dr. Nitza Kardish, Chief Executive Officer of Trendlines Incubators Israel and Vice President of the Company, has accepted the position of Vice Chair at the planned Singapore-based innovation center. The Company believes that the new venture, under the experienced management of Dr. Kardish, and with the support of SEEDS Capital, will grow to become an important part of its operations, as Trendlines Medical Singapore has become in the past two years.

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 current and 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 and the reason(s) for the decision

The Company does not meet the conditions required by law of Companies in Israel to declare a dividend. According to the Israeli Law of Companies, a company who wishes to distribute a dividend must meet two cumulative conditions: (1) The Company has distributable surpluses and if the total retained earnings is negative, it is possible to divide the profits accumulated in the past two years (the earnings test) and (2) The Company has the ability to meet all of its liabilities even after the

distribution of the dividend (the repayment ability test). As the Company does not meet the required conditions, no dividend has been declared or recommended for Q12019.

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 interested person transactions. There were no interested person transactions which were more than S\$100,000 entered into during Q12019.

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:

<u>Use of IPO Net Proceeds</u>	<u>Amount allocated (S\$’000)</u>	<u>Amount utilized (S\$’000)</u>	<u>Balance (S\$’000)</u>
Follow-on investments in Portfolio Companies	10,000	8,849	1,151
Expansion of our operations into new markets	5,000	2,704	2,296
Expansion of our business units, Trendlines Labs	2,875	2,875	-
Operational expenses to support Portfolio Companies	1,400	1,400	-
Total	19,275	15,827	3,448

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. Use of Placement proceeds

The Company refers to the net proceeds (“**Placement Net Proceeds**”) amounting to S\$13.34 million raised from the placement of 100 million shares which was completed on 25 October 2017.

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

<u>Use of Placement Net Proceeds</u>	<u>Amount allocated (S\$’000)</u>	<u>Amount utilized (S\$’000)</u>	<u>Balance (S\$’000)</u>
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General working capital	4,000	-	4,000
Direct and indirect investments into new, prospective or existing Portfolio Companies	9,338	6,578	2,760
Total	13,338	6,578	6,760

The above utilizations are in accordance with the intended use of Placement Net Proceeds, as stated in the Company's Placement Announcement dated 10 October 2017.

16. 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.

17. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

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 2019 to be false or misleading in any material aspect

BY ORDER OF THE BOARD

David Todd Dollinger
Chairman and CEO
13 May 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

THE TRENDLINES GROUP LTD.

Securities

THE TRENDLINES GROUP LTD. - IL0011328858 - 42T

Stapled Security

No

Announcement Details

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Submitted By (Co./ Ind. Name)

Haim Brosh

Designation

Joint Company Secretary