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

Unaudited Financial Statements and Dividend Announcement
For the Financial Year Ended 31 December 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 loss, or a statement of comprehensive loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Full Year Ended		
	31 December 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000	Change %
Income:			
Gain (loss) from change in fair value of investments in Portfolio Companies	3,753	(6,046)	N.M
Income from services to Portfolio Companies	4,821	5,760	(16.30)
Income from contracted R&D services	679	476	42.65
Financial income	256	1,248	(79.49)
Other income	313	360	(13.06)
Total income	9,822	1,798	446.27
Expenses			
Operating, general and administrative expenses	7,062	6,395	10.43
Marketing expenses	269	404	(33.42)
R&D expenses, net	1,114	1,057	5.39
Financial expenses	1,240	428	188.55
Total expenses	9,685	8,284	16.85
Income (loss) before income taxes	137	(6,486)	(102.19)
Tax benefit (Income tax expenses)	(832)	168	N.M
Net loss	(695)	(6,318)	(89.06)
Other comprehensive loss:			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Loss from cash flow hedges	(80)	(161)	(50.31)
Total comprehensive loss	(775)	(6,479)	(88.10)
Net loss attributable to:			
Equity holders of the Company	(474)	(6,121)	(92.32)
Non-Controlling Interests	(221)	(197)	12.18
	(695)	(6,318)	(89.06)
Total comprehensive loss attributable to:			
Equity holders of the Company	(554)	(6,282)	(91.24)
Non-Controlling Interests	(221)	(197)	12.18
	(775)	(6,479)	(88.10)

Net loss per share attributable to equity holders of the Company (U.S. cents):			
Basic net loss	(0.07)	(1.01)	(93.06)
Diluted net loss	(0.07)	(1.01)	(93.06)

*N.M. – not meaningful

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

	31 December 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000
Depreciation and amortization	778	288
Foreign currency exchange gain (loss)	(582)	502

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 December 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000	31 December 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000
Assets				
Current assets				
Cash and cash equivalents	18,366	8,136	16,967	6,429
Short-term bank deposits	293	2,728	200	2,642
Accounts and other receivables	724	605	413	162
Short-term loans to Portfolio Companies	160	363	-	-
	19,543	11,832	17,580	9,233
Non-current assets				
Investment in Subsidiaries	-	-	83,144	77,317
Right of use asset	2,246	-	-	-
Investments in Portfolio Companies	102,825	97,226	-	-
Property, plant and equipment, net	865	952	268	329
	105,936	98,178	83,412	77,646
Total assets	125,479	110,010	100,992	86,879
EQUITY AND LIABILITIES				
Current liabilities				
Lease liability	428	-	-	-
Trade and other payables	2,145	1,745	1,290	776
Deferred revenues	2,148	3,630	-	-
	4,721	5,375	1,290	776
Non-current liabilities				
Deferred revenues	572	1,393	-	-
Loans from the Israel Innovation Authority	3,567	2,974	-	-
Lease liability	2,128	-	-	-
Deferred taxes, net	14,508	13,676	-	-
Other long-term liabilities	213	177	168	145
	20,988	18,220	168	145
Total liabilities	25,709	23,595	1,322	921

Equity				
Equity Attributable to Equity Holders of the Company:				
Share capital	2,123	1,601	2,123	1,601
Share premium	79,289	65,282	79,289	65,282
Reserve from hedge	(175)	(95)	(175)	(95)
Reserve from share-based payment transactions	3,853	4,252	3,853	4,252
Retained earnings	14,444	14,918	14,444	14,918
Equity attributable to owners of the parent	99,534	85,958	99,534	85,958
Non-controlling interests	236	457	-	-
Total equity	99,770	86,415	99,534	85,958
Total equity and liabilities	125,479	110,010	100,992	86,879

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 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
-	428	-	-

Amount repayable after one year

As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
3,567	2,128	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:

	Number of shares in each Portfolio Company pledged in favor of the IIA	
	As at 31 December 2019 (Unaudited)	As at 31 December 2018 (Unaudited)
Name of Portfolio Company		
Advanced Memtech Ltd.	77,668	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

	Full Year Ended	
	31 December 2019 (Unaudited) US$´000	**31 December 2018 (Audited) US$´000**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(695)	(6,318)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	778	288
Income tax expenses (Tax benefit)	837	(168)
Loss (gain) from changes in fair value of investments in Portfolio Companies	(3,753)	6,046
Financial expenses (income), net	657	(1,206)
Income from services to Portfolio Companies	(3,848)	(4,952)
Share-based payments	103	29
Changes in asset and liability items:		
Decrease (increase) in short-term loans	203	(134)
Decrease (increase) in accounts and other receivables	(119)	(68)
Increase (decrease) in trade and other payables	318	(388)
Increase in other long-term liabilities	36	(9)
	(4,788)	(562)
Investments in Portfolio Companies	(1,380)	(1,725)
	(1,380)	(1,725)
Cash (paid) received during the year for:		
Dividend received	1,107	-
Interest paid	(224)	-
Interest received	64	212
Net cash used in operating activities	(5,916)	(8,393)

	Full Year Ended	
	31 December 2019 (Unaudited) US$´000	**31 December 2018 (Audited) US$´000**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(212)	(192)
Proceeds from sale (purchase) of short-term bank deposits	2,435	8,002
Deconsolidation of subsidiary (Note 1)	-	(145)
Net cash provided by (used in) investing activities	2,223	7,665
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	14,027	-
Payment of lease liability	(339)	-
Loans repaid to the Israel Innovation Authority	-	(69)
Loans received from the Israel Innovation Authority	235	186
Net cash provided by financing activities	13,923	117
Increase (decrease) in cash and cash equivalents	10,230	(611)
Cash and cash equivalents at the beginning of the year	8,136	8,747
Cash and cash equivalents at the end of the year	18,366	8,136
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)
	-	145

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	-	-	(80)	-	(474)	(554)	(221)	(775)
Issuance of shares, net	522	13,505	-	-	-	14,027	-	14,027
Cost of share-based payments	-	-	-	103	-	103	-	103
Expiration of options	-	502	-	(502)	-	-	-	-
Balance as at 31 December 2019	**2,123**	**79,289**	**(175)**	**3,853**	**14,444**	**99,534**	**236**	**99,770**
(Audited)								
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	-	-	(161)	-	(6,121)	(6,282)	(197)	(6,479)
Cost of share-based payments	-	-	-	29	-	29	-	29
Expiration of options	-	254	-	(254)	-	-	-	-
Balance as at 31 December 2018	**1,601**	**65,282**	**(95)**	**4,252**	**14,918**	**85,958**	**457**	**86,415**

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	-	-	(80)	-	(474)	(554)
Issuance of shares, net	522	13,505	-	-	-	14,027
Cost of share-based payments	-	-	-	103	-	103
Expiration of options	-	502	-	(502)	-	-
Balance as at 31 December 2019	**2,123**	**79,289**	**(175)**	**3,853**	**14,444**	**99,534**
(Audited)						
Balance as at 1 January 2018	**1,601**	**65,028**	**66**	**4,477**	**21,039**	**92,211**
Net loss and total comprehensive loss	-	-	(161)	-	(6,121)	(6,282)
Cost of share-based payments	-	-	-	29	-	29
Expiration of options	-	254	-	(254)	-	-
Balance as at 31 December 2018	**1,601**	**65,282**	**(95)**	**4,252**	**14,918**	**85,958**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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

	No. of ordinary shares issued by the Company	**Issued and paid-up share capital of the Company (US$'000)**
As at 30 September 2019	**712,360,797**	**1,898**
Issuance and allotment of shares pursuant to the 2019 Rights Issue (1)	78,830,585	225
Balance as at 31 December 2019	**791,191,382**	**2,123**

Note:

(1) Pursuant to a rights issue which closed on 16 December 2019, the Company had issued and allotted 78,830,585 new ordinary shares of the Company. at an issue price of S$0.1050 per rights share which raised net proceeds of approximately S$8.13 million (approximately US$6 million at an exchange rate of US$1.00 = S$1.36) (the "2019 Rights Issue"). Out of the total amount of shares, issued pursuant to the 2019 Rights Issue 78,617,143 shares were issued and allotted to Librae Holdings Ltd., which resulted in it becoming a controlling shareholder of the Company.

As at 31 December 2019, there are 51,267,667 outstanding options which can be converted into 51,267,667 ordinary shares of the Company (31 December 2018: 54,132,634 outstanding options which can be converted into 54,132,634 Shares).

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

There were also no treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 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 December 2019	As at 31 December 2018
Total number of issued shares	791,191,382	608,741,749

The Company did not have any treasury shares as at 31 December 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 modifications or emphasis of a matter)

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

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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 $2.6 million respectively, with no change in its equity.

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	
	Full Year Ended	
Earnings / (Loss) per share ("EPS" / "(LPS)")	**31 December 2019 (Unaudited)**	**31 December 2018 (Audited)**
Profit (loss) attributable to owners of the parent for the computation of basic net earnings (US$'000)	(474)	(6,121)
Weighted average number of ordinary shares in issue (in thousands)	655,201	608,742
Basic LPS (US cents)	(0.07)	(1.01)
Profit (loss) attributable to owners of the parent for the computation of diluted net earnings (US$'000)	(474)	(6,121)
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	655,201	608,742
Fully diluted LPS (US cents)	(0.07)[(1)]	(1.01)[(1)]

Notes:

(1) Fully diluted LPS of the Group for the financial year ended 31 December 2019 and 2018 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

	Group		Company	
Net asset value ("NAV")	**31 December 2019 (Unaudited)**	**31 December 2018 (Audited)**	**31 December 2019 (Unaudited)**	**31 December 2018 (Audited)**
NAV (US$)	99,534,383	85,957,672	99,534,383	85,957,672
Number of ordinary shares in issue	791,191,382	608,741,749	791,191,382	608,741,749
NAV per ordinary share (US$)	0.13	0.14	0.13	0.14

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 2019 ("FY2019") as compared to the financial year ended 31 December 2018 ("FY2018").

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

The gain in fair value of investments in Portfolio Companies was US$3.8 million in FY2019 as compared to a loss from change in fair value of investments of US$6.0 million in FY2018 mainly due to an aggregate net increase of US$18.2 million in the overall fair 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, each Portfolio Company's commercial or technological progress and the fair value of a Portfolio Company based on advanced negotiations with a potential acquirer. In general, favourable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair values.

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

(i) an aggregate net decrease of US$5.7 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being less than previous projections arising from the product's staggered launch, despite that B. Braun's launch of the Stimatix product remains on track.

(ii) a decrease of approximately US$5.3 million in the fair 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 FY2019; and

(iii) the write off of three (3) Portfolio Companies of approximately US$3.4 million as a result of lack of funding in those companies.

Income from services to Portfolio Companies

Income from services to Portfolio Companies comprised of approximately US$0.9 million received as overhead reimbursement from our Portfolio Companies and approximately US$3.8 million value of non-cash benefits received from the IIA in Israel. Income from value of non-cash benefits received

from the IIA in Israel decreased by approximately US$1.3 million or 25% mainly due to lower number of new Portfolio Companies, that were serviced by the Group FY2019 as compared to that in FY2018

Financial income

Financial income decreased by US$1.0 million due to a decrease in the exchange rate between US$ and NIS (US$:NIS) in FY2019 as compared to increase in the exchange rate in FY2018. An increase in the exchange rate results of financial gain from foreign currency exchange due to the revaluations on the liabilities in NIS.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses increased by approximately US$0.7 million or 10.4%. The increase was mainly as a result of increase in the operating activity of the consolidated portfolio companies in Singapore.

R&D expenses, net

R&D expenses increased by approximately US$0.06 million or 5.39%. The increase was mainly attributable to a higher R&D cost of the consolidated subsidiaries in FY2019 compared to FY2018.

Financial expenses

Financial expenses increased by approximately US$0.8 million. The increase was mainly due to adoption of the IFRS 16 in FY2019, which resulted in the creation of a financial expenses on the right-of-use assets and due to a decrease in the exchange rate between US$ and NIS (US$:NIS) in FY2019 as compared to an increase in the exchange rate in FY2018. A decrease in the exchange rate results in financial expenses from foreign currency exchange due to the revaluations on the liabilities in NIS.

Income before income taxes

In view of the above, income before income tax in FY2019 was approximately US$0.8 million as compared to loss before income tax of approximately US$6.5 million in FY2018, mainly due to the gain from change in fair value of investments in Portfolio Companies as compared to the loss on this item in FY2018.

Consolidated Statement of Financial Position

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

Total assets

Total assets increased by approximately 14.09% from US$110.0 million as at 31 December 2018 to US$125.5 million as at 31 December 2019. This was mainly due to increase in cash and cash equivalents in the amount of US$10.2 million, mainly resulting from the private placement completed on 6 August 2019 which injected approximately US$8.0 million into the Company ("**2019 Placement**") and the 2019 Rights Issue which injected approximately US$6.0 million into the Company . In addition, the initial adoption of IFRS 16 in FY2019 resulted in the recognition of the right of use of the Group's leased facilities (future rent cost) as an asset, i.e., right of use assets, in the amount of US$2.2 million.

Non-current assets

Investments in Portfolio Companies

The investments in Portfolio Companies of US$102.8 million as at 31 December 2019 comprised of 47 Portfolio Companies presented at fair value (not including the 10 consolidated Singapore based companies), an increase of US$5.6 million or 0.6% as compared to 31 December 2018:

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

i. an aggregate net increase of US$18.1 million in the overall fair 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, each Portfolio Company's commercial or technological progress and the fair value of a Portfolio Company based on advanced negotiations with a potential acquirer. In general, favourable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair values; and
ii. the additional investments in a few of our Portfolio Companies and establishment of 2 additional Portfolio Companies which contributed approximately US$3 million to the fair value of our Portfolio Companies as at 31 December 2019.

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

i. an aggregate net decrease of US$6.9 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being lesser than previous projections arising from the product's staggered launch, despite that B. Braun's launch of the Stimatix product remains on track, and a dividend distribution in the amount of US$1.1 million received in FY2019; and
ii. a decrease of approximately US$5.2 million in the fair 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 FY2019; and

iii. the write-off of three (3) Portfolio Companies of approximately US$3.4 million as a result of lack of funding in those companies.

Current assets

Cash and cash equivalents

Cash and cash equivalents increased by approximately US$10.2 million mainly as a result of the 2019 Placement and the 2019 Rights Issue, which injected approximately US$8.0 million and US$6.0 million respectively in the Company, offset by the utilization of cash for operating activities in FY2019. Please refer to the section "Consolidated Statement of Cash Flow" below for explanation on the utilization of cash for operating activities.

Short-term bank deposits

Our Short-term bank deposits decreased by US$2.4 million mainly due to the sale of short-term bank deposits, the proceeds of which had been recorded under "cash and cash equivalents" and was used for operating activities as explained in the preceding paragraph.

Our cash and cash equivalents and short term deposit represent 95% 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 December 2019, long term deferred revenues amounted to US$0.6 million. This represents a decrease of US$0.8 million which was mainly due to lower number of Portfolio Companies, as at 31 December 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$0.5 million or 19.93%, from US$2.9 million as at 31 December 2018 to US$3.5 million as at 31 December 2019, mainly due to the increase in fair value of specific Portfolio Companies for which the loans were received, which forms the basis for the calculation of the value of the loans from the IIA in the Group's financial statements

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$2.6 million, with no change in its equity. As at 31 December 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 increased by approximately US$0.3 million, from approximately US$1.7 million as at 31 December 2018 to approximately US$2.1 million as at 31 December 2019 mainly as a result of the increase of the activity of the operating activity of the consolidated portfolio companies in Singapore.

Short-term deferred revenues

A decrease of US$1.5 million in the short-term deferred revenue was mainly due to fewer number of Portfolio Companies, as at 31 December 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 December 2019, equity attributable to equity holders of the Company amounted to approximately US$99.5 million.

Consolidated Statement of Cash Flow

Net cash used in operating activities of US$6.0 million in FY2019 was mainly due to a net loss of US$0.8 million and adjustments for non-cash items such as (i) gain from changes in fair value of investments in Portfolio Companies of approximately US$3.7 million; (ii) income from services to Portfolio Companies of approximately US$3.9 million; and (iii) Investments in Portfolio Companies of approximately US$1.4 million.

Net cash provided by investing activities of US$2.2 million in FY2019 was mainly due to proceeds from sale of short-term bank deposits of approximately US$2.4 million and consolidation of Singapore Portfolio Companies of approximately US$0.2 million.

Net cash provided by financing activities of US$13.9 million in FY2019 was mainly due to completion of the 2019 Placement and 2019 Rights Issue.

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.

During FY2019, the Company focused on supporting its existing portfolio companies, and placed less emphasis on investing in new companies. As a result, the Company established 7 companies in FY2019, compared to the 10 companies established in FY2018, while successfully raising capital for more than 20 portfolio companies.

In the financial year ending 31 December 2020 ("**FY2020**"), we expect to see the continued impact of our enhanced focus on existing portfolio companies, while also planning to make incremental increases to the number of new companies established.

The Company remains committed to its plans in the medical and agrifood technologies fields as stated in its Offer Document dated 16 November 2015 and reiterated since then and believes that the continued need for new and improved products in these fields represents both investment and liquidity opportunities for the Company.

In November 2019, the Company announced the first close in the fundraising round for its new Trendlines Agrifood Fund, together with the beginning of operations of the Trendlines Agrifood Innovation Centre in Singapore ("AFIC"). The Company believes that during 2020 and beyond, these new ventures, under the experienced management of Dr. Nitza Kardish, CEO of the Trendlines Agrifood Fund and Vice Chair of AFIC, will grow to become an important part of the group operations.

During 2019, the Company completed two capital raising exercises, a private placement of US$ 8 million in August and a rights offering of US$ 6 million in December. These two events have made significant contributions to the Company's cash position and to its ability to implement its business plan.

We believe that the outbreak of the Covid-19 coronavirus in late 2019 will have a significant impact on world economic growth during 2020. While we do not anticipate a material impact on our activities, we do expect some delays in the completion of some transactions related to China or in partnership with Chinese companies or individuals. Several portfolio companies have Chinese investors or are in talks with potential Chinese investors, and discussions with some of these investors have been delayed. Some of our portfolio companies manufacture products and/or product components in China and have experience what, to date, are short delays. In addition, from time to time the Group explores new business opportunities in China; some such discussions and activities have slowed as a result of the current atmosphere in China. As well, there have been some minor slowdowns in product development activity in Singapore due to a desire to reduce face-to-face meetings.

In light of recent changes to SGX regulations relating to quarterly financial reporting requirements, the Company's board of directors has decided to cease its quarterly financial reporting and adopt semi-annual financial reporting with effect from the financial year beginning on 1 January 2020, as we have long believed that semi-annual financial reporting is more appropriate for our business

model. Accordingly, the next announcement of financial statements will be in respect of the half year period ending 30 June 2020, which will be announced on the SGXNET no later than 14 August 2020.

Consistent with our commitment to provide timely information about business developments within the Group, we are now developing plans for enhanced non-financial 1st and 3rd quarter communications with our shareholders.

11. Dividend

If a decision regarding dividend has been made: -

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

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

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

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

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

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

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect 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 FY2019.

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 FY2019.

14. Use of IPO proceeds

The Company refers to the net proceeds ("**IPO Net Proceeds**") amounting to S$19.28 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	9,547	453
Expansion of our operations into new markets	5,000	3,685	1,315
Expansion of our business units, Trendlines Labs	2,875	2,875	-
Operational expenses to support Portfolio Companies	1,400	1,400	-
Total	19,275	17,507	1,768

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 2017 Placement proceeds

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

As at the date of this announcement, the status on the use of the 2017 Placement Net Proceeds is as follows:

Use of 2017 Placement Net Proceeds	Amount allocated (S$'000)	Amount utilized (S$'000)	Balance (S$'000)
General working capital	4,000	-	4,000
Direct and indirect investments into new, prospective or existing Portfolio Companies	9,338	8,038	1,300
Total	13,338	8,038	5,300

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

16. Use of 2019 Placement proceeds

The Company refers to the net proceeds amounting to S$10.82 million raised from the placement of 103,619,048 shares which was completed on 6 August 2019 ("**2019 Placement Net Proceeds**").

As at the date of this announcement, the status on the use of the 2019 Placement Net Proceeds is as follows:

Use of 2019 Placement Net Proceeds	Amount allocated (S$'000)	Amount utilized (S$'000)	Balance (S$'000)
General working capital	3,246	-	3,246
Direct and indirect investments into new, prospective or existing Portfolio Companies	7,574	-	7,574
Total	10,820	-	10,820

Our Group has yet to deploy the 2019 Placement Net Proceeds. At the appropriate juncture, our Group will deploy the 2019 Placement Net Proceeds towards the uses stated above.. The Company will make periodic announcements on the utilisation of the 2019 Placement Net Proceeds as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half year and full year financial statements.

17. Use of 2019 Rights Issue proceeds

The Company refers to the net proceeds amounting to S$8.13 million raised from the rights issue exercise which resulted in the issuance and allotment of 78,830,585 shares on 23 December 2019 ("**2019 Rights Issue Net Proceeds**").

As at the date of this announcement, the status on the use of the 2019 Rights Issue Net Proceeds is as follows:

Use of 2019 Rights Issue Net Proceeds	Amount allocated (S$'000)	Amount utilized (S$'000)	Balance (S$'000)
General working capital	2,440	-	2,440
Direct and indirect investments into new, prospective or existing Portfolio Companies	5,690	-	5,690
Total	8,130	-	8,130

Our Group has yet to deploy the 2019 Rights Issue Net Proceeds. At the appropriate juncture, our Group will deploy the 2019 Rights Issue Net Proceeds towards the uses stated above.. The Company will make periodic announcements on the utilisation of the 2019 Rights Issue Net Proceeds as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half year and full year financial statements.

Pending the deployment of the unutilised proceeds from the various fund raising exercises as set out above, the unutilised proceeds will be invested from time to time, either in interest-bearing deposits with licenced banks (in Israel or in Singapore) or in a structured investment, by which the principal will be kept, but the interest will be dependent on highly risky performance of structured investments. The amount invested in those structured investments will be held in the licenced bank for a period of one or two years (pending on the chosen investment).

18. 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

19. 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 Group currently operates in 2 geographical locations, namely Israel and Singapore. Notwithstanding that the subsidiary of the Company, Trendlines Medical Singapore Pte. Ltd. ("Trendlines Medical Singapore"), is based in Singapore, the operations of Trendlines Medical Singapore does not contribute significantly to the Group and hence, it is not meaningful to present the geographical segment of Singapore. The Company has only one operating segment.

20. 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.

21. A breakdown of total sales as follows:

	Group		
	FY2019 (Unaudited) US$'000	**FY2018 (Audited) US$'000**	**Increase / (Decrease) %**
(a) Total income reported for first half year	1,663	814	104.30
(b) Net loss after tax before deducting non-controlling interests reported for first half year	(2,153)	(3,113)	(30.84)
(c) Total income reported for second half year	8,159	984	729.17
(d) Net profit/(loss) after tax before deducting non-controlling interests reported for second half year	1,458	(3,185)	N.M

N.M. – Not meaningful

22. 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 FY2019 and FY2018.

23. 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.

24. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

The Company had incorporated the following subsidiaries during FY2019:

S/N	**Subsidiary**	**Date of announcement**
1.	Trendlines AgriFood Pte. Ltd.	27 February 2019
2.	Trendlines AgriFood Innovation Centre Pte. Ltd.	27 February 2019

Further details on the subsidiaries can be found in the Company's announcement released on the date as set out above.

BY ORDER OF THE BOARD

D.Todd Dollinger
Chairman and CEO
24 February 2020

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*This announcement has been prepared by The Trendlines Group Ltd. (the "**Company**") and its contents have been reviewed by 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).