trendlines
medical • agtech • labs








THE TRENDLINES GROUP LTD.
ANNUAL REPORT 2018

Creating & Developing Companies
To Improve the Human Condition




CONTENTS

SHORTENED FORMS & ACRONYMS IN THIS ANNUAL REPORT

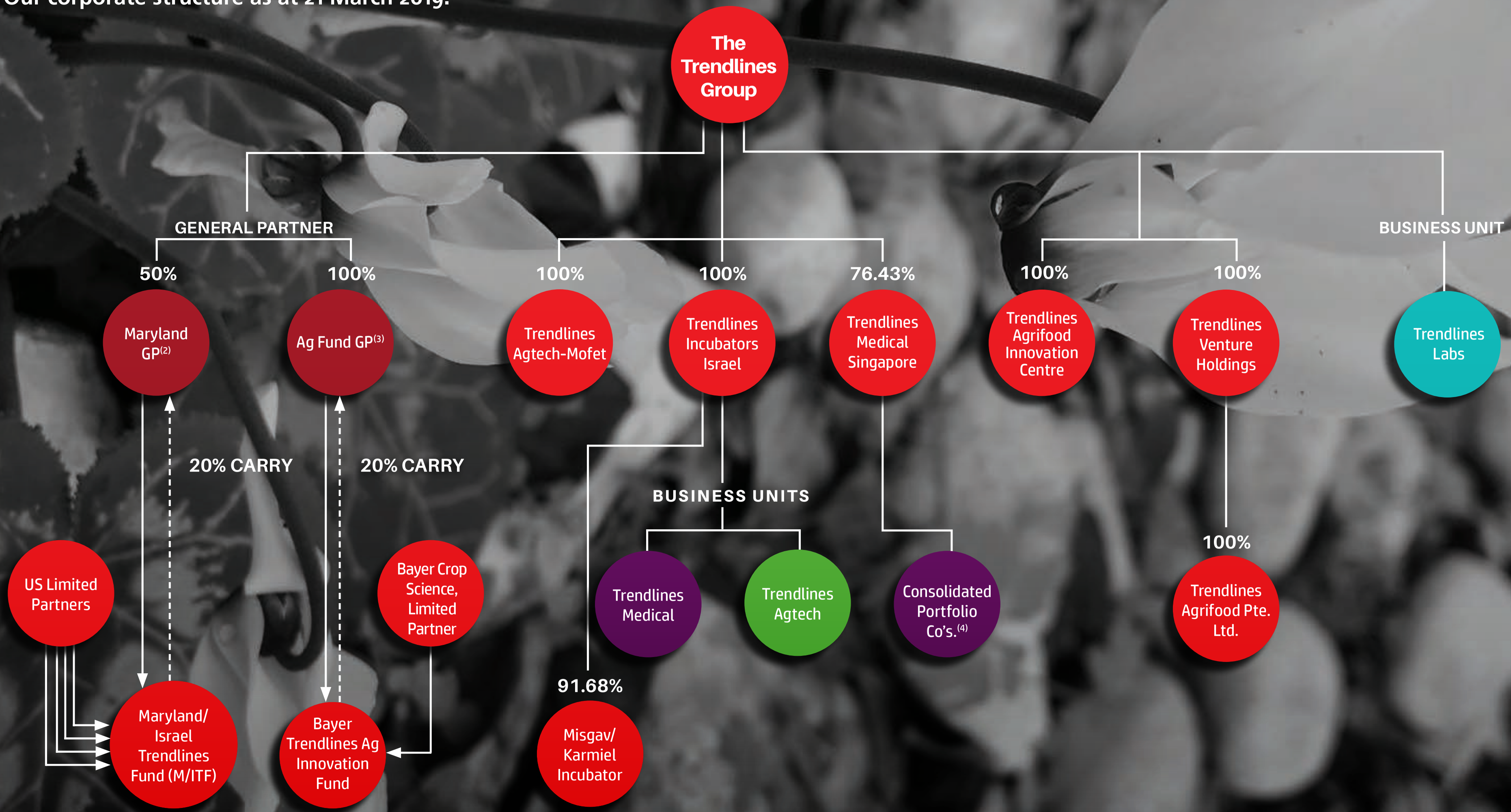
Accelerate Technologies Pte Ltd ("A*ccelerate"), the commercialization arm of the Agency for Science, Technology and Research ("A*STAR")
American Depositary Receipt ("ADR")
Annual General Meeting ("AGM")
Bayer Crop Science LLC ("Bayer Crop Science" or "BCS")
Bayer Trendlines Ag Innovation Fund ("Bayer Trendlines Ag Fund" or "Ag Fund")
B. Braun Melsungen AG ("B. Braun")
Board of Directors ("Board")
Catalist of the Singapore Exchange Securities Trading Limited ("Catalist of the Singapore Exchange")
Chief Executive Officer ("CEO")
Chief Financial Officer ("CFO")
Chief Operating Officer ("COO")
Chief Technology Officer ("CTO")
Compound Annual Growth Rate ("CAGR")
Environmental, Social and Governance ("ESG")
Fair Value ("FV")
Financial Year Ended 31 December 2016 ("FY2016")
Financial Year Ended 31 December 2017 ("FY2017")
Financial Year Ended 31 December 2018 ("FY2018")
Financial Year Ending 31 December 2019 ("FY2019")
First in Human ("FIH")
Frequently Asked Questions ("FAQs")
General and Administrative ("G&A")
General Partner ("GP")
Global Reporting Initiative ("GRI")
Initial Public Offering ("IPO")
Intellectual Property ("IP")
Internal Rate of Return ("IRR")
Israel Innovation Authority ("IIA"; previously, Israel's Office of the Chief Scientist of the Ministry of Economy and Industry, or "the OCS")
Johnson & Johnson Innovation – JJDC, Inc. ("JJDC")
Joint Venture ("JV")
K2 Global Pte Ltd ("K2 Global")
Maryland/Israel Trendlines Fund GP LLC ("Maryland GP")
Maryland/Israel Trendlines Fund L.P. ("M/ITF")
Memorandum of Understanding ("MOU")
Merger and Acquisition ("M&A")
Misgav/Karmiel Technology Incubator, Management Services Ltd. ("Misgav/Karmiel Incubator")
National Healthcare Group Pte. Ltd. ("NHG")
National University of Singapore ("NUS")
Nutreco Investments B.V. ("Nutreco NuFrontiers")
OTCQX Market ("OTCQX®," a trademark of the OTC Markets Group Inc.)
PrimePartners Corporate Finance Holdings Pte. Ltd. ("PrimePartners Holdings")
Profit and Loss ("P&L")
Redeemable Convertible Loan ("RCL")
Research and Development ("R&D")
Singapore Dollar ("SGD")
Singapore Exchange Limited ("SGX")
Singapore General Hospital ("SGH")
Singapore Israel Industrial Research and Development Foundation ("SIIRD")
Special General Meeting ("SGM")
SEEDS Capital Pte. Ltd. ("Seeds Capital")
The Trendlines Group Ltd. ("Trendlines" or the "Company," and together with its subsidiaries, the "Group" or "The Trendlines Group")
Trendlines Agrifood Pte. Ltd. ("Trendlines Agrifood")
Trendlines Agrifood Innovation Centre Pte. Ltd. ("Trendlines Agrifood Innovation Centre")
Trendlines Agtech Ltd. ("Ag Fund GP")
Trendlines Agtech-Mofet Ltd. ("Trendlines Agtech-Mofet")
Trendlines Incubators Israel Ltd. ("Trendlines Incubators Israel"; previously, Trendlines Medical-Misgav Ltd.; comprises the business units Trendlines Medical and Trendlines Agtech)
Trendlines International Ltd. ("Trendlines International")
Trendlines Medical Singapore Pte. Ltd. ("Trendlines Medical Singapore")
Vice President ("VP")

TRENDLINES' PORTFOLIO COMPANIES SHORTENED FORMS

Advanced Mem-Tech Ltd. ("MemTech")
Agam Aquaculture Ltd. ("Agam" or "Agam Aquaculture")
AgroScout Ltd. ("AgroScout")
AlgaHealth Ltd. ("AlgaHealth")
ApiFix Ltd. ("ApiFix")
AquiNovo Ltd. ("AquiNovo")
Arcuro Medical Ltd. ("Arcuro Medical")
Avir Medical Pte. Ltd. ("Avir Medical")
Ayzer Sense Pte. Ltd. ("Ayzer Sense")
BioFishency Ltd. ("BioFishency")
BiPS Medical Ltd. ("BiPS Medical")
Ceretrieve Ltd. ("Ceretrieve")
Continale Medical Pte. Ltd. ("Continale Medical")
CorAlert Ltd. ("CorAlert")
CoreBone Ltd. ("CoreBone")
EdenShield Ltd. ("EdenShield")
ElastiMed Ltd. ("ElastiMed")
Escala Medical Ltd. ("Escala Medical")
Fidmi Medical Ltd. ("Fidmi Medical")
FruitSpec Ltd. ("FruitSpec")
Gordian Surgical Ltd. ("Gordian Surgical")
GreenSpense Ltd. ("GreenSpense")
Hargol FoodTech Ltd. ("Hargol FoodTech")
Hyblate Medical Ltd. ("Hyblate Medical")
IBI-Ag Ltd. ("IBI Ag")
InPlant Technologies Ltd. ("InPlant")
interVaal Pte. Ltd. ("interVaal")
Leviticus Cardio Ltd. ("Leviticus Cardio")
liberDi Ltd. ("liberDi")
Limaca Medical Ltd. ("Limaca Medical")
Magdent Ltd. ("Magdent")
Medulla Pro Pte. Ltd. ("Medulla Pro")
MetoMotion Ltd. ("MetoMotion")
MiRobot Ltd. ("MiRobot")
NeuroQuest Ltd. ("NeuroQuest")
Omeq Medical Ltd. ("Omeq Medical")
OrthoSpin Ltd. ("OrthoSpin")
Phytolon Ltd. ("Phytolon")
PregnanTech Ltd. ("PregnanTech")
ProArc Medical Ltd. ("ProArc Medical")
Saturas Ltd. ("Saturas")
Seger Surgical Solutions Ltd. ("Seger Surgical")
SetBone Medical Ltd. ("SetBone Medical")
Sol Chip Ltd. ("Sol Chip")
Stimatix G.I. Ltd. ("Stimatix GI" or "Stimatix")
S.T.S. Medical Ltd. ("ST Stent")
Valentis Nanotech Ltd. ("Valentis")
Vensica Medical Ltd. ("Vensica Medical")
Vessi Medical Ltd. ("Vessi Medical")
ViAqua Therapeutics Ltd. ("ViAqua Therapeutics" or "ViAqua")
Vvital Biomed Ltd. ("Vvital" or "Vvital Biomed")
Zeev Implants Ltd. ("Zeev Implants")
ZygoFix Ltd. ("ZygoFix")

GROUP STRUCTURE[1]

Our corporate structure as at 21 March 2019.



(1) See the complete list of holdings in portfolio companies in the Business Review chapter of this Annual Report.

(2) Maryland GP is a Maryland limited liability company which is the general partner of the M/ITF, a Maryland limited partnership which is a Shareholder of our Company and has invested in certain of our portfolio companies. The remaining 50% shareholding in Maryland GP is held by Maryland/Israel Development Corporation, an unrelated third party. In its capacity as the general partner of M/ITF, Maryland GP is entitled to receive 20% of distributions (cash or property) made by M/ITF as carried interest ("20% Carry"), after all the limited partners in M/ITF have received in aggregate distributions equal to their capital contributions to M/ITF.

(3) Ag Fund GP acts as the GP of an Israeli limited partnership, the Bayer Trendlines Ag Fund. 100% of the interest in the Bayer Trendlines Ag Fund is held by Bayer Crop Science LP, an unrelated third party. In its capacity as the GP of the Bayer Trendlines Ag Fund, Ag Fund GP is entitled to receive 20% of distributions made by the Bayer Trendlines Ag Fund as carried interest, after all the partners have received in aggregate distributions equal to their respective capital Contributions to the Bayer Trendlines Ag Fund. In addition, in its capacity as the GP of the Bayer Trendlines Ag Fund, Ag Fund GP has the sole, complete and exclusive right, power and discretion to operate, manage, and control the affairs and property of the Bayer Trendlines Ag Fund and to make all decisions concerning the operations and business of the Bayer Trendlines Ag Fund.

(4) Six consolidated companies of Trendlines Medical Singapore: Avir Medical (85%), Ayzer Sense (70%), Continale Medical (100%), EndoSIQ (100%), interVaal Medical (98.01%), Medulla Pro (100%).

CORPORATE PROFILE

The Trendlines Group establishes, develops, and invests in technology-based medical and agricultural companies and projects in accordance with its mission "to improve the human condition" by discovering, incubating, and providing extensive support to its portfolio companies.

We create and develop medical and agricultural technology projects and companies with a view toward successful exits in the marketplace. Exits may take the form of M&A transactions, listings on public stock exchanges, or other dispositions, as appropriate to each holding.

When we invest in a company, we provide it with intensive support, including R&D, business development, market and commercialization strategy, investment strategy, finance planning, legal consultancy, human resource recruitments, and marketing communications. During at least their first two or three years, our portfolio companies are located in our offices in Israel or Singapore and receive extensive G&A support, including bookkeeping, accounting, administration, and logistics.

We invest principally through Trendlines Medical and Trendlines Agtech, business units of our wholly owned subsidiary Trendlines Incubators Israel, and Trendlines Medical Singapore. Additionally, we operate Trendlines Labs as our own in-house innovation center.

We explore cooperation opportunities through joint ventures, partnerships, or the formation of strategic alliances with parties that are interested in establishing activities together with us in various countries.

CORPORATE HISTORY IN BRIEF

In 2007, Trendlines acquired a technology incubator that had been established in 1995. We subsequently renamed it Trendlines Incubators Israel and focused on the discovery and development of medical devices and technologies to improve patient outcomes and reduce health care costs. Concurrently, we acquired control of another technology incubator initially founded in 1992. In 2011, we made a strategic decision to focus that incubator (subsequently renamed Trendlines Agtech-Mofet) to establish innovation-based companies focused on developing agricultural technologies. In March 2016, we consolidated the operations of Trendlines Medical and Trendlines Agtech under Trendlines Incubators Israel.

In 2011, we established Trendlines Labs as a business unit of Trendlines to invent and develop technologies for The Trendlines Group or in collaboration with global companies and partners – to address unmet market needs. The technologies developed by Trendlines Labs may be sold, licensed to others, or further developed for commercialization under the auspices of The Trendlines Group.

Members of The Trendlines Group team take time out near the Group's headquarters in Misgav, Israel.

In 2016, we established the Bayer Trendlines Ag Innovation Fund, an Israeli fund, in collaboration with Bayer Crop Science, managed by Ag Fund GP and focused on investments in early-stage agtech portfolio companies of the Group.

Our first investment vehicle outside of Israel, Trendlines Medical Singapore, had its official launch in February 2017. The incubator was established in partnership with B. Braun and PrimePartners Holdings, with the strong support of Enterprise Singapore, the enterprise development agency of the Singapore Ministry of Trade and Industry.

In November 2017, Trendlines Medical Singapore entered into an MOU with Singapore's National Healthcare Group to collaborate in identifying clinical unmet needs and developing innovative technological solutions to address them.

In 2018, we announced our plans to open a Singapore-based innovation center focused on developing agrifood technologies and to raise a US$40 million venture fund to support the investment activity.

We expanded our network of partnerships with industry players in the global medical and agtech communities. We continue to investigate new collaboration opportunities to expand our investment model through joint initiatives, partnerships or strategic agreements in other countries, including Singapore, China, and Germany.

CORPORATE PROFILE

A PART OF THE ISRAELI START-UP ECOSYSTEM

Cultivating an entrepreneurial spirit through a combination of government support and substantial investment in civilian R&D has led Israel to become an international innovation powerhouse, especially in medical and agricultural technologies. Our decades of experience inspires our work in Israel and abroad.

AN EXTENSIVE NETWORK OF RELATIONSHIPS

Our extensive global network of industry leaders, multinational corporations, inventors, entrepreneurs, investors, lawyers, bankers, venture capitalists, and other professionals helps us generate quality deal flow.

A FOUNDATION OF INTENSIVE SUPPORT

The significant support provided to our portfolio companies extends from our physical facilities — where our companies are located for at least two to three years — to ongoing involvement in R&D, technology and business development, finance, marketing communications, and administration, allowing them to flourish and to improve their chances for success.

OUR STRENGTHS

Through these six strengths, Trendlines has become a leader in establishing early-stage innovation-based medical and agricultural technology companies.

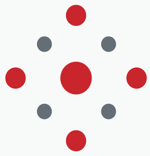
AN EXPERIENCED MANAGEMENT TEAM

We have assembled a senior management team of veteran businesspeople with expertise in a broad range of industries and technologies.

AN EFFICIENT USE OF FUNDS

In Israel, our current average initial investment into a new portfolio company is approximately US$770,000, consisting of our direct cash investment of approximately US$120,000 and in-kind investment of approximately US$650,000. Additionally, most of our portfolio companies receive an initial grant of approximately US$650,000 from the Israel Innovation Authority for total initial funding of approximately US$1.42 million.

Our Singapore-based portfolio companies will typically receive similar support and funding from us and agencies of the Singaporean government.

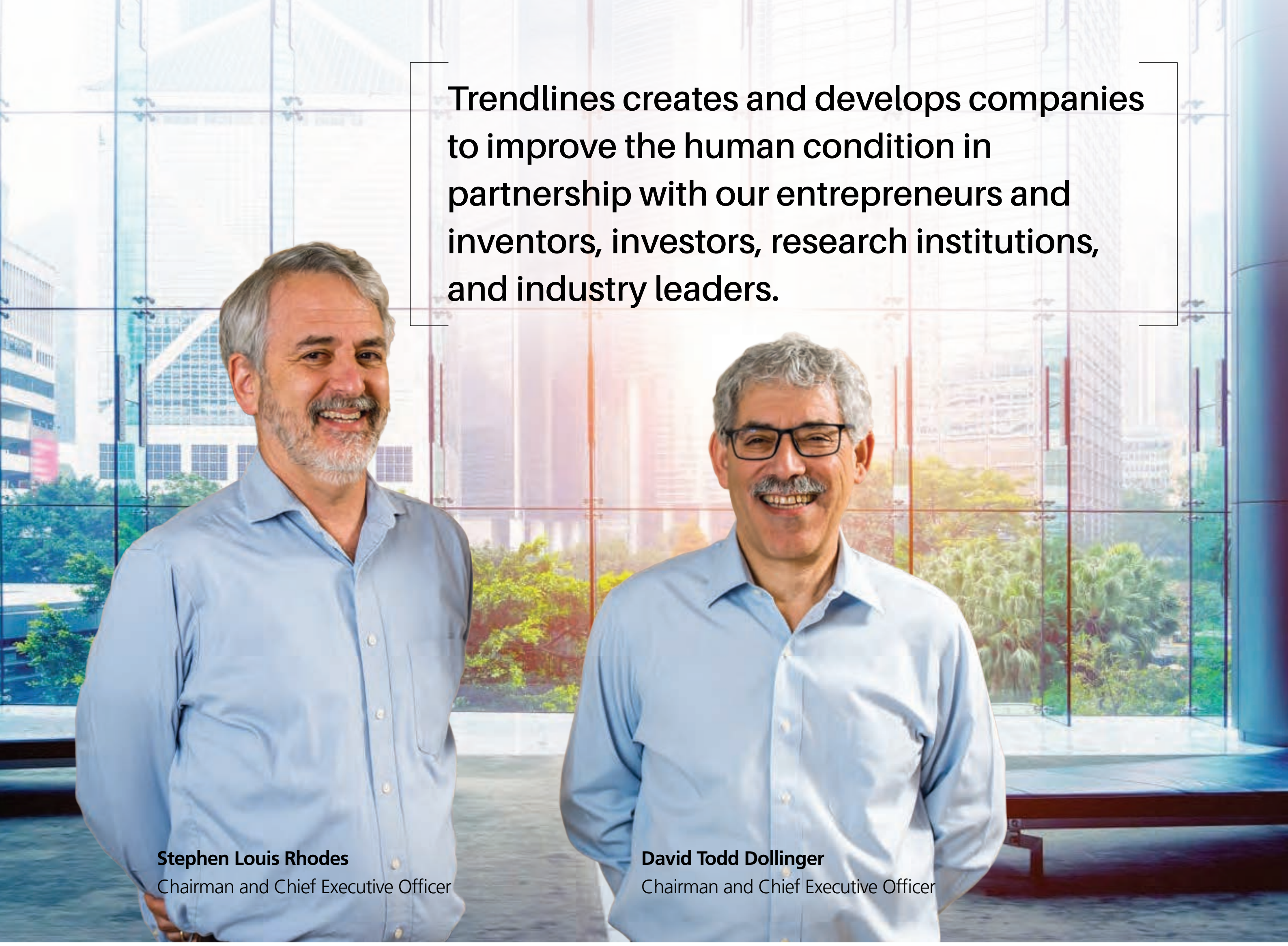


A STRONG REPUTATION, BRAND & TRACK RECORD

The strength of our reputation for early-stage investing and business incubation is built on the decades' long partnership of our chairmen and their reputations in our industries, along with our track record of successful company building, exits, awards, strategic partnerships, events we organize and sponsor, and media attention we garner.

CHAIRMEN'S STATEMENT

> Trendlines creates and develops companies to improve the human condition in partnership with our entrepreneurs and inventors, investors, research institutions, and industry leaders.



Stephen Louis Rhodes
Chairman and Chief Executive Officer

David Todd Dollinger
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

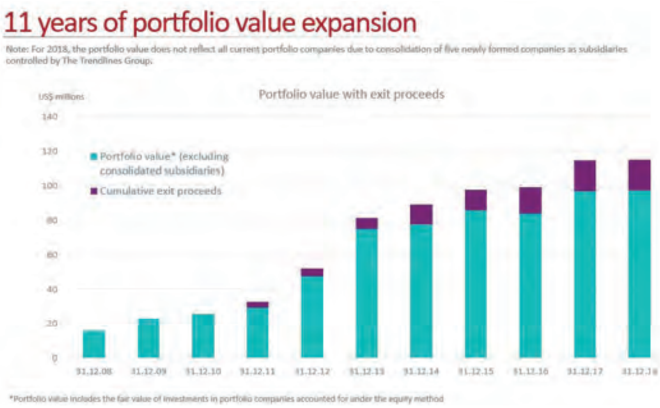
On behalf of the Board of Directors and Management, we are pleased to present this annual report of The Trendlines Group for the financial year ended 31 December 2018.

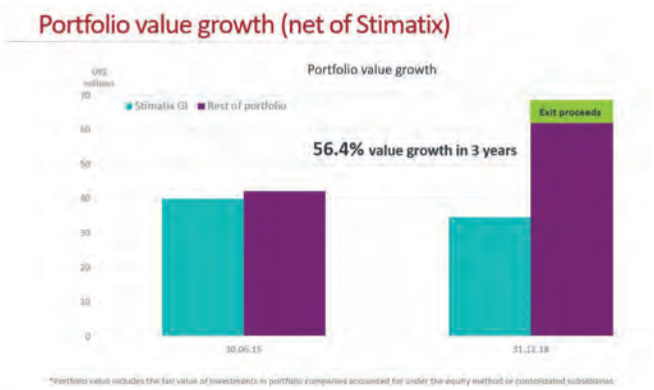
In the 11 years since the start of The Trendlines Group, we established 94 companies, wrote off 33 companies, created our current portfolio of 53 active companies, took 2 portfolio companies public, and exited 8 companies in M&A transactions (2 were listed companies). We opened Trendlines Medical Singapore, our first incubator outside of Israel; created our highly innovative Trendlines Labs unit; and broadened our investment reach, all with a view toward creating value for the Company and its shareholders.

In the three years since our listing on the Singapore Exchange, we started 33 companies; had three exits; and significantly expanded our strategic partnerships in Singapore and around the world. In December 2018, we announced our intention to open a Singapore-based innovation center focused on developing agrifood technologies and our plan to raise a US$40 million venture fund to support the investment activity. We will act as the new fund's general partner.

In FY2018, the fair value of our investments in portfolio companies, a strong indicator of our business progress, increased to approximately US$97.2 million. We are particularly proud that the value of our portfolio (including cash generated from exits), increased for the eleventh consecutive year — every year since the establishment of The Trendlines Group. Our total portfolio value* is up 21.5% since our listing in 2015, from US$80 million to US$97.2 million. The non-Stimatix portion of the portfolio** is up 56.4%, from US$40.1 million in our IPO prospectus to US$62.7 million at the end of 2018. This is our success in building value — 56.4% in three years!

CHAIRMEN'S STATEMENT





As mentioned in our previous earnings reports, our portfolio value and profitability tend to be "lumpy." The nature of our business is closely tied to individual pricing events within our portfolio.

In 2018, our total assets decreased by US$8.2 million to approximately US$110.0 million as at 31 December 2018. This was mainly due to the decrease in our short-term bank deposits by US$8.0 million.

Our results in FY2018 indicate that we exceeded the goals we set as part of the cost reduction program announced in October 2017. In FY2018, operating, general and administrative expenses decreased by approximately US$2.2 million or 25.4%; total expenses decreased from US$10.1 million in FY2017 to US$8.3 million in FY2018. At the start of FY2019, we made additional cuts in expenses that we expect to show results in the coming year. We are committed to carefully monitoring our expenses and our cash position on an ongoing basis.

Our total income of US$1.8 million includes US$5.8 million from services to portfolio companies. Our net loss before tax was US$6.5 million and net loss after tax was US$6.3 million.

BUILDING VALUE THROUGH OUR PORTFOLIO

At the end of 2018, there were 19 portfolio companies five years old or older that had achieved value-building milestones. In accordance with our business model, more mature portfolio companies such as these, as well as younger portfolio companies, may generate significant value for Trendlines in the coming years. Our "10 Companies to Watch" report, introduced in 2017, aids in understanding our assets and focuses attention on those portfolio companies characterized by having made significant progress related to their technology, sales, or other developments.

Trendlines creates and develops companies to improve the human condition through partnerships with our entrepreneurs and inventors, investors, research institutions, and industry leaders – and through Trendlines Labs, our in-house innovation center. We established 10 new portfolio companies in FY2018 (listed below), including 4 companies based on inventions spun out of Trendlines Labs, and IBI-Ag, the first investee of the Bayer Trendlines Ag Fund.

- Seven medical companies: Avir Medical, Ayzer Sense, Continale Medical, Hyblate Medical, Medulla Pro, PregnanTech, Vvital Biomed
- Three agtech companies: Agam Aquaculture, IBI-Ag, Phytolon

Twenty portfolio companies raised funds in 2018. A number of portfolio companies reached major milestones such as regulatory approvals, developments toward commercialization, and successful clinical/field trials. *See these achievements in the Business Review chapter of this Annual Report.*

In April 2018, we disclosed the identity of our Most Valuable Portfolio Company ("MVPC") as Stimatix and that its assets had been acquired by B. Braun Medical SAS, a subsidiary company of B. Braun. Previously, B. Braun advised that they intended to launch the Stimatix low-profile colostomy device in mid-2018. They have informed that their product launch for worldwide rollout remains on schedule.

EXPANDING GLOBAL COLLABORATIONS

Our business is built upon strong partnerships. Through our activities in 2018, we expanded our network of global collaborations with meaningful agreements for the Group and its companies:

- Entering into an MOU with Nutreco NuFrontiers, the strategic innovation and investment division of Nutreco, a global leader in animal nutrition and aqua feed; signing a joint development and marketing agreement with Skretting, its aquaculture division

* Portfolio value includes the fair value of investments in portfolio companies accounted for under the equity method or consolidated subsidiaries.

** The decrease in value of Stimatix is due to the initial revenues of Stimatix GI being lesser than previously projections arising from the product's staggered launch, despite that B. Braun's launch of the Stimatix product remains on track, and further due to a tax ruling under which Stimatix GI agreed to pay a higher overall tax rate which tax payment is deferred until the royalties are actually received, rather than an immediate tax on the estimated full value of royalties.

CHAIRMEN'S STATEMENT

- Signing a cooperation agreement with Sirius VC, an investment group from Brazil
- Realizing the fruits of a collaboration effort between Trendlines Medical Singapore and K2 Global in its appointment as one of the partners under the Startup SG Equity scheme
- Entering into an MOU between Trendlines Medical Singapore and A*ccelerate to jointly develop and commercialize medical technologies
- Receiving an investment led by Johnson & Johnson Innovation for OrthoSpin, one of our medical portfolio companies
- Investing with the Bayer Trendlines Ag Innovation Fund in IBI-Ag, an agtech portfolio company
- Spinning off inventions of Trendlines Labs into four new portfolio companies, two in the Trendlines Medical business unit of Trendlines Incubators Israel (Hyblate Medical and PregnanTech) and two in Trendlines Medical Singapore (Avir Medical and Continale Medical)

BUILDING INVESTOR EXPOSURE

In May 2018, nearly 600 attendees participated in our 5th AgriVest Conference in Tel Aviv. AgriVest brings together industry, business, government, and academia to focus on opportunities, trends, and inventive solutions in agrifood tech. We organize and host the conference with partners GreenSoil Investments and Israel NewTech, part of Israel's Ministry of Economy.

In June and November 2018, we organized investor events in Singapore that featured members of our senior management team and selected portfolio companies. Participants had the opportunity to learn about the Group and its unique incubator model and ask questions.

Events such as these expose Trendlines to the international and Singaporean investment communities and to industry partners and play an important part in our ongoing investor relations, marketing, and business development efforts. *See details in the Business Review chapter and Events section of the Sustainability Report chapter of this Annual Report.*

OUR COMMITMENT TO SUSTAINABILITY

Trendlines places great emphasis on employing a strategic approach to oversee and manage ESG factors significant to us. In accordance with Rule 711A of the SGX Listing Manual Section B: Rules of Catalist ("Catalist Rules"), we are now sharing information about our commitment to sustainability. Our Sustainability Report for 2018 is included in this Annual Report. Therein, we discuss how Trendlines manages key material issues: management of portfolio companies, business ethics, and regulatory compliance. The disclosures within the Sustainability Report complement the operational and financial disclosures in this Annual Report to give a comprehensive view of the Company's performance and activities in the past financial year.

STRATEGIZING FOR THE LONG TERM

We remain focused on building long-term value for our shareholders, and we are confident in our business models and our corporate strategy. We continue to focus on making the right investment decisions, building our portfolio companies, and achieving the best possible results.

ACKNOWLEDGEMENTS AND APPRECIATION

We want to take this opportunity to thank our Board, Management, and employees for their hard work, and our partners, inventors, entrepreneurs, sponsors, shareholders, and the governments of the State of Israel and the Republic of Singapore for their continued support and confidence in the Company.

David Todd Dollinger
Chairman and Chief Executive Officer

Stephen Louis Rhodes
Chairman and Chief Executive Officer

SECTOR Cardiovascular
FOUNDED 2010
STAGE Business development

IDEA

Leviticus was established to provide a better solution for patients with chronic heart failure (CHF). Often, these patients have a markedly impaired quality of life and suffer ongoing infections caused by the transcutaneous drive line, which protrudes from the abdomen.

PRODUCT

Leviticus Cardio's wireless power transfer technology, Coplanar Energy Transfer (CET), combined with an existing ventricular assist system, provides a new, comprehensive, hybrid solution for CHF patients. With the Leviticus system, patients are able to walk and move freely — without external equipment — for up to eight hours a day, thereby significantly improving their quality of life. And the system completely removes the risk of drive line infections.

ACHIEVEMENTS

- Successful FIH
- Successful preclinical demonstration with Jarvik 2000, the industry leader
- Awarded US$950,000 R&D grant with Jarvik Heart from Israel-U.S. Binational Industrial Research and Development Foundation
- Successful completion of chronic (6-month) animal studies
- High visibility and cooperation with industry leaders
- Multiple patents

All data supplied by the company

In December 2018, the first human implant was performed. The "experiment was a great success and the system was proven to be effective." A medical first for patients with ventricular assist devices: One month post-op, Prof. Yuriy Pya (left) and the patient enjoy the swimming pool.

Leviticus completed a 180-day chronic animal study to evaluate its CET technology in combination with a commercial heart pump from Jarvik Heart (conducted at the renowned facility operated by the Catholic University of Leuven, Belgium).

"Trendlines has been a part of the Leviticus journey since our earliest days, providing assistance and ongoing guidance in business development and strategy to help us progress and realize major accomplishments."

Leviticus Cardio CEO
Michael Zilbershlag

www.leviticuscardio.com

SECTOR Crop protection
FOUNDED 2012
STAGE Revenue

IDEA

EdenShield's founders discovered substances in Israel's semi-desert plants that keep insects away.

TECHNOLOGY

EdenShield's natural, nontoxic plant protection products are based on extracts from semi-desert plants and leverage the plants' naturally beneficial characteristics in keeping insects away from crops. The products contain botanical extracts and nutrients vital for plant health and proprietary aromatic ingredients that mask plant odor and lower insect attraction.

ACHIEVEMENTS

- Installed greenhouses increased from 13 to 90 in 2018 (Mexico and EMEA)
- Strong distributors (Israel, Greece, Spain, Mexico, California)
- Licensed for organic agriculture (UK)
- Regulatory approval (Israel, Greece, Spain, selected states in the United States)
- Patents (Australia, EU, Kenya, Mexico, United States
- Raised ~US$5 million

EdenShield's nontoxic plant protection products keep insects away from crops naturally.

"In 2018, EdenShield expanded its organic, chemical-free pesticide replacement products beyond our traditional vegetable market to give cannabis growers a powerful solution that eliminates pests and adds EdenShield's proprietary odor-masking capabilities for long-term protection."

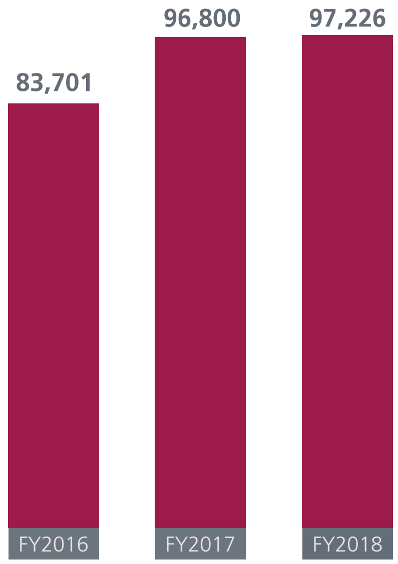
EdenShield Chairman
Peter J. Shaw

www.eden-shield.com

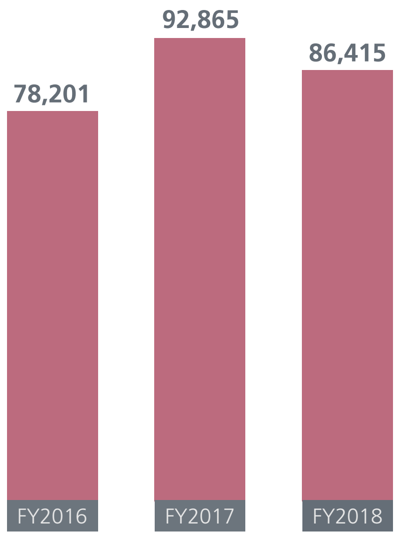
All data supplied by the company

FINANCIAL HIGHLIGHTS

FAIR VALUE OF PORTFOLIO COMPANIES
(US$,000)



TOTAL EQUITY
(US$,000)



OUR 10 MOST VALUABLE COMPANIES

Total estimated fair market value of our 10 most valuable portfolio companies: approximately US$63.3 million, representing 65.1% of total portfolio value of approximately US$97.2 million as at 31 December 2018.

Company Name	Year of Initial Investment	% Owned (Fully Diluted)
ApiFix	2011	20.48
Arcuro Medical	2013	37.24
BioFishency	2013	37.88
EdenShield	2012	23.58
Fidmi Medical	2014	48.28
Hargol FoodTech	2016	26.54
Leviticus Cardio	2010	19.61
Saturas	2013	25.45
Stimatix GI	2009	27.16
ST Stent	2013	31.09

FINANCIAL SUMMARY (US$,000)

	FY2016	FY2017	FY2018
Total portfolio fair value	83,701	96,800	97,226
Total income	74	15,629	1,798
Total expenses	10,008	10,054	8,284
Income/(loss) before income taxes	(9,934)	5,575	(6,486)
Net income/(loss)	(6,578)	3,932	(6,318)

FINANCIAL REVIEW

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 2018 and 31 December 2017.

Total assets decreased by approximately 6.9% from US$118.3 million as at 31 December 2017 to US$110.0 million as at 31 December 2018. This was mainly due to approximately US$8.0 million reduction in short-term bank deposits which were used primarily to finance current operations and investments.

NON-CURRENT ASSETS

INVESTMENTS IN PORTFOLIO COMPANIES

The investments in Portfolio Companies of US$97.2 million as at 31 December 2018 comprised of 53 Portfolio Companies presented at fair value, an increase of US$0.4 million or 0.4% as compared to 31 December 2017.

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

- An aggregate increase of approximately US$8.5 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 favorable terms to the Company, and each company's commercial and technological progress;
- The additional investments in a few of our Portfolio Companies and establishment of 10 additional Portfolio Companies which contributed approximately US$4.6 million to the fair value of our Portfolio Companies as at 31 December 2018; and
- Deconsolidation of one Portfolio Company added to the value of the investment in Portfolio Companies of US$0.8 million.

The increase in investments in Portfolio Companies was offset by:

- The write-off of five Portfolio Companies during FY2018 amounting to approximately US$3.2 million due to lack of sufficient technological advancement and funding;
- An aggregate net decrease of US$8.1 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being lesser than previously projections arising from the product's staggered launch, despite that B. Braun's launch of the Stimatix product remains on track, and further due to a tax ruling under which Stimatix GI agreed to pay a higher overall tax rate which tax payment is deferred until the royalties are actually received, rather than an immediate tax on the estimated full value of royalties.
- An aggregate decrease of approximately US$2.6 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

As at 31 December 2018, current assets amounted to approximately US$11.8 million and mainly comprised of cash and cash equivalents, short-term bank deposits, accounts and other receivables, and short-term loans to portfolio companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents decreased by approximately US$0.6 million mainly due to the utilization of cash for operating activities during January till December 2018. Refer to the section "Consolidated Statement of Cash Flow" for explanation on the utilization of cash for operating activities.

FINANCIAL REVIEW

SHORT-TERM BANK DEPOSITS

Our short-term bank deposits decreased by US$8.0 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.

ACCOUNTS AND OTHER RECEIVABLES

The decrease of US$0.1 million in accounts and other receivables was mainly due to the reduction of R&D services provided by Trendlines Labs to third parties as compared to the end of 2017.

LONG-TERM LIABILITIES

Our total liabilities amounted to approximately at US$23.6 million as at 31 December 2018. Our long-term liabilities, representing approximately 77.2% of our total liabilities, reduction of 5.2% in 31 December 2018 as compared to 31 December 2017.

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 2018, long term deferred revenues amounted to US$1.4 million, relatively unchanged from 31 December 2017.

LOANS FROM THE IIA

The loans from the IIA decreased by US$0.9 million or 22.3%, from US$3.8 million as at 31 December 2017 to US$2.9 million as at 31 December 2018 mainly due to the decrease in fair value of specific Portfolio Companies for which the loans were received.

DEFERRED TAXES, NET

Net deferred taxes remained relatively unchanged and amounted to US$13.7 million in 31 December 2018 as compared to 31 December 2017.

CURRENT LIABILITIES

Our current liabilities decreased by approximately US$0.8 million or 13.2% from approximately US$6.2 million as at 31 December 2017 to approximately US$5.4 million as at 31 December 2018, mainly as a result of the decrease in "Trade and Other Payables" (see below).

TRADE AND OTHER PAYABLES

Trade and other payables decreased by approximately US$0.5 million, or 21.6%, from approximately US$2.2 million as at 31 December 2017 to approximately US$1.7 million as at 31 December 2018 mainly due to decrease in trade payables relating to services provided at the end of 2017 and its related expense which was paid during FY2018.

SHORT-TERM DEFERRED REVENUES

A decrease of US$0.3 million in the short-term deferred revenue was mainly due to fewer number of Portfolio Companies, as at 31 December 2018, that have deferred revenues to be recognized in the 12-month period, as compared to that as at 31 December 2017.

FINANCIAL REVIEW

EQUITY

As at 31 December 2018, equity attributable to equity holders of the Company amounted to approximately US$85.9 million, representing a decrease of approximately US$6.3 million from approximately US$92.2 million as at 31 December 2017. The decrease was mainly due to the loss in FY2018.

INCOME

Total income decreased by approximately US$13.8 million from US$15.6 million in FY2017 to approximately US$1.8 million in FY2018.

GAIN (LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS IN PORTFOLIO COMPANIES

The loss in fair value of investments in Portfolio Companies was US$6.0 million in FY2018 as compared to a gain of US$9.4 million in FY2017 mainly due to:

(i) An aggregate net decrease of US$8.1 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being lesser than previously projections arising from the product's staggered launch, despite that B. Braun's launch of the Stimatix product remains on track, and further due to a tax ruling under which Stimatix GI agreed to pay a higher overall tax rate which tax payment is deferred until the royalties are actually received, rather than an immediate tax on the estimated full value of royalties.

(ii) A decrease of approximately US$2.6 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 FY2018; and

(iii) the write-off of five Portfolio Companies of approximately US$3.2 million as a result of lack of funding in those companies.

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

An aggregate net increase of US$7.5 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, favorable 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$0.8 million received as overhead reimbursement from our Portfolio Companies and approximately US$5.0 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 increased by approximately US$0.9 million or 17.4% mainly due to an increase in number of Portfolio Companies being serviced by the Group in FY2018 as compared to FY2017.

GROUP'S SHARE OF LOSSES OF COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group's share of losses of companies accounted for under the equity method decreased by US$0.2 million due to the consolidation of Trendlines Medical Singapore in FY2018.

INCOME FROM CONTRACTED R&D SERVICES

Income from contracted R&D services remained relatively unchanged in FY2018 as compared to FY2017.

FINANCIAL REVIEW

FINANCIAL INCOME

Financial income increased by US$0.6 million due to changes in the exchange rate since the exchange rate between US$ and NIS (US$:NIS) as at 31 December 2018 was much higher than 31 December 2017. Due to the revaluations on the liabilities in NIS, the Group recorded a higher gain on foreign currency exchange as at 31 December 2018; and in addition to the exchange rate, the decrease in the loans from the IIA contributed to the increase in financial income as well.

EXPENSES

OPERATING, GENERAL, AND ADMINISTRATIVE EXPENSES

Operating, general and administrative expenses decreased by approximately US$2.2 million or 25.4%. The decrease was mainly attributable to the decrease of employment cost and other general and administrative costs as part of the Group's cost reduction plan for FY2018 which was announced in October 2017.

MARKETING EXPENSES

Marketing expenses remained relatively unchanged in FY2018 as compared to FY2017.

R&D EXPENSES, NET

R&D expenses decreased by approximately US$0.1 million or 4.9%. The decrease was mainly attributable to the decrease of employment cost as part of the Group's cost reduction plan for FY2018 which was announced in October 2017.

TAX BENEFITS (INCOME TAX)

Tax benefit in FY2018 was approximately US$0.2 million as compared to tax expenses of approximately US$1.6 million in FY2017 mainly due to taxable loss in FY2018 compared to a taxable income in FY2017.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash used in operating activities of US$8.4 million in FY2018 was mainly due to a net loss of US$6.3 million and adjustments for non-cash items such as (i) loss from changes in fair value of investments in Portfolio Companies of approximately US$6.0 million; (ii) income from services to Portfolio Companies of approximately US$4.9 million; and (iii) non-cash income tax income of approximately US$0.2 million.

Net cash provided by investing activities of US$7.7 million in FY2018 was mainly due to proceeds from sale of short-term bank deposits.

Net cash provided by financing activities of US$0.2 million in FY2018 was mainly due to loans received from the IIA.

BUSINESS REVIEW

See also the Chairmen's Statement and Senior Management chapters in this Annual Report, and the News section of the Trendlines website (www.trendlines.com/news).

As a life sciences innovation commercialization company, Trendlines invents, discovers, invests in, and incubates innovation-based medical and agricultural technologies. The Trendlines Group consists of four business units: our incubators in Israel and Singapore focused on medical technologies, our incubator in Israel focused on agricultural technologies, and our in-house innovation center, Trendlines Labs, which is focused on both medical and agricultural technologies.

Since our start 11 years ago, we have earned an international reputation as a leader in early-stage investing. This reputation has attracted the attention of global medical and agtech corporations, allowing us to enter into numerous partnership agreements, including new agreements in 2018.

CORPORATE

In FY2018, we expanded our global network of corporate partnerships in Singapore, Holland, and Brazil.

- Trendlines Medical Singapore entered into two agreements* this year:
  - In November 2018, the incubator **entered into an MOU with A*ccelerate** to collaborate and explore potential joint R&D initiatives in several medical technology areas.
  - The incubator is **collaborating with Singapore-based venture capital firm K2 Global**. This collaboration was appointed as a partner under the Startup SG Equity scheme. Together, Trendlines Medical Singapore and K2 Global will invest in medical technology companies seeking Series A funding. This collaboration was announced in February 2018.
- In late 2018, we entered into an agreement with the **China-Israel Changzhou Innovation Park Initiative** (CIP), a binational government initiative supporting Israeli companies entering the Chinese market. The agreement will support our portfolio companies' efforts in China.
- At the end of May 2018, we signed a **co-investment agreement with Sirius VC**, an investment group from Brazil. Sirius will invest a minimum of US$50,000 in each chosen portfolio company. This agreement will give our companies exposure in the large Brazilian and South American markets.
- In March 2018, we signed **a collaboration MOU with Holland's Nutreco NuFrontiers**, the strategic innovation and investment division of Nutreco Investments B.V., a global leader in animal nutrition and aqua feed. In accordance with the MOU, we may present co-investment opportunities in select portfolio companies or relevant new opportunities of interest to Nutreco NuFrontiers. During 2018 Nutreco invested in portfolio company ViAqua.

In Q4 2017, we completed a strategic review with respect to our operations and with a view toward reducing costs and increasing efficiency. In 2018, we implemented an **expense reduction plan** to reduce expenses for FY2018 by approximately US$1.3 million as compared to the Group's "Operating, General and Administrative Expenses" and R&D salaries under "R&D Expenses" for the three months ended 30 June 2017, on an annualized basis. In FY2018, we met this expense reduction goal.

ApiFix

Completed >275 procedures and six-year follow-up of earliest cases

Appointed new CEO and chairman

Arcuro Medical

Completed nine successful FIH procedures (United States, So. America)
Received FDA regulatory clearance

Received U.S. patent

Launched website

BiPS Medical

Ranked #17, "70 recent reasons to admire Israel on its 70th birthday" (Israel21c)

Launched website

CORALERT

Selected as a Hello Tomorrow Top 500 deeptech start-up

Advanced to 2nd judging roundMass Challenge Israel

BUSINESS REVIEW

On 30 January 2018, Trendlines Investor Relations **Shira Zimmerman** (front, left) and Trendlines Chairman and CEO **Steve Rhodes** (front, center) welcomed Trendlines Tour participants to our headquarters in northern Israel. The Tour was a "surrounding event" of the 2018 OurCrowd Global Investor Summit. OurCrowd is a leading equity crowdfunding platform for investing in global start-ups.

TEAM

For additional information, see the Senior Management chapter in this Annual Report and the Our Team page on the Trendlines website. (www.trendlines.com/about/team).

Throughout 2018, our Chairmen and members of our senior management team spoke, presented, or served as panelists at more than 15 conferences in Israel, Singapore, China, Europe, and North America.

Trendlines employees in Israel, Singapore, and China provide intense support to our portfolio companies and entrepreneurs related to technology and business development, R&D, finance, marketing communications, and administration. The total number of the Group's employees was 37 as at 31 December 2018.

TRENDLINES INCUBATORS ISRAEL

Trendlines Incubators Israel CEO **Nitza Kardish, PhD**, and the VPs of Business Development and New Ventures for each incubator are frequently invited to share their expertise at Israeli and international conferences.

In 2018, Nitza took an active role in conferences in Israel, the United States, and Singapore.

- Organizer and speaker: AgriVest 2018 (Israel) (see more in the Investor Relations section of the Sustainability Report chapter)
- Discussion leader/guest speaker: World AgriTech Innovation Summit (United States); Bayer Biologics R&D Center (United States); Qinhuai, China, delegation, Art & FoodTech Conference (Israel)
- Advisory board member and panelist: World Agri-Food Innovation Week (Singapore)

Pursuant to the announcement on 18 December 2018 regarding the Company's intention to open a new Singapore-based innovation center focused on developing agrifood technologies, Nitza Kardish accepted the position of Vice Chair at the planned innovation center. She continues to serve as a VP of the Group. As of 1 February 2019, her position at Trendlines Incubators Israel was assumed by Barak Singer.

COREBONE Bioactive Coral Bone Graft

Completed $632,500 financing

Winner, Best Technology Innovation Award, China-Israel Innovation & Entrepreneurship Contest

escala medical

Raised $326,050 (Exit Valley campaign)

ElaStimed

Chosen to receive $1.6 million Horizon 2020 grant

fidmi medical

Completed >11 FIH procedures

BUSINESS REVIEW

TRENDLINES MEDICAL

NEW COMPANIES

In 2018, we founded and invested in three new Trendlines Medical portfolio companies:

- Hyblate Medical, developing a more efficient ablation catheter to treat atrial fibrillation
- PregnanTech, developing a device to prevent preterm birth
- Vvital Biomed, developing a new technology for transcatheter mitral valve repair

TEAM

CEO Trendlines Incubators Israel **Barak Singer** addressed "early collaboration between medtech start-ups and strategic partners" at the Trendlines-sponsored Bio-Executive Forum in Tel Aviv. He was a panelist ("Working with foreign and local TTOs; business models and perspectives") at the 5th Biennial Conference of Israel's Technology Transfer Organization and on the Israeli Investment Roundtable Panel at the 18th Annual Biotech in Europe Forum in Basel, Switzerland.

VP New Ventures **Yuval Almougy** organized a toolbox session at Israel's Google campus focused on "Navigating the medtech investor and due diligence process." He presented at the Safra Young Researchers Forum at Tel Aviv University, served as a judge at MassChallenge Israel and at MedTech Raanana's Pitch #5 Investor Event. He mentored university-student entrepreneurs as part of the Technion-Israel Institute of Technology Faculty of Medicine T2MED 3DS program.

TRENDLINES AGTECH

NEW COMPANIES

In 2018, we established and invested in three new Trendlines Agtech portfolio companies:

- Agam Aquaculture, developing an on-demand, in-water fish sorting system for precise harvesting or selective feeding
- IBI-Ag, developing an environmentally friendly pest management platform (started as a Bayer Trendlines Ag Innovation Fund company)
- Phytolon, developing technology for the reliable, cost-effective production of natural food colorants

TEAM

VP Business Development **Sarai Kemp** presented at the Bayer Biologics R&D Center (United States) and at Agritech Israel 2018 (Israel).

Trendlines Agtech welcomed **Maya Schushan Orgad, PhD,** and **Lauren Gilligan** to its team. Maya, who holds a doctorate in computational biology, is VP Bayer Trendlines Ag Innovation Fund and VP Trendlines Agtech. Lauren works with the portfolio companies on business development.

15 tmura
15+ Years of Sharing

Tmura, the Israeli Public Service Venture Fund, shares in the success of Israel's thriving technology sector through equity donations from Israeli and Israel-related high-tech companies. When the companies go public or are acquired, Tmura donates its earnings to educational initiatives and youth-related charities.

As a Tmura member, we have donated shares in Trendlines, and we strongly encourage all our portfolio companies to allot equity to this meaningful program. In 2018, seven portfolio companies granted options to Tmura, giving us a total of 40 portfolio companies that have granted options to the organization (www.tmura.org).

Gordian Surgical

Increased TroClose™ use to >500 in >100 hospitals around the world

Started direct sales in United States

Leviticus Cardio

Achieved successful FIH

Awarded US$950,000 BIRD grant

Completed successful 6-month animal trial

Completed successful preclinical trial demonstrating wireless power to Jarvik 2000

Finalist, Medtech Insights awards

OMEQ MEDICAL

Raised US$3 million (Pharos Medical)

Raised US$207,500 (Exit Valley campaign)

OrthoSpin

Completed US$3 million raise (JJDC)

Completed successful FIH

BUSINESS REVIEW

TRENDLINES MEDICAL SINGAPORE

Our Trendlines Medical Singapore incubator, which opened in February 2017, is a product of our corporate and government partnerships and alliances with Enterprise Singapore, the enterprise development agency of Singapore's Ministry of Trade and Industry, B. Braun, and financial services group PrimePartners Holdings as shareholders and partners.

In June 2018, Trendlines management participated in our investor event in Singapore. See more in the Investor Relations section of the Sustainability Report chapter in this Annual Report.

In November 2018, Trendlines Medical Singapore entered into an MOU with A*ccelerate* to collaborate and explore potential joint R&D initiatives in several medical technology areas. Trendlines Medical Singapore and A*ccelerate will work together to identify technology from A*STAR with the intention of spinning off up to five start-ups that will benefit from Trendlines Medical Singapore's expertise in medical device incubation and A*ccelerate's invention and development capacities.

In February 2018, Trendlines Medical Singapore's partnerships expanded through its collaboration with K2 Global, a Singapore-based venture capital firm founded by Ozi Amanat, a prominent venture capitalist in Singapore. The partnership was appointed as one of the partners under the Startup SG Equity scheme, administered by SEEDS Capital, the investment arm of Enterprise Singapore.

NEW COMPANIES

The Trendlines Medical Singapore portfolio of companies expanded to five, with the investment in four new companies in 2018:

- Avir Medical, developing a novel endotracheal tube to reduce ventilator-associated pneumonia; brings together concepts from Trendlines Labs and a Singaporean medical student
- Ayzer Sense, developing a specialized mattress overlay to prevent pressure ulcers
- Continale Medical, developing a device to alleviate stress urinary incontinence; product idea conceived by Trendlines Labs
- Medulla Pro, developing ultrasound-guided imaging for lumbar puncture

TEAM

CEO **Eric Loh** served as a guest speaker, judge, and panelist at seven conferences in Singapore in 2018:

- Speaker: i2Start; Centre of Medtech Innovation Retreat (Tan Tock Seng Hospital); E-maginatorium; Institute of Engineering Leadership
- Judge: SLINGSHOT Startup Challenge Singapore
- Panelist: 16th Singapore Health and Biomedical Congress; UBS Global Family Office Summit Asia

In 2018, **Eunice Chew** joined the Trendlines Medical Singapore team as Manager, Business Development, and the team welcomed **Lionel Lim** as Director, Business Ventures. **Aimely Eu** started as Operations Executive.

The Trendlines Medical Singapore team (l to r): Director, Business Ventures **Lionel Lim;** Manager, Business Development **Eunice Chew;** CEO **Eric Loh;** Chairman **Todd Dollinger;** Manager, Finance & Operations **Evelynn Chong;** Operations Executive **Aimely Eu.**

*A*ccelerate is the rebranded entity formerly known as ETPL, the commercialization arm of the Agency for Science, Technology and Research ("A*STAR"), Singapore's lead agency for fostering world-class scientific research and talent.

ststent	ZEEV Modular Dental Implants	ZYGOFIX	AgroScout
Successfully implanted/removed stents	Received U.S. patent	Completed successful FIH	Completed 1st product Launched website

BUSINESS REVIEW

TRENDLINES LABS

In partnership with multinational corporations and leading research institutions, Trendlines Labs creates and develops technologies and products to meet unmet market needs. The work of our Trendlines Labs team has created **"hidden value" for Trendlines by building an in-house IP portfolio** upon which new companies may be created and which may be a source of recurring revenues. (The IP created by Labs is expensed on our P&L statement as it is developed and is not recorded as an asset on our balance sheet until we spin out companies.)

Employing our experience and our partners' in-depth market knowledge, Trendlines Labs has created the ideal environment for shaping ideas into products and bringing them to market with our partners.

In 2018, we started a clinical trial of the Labs-developed sZone hydration monitoring product at the Rambam Health Care Campus, a 1,000-bed hospital in Haifa, Israel. The trial's objective is to correlate blood osmolality (concentration) with the device parameter. The trial target is 20 dialysis patients and 10 healthy subjects. At the end of 2018, five dialysis patients and four healthy subjects had participated in the trial.

Technologies invented by Trendlines Labs were spun out to form four new medical portfolio companies in 2018:

- Hyblate Medical, established in September 2018 as a company in our Trendlines Medical incubator in Israel
- PregnanTech, established in early 2018 as a company in our Trendlines Medical incubator in Israel
- Two companies established in December 2018 in our Trendlines Medical Singapore incubator: Avir Medical and Continale Medical

These companies join interVaal and Limaca Medical*, which also originated from Trendlines Labs ideas.

TEAM

Our dedicated Trendlines Labs team relies on its extensive technological, engineering, and management experience to take a highly focused, extremely efficient approach to innovation and development. The team of six engineers, scientists, biomedical specialists, and business development professionals deal with projects addressing unmet needs in areas that the Labs team itself, or our international partners, have identified, including urology, neurology, cardiology, and women's health.

Per our announcement on 30 January 2019, **Yosi Hazan,** the CEO of Trendlines Labs, left the Company to pursue other career opportunities. Effective 10 February 2019, his position was assumed by **Nir Goldenberg,** the former VP Business Development of Trendlines Labs. Yosi served as CEO of Trendlines Labs since its inception in 2011.

* Both established in 2017, interVaal in our Trendlines Medical Singapore incubator and Limaca in our Trendlines Medical incubator in Israel.

BioFishency AQUACULTURE TECHNOLOGY

US$1.3 million in sales (2018)

Raised $900,000 (private investor)

Opening Chinese subsidiary

Began development of new technology for cold-water fish

Won 2018 Fishtech Awards

EdenShield

Raised $524,550 (Exit Valley campaign)

Increased the number of installed greenhouses to 90

Sales nearly doubled

Approved for use in organic agriculture in the UK

Received patents in Kenya, EU, Mexico

FruitSpec.

Completed successful trials

Reached the Radicle Automation Challenge Final Four

Launched website

HARGOL DELIVERING PROTEIN

Sent first commercial shipments

Won the Calcalist FoodTech Innovation Competition

Named Top 50 Agtech Startups to Watch out for in 2018 (YoStartUps)

Named SEAL award winner (Sustainability, Environmental Achievement & Leadership)

BUSINESS REVIEW

OUR PORTFOLIO COMPANIES

The 53 Trendlines portfolio companies (as at 31 December 2018) develop, or have developed, innovation-based medical and agricultural technologies and products in keeping with our mission to improve the human condition. We believe that in the right environment, and with substantial support, significant benefit can be derived from establishing, investing in, and supporting early-stage companies for potential higher returns and rapid growth.

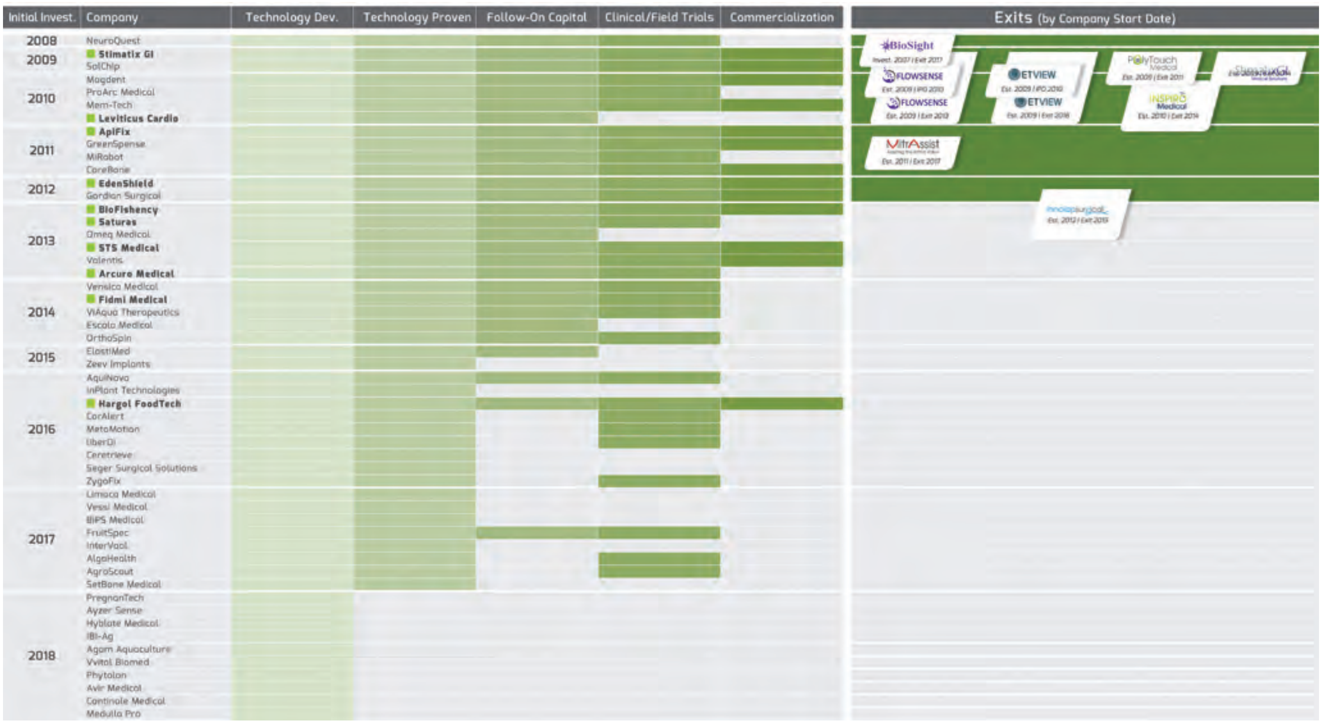
The table below presents currently active portfolio companies* established since we began operations in 2007. It provides a visual representation of our business model – and illustrates how our portfolio's value builds over time.

- The portfolio companies are listed according to the year of our initial investment in each, from the earliest at the top to the youngest at the bottom. The companies in bold are our 10 most valuable companies as at 31 December 2018.
- The green columns from left to right represent our portfolio companies' achieving value-building milestones. As the table illustrates, many of our more mature companies have reached significant milestones.
- The companies we exited are represented at the far right, listed by year of our first investment in each.

TEN COMPANIES TO WATCH

Our quarterly report, "10 Companies to Watch," highlights portfolio companies that have made significant progress; such progress may include sales, patent approvals, clinical or field trials, and receipt of CE mark or FDA clearance. These are companies to watch closely in the coming years.

The 10 companies to watch in our most recent report (issued 23 January 2019) were ApiFix, Arcuro Medical, BioFishency, Fidmi Medical, Gordian Surgical, Leviticus Cardio, OrthoSpin, Saturas, ST Stent, and ViAqua Therapeutics. (In this most recent report, we announced that to align with our quarterly reporting, we will no longer release this report but will incorporate updates on companies that have reached significant milestones through alternate communications such as our monthly investor update, our investor presentation, and our annual report.)



* Current portfolio companies as at 31 December 2018; 33 written-off companies not shown. IPO indicates reverse mergers into public companies.

METOMOTION

Completed successful greenhouse tomato trial

Saturas

Raised US$4 million (Hubei Forbon Technology Co. Ltd., Ramat Magshimim, Miguel Torres Winery SA, existing investors)

Launched new field trials in South Africa

Completed successful field trials in California

VIAQUA THERAPEUTICS

Received investment from Nutreco

Signed joint development agreement with Skretting SA (Nutreco Aquaculture division)

OUR PORTFOLIO COMPANIES

● medical ● agtech ● 10 companies to watch (Q4 2018)

Companies in **bold = 10 most valuable companies** (as at 31 December 2018)

	Portfolio Company	Short Description	Year Established	Outstanding Holdings (%)	Fully Diluted Holdings (%)
●	Agam Aquaculture	On-demand, in-water fish sorting by size	2018	50.00	45.77
●	AgroScout	Monitoring and detecting specific diseases in crops	2017	50.00	49.91
●	AlgaHealth	Efficient production of materials from microalgae	2017	42.50	42.08
●●	**ApiFix**	**Minimally invasive device for adolescent scoliosis**	**2011**	**23.90**	**20.48**
●	AquiNovo	Accelerated growth of farmed fish	2016	49.75	44.71
●●	**Arcuro Medical**	**All-suture, knotless meniscus repair system**	**2013**	**40.04**	**37.24**
●	Avir Medical	Endotracheal tube reduces ventilator-associated pneumonia	2018	85.00	85.00
●	Ayzer Sense	Body-pressure redistributor prevents pressure ulcers	2018	70.00	70.00
●●	**BioFishency**	**All-in-one water treatment system for aquaculture**	**2013**	**38.47**	**37.88**
●	BiPS Medical	Wireless, wearable vital sign monitoring system	2017	63.88	59.36
●	Ceretrieve	Thrombectomy device for treating ischemic stroke	2016	50.00	43.50
●	Continale Medical	Device to alleviate stress urinary incontinence	2018	100.00	100.00
●	CorAlert	Noninvasive monitoring for the diagnosis of heart failure	2016	50.00	50.00
●	CoreBone	Bioactive coral-based bone graft material	2011	38.83	36.81
●	**EdenShield**	**Nontoxic odor-masking insect control solutions**	**2012**	**29.60**	**23.58**
●	ElastiMed	Easy-to-wear compression stocking from smart materials	2015	40.41	36.58
●	Escala Medical	Nonsurgical, incision-free approach for pelvic organ prolapse	2014	50.00	42.16
●●	**Fidmi Medical**	**Feeding device for improved delivery of enteral nutrition**	**2014**	**49.56**	**48.28**
●	FruitSpec	Accuracy in fruit yield estimation	2017	45.92	45.74
●●	Gordian Surgical	Integrated port closure system	2012	19.29	16.31
●	GreenSpense	Propellant-free dispensing technology	2011	25.03	20.13
●	**Hargol FoodTech**	**First commercial grasshopper farm**	**2016**	**26.60**	**26.54**
●	Hyblate Medical	More efficient ablation catheter to treat atrial fibrillation	2018	85.00	84.60
●	IBI-Ag	Environmentally friendly pest management platform	2017*	42.00	42.00
●	InPlant	Increased mobility of agrochemical ingredients in plants	2016	49.10	49.70
●	interVaal	Reduced catheter-associated urinary tract infections	2017	98.01	98.01
●●	**Leviticus Cardio**	**Wireless energy transfer for ventricular assist device**	**2010**	**20.88**	**19.61**
●	liberDi	Automatic, portable system for peritoneal dialysis	2016	49.89	44.30
●	Limaca Medical	Endoscopic ultrasound fine needle biopsy system	2017	90.24	73.58
●	Magdent	Miniature electromagnetic dental implant device	2010	12.10	10.26
●	Medulla Pro	Ultrasound-guided imaging for lumbar puncture	2018	100.00	100.00
●	MemTech	Advanced water filtration membranes	2010	15.70	13.46
●	MetoMotion	Robotic greenhouse vegetable harvesting system	2016	50.00	48.92
●	MiRobot	Multi-stall, automatic robotic milking system	2011	31.35	25.80
●	NeuroQuest	Simple blood test for early diagnosis of Alzheimer's	2008	68.08	31.79
●	Omeq Medical	Smart epidural needle	2013	31.42	29.51
●●	OrthoSpin	Smart external fixation system	2014	39.00	31.70
●	Phytolon	Reliable, cost-effective production of natural food colorants	2018	85.00	76.52
●	PregnanTech	Device to prevent preterm birth	2018	84.30	83.90
●	ProArc Medical	Minimally invasive solution for enlarged prostate	2010	25.30	23.02
●●	**Saturas**	**Stem water potential sensor for optimal irrigation**	**2013**	**27.63**	**25.45**
●	Seger Surgical	Laparoscopic bowel closure device for intracorporeal anastomosis	2016	50.00	43.71
●	Setbone Medical	Novel treatment for vertebral compression fractures	2017	50.00	48.35
●	Sol Chip	Maintenance-free, everlasting solar battery	2009	14.10	11.14
●	**Stimatix GI**	**Low-profile colostomy appliances**	**2009**	**28.17**	**27.16**
●●	**ST Stent**	**Removable stent following sinus surgery**	**2013**	**36.79**	**31.09**
●	Valentis	Coating platform for food packaging, agtech, more	2013	88.49	68.58
●●	Vensica Medical	Needle-free drug delivery for overactive bladder	2014	28.63	26.95
●	Vessi Medical	Cryotherapy for superficial bladder cancer	2017	50.00	47.04
●●	ViAqua	Orally administered health management for aquaculture	2014	51.95	48.33
●	Vvital Biomed	Concept and technology for transcatheter mitral valve repair	2016**	41.00	40.18
●	Zeev Implants	Modular dental implants	2015	50.00	46.80
●	ZygoFix	Miniature screwless spinal fusion implant	2016	50.00	43.74

* Bayer Trendlines Ag Innovation Fund company founded in 2017 and became a Trendlines Agtech portfolio company in 2018.

** Became a Trendlines Medical portfolio company in 2018.

SECTOR Aquaculture
FOUNDED 2013
STAGE Revenue

IDEA
With their combined 40+ years of experience in aquaculture, the company founders realized the looming water crisis and saw a growing demand for simple, efficient water treatment technology for recirculating aquaculture systems for fish farmers.

PRODUCT & TECHNOLOGY
With its varied products, new technologies, services, and expertise, BioFishency provides its all-in-one water filtration systems to meet the needs of different aquaculture growers in different locations.

ACHIEVEMENTS
- Began development of e-Fish, a new product line for cold-water applications*
- 1st prize FISHTECH AWARDS 2018 (Qingdao, China)
- Worldwide installations (India, Bangladesh, Indonesia, China, Congo, Nigeria, Israel)
- 2018 sales: ~US$1.3 million


BioFishency installation at the China-Israel Agriculture and Technology Town, Shijiazhuang, China. The systems will be used to hatch and grow ornamental koi and Chinese perch.


BioFishency RAS180 installation in Abuja, Nigeria. The systems grow up to 60 tons of African catfish per year.

"We are fulfilling our vision of bringing aquaculture to farms in developing countries and in areas with limited water and space. Trendlines Agtech has given us tremendous support in nearly all our business development efforts."

BioFishency Co-Founder & Co-CEO
Igal Magen

www.biofishency.com

* Based on a license agreement with the Technion–Israel Institute of Technology that will enable BioFishency to expand its product offering and provide products for additional sectors of the land-based aquaculture market.

All data supplied by the company

SECTOR Orthopedics
FOUNDED 2011
STAGE Revenue

IDEA

Founded in Israel by serial entrepreneur Uri Arnin and spine surgeon Yizhar Floman, MD, who conceived of a unique, non-fusion approach to correcting scoliosis of the spine in a least invasive manner to significantly improve the lives of scoliosis patients.

PRODUCT

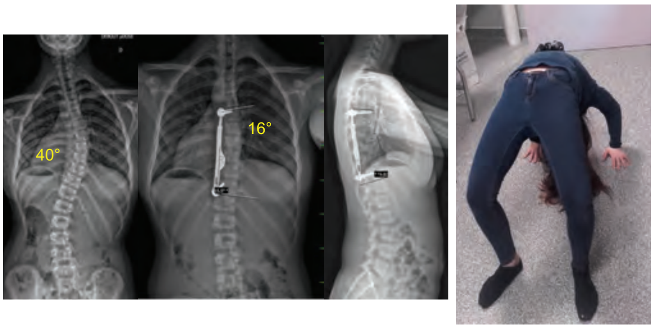
ApiFix's MID-C System acts as an "internal brace" and incorporates a patented unidirectional, self-adjusting rod mechanism with motion-preserving polyaxial joints that is removable and allows for additional post-operative correction over time.

ACHIEVEMENTS

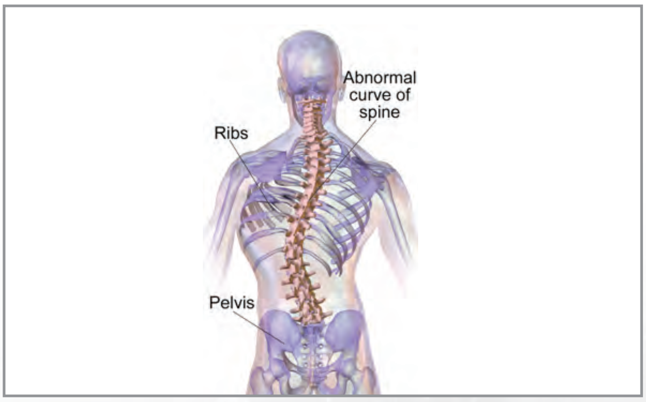
- System used in more than 275 clinical procedures and 6-year follow-up of earliest patients treated (in 2012)
- Commercial sales (Canada, Europe, Israel, Singapore)
- Offices (United States, Israel)
- CE mark
- 7 patent families

HIGHLIGHT

In early 2018, named two experienced U.S.-based spine sector veterans to lead the company: Chairman Ed Roschak, the former CEO of Ellipse Technologies, and President and CEO Paul Mraz, with more than 25 years of spine and orthopedic medical device experience.



This 13-year-old is able to do backbends at her 3-week post-op clinic visit.



Abnormal curvature of the spine.

"ApiFix represents a game-changing opportunity for patients and families as a viable alternative to unsuccessful bracing and irreversible spine fusion procedures. ApiFix has had the backing of Trendlines from its very first days and continues to enjoy its support and guidance as the Company grows and makes progress."

ApiFix CEO
Paul Mraz

www.apifix.com

All data supplied by the company

SUSTAINABILITY REPORT

STATEMENT FROM THE BOARD

This report is the demonstration of our commitment to create long-term value for all our stakeholders. During the year, the Board maintained oversight over the Sustainability Taskforce at Trendlines, determining, managing and monitoring sustainability matters that are material to the Group's business and stakeholders. Together, we consider sustainability issues an integral part of our strategic formulation and believe the Group is well positioned to continue to fulfill its mission.

ABOUT THIS REPORT

This is Trendlines' second Sustainability Report, reflecting our annual update on sustainability initiatives and performance covering the period 1 January 2018 to 31 December 2018, with prior year data for comparison where applicable. It has been prepared in accordance with the Core option of the GRI Standards and applies the GRI reporting principles for Report Content and Report Quality. The GRI Standards were selected as they represent the global best practice for Sustainability Reporting.

This report is published in accordance with the SGX Sustainability Reporting requirements set out in Catalist Rules 711A and 711B.

The information presented in this report covers the operations in our life science incubators (Agtech, Medical, Medical Singapore) and in-house innovation center (Trendlines Labs). As an investment holding company, we have not included performance on issues that might be relevant at the portfolio company level. Further information on portfolio company performance can be found in the Business Review chapter of this Annual Report and on the individual companies' websites.

We did not seek external assurance for this report, but may consider doing so as our reporting matures over time. We welcome feedback from all stakeholders on this Sustainability Report. For any questions or comments about this Sustainability Report, contact Corporate Controller Lina Izakson (lina@trendlines.com).

PERFORMANCE HIGHLIGHTS

NUMBER OF PORTFOLIO COMPANIES THAT RAISED MONEY IN FY2018

medical	13
agtech	7

ESTABLISHED 10 NEW COMPANIES IN FY2018

medical	6
agtech	4

SIGNIFICANT GROWTH FOR TRENDLINES MEDICAL SINGAPORE

(TOTAL NUMBER OF COMPANIES)

FY2017	1
FY2018	5

SUSTAINABILITY REPORT

SUSTAINABILITY AT TRENDLINES

Trendlines remains committed to its sustainability mission. The Board (comprising three independent directors, one non-executive director, and two executive directors) assumes the leadership role for our sustainability strategy. On behalf of the Board, our Sustainability Taskforce maintains oversight of sustainability matters.

The Taskforce's responsibilities include monitoring overall sustainability performance and reporting to the Board. Together, the CFO, Corporate Controller (based in Israel), and Manager of Finance and Operations in Singapore make up the Taskforce (Figure 1). This structure allows us to set the agenda and tone from the top.

Our mission "to create and develop companies to improve the human condition" is reflected in the companies we establish. Our portfolio companies are aimed at improving patient outcomes, reducing health care costs, or helping solve the global food crisis, while creating value for Trendlines and its shareholders.

In 2018, we embarked on a major energy-saving initiative. Our premises in Israel underwent a significant remodeling and refurbishment, which included the installation of LED fixtures and bulbs. As a result of the renovation, we achieved a 40% reduction in electricity consumption.

At the same time, we are mindful about taking measures to reduce the resource footprint of our operations and actively look for ways to reduce waste in our Israel office. Following our decision to eliminate printing our corporate brochures and print only the minimum required number of copies of this annual report, effective January 2019, we also made the decision to discontinue the use of disposable paper goods, except for special cases. This decreased the amount of waste collected by an estimated 40% and the purchase of disposable goods by 75%. We expect further reductions in 2019 as we increase our recycling efforts.

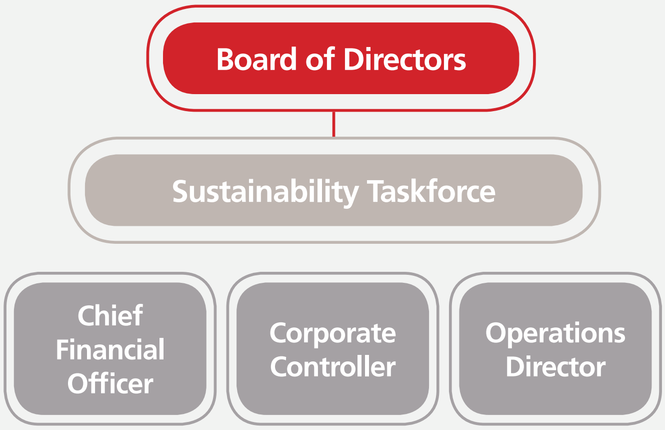


Figure 1. Sustainability Governance at Trendlines

MEMBERSHIP IN ASSOCIATIONS

We are actively involved in a number of industry associations and organizations focused on promoting technological innovation, including —

- Israel Innovation Authority (incubator license)
- Israel Advanced Technology Industries (membership and collaboration)
- Israel Export & Cooperation Institute (membership and cooperation)
- Start-Up Nation Central (cooperation)
- Medtech Insight (membership and cooperation)
- Singapore Israel Industrial R&D Foundation (SIIRD) (cooperation)
- Grow.IL (cooperation)
- Facultech (cooperation)
- Agtech Nation (LinkedIn community page)

STAKEHOLDER ENGAGEMENT

Partnerships are at the very core of our culture. We actively work together with entrepreneurs, investors, strategic players, inventors, and governments to create a healthy and mutually beneficial relationship with all our stakeholders. Our approach to stakeholder engagement encourages regular communication using a variety of media (digital, print, social media) to respond to their evolving concerns.

SUSTAINABILITY REPORT

INVESTOR RELATIONS

We recognize the key concerns of our investor community: insights into the Company's financial health and performance, full and timely disclosure of material information. The Trendlines Group maintains a strong commitment to effective communications with our investor community around the world.

We are proud to note that we received the Most Improved Governance for a Company Trading on the SGX Award by the Securities Investors Association (Singapore) at the 9th Corporate Governance Week, 24-28 September 2018, in Singapore. We moved into the top 10% of all SGX-traded companies on issues of transparency and governance.

Trendlines CFO **Haim Brosh** and Trendlines Medical Singapore CEO **Eric Loh** accept the Most Improved Governance for a Company Trading on the SGX award from Singapore's Senior Minister of State, Minister of Law & Ministry of Health Edwin Tong Chun Fai.

We will continue to provide transparent, timely, and relevant information regarding corporate developments material to the investment community in full compliance with all applicable legal and regulatory requirements. We strive to convey to investors, in a factual and clear manner, information regarding significant developments about the Group and our portfolio companies. To do this, we publish quarterly financial and progress reports (in addition to an annual report), release announcements via SGXNet and the OTCQX, publish the Trendletter (our monthly corporate newsletter), as well as hold regular press conferences on impactful events. This allows our shareholders, potential investors, and partners to learn of our operations and corporate developments and gain a deeper understanding of our business. Besides e-mails to shareholders, Trendlines holds its AGM in Singapore and SGM, as necessary, while also meeting with specific shareholders on an individual basis.

Our Chairmen and CEOs Steve Rhodes and Todd Dollinger and CFO Haim Brosh hold **quarterly earnings calls** in which they discuss our quarterly results, present financial and business highlights for the quarter, and look ahead at upcoming developments. We encourage the public to send questions ahead of time, so the questions may be answered during the presentations. We do this so all our shareholders and potential investors may make informed investment decisions.

BROADENING OUR INVESTOR RELATIONS EFFORTS AND IMPROVING ENGAGEMENT IN 2018

During 2018, our investor relations team continued to increase awareness of The Trendlines Group in the international investment community. The team, including Steve Rhodes, Todd Dollinger, and Haim Brosh, met regularly with shareholders, institutional and individual investors, financial analysts, and journalists in Asia (including China, Singapore, and Israel), North America, and Europe. We initiated and organized two investor events in Singapore, participated in a virtual investor event aimed at U.S. investors, and conducted many one-on-one and group meetings.

In addition to direct contact with shareholders and investors in 2018, to aid in understanding the assets of The Trendlines Group, we enhanced the information about our portfolio companies on our website.

- Our quarterly "10 Companies to Watch" report, which was introduced in 2017, highlights to investors and analysts 10 portfolio companies that have made significant progress or achievements such as sales, patent approvals, CE mark or FDA clearance, or start of trials. The report appears in the News and Investors sections of our website (www.trendlines.com/news and www.investors.trendlines.com/presentations-and-reports/2018).

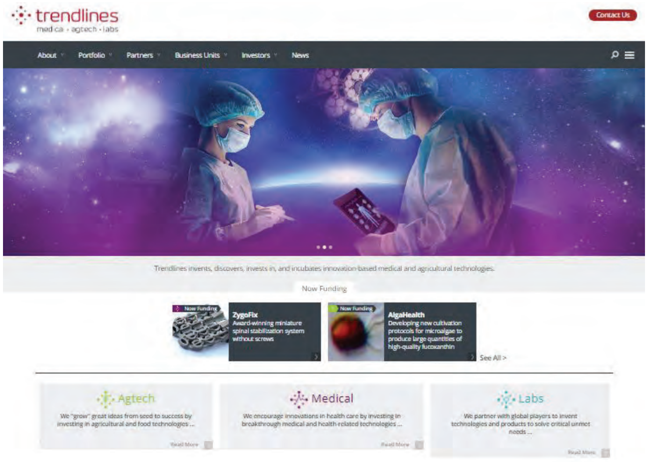
- We publish a monthly update to our investor community with recent Company or portfolio developments and issue regular press releases and updated investor presentations, which can be accessed from the Investors section of our website.

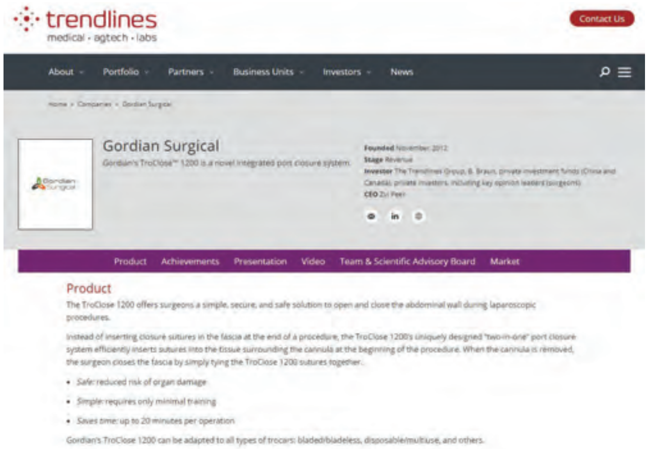
- In 2017, we added FAQs to our quarterly financial report to clarify our "uncommon" business model and "some uncommon aspects of our financial statements." In 2018, we updated the FAQs in the Investors section of our website (www.investors.trendlines.com/faqs).

In 2019, our investor relations strategy will continue to focus on increasing awareness of Trendlines' business model and our portfolio.

SUSTAINABILITY REPORT

A COMMITMENT TO COMMUNICATION DIGITAL, SOCIAL & PRINT MEDIA

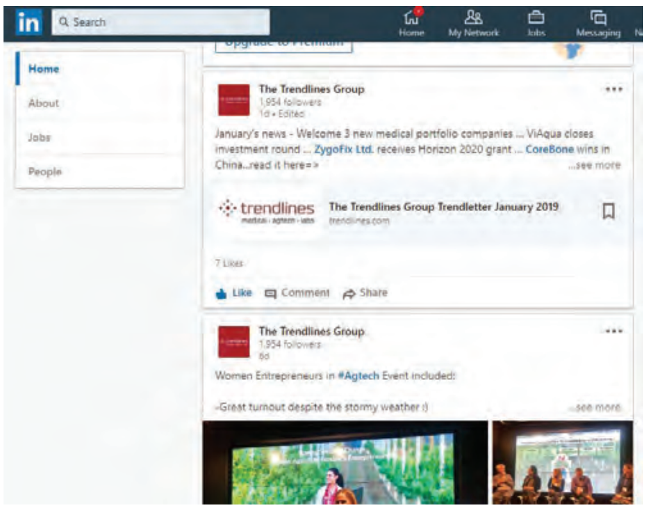




We launched our newly redesigned website at the end of October 2018. Our **website** (www.trendlines.com) provides a comprehensive overview of our organization, including information about each business unit, each portfolio company, and our teams. The site's extensive News section includes media items related to Trendlines and the portfolio companies. In 2018, our website welcomed nearly 55,000 unique visitors.

- The new design enables site visitors to quickly see companies that are funding – and makes it easier to reach portfolio company pages.
- Each portfolio company's dedicated page includes a description of the product or technology, company achievements, the team, presentations and videos, and the market. The new design and interface on these pages make them much easier to navigate.
- We added a form for potential entrepreneurs to send their ideas.
- We added new pages about selected corporate partners. The pages include news items related to our partnerships.

We e-mail the **Trendletter, our monthly newsletter**, to more than 10,000 subscribers around the world. We share information about our organization and our portfolio companies, events we organize or attend, and news items in the media that feature the Group or our portfolio companies. In 2018, news or interviews about Trendlines and our companies appeared in numerous articles in media around the world. Current and previous issues of the Trendletter are available on our website. Site visitors may sign up for the Trendletter using the subscription form and may unsubscribe at any time.



Through our presence on **social media platforms** such as Facebook, LinkedIn, and Twitter, we regularly post and share corporate or industry-related news address our global audience.

SUSTAINABILITY REPORT

The **Investors section of our website** underwent some restructuring and design changes to bring it in line with the general site. We regularly post announcements related to our regulatory filings, our quarterly and annual financial reports, and news items of interest to our shareholders. Up-to-date stock information (SGX and OTCQX), corporate governance policies, and other information are also available.

Subscribed investors receive emails on our monthly investor-focused updates and alerts related to announcements, filings, and other news. Investors may subscribe through our website. Contact details for our investor relations team appear on the website for investor/subscriber inquiries (investors.trendlines.com/contact).

EMPLOYEES

Trendlines is cognizant of the fact that our employees hold the Company to high standards in its employment practices that is in accordance to the law and best practices and at the same time, desire a pleasant and supportive working environment. To build an engaged workforce, we perform regular employee evaluations, hold quarterly staff meetings and department meetings, and organize an annual fun day event. All employees receive the Company's newsletter and are encouraged to access our web-based platform with company information and policies.

As at 31 December 2018, we had 36 employees on permanent contract, comprising 31 employees in our Israel headquarters and 5 employees in Singapore (Figure 2). Of the 31 employees in Israel, one male and six female employees were employed on a part-time basis.

ISRAEL **SINGAPORE**

Figure 2. Team profile breakdown by region and gender

While our workforce is relatively small, we seek to create a culturally sensitive, fair, and inclusive workplace for our employees and portfolio companies without discriminating on the basis of race, color, religion, age, or gender. One of our employees in Israel is from the minority community; two CEOs of our 53 portfolio companies are also from minority communities. Eight portfolio companies are led by women, which represents 15% of our total portfolio.

SUSTAINABILITY REPORT

PORTFOLIO COMPANIES

We are focused on providing significant support and ongoing assistance to our portfolio companies to address specific needs related to obstacles that may occur at any stage of the company's development. In addition to quarterly portfolio company status updates, members of the Trendlines' management sit on the Board of each portfolio company.

See the Business Review chapter of this Annual Report for a list of our portfolio companies.

GOVERNMENT AND INDUSTRY RELATIONS

We regularly engage with the Israel Innovation Authority ("IIA") to understand ongoing changes and updates (for example, guidelines). Our approach involves:

- IIA meetings and e-mails regarding updates
- Quarterly financial report
- Technical report
- Final financial report
- Budget transfer
- Submission of other reports/requests, according to companies' requirements

LOCAL COMMUNITIES

Through various corporate and community interactions throughout the year, Trendlines is committed to making positive contributions and having a lasting impact on the local community.

Due to a restructuring and cutting back of our HR functions in FY2018, we concentrated our efforts on the Adopt-a-Soldier program. Aligning our activities with our focus areas and resources ensures that we are able to provide sustained support for the projects, which are a key concern for our communities.

As part of the Association for the Wellbeing of Israel's Soldiers program, we adopted the Israel Defense Force's 188th Barak ("Lightning") Armored Brigade. An ongoing initiative, we support social programs for the soldiers in this unit by organizing reciprocal visits, attending special events at the army base, donating computers and equipment, assisting with career counseling for soldiers at the end of their service and planning joint community events. During the holiday season, we send gift boxes to soldiers from underprivileged or disadvantaged backgrounds.

See more about our commitment to Tmura (Israel's Public Service Venture Fund) in the Business Review chapter of this Annual Report.

EVENTS

We believe in the strength of face-to-face meetings and events with investors and partners. Members of our senior management team presented, spoke, and served as panelists or judges at a number of events throughout the year.

22 JAN 2018

Chairman and CEO Steve Rhodes was a panelist at the **Padang–SproutX agtech investing event** in Singapore.

24 JAN 2018

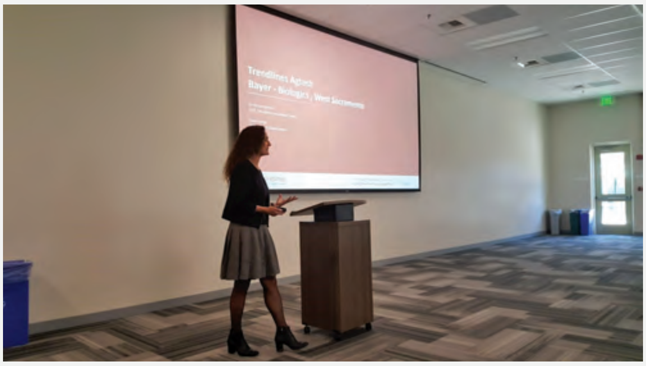
Trendlines Medical Singapore CEO Eric Loh shared news about our incubation efforts and led a tour of our Singapore facilities at the **i2Start kickoff**.

14 FEB 2018

Trendlines Incubators Israel CEO Nitza Kardish presented Trendlines Agtech's activities at the **Migal Galilee Research Institute's Annual Agriculture Conference** in Israel.

19 MAR 2018

Nitza Kardish and Trendlines Agtech VP Business Development Sarai Kemp spoke to the Bayer Biologics R&D team about "intrapreneurship" at the **Bayer Biologics R&D Center** in West Sacramento, California.



SUSTAINABILITY REPORT

20-21 MAR
2018

Nitza Kardish led a networking round table discussion on accelerating innovation at the **World Agri-Tech Summit** in San Francisco. Trendlines was a Growth Partner of the Summit.

11 APR
2018

Steve Rhodes presented to investors at the **OTCQX Virtual Investor Conference.**

2 MAY
2018

Nitza Kardish presented to a delegation from Qinhuai, China, at the **Art & FoodTech Conference** in Akko, Israel.

---

8 MAY
2018

More than 500 industry players, investors, entrepreneurs, and academics gathered in Tel Aviv for the **5th AgriVest conference.** Highlighting the event, the Best Israeli Agtech Company competition and keynote address by Prof. Louise O. Fresco, president of Wageningen University & Research, The Netherlands.

AgriVest presented an outstanding networking opportunity for investors, journalists, and industry players from around the world.

WeedOUT Co-CEO Efrat Lidor Nili (center) accepts the prize for Best Israeli Agtech Company from guest presenter Shibolet's Ofer Ben-Yehuda and AgriVest organizers Israel New Tech's Oded Distel, Trendlines' Nitza Kardish, GreenSoil Investments' Gideon Soesman, and Trendlines' Steve Rhodes.

There were more than 300 pre-scheduled meetings that took place at AgriVest 2018.

SUSTAINABILITY REPORT

15-17 MAY
2018

Former Trendlines Labs CEO Yosi Hazan, Todd Dollinger, and Steve Rhodes are joined by Israel's Chief Scientist, Ministry of Economy and Industry, and Chairman of Israel Innovation Authority Ami Appelbaum, PhD (2nd from right) at the Trendlines' booth, **17th MIXiii-Biomed** in Tel Aviv. FY2018 marked our 13th appearance at the annual life sciences event.

31 MAY
2018

Todd Dollinger was a panelist at the **19th GoForIsrael China-Israel Investment Conference** in Foshan, China.

25 JUN
2018

Eric Loh, Todd Dollinger, and other members of Trendlines senior management ream addressed innovation in Singapore and Israel as part of the joint conference with the **Centre of Medtech Innovation Retreat, National Healthcare Group**. The conference included the participation of hospital administrative, medical, and nursing staffs, with the aim to refine research areas toward stronger commercial outcomes.

3 JUN
2018

Todd Dollinger was a panelist at **US IPOs Revealed: A Preview for Israeli Life Science Companies**, an event sponsored in part by Israel Advanced Technology Industries in Tel Aviv.

27 JUN
2018

Zoom in on Trendlines: At our first **investor meetup** of the year in Singapore, the senior management team discussed the lessons learned on developing a start-up ecosystem and building portfolio value.

27 AUG
2018

Investors met with Steve Rhodes one-on-one at a **meetup** in Singapore.

SUSTAINABILITY REPORT

17-19 SEP
2018

Eric Loh was a judge at the **SLINGSHOT Startup Challenge** in Singapore.

25-27 SEP
2018

Eric Loh served as a panelist at the **16th Singapore Health and Biomedical Congress**.

29-30 OCT
2018

Todd Dollinger addressed "it's not the deal, it's the relationship" during a **panel session** at the YJP CEO conference in Tel Aviv.

6 NOV
2018

Todd Dollinger served on a **healthcare panel** at the UBS Berlin Disruptive Tech Conference.

14 NOV
2018

Todd Dollinger addressed Israeli entrepreneurship in his **keynote address** at China's Ministry of Science and Technology International Technology Transfer Convention in Beijing.

26 NOV
2018

Our second **investor meetup** in Singapore featured Steve Rhodes, Nitza Kardish, and three CEOs of Trendlines Agtech portfolio companies.

Meet Trendlines in Singapore
Focus on Agrifood Tech

14:00 Welcome and update:
Steve Rhodes, Chairman & CEO The Trendlines Group

14:25 Agrifood Tech and Innovation in Singapore:
Nitza Kardish PhD, CEO Trendlines Incubators Israel

14:50 Portfolio company presentations:
AlgaHealth, AquiNovo, FruitSpec

15:20 Q&A

15:40 Coffee, tea and networking

26 November 2018
14:00 - 16:00
Singapore Exchange
2 Shenton Way, SGX
Centre1, Singapore 068804

Space is limited.
To register: Reyna Mei
reyna@financialpr.com.sg

trendlines
Creating and developing companies to improve the human condition
SGX:42T
OTCQX: TRNLY

27-29 NOV
2018

Trendlines was a Gold partner of **Agri-Food Innovation Week** in Singapore. Nitza Kardish served on the conference's Advisory Board and as a panelist discussing "building the agri-food innovation ecosystem in Southeast Asia." Steve Rhodes was a Shark Panel judge during a Technology Showcase focused on Indoor Agriculture and Sustainable Aquaculture. CEOs of Trendlines Agtech portfolio companies AlgaHealth, AquiNovo, and FruitSpec presented at conference Technology Showcase sessions.

6 DEC
2018

Todd Dollinger was a jury member at AO Invest's first **Pitch & Preach competition**, Davos, Switzerland.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Trendlines undertook its first formal Materiality Assessment exercise in FY2017, in accordance with the four-step process illustrated in Figure 3 below. A list of matters identified were rated and prioritized based on their importance and relevance to our business, considering the perspectives from both internal and external stakeholders. From the exercise, three ESG matters that aligned with the Group's business strategies were identified as material. Material matters were then presented to the Board for their validation and approval. In FY2018, Trendlines reviewed the Materiality Matrix (Figure 4 below) based on the GRI Principles and confirmed that there are no changes to the material sustainability matters identified for reporting.

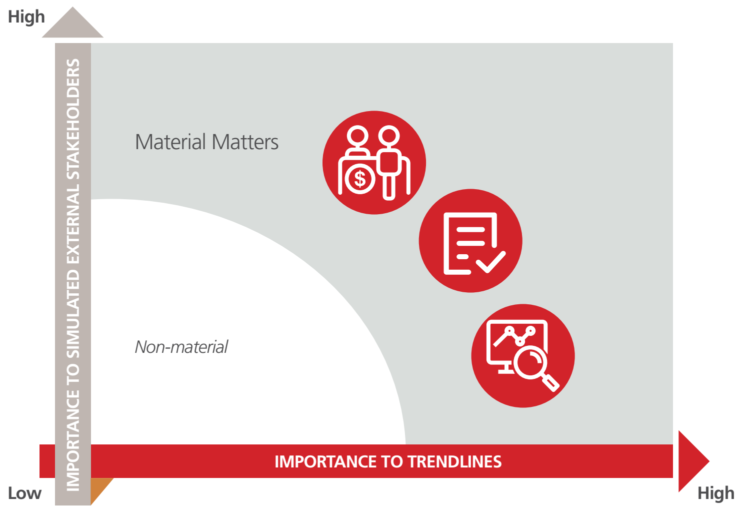


Figure 3. Materiality assessment process

We will continue to evaluate our material sustainability matters on an annual basis to ensure that the reported topics remain relevant and material. We describe how we approach each material aspect in the following pages.

Material Matter	Mapped GRI Standards
Management of portfolio companies	No relevant GRI topic-specific disclosure
Business ethics	GRI 205: Anti-Corruption
Regulatory compliance	GRI 419: Socioeconomic Compliance

Figure 4. Materiality Matrix

MATERIAL ESG FACTORS

Three key material issues that remain relevant to our operations are: management of portfolio companies, business ethics, and regulatory compliance.

PORTFOLIO COMPANY MANAGEMENT

As an investment company, Trendlines has a responsibility to be an active, engaged shareholder. The Group exercises its influence to ensure that portfolio companies conduct their operations in a responsible and ethical manner. Through our incubators, we provide a range of services to our portfolio companies, including business development, technology development, marketing communications, finance, and administration. Supporting our portfolio companies is a crucial element in their business model. Thus, Trendlines invests significant resources in this support, serving both early-stage and more advanced companies. Specifically, such support includes —

- Refining "the pitch" for customers, investors and partners
- Mentoring related to setting and achieving technology goals, investment strategies, and market penetration
- Preparing business plans
- Activities to support start-ups in securing follow on investments
- Access to our global network of venture/strategic partners and assistance with securing strategic partnerships
- Access to beta pilot sites
- Operational services (accounting, office space)

The added value provided by The Trendlines Group to its portfolio companies is evident by the high percentage of portfolio companies that continue to operate for more than two years (the typical incubation period) and succeed in raising significant amounts of follow-on capital.

SUSTAINABILITY REPORT

BUILDING STRONG RELATIONSHIPS WITH PORTFOLIO COMPANIES

To Trendlines, sustainability is about creating long-term stakeholder value by supporting well-governed companies that contribute positively toward improving the human condition and society — and increasing value for its shareholders. At the core of our philosophy is the belief that effective management of portfolio companies can only be achieved by fostering good working relationships with these companies. This ensures that the companies have access to the resources needed to adjust to changing business climates. To this end, facilitating an open culture of communication is key. Quarterly, we convene a high-level review of our portfolio companies. At this review, portfolio company CEOs are invited to meet together with the Group's management and staff to share updates — and receive feedback — on the status of their business operations, economic performance, and challenges.

MAKING THE RIGHT INVESTMENTS: DUE DILIGENCE

As a responsible investor, we seek to make the correct investment decision from the onset. We have due diligence processes to make wise investment decisions to ensure that we remain accountable to our investors who have bestowed their trust in us and to the companies we support. We adopt a prudent due diligence process in selecting the most suitable ideas and technologies for investment.

1. We consider how the project or company addresses a broad market — and meets a substantial, unmet need. This includes an integrated assessment of multiple factors such as market size, structure, and dynamics; regulatory issues; trends; existing solutions; competitors; time and cost to market; and more.
2. We spend considerable time with entrepreneurs/inventors with whom we are reviewing investment opportunities to ensure that their interests and styles match with our hands-on approach to investment.
3. We closely examine the solution and technology being offered based on how well the solution addresses market needs, uniqueness of solution, supportive evidence that may lead to proof of concept, sustainable assets, and level of technological risk down the road for development.
4. We review the strength of the Company's intellectual property assets and strategy.
5. We look at the Company's execution capability to develop the technology into a commercially viable product(s).

TRENDLINES' DEAL FLOW PROCESS: SELECTION CRITERIA

1 Team

- Experience and capabilities
- Dedication/passion
- Chemistry
- Flexibility

2 Market

- Significant opportunity (can company be based on it?)
- Significant potential
- Unmet market need (competitive analysis)
- Understand market dynamics
- Market education needed?
- Identify/understand potential partners' needs
- Time and cost to market; market access
- Possible partners/acquirers
- Business model
  - Single-use/recurring revenues
  - COGS
  - Selling price/benchmarking

3 Technology

- Technological innovation
- Technical feasibility
- IP due diligence
  - Patentability
  - Significance (strength) of patent
  - Waivers?
- Stage (significant R&D plan yet ahead)
- Regulatory pathway and analysis
  - None
  - EPA/USDA (different routes)

Figure 5. Selection criteria in Trendlines deal flow process

SUSTAINABILITY REPORT

In 2018, Trendlines established six companies in Israel (three in medical and three in agtech) and four companies in Trendlines Medical Singapore. For the year ahead, we will focus on funding and value-building of existing portfolio companies.

The table sets out our targets for engaging with our portfolio companies.

Focus Area	Target	2018 Performance
Valuation process applied to portfolio companies	All portfolio companies to go through the external valuation process at least once a year	**Achieved** ✓ We continued to achieve 100% of the target and seek to maintain this in the years ahead. Companies that completed the incubator period are externally valued once a year or more, depending on the Company status.
Updates received from portfolio companies	All portfolio companies (in early incubator stage, first two to three years) to meet on a quarterly basis to discuss progress	**Achieved** ✓ In 2018, we achieved 100% of the target and will continue to maintain this, paying special attention to ensure meetings are held quarterly and that all CEOs are invited. We recommend to our companies that they maintain regular communications (preferably quarterly) with their board and shareholders.

BUSINESS ETHICS

Trendlines fully accepts the need to lead by example and is committed to upholding the highest standards of ethics and integrity at all times. Three policies were issued in 2015 to promote a culture of honesty, integrity, and accountability that applies to the Group and its subsidiaries: Code of Conduct and Ethics Policy, Whistle-Blower Policy, and Anti-Bribery and Anti-Corruption Policy. These policies are reviewed by the Board annually.

Corporate Policies	Guidance Provided
Code of Business Conduct and Ethics Policy	The Company provides this Code to its employees to offer guidance in properly recognizing and resolving the legal and ethical issues they may encounter while conducting the business of the Company. Should an employee be confronted with a situation where further guidance is required, the matter should be discussed with a member of management or the Company's Audit Committee.
Whistle-Blower Policy	The Whistle-Blower Policy makes it clear that employees can report their concerns without fear of victimization, subsequent discrimination or disadvantage. This Policy is intended to encourage and enable employees to raise serious concerns within the Company, rather than overlooking a problem or seeking a resolution of the problem outside the Company. This Policy applies to all employees and contractors working for the Company. It is also intended to provide a method for other stakeholders (e.g., suppliers, customers, and shareholders) to voice their concerns regarding the Company's business conduct. Any concerns raised are submitted to the Chairman of the Audit Committee. No reports were received in 2018.
Anti-Bribery and Anti-Corruption Policy	The Company complies with anti-corruption and anti-bribery legislation in all jurisdictions where it operates. Recognizing that local laws might be less restrictive, Trendlines has also set out principles in this Policy in respect of conduct in all jurisdictions of operations, even where compliance with this Policy prohibits conducts that may otherwise be permitted by local laws. This Policy includes statements on prohibition of bribery, acceptance or offer of gifts or any personal benefit or privilege of any kind with a value that could influence the judgment of the recipients.

SUSTAINABILITY REPORT

Internal and external audit processes are in place to track the adequacy and effectiveness of our corporate governance processes, internal controls, and risk management.

To ensure strict compliance, the Group communicates and trains all employees on these policies. Once a year, Trendlines conducts training in the Company's offices in Israel on its code of ethics and its anti-bribery and anti-corruption policies and other company policies. Employees are required to sign that they participated in the training and their acceptance of the codes. Employees who are unable to attend the training are required to review the course material and confirm their acknowledgement and acceptance; new hires undergo similar training as part of their orientation.

We also have a formalized risk management process in place where risks, control measures, and follow-up actions are identified and monitored by Management and reported to the Board for evaluation. The Corporate Governance Report (on page 50 of this Annual Report) discloses our governance performance and risk management framework in detail. Trendlines continues to maintain its internal controls over financial reporting in its business processes and the effectiveness of these controls are tested annually by auditors.

Focus Area	Target	2018 Performance
Code of ethics training (including communication to and acknowledgement by employees)	100% of employees communicated to and signed declaration of understanding	**Achieved** ✔ We continue to achieve 100% of the target, and we consciously ensure that all new employees who join the Group, regardless of location, understand and sign the declaration.
Reported incidents of corruption, bribery	Zero incidents	**Achieved** ✔ We strive to maintain our record of zero cases of corruption in the years to come.

REGULATORY COMPLIANCE

Good corporate governance defines our corporate culture. At Trendlines, we conduct our business with integrity and in strict compliance with the laws and regulations of the prevailing jurisdictions — and in accordance with the Catalist Rules. This is critical to upholding our reputation as a trusted and respected investor to our portfolio companies, our board of directors, and our stakeholders.

Internal audits are conducted regularly to review compliance matters, ensuring that the Group adheres to regulatory compliance. In 2018, audits performed on two areas — Purchasing and vendor payments, and compliance with Catalist Rules; accounting — revealed no significant findings to be reported.

Although Trendlines is not required by regulation to do so, we have adopted an internal process for Sarbanes-Oxley Act ("SOX") compliance[1]. This includes ensuring the appropriate security controls are in place to ensure that financial data is accurate and protected against loss.

Besides internal audits, as a company trading on the Catalist Board, we have a sponsor who, among others tasks, reviews all documents we release to shareholders or to the market (including announcements, resolutions contained in notices of meetings, circulars, and corporate actions) prior to release on SGXNET, to ensure that Trendlines is in compliance with the Catalist Rules and makes proper disclosure. Therefore, we have not formalized a regulatory policy of our own. If at such a time, when we are not required to have a sponsor, we will implement a policy of our own, in accordance with regulations in Israel and Singapore.

[1] The Sarbanes-Oxley Act is a United States Federal Law that is aimed to protect shareholders and the general public from accounting misstatements and fraudulent financial activities, and to improve the overall accuracy of corporate disclosures.

SUSTAINABILITY REPORT

In recognition of our outstanding efforts in improving corporate governance, we were awarded Most Improved Governance for a Company Trading on the SGX from the Securities Investors Association (Singapore) in 2018. This is a strong testament to our commitment for every staff member and manager to adhere to the highest ethics and compliance standards. According to the SIAS, we are ranked among the top 10% of all SGX-listed companies for governance and transparency.

Focus Area	Target	2018 Performance
Reported incidents of noncompliance relating to laws and regulations, including environmental compliance, socioeconomic compliance and marketing communications	Zero incidents	**Achieved** ✔ We strive to maintain our record of zero reported cases of noncompliance in the years to come.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Organizational Profile		
102-1	Name of the organization	4
102-2	Activities, brands, products, and services	4
102-3	Location of headquarters	49
102-4	Location of operations	4
102-5	Ownership and legal form	3
102-6	Markets served	4
102-7	Scale of the organization	4
102-8	Information on employees and other workers	29
102-9	Supply chain	NA as Trendlines does not engage any suppliers.
102-10	Significant changes to the organization and its supply chain	No significant changes in reporting year.
102-11	Precautionary principle or approach	Trendlines takes a risk-based management approach.
102-12	External initiatives	None
102-13	Membership of associations	26
Strategy		
102-14	Statement from senior decision-maker	6
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behavior	7, 36
Governance		
102-18	Governance structure	26
Stakeholder Engagement		
102-40	List of stakeholder groups	26
102-41	Collective bargaining agreements	No employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	26
102-43	Approach to stakeholder engagement	26
102-44	Key topics and concerns raised	26
Reporting Practice		
102-45	Entities included in the consolidated financial statements	95
102-46	Defining report content and topic boundaries	34
102-47	List of material topics	34

SUSTAINABILITY REPORT

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Reporting Practice		
102-48	Restatement of information	NA as there is no restatement of information.
102-49	Changes in reporting	NA as there are no changes in reporting.
102-50	Reporting period	6
102-51	Date of most recent report	8
102-52	Reporting cycle	8
102-53	Contact point for questions regarding the report	25
102-54	Claims of reporting in accordance with the GRI Standards	25
102-55	GRI Content Index	39
102-56	External assurance	25
Topic-Specific Disclosures		
Management of Portfolio Companies		
103-1	Explanation of the material topic and its boundary	34
103-2	The management approach and its components	34
103-3	Evaluation of the management approach	34
Sound Corporate Governance and Business Ethics		
103-1	Explanation of the material topic and its boundary	36
103-2	The management approach and its components	36
103-3	Evaluation of the management approach	36
205-2	Communication and training about anti-corruption policies and procedures	36
205-3	Confirmed incidents of corruption and actions taken	37
Regulatory Compliance		
103-1	Explanation of the material topic and its boundary	37
103-2	The management approach and its components	37
103-3	Evaluation of the management approach	37
307-1	Noncompliance with environmental laws and regulations	38
419-1	Noncompliance with laws and regulations in the social and economic area	38

SECTOR Urology
FOUNDED September 2017
STAGE Technology development

IDEA
Trendlines Labs conceived this "bioinspired" idea by mimicking the body's own urination process, allowing natural flushing of bacteria through the urethra.

PRODUCT
interVaal's catheter is designed to reduce catheter-associated urinary tract infections (CAUTIs) with a novel design that flushes bacteria into a specially designed buffer zone to prevent migration through the urinary tract.

ACHIEVEMENTS
- Completed animal study demonstrating ease of insertion with no significant difference compared to standard Foley catheters
- Successful completion/demonstration of product functionality (tensile strength, bending, rigidity tests)
- Four urologists joined as clinical advisers
- Preparing for regulatory filing and FIH (H2 2019)

The "buffer zone" of interVaal's uniquely designed catheter reduces CAUTIs by preventing bacteria from migrating into the urinary tract.

"Trendlines Medical Singapore has provided mentorship and guidance, and has helped established critical networks of clinical and business contacts, allowing a good head start for interVaal, which we believe will accelerate the growth of the company."

interVaal Engineer
Lu Shan, as told to
Trendlines Medical Singapore
CEO Eric Loh

www.trendlines.com/company/intervaal

All data supplied by the company

SECTOR Precision ag
FOUNDED 2013
STAGE Revenue

IDEA

Conceived by Moshe Meron, PhD, of the MIGAL Galilee Research Institute Ltd., a veteran researcher who dedicated most of his career examining the relationship between plant, soil, water, and efficient irrigation. His major tool for measuring plant water tissue was a manual pressure chamber, and he was looking for an automated and online solution.

PRODUCT

Miniature sensor embedded in the tree trunk that is in direct contact with the water tissue to constantly measure Stem Water Potential (SWP), a highly accurate and appreciated indicator of plant water status for precise irrigation and optimization of yields.

ACHIEVEMENTS

- With the latest sensor model, completed two successful irrigation seasons in Israel, Spain, California, and South Africa followed by sales with strategic farmers
- Focus on almond, citrus, and apple trees; grape vines, with more than 600 sensors installed in ~30 different farms
- Working with Netafim and Naan Dan Jain, world leaders in the irrigation industry
- Raised $9 million* (50% from non-dilutive Israeli government grants and the EU Horizon 2020 program)

Part of the precise manufacturing process of the Saturas advanced stem water potential sensors.

Saturas sensor installation in citrus tree trunks uses proprietary methods to ensure proper connection to the xylem.

"After years of development, I am excited to learn about the willingness of the market to pay for the Saturas innovation. The need for advanced tools for precise irrigation and yield optimization is solid and clear, and we are proud to lead the irrigation revolution."

Saturas CEO
Anat Halgoa Solomon

www.saturas-ag.com

All data supplied by the company

BOARD OF DIRECTORS

TODD DOLLINGER

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Todd Dollinger brings decades of entrepreneurial experience to Trendlines.

Todd was appointed as our Director upon the formation of our Company on 1 May 2007 and was last re-elected to hold dual office as our Chairman and CEO on 24 February 2016. He was last re-elected as a Director on 26 April 2017 in accordance with the Company's Articles of Association. He serves as the Chairman of Trendlines Medical Singapore and as Investment Committee Chairman of Trendlines Incubators Israel. As well, Todd is a director and chairman of a number of Trendlines' portfolio companies. He founded The Trendlines Group with Steve Rhodes in 2007 and shares the positions of Chairman and CEO of Trendlines with Steve.

In 1991, Todd joined the marketing department of Israeli medical device start-up SRD Medical Ltd. ("SRD") and went on to become SRD's CEO. It was at SRD that Todd and Steve met.

In 1993, Todd and Steve founded Trendlines International. Under their leadership, Trendlines International grew to become one of Israel's leading business development consulting firms. Todd and Steve founded The Trendlines Group in 2007. They merged the principal consulting activities of Trendlines International Ltd. into the Group in 2008.

Under the strength of their 28-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange; founded more than 90 companies; raised funds around the world for Trendlines and its portfolio companies; exited portfolio companies to multinational corporations; took portfolio companies public; and expanded the Group's activities internationally, including establishing Trendlines Medical Singapore to invest in early-stage Singapore-based medical companies.

He holds a high school diploma from one of the world's finest high schools and graduated in the top 99% of his class.

STEVE RHODES

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Steve Rhodes brings decades of business, finance, and banking experience to Trendlines.

Steve was appointed as our Director upon the formation of our Company on 1 May 2007 and was last re-elected to hold dual office as our Chairman and CEO on 24 February 2016. He was last re-elected as a Director on 25 April 2018 in accordance with the Company's Articles of Association. He serves as the Chairman of Trendlines Incubators Israel and as Investment Committee Chairman of Trendlines Medical Singapore. Steve is a director and chairman of a number of Trendlines' portfolio companies. He founded The Trendlines Group with Todd Dollinger in 2007 and shares the positions of Chairman and CEO of Trendlines with Todd.

In 1988, Steve joined SRD Medical. After serving as its CFO, he became its VP Sales and Marketing. It was at SRD that Steve met Todd. In 1993, Steve and Todd founded Trendlines International. Under their leadership, Trendlines International grew to become one of Israel's leading business development consulting firms. In 2004, Steve became CEO of the incubator that is now Trendlines Incubators Israel, a position he held until 2010.

Todd and Steve founded The Trendlines Group in 2007 and merged the principal consulting activities of Trendlines International Ltd. into the Group the following year. Under the strength of their 28-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange; founded more than 90 companies; raised funds around the world for Trendlines and its portfolio companies; exited portfolio companies to multinational corporations; took portfolio companies public; and expanded the Group's activities internationally, establishing Trendlines Medical Singapore to invest in early-stage Singapore-based medical companies.

Steve received his MBA from the University of Chicago and a BA from Harvard University. He is a Certified Public Accountant in the State of Illinois.

BOARD OF DIRECTORS

ZEEV BRONFELD

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Zeev Bronfeld, together with Chairmen and CEOs Todd Dollinger and Steve Rhodes, founded the Company and was appointed as a Director upon the formation of our Company on 1 May 2007. He was last re-elected on 26 April 2017 in accordance with the Company's Articles of Association. He is a Non-Executive Director.

Zeev is currently the CEO of M.B.R.T. Development and Investment Ltd. He has significant experience in the management and building of medical device and biotechnology companies. He co-founded Bio-Cell Ltd., an Israeli publicly traded holding company, at the time specializing in biotechnology companies, and was its director and CEO until 25 December 2014 and 11 October 2015, respectively. Zeev is a director and chairman of a number of private and public companies.

He received his BSc in economics from the Hebrew University of Jerusalem.

ELKA NIR

LEAD INDEPENDENT DIRECTOR

Elka Nir was appointed as our Director on 15 October 2015 and was last re-elected to the Board to serve as our External Director under the Israeli Companies Law on 13 February 2019. She is our Lead Independent Director.

Elka is the founder and CEO of E.LeadIN Ltd., a company that provides business, strategy, marketing, strategic alliances, and investment consultancy services. In addition, she is the CEO of Carmel Ltd. (the economic corporation of Haifa University, Israel), where she is responsible for, among other things, leading commercial and business activities and where she founded and serves as the CEO of Carmel Innovations Ltd., a microfund that invests in projects from Haifa University, Israel. She holds directorships in Carmel Innovations Ltd.'s subsidiaries as well as in several other companies.

She served as the VP marketing, sales, and customer support at a subsidiary of GE Medical before joining General Electric Medical, Israel, as their VP engineering and research. She was the COO and director of development and operations at Biosense Webster (Israel), Ltd., a subsidiary of Johnson & Johnson. She was the managing director and general partner of Giza Venture Capital Fund ("Giza VC Fund"), a venture capital fund that invests in innovative high-tech and life sciences companies and where she was a member of Giza VC Fund's investment committee and had strong connections to its global investors, specifically in Asia. Elka served as a board director and investment committee member at Van Leer Technology Ventures, a technological incubator that invests in innovative medical and information technology companies.

She received her BSc in computer sciences from the Technion-Israel Institute of Technology and her diploma (magna cum laude) in business administration from the University of Haifa, Israel.

BOARD OF DIRECTORS

PROFESSOR STEPHEN HASLETT
INDEPENDENT DIRECTOR

Professor Steve Haslett was appointed as our Director on 15 October 2015 and was last re-elected as a Director on 19 April 2016 in accordance with the Company's Articles of Association. He will be subject to retirement and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 29 April 2019. Additional information on Professor Haslett as required to be furnished pursuant to Rule 720(5) of the Listing Manual Section B: Rules of the Catalist of the SGX-ST can be found on pages 79 to 82. He is our Independent Director.

Professor Haslett provides consultancy services in business development and commercialization through Silver Fox Pte Ltd, a company he founded. He has more than 40 years of experience in the IT business, and held executive positions at Hewlett Packard, Dell Computer, and various technology start-ups where he assisted in the commercialization and globalization of their technologies. He is a professor of entrepreneurship at INSEAD, where he teaches postgraduate and executive courses on, among other things, corporate entrepreneurship, business building in Silicon Valley, private equity, venture capital, and computer-based business simulations.

He holds an MSc and BSc (Hons), both in aeronautical engineering, from Imperial College, London, and a Diploma of Imperial College from the University of London. He is also an associate of the City and Guilds Institute, London, and a member of the Singapore Institute of Directors.

PROFESSOR HANG CHANG CHIEH, PHD
INDEPENDENT DIRECTOR

Professor Hang Chang Chieh was appointed as our Director on 15 October 2015 and was last re-elected to the Board to serve as our External Director under the Israeli Companies Law on 13 February 2019. He is our Independent Director.

Professor Hang is currently the executive director of the Institute for Engineering Leadership at the National University of Singapore ("NUS"), a position he has served in since its founding in 2011.

Professor Hang worked as a computer and systems technologist in the Shell Eastern Petroleum Company (Singapore) and the Shell International Petroleum Company (The Netherlands) from 1974 to 1977 before joining NUS. Professor Hang served in various positions in NUS, including the Vice-Dean of Engineering, Head of the Department of Electrical Engineering, and Deputy Vice-Chancellor (Research and Business Ventures). Professor Hang was seconded to the Agency for Science, Technology and Research ("A*STAR") and acted as A*STAR's Executive Deputy Chairman. Upon completion of the secondment to A*STAR, Professor Hang returned to NUS in January 2004 as the Founding Director of the Centre for Management of Science and Technology, Faculty of Engineering. He served as the Founding Head, Division of Engineering & Technology Management, Faculty of Engineering, NUS, from 2007 to 2016.

Professor Hang has served as a board member of several public organizations, including his appointment as the Founding Deputy Chairman of Singapore's National Science and Technology Board, Founding Chairman of the Intellectual Property Office of Singapore, and Founding Chairman of the IP Academy of Singapore.

Professor Hang received his PhD in control engineering from the University of Warwick and a BEng (Hons) in electrical engineering from NUS.

BOARD OF DIRECTORS




DIRECTORSHIPS AND/OR CHAIRMANSHIPS HELD BY DIRECTORS IN OTHER LISTED COMPANIES (CURRENT AND PRECEDING THREE YEARS)

	Current Directorships	Past Directorships (Preceding 3 Years)
David Todd Dollinger	–	E.T. View Medical (until September 2016) (Chairman)
Stephen Louis Rhodes	–	E.T. View Medical (until September 2016) (Director)
Zeev Bronfeld	• Biomedix Incubator Ltd. (Director) • D.N.A. Biomedical Solutions Ltd. (Chairman) • Entera Bio (Director) • Protalix BioTherapeutics, Inc. (Director)	MacroCure Ltd. (until January 2017) (Director)
Elka Nir	Hadasit Bio-Holdings Ltd. (Independent Director)	• BATM Advanced Communications Ltd. (until June 2015) (Independent Director) • B.S.P. Biological Signal Processing Ltd. (until July 2016) (Chairman) • IceCure Medical Ltd. (until October 2017) (Chairman)
Prof. Stephen Haslett	–	–
Prof. Hang Chang Chieh	–	–

SENIOR MANAGEMENT

TODD DOLLINGER

CEO AND CHAIRMAN OF THE BOARD

See Board of Directors.

STEVE RHODES

CEO AND CHAIRMAN OF THE BOARD

See Board of Directors.

BARAK SINGER

CEO TRENDLINES INCUBATORS ISRAEL

Barak Singer has over 15 years of experience in management, business development, investment banking, and venture capital, including as VP Business Development of Trendlines Medical for the past two years.

Prior to joining Trendlines, Barak held a number of senior management positions, including Managing Director, Co-Head of Investment Banking, and Head of Healthcare at Tamir Fishman & Co., representing the Royal Bank of Canada's (NYSE:RY) investment banking arm in Israel, RBC Capital Markets. He also served as VP Business Development at Can-Fite BioPharma Ltd. (NYSE: CANF) and CEO of its subsidiary OphthaliX Inc., VP Business Development at Xenia Venture Capital Ltd., and was a Co-Founder and CEO at Or Capital Healthcare Partners.

Barak received his LLB and BA in business (both with distinction) from the Interdisciplinary Center in Herzliya, Israel.

NITZA KARDISH, PHD

CEO TRENDLINES INCUBATORS ISRAEL & VP THE TRENDLINES GROUP

During 2018 and until 31 January 2019, Nitza Kardish served as CEO of Trendlines Incubators Israel and VP of The Trendlines Group. Pursuant to the announcement on 18 December 2018 regarding the Company's intention to open a new Singapore-based innovation center focused on developing agrifood technologies, Nitza has accepted the position of Vice Chair at the planned innovation center.

NIR GOLDENBERG

CEO TRENDLINES LABS

Nir Goldenberg brings extensive experience in business development, sales, and marketing in the medical device sector.

Prior to his appointment as CEO, Nir served as Trendlines Labs VP Business Development for three years, where he oversaw the business development activities of the in-house innovation center, which evaluates critical unmet clinical needs, innovates technological solutions, and provides proof of concept and program risk mitigation at an early stage of development.

He was previously the Director of Commercial Development EU at INSIGHTEC Ltd., a global MR-guided focused ultrasound surgery company.

Nir holds a BSc in engineering from La Sapienza University of Rome.

YOSEF (YOSI) HAZAN

CEO TRENDLINES LABS & VP THE TRENDLINES GROUP

During 2018 and until 31 January 2019, Yosi Hazan served as the CEO of Trendlines Labs and VP of The Trendlines Group.

SENIOR MANAGEMENT

ERIC LOH

CEO TRENDLINES MEDICAL SINGAPORE

Eric Loh joined The Trendlines Group in 2016 and is responsible for the leadership and overall management of Trendlines Medical Singapore.

Eric brings more than 20 years of experience in the medical device industry to Trendlines. Previously, he had a significant role in developing Biosensors International, an early-stage cardiovascular device company, into a successful, publicly traded company on the Singapore Stock Exchange. As Managing Director, he oversaw the establishment of a joint venture operation in China that resulted in Biosensors' successful entry into the fast- growing Chinese market. He led successful sales and marketing efforts, and commercialized Biosensors' products in other markets in Asia Pacific while managing two manufacturing facilities in Singapore. In 2005, Eric was involved with the company's IPO on the Singapore Stock Exchange.

After leaving Biosensors, Eric was the CEO of start-up EPI Mobile Health, where he achieved regulatory clearance from the FDA, CE, and HSA of a novel mobile ECG device that enabled the commercialization of the products in key markets in Asia.

Eric holds an MSc in medical engineering and a BEng (Hons), both from the National University of Singapore and is a graduate of an Executive MBA program affiliated with the Helsinki School of Economics. He is a CFA charter holder.

HAIM BROSH

CHIEF FINANCIAL OFFICER, JOINT COMPANY SECRETARY & COMPLIANCE OFFICER

Haim Brosh has more than 20 years of experience of senior- and executive-level accounting and management positions at public and private companies.

Prior to his appointment as Trendlines' CFO, Haim served as Trendlines' controller for four years.

Previously, at Advanced Cores Production Ltd., an industrial company involved in air-conditioning products, he was CEO/CFO. Haim served as CFO of publicly traded Elul Tamarynd Ltd. for two years and CFO of SHL Telemedicine Ltd., a public company in the medical device arena. He served in senior finance positions at Amdocs Limited for nine years.

Haim received his BA (Hons) in accounting and economics from Tel Aviv University. He is a Certified Public Accountant in the State of Israel.

GABRIELA (GABI) HELLER

CHIEF FINANCIAL OFFICER & JOINT COMPANY SECRETARY

During 2018, Gabi Heller served as Joint Company Secretary and CFO until 30 June 2018.

MOSHE KATZENELSON

VP BUSINESS DEVELOPMENT

During 2018, Moshe Katzenelson served as VP Business Development until 8 August 2018.

CORPORATE INFORMATION

DIRECTORS

David Todd Dollinger
Chairman and CEO

Stephen Louis Rhodes
Chairman and CEO

Zeev Bronfeld
Non-Independent Non-Executive Director

Elka Nir
Lead Independent Director

Prof. Stephen Philip Haslett
Independent Director

Prof. Hang Chang Chieh
Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

Elka Nir, Chairperson
Prof. Hang Chang Chieh
Prof. Stephen Philip Haslett

NOMINATING COMMITTEE

Prof. Stephen Philip Haslett, Chairperson
Prof. Hang Chang Chieh
Elka Nir
Stephen Louis Rhodes

REMUNERATION COMMITTEE

Elka Nir, Chairperson
Prof. Hang Chang Chieh
Prof. Stephen Philip Haslett

JOINT COMPANY SECRETARIES

Gwendolin Lee Soo Fern
Haim Brosh

REGISTERED OFFICE

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AUDITOR

Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global
2 Pal-Yam Avenue, Brosh Building
Haifa 3309502, Israel
Audit Partner: Ari Aslan (appointed in 2014)

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Singapore 068892

DEPOSITARY BANK

The Bank of New York Mellon Corporation
225 Liberty Street
New York, New York 10286
United States of America

CORPORATE GOVERNANCE REPORT

The Trendlines Group Ltd. ("**Trendlines**" or the "**Company**", and together with its subsidiaries, the "**Group**") recognizes the importance of good corporate governance practices and the offering of high standards of accountability to the shareholders of the Company ("**Shareholders**"). Good corporate governance establishes and maintains a legal and ethical environment in the Group to protect the interests of the Shareholders and to maximize long-term Shareholders' value.

The Company has implemented recommended practices in the Code of Corporate Governance 2012 (the "**Code**"), subject to compliance with the various corporate governance requirements under the Israeli Companies Law (the "**Israeli Companies Law**") with which the Company, as a company incorporated in Israel whose shares are publicly traded on a stock exchange, is required to comply. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance which aims to encourage board renewal, strengthen director independence and enhance board diversity, which will initially take effect for annual reports covering financial years commencing from 1 January 2019 (the "**New Code**"). The Company will implement the New Code for its Annual Report for the financial year beginning 1 January 2019 ("**FY2019**").

This Corporate Governance Report outlines the Company's corporate governance practices that were adopted during the financial year ended 31 December 2018 ("**FY2018**"), with specific reference made to the principles of the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations and/or alternative corporate governance practices adopted by the Company have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

Board Matters

Principle 1: The Board's Conduct of Affairs

Guideline 1.1: Primary Functions of the Board
As at the date of this Corporate Governance Report, the Board of Directors of the Company ("**Board**") comprises two Executive Directors and four Non-Executive Directors, out of which three are Independent Directors. The composition of the Board is as follows:

Name of Director	Designation
Mr. David Todd Dollinger	Chief Executive Officer and Chairman of the Board*
Mr. Stephen Louis Rhodes	Chief Executive Officer and Chairman of the Board*
Mr. Zeev Bronfeld	Non-Independent Non-Executive Director*
Ms. Elka Nir	External Director (Lead Independent Director)
Prof. Stephen Philip Haslett	Independent Director
Prof. Hang Chang Chieh	External Director (Independent Director)

* As at 22 February 2019, Mr. Zeev Bronfeld, Mr. David Todd Dollinger and Mr. Stephen Louis Rhodes' holdings are stated in the Statistics of Shareholdings chapter in this Annual Report.

Under the Israeli Companies Law and the Company's Articles of Association (the "**Articles**"), the Company's business and affairs are managed under the direction and oversight of the Board, which may exercise all powers and may take all actions that are not specifically granted to the Shareholders or to any other organ of the Company. The Board determines the Company's policy and supervises the performance of the Chief Executive Officers' duties and actions and is authorized, amongst other things, to:

- determine the Company's business plans, principles for funding them and the priorities between them;
- review the financial status and determine the credit the Company is authorized to obtain;
- determine the Company's organizational structure and remuneration policy;
- resolve to issue series of debentures;

- report to the Company's Shareholders on the status of the Company's affairs and the results of its business operations at its annual general meeting;

- appoint and remove the Chief Executive Officers;

- resolve whether to approve (or disapprove) certain transactions, which require the approval of the Board under the Israeli Companies Law or the Articles;

- issue securities and securities convertible into shares up to the limit of the Company's authorized share capital;

- resolve to effect a distribution in accordance with the Israeli Companies Law;

- provide the Company's opinion in respect of a special tender offer as stipulated in the Israeli Companies Law; and

- determine the minimum number of Directors who should have accounting and financial expertise.

Guideline 1.2: Independent Judgment and Fiduciary Duties of Directors
In accordance with the Israeli Companies Law, every Director by virtue of his or her office occupies a fiduciary position with respect to the Company. A Director is not permitted to place him or herself in a situation where his or her interests conflict with his or her duty. Without derogating from the generality of the foregoing, Directors shall (i) refrain from any conflict of interest between the performance of their duties in the Company and the performance of their other duties or their personal affairs, (ii) refrain from any activity that is competitive with the Company's business, (iii) refrain from taking advantage of any business opportunity of the Company in order to obtain a personal gain for themselves or others, and (iv) disclose to the Company any information or documents relating to the Company's affairs which the Director received by virtue of his or her position as an office holder. If a Director knows that he or she has a personal interest in an existing or proposed transaction of the Company, then – without delay and not later than the Board's meeting at which the transaction is first discussed – he or she must disclose to the Company the nature of his or her personal interest, including any material fact or document. Generally, a Director who has a personal interest in a transaction (except with respect to a non-extraordinary transaction) which is considered at a meeting of the Board or any Board Committees (as defined below) of the Company may not be present at such a meeting or vote on that matter unless the chairman of the Board or Board Committee (as applicable) determines that such Director should be present in order to present the transaction that is subject to approval. If a majority of the members of the Board or Board Committee (as applicable) have a personal interest in the approval of a transaction, then all Directors may participate in discussions of the Board or Board Committee (as applicable) on such transaction and vote on approval thereof, but Shareholders' approval will also be required for such transaction.

The Company's Nominating Committee is responsible for determining on an annual basis whether or not a Director is independent or whether an individual qualifies as an External Director, in accordance with the guidelines in the Code and the Israeli Companies Law. Please refer to Principle 2 in this Corporate Governance Report for further information regarding the Company's Independent Directors.

Guideline 1.3: Delegation by the Board
The Board may, subject to the provisions and limitations of the Israeli Companies Law, delegate any or all of its powers to committees, each consisting of one or more persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. Under Israeli Companies Law, a public company must have an audit committee and a remuneration committee, each comprised of at least three Directors and in which all of the Company's External Directors shall be members. In addition, under the Catalist Rule 406(3)(e), a listed issuer must also establish one or more committees as may be necessary to perform the functions of an audit committee, a nominating committee and a remuneration committee, with written terms of reference which clearly set out the authority and duties of the committees.

To assist the execution of its responsibilities, the Board has established three committees, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**"), all collectively referred to hereafter as the "**Board Committees**". The Board Committees were formed at the time of the Company's listing on the Catalist of the SGX-ST and a majority of the members comprises Independent Directors.

CORPORATE GOVERNANCE REPORT

The compositions of the Board Committees are as follows:

	AC	NC	RC
Chairperson	Ms. Elka Nir	Prof. Stephen Philip Haslett	Ms. Elka Nir
Member	Prof. Stephen Philip Haslett	Ms. Elka Nir	Prof. Stephen Philip Haslett
Member	Prof. Hang Chang Chieh	Prof. Hang Chang Chieh	Prof. Hang Chang Chieh
Member	–	Mr. Stephen Louis Rhodes	–

Clear written terms of reference for each of the Board Committees set out basic guiding principles for the establishment and activities of such Board Committee. Each Board Committee shall review and re-assess, on an annual basis, the adequacy of its applicable terms of reference and submit such evaluation, including any recommendations for change, to the Board for consideration, review, discussion and approval.

Please refer to Principles 4, 5, 7, 8, 11 and 12 in this Corporate Governance Report for further information regarding each of the Board Committees.

Guideline 1.4: Key Features of Board Processes
In accordance with the Articles and the Israeli Companies Law, the Board may meet and adjourn its meetings according to the Company's needs and otherwise regulate such meetings and proceedings as the Board deems fit, provided however, that the Board meeting shall convene at least once every financial quarter.

In order to ensure that the Group's operations are not disrupted, the Directors are notified of the meetings of the Board and the Board Committees in advance. Ad-hoc meetings are also convened when circumstances require, and/or resolutions in writing of the Board are circulated for matters that require the Board's approval.

In addition, in accordance with their applicable terms of reference, the AC shall meet at least once every financial quarter, and each of the NC and RC shall meet at least twice in a financial year. Additional meetings are convened according to the Company's needs. Minutes of all meetings of the Board and Board Committees are recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the Directors present at the meeting and all resolutions adopted thereat. The Articles and the applicable terms of reference of the Board Committees allow for the meetings of its Board and the Board Committees to be held by means of a conference call or any other device or means of communication allowing each Director participating in such meeting to hear all the other Directors participating in such meeting. The Board and Board Committees may also make decisions by way of written resolutions.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2018 are as follows:

Number of meetings held (*)	**Board**	**AC**	**NC**	**RC**
	8	4	3	6
Name of Director	**Number of meetings attended**			
Mr. David Todd Dollinger	8	–	–	–
Mr. Stephen Louis Rhodes	8	–	3	–
Mr. Zeev Bronfeld	8	–	–	–
Ms. Elka Nir	8	4	3	6
Prof. Stephen Philip Haslett	8	4	3	6
Prof. Hang Chang Chieh	7	3	3	5

Notes:

(*) Not including written resolutions.

Guideline 1.5: Board Approval
Matters reserved for the Board's decision are specified in detail under the Israeli Companies Law, as detailed in Guideline 1.1 above. Apart from the matters that specifically require the Board's approval as set forth above, the Board approves certain transactions of the Group exceeding certain threshold limits, while delegating authority for transactions below those limits to the Group's management and/or the Group's investment committees so as to optimize operational efficiency.

The Board has adopted a set of written internal guidelines which set out authorization and approval limits for financing and/or realization of interest transactions between the Company's incubators and their portfolio companies.

Guideline 1.6-1.7: Induction and Training of Directors
All new Directors appointed to the Board are briefed on the Group's activities, strategic direction and policies, key business risks, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors and are provided with copies of the Group's applicable policies including, inter alia:

- Disclosure Policy;
- Securities Dealing Policy;
- Whistle Blowing Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Code of Business Conduct and Ethics; and
- Any other corporate policy as may be adopted by the Group which is applicable to, or supervised, by the Board.

Further, all new Directors who has no prior experience as a director of an issuer listed on the SGX-ST would undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Upon appointment of each director, the Company provides a formal letter to the director, setting out the director's duties and obligations.

The Company's management updates the Board, at least on a quarterly basis, on business and strategic developments of the Group, and the Directors are also provided with updates and/or briefings from time to time by professional advisors in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. In addition, the Directors are also at liberty to approach the Company's management should they require any further information or clarification concerning the Group's operations.

No new Directors were appointed during FY2018.

To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. The Company is responsible for arranging and funding the training of Directors.

In addition, Directors are regularly updated in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Israeli Companies Law and industry-related matters, to keep themselves apprised on the latest corporate, regulatory, legal and other requirements.

The table on the following page shows the training attended by Directors during FY2018 and up to 20 February 2019:

CORPORATE GOVERNANCE REPORT

Name of Director	Training	Training Provider
Mr. David Todd Dollinger Mr. Stephen Louis Rhodes Mr. Zeev Bronfeld Ms. Elka Nir Prof. Stephen Philip Haslett Prof. Hang Chang Chieh	Training on new accounting standards (IFRS 16) and Sustainability report	Kost Forer Gabay & Kasierer, a member of Ernst & Young Global ("**EY**")
Mr. David Todd Dollinger Mr. Stephen Louis Rhodes Mr. Zeev Bronfeld Ms. Elka Nir Prof. Stephen Philip Haslett Prof. Hang Chang Chieh	Training on valuation of companies	Variance Economic Consulting Ltd.

Principle 2: Board Composition and Guidance

Guidelines 2.1-2.2: Board Independence
The Company's Chief Executive Officers also serve as Chairmen of the Board (please refer to Principle 3 in this Corporate Governance Report for further information on this matter), therefore, it is recommended under the Code that the Company has at least half the members of its Board be independent directors as defined in the Code. In addition, under Israeli Companies Law, shareholders of public companies must elect, by a Disinterested Majority (as defined under the Israeli Companies Law), at least two members of the Board who qualify as "External Directors" under the Israeli Companies Law. External Directors must meet certain standards of independence at the time of their appointment and during the two-year period prior to their appointment. For further details on the External Directors, please refer to pages 297 to 300 of the Company's offer document dated 16 November 2015.

The Board currently comprises six members, three of whom, namely, Ms. Elka Nir, Prof. Stephen Philip Haslett and Prof. Hang Chang Chieh are considered to be independent Directors, in accordance with both the Israeli Companies Law and the Code (the "**Independent Directors**"). As such, the recommendation under the Code that at least half of the members of the Board should comprise of independent directors, has been met.

Guidelines 2.3-2.4: Independence Review
The Board considers an Independent Director as one who has no relationship with the Company, the Company's related companies, its ten percent Shareholders or the Company's officers, which could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgment with a view to the best interests of the Company. The independence of each Director is reviewed annually by the NC, in accordance with the definition of independence in the Code. None of the Company's Independent Directors has served as a member of the Board for more than nine consecutive years since the date of his or her first appointment (all of whom were first appointed to the Board in October 2015).

The NC has reviewed and has identified each of the Independent Directors to be independent. As half of the Board is made up of Independent Directors, the NC believes the Board shall be able to exercise independent judgment on corporate affairs and ensure that no one individual or groups of individuals dominate any decision-making process. The NC is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience who as a group provide core competencies necessary to meet the Group's objectives.

Each member of the NC had abstained from deliberations in respect of assessment of his/her own independence.

The Board has reviewed and confirmed the independence of the Independent Directors. The Independent Directors have also confirmed their independence by providing the Company with written declarations in accordance with the Israeli Companies Law and the Code.

There are no Directors who are deemed by the Board to be Independent Directors, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him or her not to be independent.

The Company has appointed Ms. Elka Nir to serve as its Lead Independent Director (please refer to Principle 3 of this Corporate Governance Report for further information on the Lead Independent Director).

Guidelines 2.5-2.6: Board Size and Composition
Under the Articles, the Board must consist of at least five and not more than ten Directors, including at least two External Directors required to be appointed under the Israeli Companies Law. The Board believes that, considering the scope and nature of the operations of the Company, the Board's current size (as detailed above) is an appropriate size for the Board to facilitate efficient and effective decision making.

Under Israeli Companies Law, at least one of the External Directors must have "accounting and financial expertise" and the rest of the External Directors must have either "professional competence" or "accounting and financial expertise". The conditions and criteria for a director qualifying as having accounting and financial expertise or professional competence are set out in regulations adopted under the Israeli Companies Law.

The Board is responsible for determining the minimum number of Directors, who should have accounting and financial expertise. In determining the number of Directors required to have accounting and financial expertise, the Company's Board must consider, amongst other things, the type and size of the Company, the scope and complexity of its operations and the number of its Directors. The Board has determined that at least two of the Directors must possess accounting and financial expertise as defined under Israeli Companies Law. In this regard, the Board has determined that Mr. Zeev Bronfeld, Mr. Stephen Louis Rhodes and Ms. Elka Nir each possesses "accounting and financial expertise" as such term is defined under the Israeli Companies Law.

In addition, under Israeli Companies Law, a public company must appoint at least one director of each gender.

Apart from gender diversity, the Board aims to have its members comprise an appropriate mix of members with complementary skills, core competencies and experience for the Company.

The Board's current composition includes members with a diversity of gender and skills, including accounting and finance expertise, business acumen, management experience, industry knowledge, strategic planning experience and familiarity with regulatory requirements and knowledge of risk management.

The Board considers that its current Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Directors' academic and professional qualifications are presented in the Board of Directors section of this Annual Report. The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to evaluate the size, composition and role of the Board and Board Committees and the methods and processes for evaluating Board and Board Committees effectiveness in fulfilling their duties and responsibilities.

- The NC shall identify gaps in the mix of skills, experience and other qualities required in an effective Board and recommend suitable candidates to fill these gaps.

- The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Guidelines 2.7-2.8: Non-Executive Directors' Participation
The Company's Non-Executive Directors, namely, Ms. Elka Nir, Prof. Stephen Philip Haslett, Prof. Hang Chang Chieh and Mr. Zeev Bronfeld are persons from different professions and working backgrounds, bringing to the Company their wealth of knowledge, business expertise and contacts in the business community and play an important role in helping the Company shape its business strategy by allowing the Company to draw on their diverse backgrounds and working experience. Although the Non-Executive Directors are not involved in the day-to-day running of the Company's operations, they play an invaluable role in furthering the business interests of the Company by contributing their experience and expertise. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to the Company's management. In addition, three out of the four Non-Executive Directors also sit on the various Board Committees and provide constructive inputs and oversight of the Company and its management.

CORPORATE GOVERNANCE REPORT

The Non-Executive Directors would meet as regularly as warranted, to discuss concerns or matters such as the effectiveness of management, without the presence of key management personnel of the Company (the "**KMP**"). During FY2018, the Non- Executive Directors met on 21 February 2018 without the presence of KMP.

Principle 3: Chairman and Chief Executive Officer

Guidelines 3.1-3.2: Role of Chairman and the Chief Executive Officer
Under the Israeli Companies Law and its regulations, a company's chief executive officer may serve as the chairman of the board of directors of such company, subject to the required approvals, including shareholders' approval with a special majority to be renewed following a period of 5 years as of the date on which the Company's shares were first offered to the public and thereafter every 3 years, as required under the Israeli Companies Law and it's regulations.

The NC (with Mr. Stephen Louis Rhodes abstaining from all discussions and decisions concerning his own appointment) has determined that it is in the best interests of the Company for the positions of Chairmen of the Board and Chief Executive Officers to be held by the same persons for the following reasons:

- The existing dual Chief Executive Officers and Chairmen management structure has worked well for the Company. Messrs. David Todd Dollinger and Stephen Louis Rhodes have held the same designations of Chairmen since the co-founding of the Company in 2007; Mr. Stephen Louis Rhodes was named Co-Chief Executive Officer in July 2010. Since then, Messrs. David Todd Dollinger and Stephen Louis Rhodes have been the key personnel whose contributions and expertise in their capacities as Chief Executive Officers and Chairmen have largely resulted in the success of the Company to-date, with a reputation as the operators of one of the best government-franchised incubators in Israel, and a strong track record of developing and executing exit strategies for its portfolio companies. Moving forward, it is expected that the continued growth and development of the Company will be largely dependent on the preservation of the existing management structure which has served the Company well.

- The Company is not aware of any objections or complaints raised by any of the existing Shareholders in relation to the dual roles of Messrs. David Todd Dollinger and Stephen Louis Rhodes since the founding of the Company.

- The Company believes that the concept of having two Chief Executive Officers and Chairmen is practical both based on the Company's experience of the past nine years and because there are other listed companies which also have a similar dual role management structure.

Following the recommendation of the NC and the Board, the Company had at the Special General Meeting held on 24 February 2016 (the "**2016 SGM**"), obtained Shareholders' approval (by the special majority as required under Israeli Companies Law) on the appointment of the Chief Executive Officers, Messrs. David Todd Dollinger and Stephen Louis Rhodes, to serve as Chairmen of the Board. For further information regarding the appointment of the Chief Executive Officers to serve as Chairmen of the Board, please refer to the Company's circular to the Shareholders dated 19 January 2016.

Under the Israeli Companies Law and its regulations, the shareholders' approval for the dual role of Messrs. David Todd Dollinger and Stephen Louis Rhodes, to serve as CEO's and Chairmen of the Board is valid for 5 years as of the date on which the Company's shares were first offered to the public – i.e., 5 years as of 26 November 2015 and thereafter the Company shall require shareholders' further approval.

Mr. David Todd Dollinger is responsible for the overall management of our Group's business operations (particularly, in the areas of budget and operations) and is also primarily responsible for business development in China.

Mr. Stephen Louis Rhodes is responsible for the overall management of our Group's business operations (particularly, in the areas of finance and compliance reporting functions) and is also primarily responsible for the establishment of strategic partnerships in Europe and the United States.

Notwithstanding that the Chairmen of the Board are the Chief Executive Officers, the Board is satisfied that there is sufficient transparency and accountability in view of the strong independent element on the Board.

Guidelines 3.3-3.4: Lead Independent Director
In view that the Chief Executive Officers, Messrs. David Todd Dollinger and Stephen Louis Rhodes, also serve as Chairmen of the Board as detailed above, the Company is required under the Code to designate an Independent Director to serve as Lead Independent Director. The Company has appointed Ms. Elka Nir to serve as its Lead Independent Director.

The Lead Independent Director may be available to the Shareholders where they have concerns and for which contact through the normal channels of the Chairman and Chief Executive Officer or the Chief Financial Officer (or equivalent) has failed to resolve or is inappropriate. The Lead Independent Director makes herself available to Shareholders via email to the email address (auditcommittee@trendlines.com) which can be found in the corporate website: http://investors.trendlines.com/about/governance. The Lead Independent Director is also responsible for leading the meetings of Independent Directors and providing feedback to the Chairmen on matters discussed at such meetings.

Led by the Lead Independent Director, the Independent Directors, constituting all of the members of the AC, shall meet at least annually without the presence of the Company's management and Non-Independent Directors, to discuss matters of significance. The Independent Directors met on 21 February 2018 without the presence of KMP and Non-Independent Directors.

Principle 4: Board Membership

Guideline 4.1: Establishment and Composition of Nominating Committee
The NC is established, inter-alia, for the purposes of ensuring that the Company has a formal and transparent process for all Board appointments. The NC comprises 4 Directors, a majority of whom are Independent Directors, including the NC Chairman. The Lead Independent Director is a member of the NC. The names and roles of the members of the NC are set out on page 52 of this Annual Report.

Guidelines 4.2-4.4: Authority and Duties of Nominating Committee
The authority and duties delegated by the Board to the NC are detailed in written Terms of Reference approved by the Board, and include, inter alia:

- Developing corporate governance guidelines and principles for the Company;
- Identifying individuals qualified for nomination to the Board and reviewing and recommending the nomination or re-nomination of the Directors, having regard to the Director's contribution and performance;
- Considering the structure and composition of the Board and Board Committees;
- Evaluating the performance and effectiveness of the Board, the Board Committees and each of their members;
- Succession planning, including the appointment recommendations of Directors, Chairman and CEO and senior management;
- Training and professional development program for Board members;
- Determining on an annual basis whether or not a Director is independent or whether an individual qualifies as an External Director in accordance with the Israeli Companies Law and the Code;
- Reviewing and approving any new employment of related persons and the proposed terms of their employment, subject to the requirements under Israeli Companies Law; and
- Recommending from time to time to the Board concerning such other matters, including matters related to corporate governance, as appropriate.

Each member of the NC shall abstain from all discussions and voting on any resolution in respect of the assessment of his or her own performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate skills mix, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion or vacancies that occur by resignation, retirement or for any other reasons.

Candidates are selected based on their character, judgment, business experience and acumen. The Company also considers Company-specific factors (such as size and composition of the Board, nature and scope of the Group's operations and size) in deciding on the capacity of Directors.

Where a Director has multiple board representations, the NC will evaluate if a Director is able to and has been adequately carrying out his or her duties as Director of the Company, taking into consideration the number of his or her listed company board representations, other principal commitments and whether sufficient time and attention had been given by such Director to the Company. Despite some of the Directors having other board representations, and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. In addressing competing time commitments faced when Directors serve on multiple boards, the NC has determined that each Director should hold not more than 6 listed company board representations, unless otherwise approved by the NC under special circumstances. The details of directorships and/or chairmanships in other listed companies and other principal commitments of the Directors are set out in the Board of Directors chapter of this Annual Report (page 46).

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- In the case of a Director who has multiple board representations or a significant number of principal commitments, the NC shall consider whether he or she is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of his or her listed company board representations and other principal commitments which involve significant time commitment;

- Whether such Director had attributed sufficient time and attention to the Company; and

- Annual confirmations by each Director on his or her ability to devote sufficient time and attention to the Company's affairs, having regard to his or her other commitments.

Having assessed the capacity of the Directors based on factors disclosed above, the Board is of the view that 6 listed company board representations would allow Directors to have increased exposure to different boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

Each Director holds less than 6 listed company board representations.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties effectively for FY2018.

Guideline 4.5: Alternate Directors
Alternate directors will be appointed as and when the applicable Board member deems necessary. The Company currently does not have any alternate directors.

Guideline 4.6: Process for Board Selection, Appointment and Re-appointment
The NC is responsible for identifying individuals qualified for nomination to the Board and/or any Board Committee and reviewing and recommending the appointment or re-appointment of the Directors and/or members of the various Board Committees, having regard for amongst others: (i) the education, track record, experience and capabilities of the candidate; (ii) whether the candidate's competencies, skills and personal qualities are aligned with the Company's needs and any criteria for selecting new Directors established by the Board; and (iii) whether the candidate understands the demands and expectations of a Director of the Company.

With respect to new directors, the NC would usually consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions to source for a suitable candidate. The NC would, meet or interview the candidates via teleconference or other means deemed appropriate to assess their suitability. With respect to re-appointment of Directors, the NC shall also assess the performance of the Director in accordance with performance criteria to be determined by the Board from time to time, and the current needs of the Board.

Subject to the NC's satisfactory assessment, the NC would recommend to the Board the proposed appointment or re-appointment of the Director to the Board and/or any Board Committee for its consideration and approval.

Pursuant to the Articles, each of the Directors, other than the External Directors (for whom special election requirements apply under the Israeli Companies Law as detailed below) will be appointed by a simple majority vote of holders of the Company's voting shares, participating and voting at an annual general meeting of the Shareholders. Other than External Directors, the Directors are divided into three groups with staggered three-year terms. Each group of Directors consists, as closely as possible, of one-third of the total number of Directors constituting the entire Board (other than the External Directors). At each annual general meeting of the Shareholders, the election or re-election of Directors following the expiration of the term of office of the Directors of that group of Directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that from 2016 and after, at each annual general meeting, the term of office of only one group of Directors will expire (i.e. the term of office of Group I will initially expire at the annual general meeting held in 2016 and thereafter at 2019, 2022, etc.). Each Director will hold office until the annual general meeting of the Shareholders in which his or her term expires, unless they are removed by a vote of more than fifty percent of the total voting power of the Shareholders present and voting at an annual general meeting of the Shareholders or upon the occurrence of certain events, in accordance with the Articles.

The Directors (other than External Directors) are divided among the three groups as follows:

i. The initial Group I Director is Prof. Stephen Philip Haslett and his term of office will expire at the upcoming annual general meeting of the Shareholders to be held on 29 April 2019 (the "**2019 AGM**") and when his successor will be elected and qualified or he will be re-elected;

ii. The initial Group II Directors are Messrs. David Todd Dollinger and Zeev Bronfeld and their term of office will expire at the annual general meeting of the Shareholders in 2020 and when their successors will be elected and qualified or they will be re-elected; and

iii. The initial Group III Director is Mr. Stephen Louis Rhodes and his term of office will expire at the annual general meeting of the Shareholders in 2021 and when his successor will be elected and qualified or he will be re-elected.

External Directors are elected for an initial term of three years and may be elected for two additional three-year terms under the circumstances set forth under the Israeli Companies Law. External Directors may be removed from office only under limited circumstances set forth in the Israeli Companies Law.

Following the recommendation of the NC (with Ms. Elka Nir and Professor Hang Chang Chieh abstaining from all discussions and decisions concerning their respective appointments) and the Board, the Shareholders approved (by the special majority as required under Israeli Companies law) the election of Ms. Elka Nir and Professor Hang Chang Chieh, both Independent Directors of the Company, to serve as External Directors of the Company at the 2016 SGM.

Since the current term of office of both Ms. Elka Nir and Prof. Hang Chang Chieh has expired on 24 February 2019, following the recommendation of the NC (with Ms. Elka Nir and Professor Hang Chang Chieh abstaining from all discussions and decisions concerning their respective appointments) and the Board, at the last SGM, held on 13 February 2019 (the "**2019 SGM**"), the Board proposed and its Shareholders approved (by the special majority as required under Israeli Companies Law) the re-appointment of Ms. Elka Nir and Professor Hang Chang Chieh as the Company's External Directors in accordance with the Israeli Companies Law for an additional period of three years (from 13 February 2019 to 12 February 2022). Under Israeli Companies Law, external directors are allowed two additional terms of three years each.

In addition, following the recommendation of the NC and the Board, at the upcoming 2019 AGM, the Board shall propose to its Shareholders to approve the re-appointment of Group I Director (i.e., Professor Stephen Philip Haslett) as a Director of the Company for a term of office that shall expire at the annual general meeting of the Company to be held in 2022. The information on Professor Stephen Philip Haslett in accordance with Appendix 7F of the Catalist Rules are set out on page 79 of this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The NC had reviewed, at its meeting held on 20 February 2019, the experience, and the contemplated contributions of Professor Stephen Philip Haslett and resolved that Professor Stephen Philip Haslett provides to the Company beneficial service and advice.

Moreover, given the Company's nature of business and scope of activities, and the fact that the Company is a company incorporated under Israeli Companies Law, managed in Israel, and listed on the Catalist of SGX-ST, and considering the specific expertise, and understanding expected from and provided by Professor Stephen Philip Haslett, the NC is of the opinion that the Company and its Shareholders shall continue to benefit from the service of Professor Stephen Philip Haslett.

If re-elected, in accordance with Article 40(c) and (d) of the Articles, Professor Stephen Philip Haslett will remain as a Non-Executive Independent Director of the Company, the Chairman of the NC and member of the AC and RC. Professor Stephen Philip Haslett will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Guideline 4.7: Key Information on Directors
The key information of the Directors, including their academic and professional qualifications, appointment dates and directorships held in other listed companies for the past three years, are set out on page 43 of this Annual Report.

Information on the Directors' shareholding in the Company and its related corporations are set out on page 84 of this Annual Report.

Principle 5: Board Performance

Guidelines 5.1-5.3: Board and Board Committees Performance Evaluation Process
The NC is responsible for evaluating the effectiveness of the Board and Board Committees as a whole and for assessing the contribution by the Chairmen and each individual Director to the effectiveness of the Board and Board Committees, in accordance with a formal process implemented by the Board, at the recommendation of the NC, which includes, inter alia, assessment by each Board member (or Board Committee member, as applicable) of the effectiveness of the Board (or Board Committees, as applicable), in accordance with predetermined evaluation criteria approved by the Board pursuant to the recommendation of the NC. The Board, in accordance with the recommendations of the NC, agreed that collective evaluation in lieu of individual evaluation is a more appropriate method of evaluation for the Company, as it provides for more effective and objective input (and whereas individual evaluation can inhibit Board dynamics and group performance). As such, no formal assessment of the contribution by the Chairmen and each individual Director to the effectiveness of the Board and Board Committees has been conducted.

The Board has not engaged any external facilitator in conducting the assessment of the performance of the Board and the Board Committees. If and where relevant, the NC will consider such engagement.

The table below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board.

Performance criteria for the Board and Board Committees are as follows:	
1.	Size and composition
2.	Access to information
3.	Board processes
4.	Inputs to strategic planning
5.	Board accountability
6.	Risk management
7.	Succession planning

For FY2018, the review process was as follows:

1. All Directors individually completed an evaluation questionnaire on the effectiveness of the Board and Board Committees;

2. The Singaporean Company Secretary collated the results of the questionnaires to the NC Chairperson, a separate report is prepared for each AC, NC, RC and Board performance evaluation and areas with low scores requiring improvement highlighted to the NC Chairperson;

3. The NC discussed the reports and concluded the performance results during the NC meeting; and

4. The results of the evaluation were reviewed by the NC and the Board with proposed follow-up actions planned and/or taken for areas requiring improvements.

The NC, having reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs as a whole, is of the view that the performance of the Board and Board Committees have been satisfactory in FY2018 and that the Board and Board Committees have met their performance objectives in FY2018.

Principle 6: Access to Information

Guidelines 6.1-6.2: Complete, Adequate and Timely Information
It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).

To enable the Board to fulfill its responsibilities and make informed decisions, the Board obtains from the Company's management information which it deems adequate, complete and in a timely manner.

Prior to each meeting, members of the Board and Board Committees are provided with the notice and agenda of the meeting and documentation containing background or explanatory information relating to the matters brought before the relevant meeting, including, where applicable, copies of disclosure documents, budgets, forecasts and internal financial statements. In respect of budgets, any material variance between the projections and actual results are disclosed and explained to the Board. Management recognizes the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, management endeavors to circulate information for the Board and Board Committees meetings at least 3 days prior to the meetings to allow sufficient time for the Directors' review.

The Company's management, legal advisors and auditors who can provide additional insight into the matters for discussion are also invited from time to time to attend such meetings, subject to and in accordance with the provisions of the Israeli Companies Law regarding such participation by non-members in such meetings.

The minutes of meetings of the Board and Board Committees are circulated to all Board or Board Committee members (as applicable) after the respective meetings for their approval.

KMP will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of KMP to facilitate direct and independent access to management.

Guideline 6.3: Role of Company Secretary (Secretaries)
All Directors have separate and independent access to the joint Company Secretaries namely, Mr. Haim Brosh(who on 10 July 2018 replaced Ms. Gabriella Heller in such role), the Company's Israeli Secretary, and Ms. Gwendolin Lee Soo Fern, the Company's Singaporean Secretary, (collectively, the "**Company Secretaries**") and independent auditors.

CORPORATE GOVERNANCE REPORT

The role of the Company Secretaries has been clearly defined and includes responsibility for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, specifically, the Company's Israeli Secretary is responsible with respect to the Company's compliance with applicable Israeli rules and regulations, and the Company's Singaporean Secretary is responsible with respect to the Company's compliance with applicable Singapore rules and regulations. Under the direction of the Chairmen of the Board and Chief Executive Officers, the Company Secretaries' responsibilities also include ensuring good information flow within the Board and Board Committees and between management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

At least one of the Company Secretaries is present at the meetings of the Board and Board Committees, subject to applicable laws.

Guideline 6.4: Appointment of Company Secretary (Secretaries)
Under the Articles, the appointment of the Company Secretaries is subject to the approval of the Board, however the Board may delegate such authority to the Chief Executive Officers.

Guideline 6.5: Independent Professional Advice
Under Israeli Companies Law, the Directors may, under special circumstances and in the furtherance of their duties, receive independent professional advice at the Company's expense subject to the approval by the Board or competent court. No independent professional advice was obtained during FY2018.

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1: Establishment and Composition of Remuneration Committee
The RC comprises 3 Directors, all of whom are Independent Directors, including the RC Chairperson. The names of the members of the RC are set out in page 52 of this Annual Report.

Under the Israeli Companies Law, a public company must have a remuneration committee comprised at least three directors, including all of the external directors who must be the majority members and one thereof must serve as the chairman of the committee, and all the remaining members must receive remuneration for their service as directors of the company, in accordance with the regulations under the Israeli Companies Law governing the remuneration of the external directors. The remuneration committee must not include the chairman (or chairmen) of the board of directors, any controlling shareholder or a relative of a controlling shareholder or any director employed by the company or by the company's controlling shareholder or by an entity under the control of the company's controlling shareholder, or a director who provides services, on a regular basis, to the company, to its controlling shareholder or to any entity under the control of such controlling shareholder, as well as any director whose principal livelihood derives from the company's controlling shareholder.

Guidelines 7.2, 7.4: Authority and Duties of Remuneration Committee
The authority and duties delegated by the Board to the RC are detailed in written terms of reference approved by the Board, and include, inter alia:

- Reviewing and making recommendations to the Board with respect to the approval of the compensation policy with respect to the terms of office and employment of office holders and any extensions thereof;

- Periodically reviewing the implementation of the compensation policy and providing the Board with recommendations with respect to any amendments or updates thereto;

- Reviewing and resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders;

- Determining whether or not to exempt a transaction with a candidate for Chief Executive Officer from Shareholders' approval because such approval would preclude the engagement with such candidate, provided that such transaction is consistent with the compensation policy;

- Overriding the approval of the Shareholders in relation to certain compensation related issues, subject to the approval of the Board and under special circumstances, such as, the approval of the Company's compensation policy, after such compensation policy was reconsidered by the RC and on the basis of detailed reasons, the RC and thereafter the Board determined that the adoption of the compensation policy is in the best interests of the Company despite the objection of the Shareholders;

- The establishment of key human resources and compensation policies, including all incentive and equity-based compensation plans;

- Evaluating the Company's executive and senior management; and

- Recommending to the Board a framework of remuneration for the Directors and other office holders, including KMP, and determining specific remuneration packages for each Director and office holder, including, without limitation, directors fees, salaries, allowances, bonuses, benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of office, service or appointment), incentive payments, and grants of options and share- based incentives and awards.

In addition, the RC will perform an annual review of the remuneration of employees related to the Directors and/or substantial shareholder of the Company (as defined in the Catalist Rules) to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees.

Each member of the RC shall abstain from all discussions and voting on any resolutions in respect of his or her remuneration package or that of employees related to him or her. The remuneration of the External Directors is also subject to the limitations under the Israeli Companies Law and applicable regulations thereunder.

Guideline 7.3: Guidance of Remuneration Committee
The RC has unrestricted access to the Company's independent external auditors and is authorized by the Board to seek any information it requires from any employee of the Company for the purpose of performing its duties. In addition, the RC has the sole authority, without having to seek Board or any other approval, to obtain, at the reasonable expense of the Company, advice and assistance services in any of the matters which are within its scope of responsibilities, from internal or external legal, accounting or other advisors (including compensation consultants), as it determines necessary in its sole discretion, to provide oversight on work performed by such advisor, to determine fees for such services and to terminate such advisors' services.

In October FY2017 a cost reduction plan was carried out internally according to which, amongst others, the salaries of the CEO's were reduced by 20% and KMP salaries were also affected by 10% (the "**Expense Reduction Plan**"). In FY2018 no significant compensation arrangements were decided upon other than the RC and Board's decision to update the CEOs and KMP salaries such that half of the monthly salary amount which had been reduced to the CEOs and the entire amount which had been reduced to the KMP shall be reinstated as of 1 January 2019, in light of the successful results of the Expense Reduction Plan. No independent remuneration consultant was engaged for this purpose.

Under the Israeli Companies Law, within nine months following a company's public listing, a compensation policy with respect to the terms of office and employment of office holders must be approved by the board of directors of such company, after considering the recommendations of its remuneration committee, and by a special majority of the company's shareholders. The Company had at the Special General Meeting held on 2 August 2016, obtained Shareholders' approval (by the special majority) for the adoption of the compensation policy for the Company's executives and Directors ("**Compensation Policy**"). The Compensation Policy must be reviewed from time to time by the RC and the Board, in order to consider its adequacy, and must be reapproved in accordance with the above-mentioned approval process at least once every three years – i.e., on 9 August 2019.

Since the Compensation Policy should be reviewed and reapproved by 9 August 2019, following the recommendation of the RC and the approval Board, at the 2019 SGM, the Board proposed to its Shareholders and Shareholders approved the renewal and amendment to the Compensation Policy. The RC and Board have determined that the provisions of the Compensation Policy should remain the same except for a technical change referring to a reference to the New Code (instead of the Code). For further information regarding the amendment to the Compensation Policy, please refer to the Company's circular to the Shareholders dated 7 January 2019.

CORPORATE GOVERNANCE REPORT

The following is a brief overview of the Compensation Policy (capitalized terms used herein shall bear the same meanings ascribed to them in the Compensation Policy):

- Global Strategy Guidelines: The Company's business success largely relies on the excellence of its human resources at all levels. In particular, the Company believes that the Company's ability to achieve its goals requires it to recruit, motivate and retain a high quality and experienced leadership team (including Directors). Therefore, the Company believes in creating a comprehensive, customized compensation policy for the Office Holders which shall enable the Company to attract and retain highly qualified senior leaders.

- Compensation Instruments: Fixed components, which shall include annual base salary and benefits; Variable components, which may include: cash incentives and equity based compensation; Separation package; Directors & Officers (D&O) Insurance, exculpation and indemnification; and other components, which may include amongst others: change in control payment, special bonus, signing or retention bonus, exit bonus, relocation benefits, study opportunities, leave of absence, etc.

- Fixed Compensation: The Compensation Policy provides guidelines and criteria for determining the fixed compensation of the Office Holders, which includes an annual base salary and benefits for Executives.

- Cash Incentives: The Compensation Policy provides for MBO payments, which are cash payments to the Executives that vary based on the Company's and unit's performance and on each Executive's individual performance and contribution to the Company, in accordance with rules or formulae for calculation of the MBO payment once actual achievement of the objectives is known (as predetermined annually by the Board and RC), and subject to the guidelines and criteria, including caps, set forth in the Compensation Policy. In addition, the Compensation Policy provides for payment of an Exit Bonus (as defined herein) in connection with an Exit Event (as such term is defined in the Compensation Policy) relative to the Company's portfolio companies, as may be approved by the Board and RC and in the amount which shall be calculated based on the proceeds actually received by the Company as a result of such Exit Event as set forth in the Compensation Policy and subject to the terms and caps determined therein for such Exit Bonus.

- Equity-Based Compensation: The Compensation Policy provides for the provision of equity-based compensation in the form of options to purchase shares, which may be awarded to Executives and Directors pursuant to the guidelines and criteria, including caps on the equity value of such grants, as set forth in the Compensation Policy.

- Separation Package: The Compensation Policy provides guidelines for determining advance notice period and separation packages for Executives, including caps thereon.

- Others: The Compensation Policy provides guidelines and criteria for additional compensation components, which includes relocation, leave of absence and one-time cash or equity incentives.

- Clawback Policy: The Compensation Policy provides that in the event of an accounting restatement, the Company shall be entitled to seek reimbursement from Executives and Directors of any payment made due to erroneous restated data that would not otherwise have been paid or in exceptional circumstances of misconduct resulting in financial loss to the Company.

- Director's Remuneration: The Compensation Policy provides guidelines for providing compensation to Directors.

- Indemnification Exculpation and Insurance: The Compensation Policy provides guidelines and criteria for providing Executives and Directors with indemnification, exculpation and insurance.

For further information regarding the Compensation Policy, please refer to the Company's circular to the Shareholders dated 7 January 2019.

Principle 8: Level and Mix of Remuneration

Guideline 8.1: Remuneration of Directors and Other Office Holders (Including KMP)
The Compensation Policy serves as the basis for decisions concerning the terms of employment or engagement of the Company's office holders, including exculpation, insurance, indemnification or any monetary payment, obligation of payment or other benefit in respect of employment or engagement.

Guideline 8.2: Long Term Incentive Schemes
The Compensation Policy relates to certain factors, including advancement of the Company's objectives, the Company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It also considers, amongst other things, the Company's risk management, size and the nature of its operations as well as the following additional factors and principles:

- The education, skills, expertise, professional experience and accomplishments of the relevant office holder;
- The office holder's roles and responsibilities and prior compensation agreements with him or her;
- The ratio between the cost of the employment terms offered to the office holder and the cost of salary of the Company's other employees, including those employed through manpower companies, and in particular the relation to the average pay and median pay of such employees;
- The impact of disparities in salary upon work relationships in the Company;
- The possibility of reducing variable compensation at the discretion of the Board; and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation;
- As to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the Company's performance during that period of service, the office holder's contribution towards the Company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the Company;
- The link between variable compensation and long-term performance and measurable criteria;
- The relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- The conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the Company's financial statements;
- The minimum holding or vesting period for variable, equity-based compensation; and
- The maximum limits for severance compensation.

Please refer to Guideline 7.3 above for further details on the Compensation Policy.

The Company seeks to advance the interests of the Company by affording to its selected employees and Directors, including Affiliated Companies (as defined under The Trendlines 2015 Share Option Plan and the Sub-Plan (the "**2015 Plan**"), who have contributed or will contribute to the growth and performance of the Company or its Affiliated Companies, and who satisfy the eligibility criteria set out in the 2015 Plan, an opportunity to acquire a proprietary interest in the Company or to increase their proprietary interest therein, as applicable, by the grant in their favor, of options, thus providing such employee or director an additional incentive to remain or retain employed or engaged by the Company or Affiliated Company, as the case may be, and encouraging such employee or director's sense of proprietorship and stimulating his or her active interest in the success of the Company and its Affiliated Companies by which he or she is employed or engaged. For this purpose, following the approval of the Shareholders at a Special General Meeting of the Company's shareholders held on 11 November 2015, the Company had adopted the 2015 Plan. On 2 August 2016, at the Special General Meeting of the Company, Shareholders approved certain amendment to the 2015 Plan. Information on the 2015 Plan and the information required under Catalist Rule 851 is set out in the Directors' Report on pages 89 to 91 and the Financial Statements on pages 145 to 147 of this Annual Report.

CORPORATE GOVERNANCE REPORT

During FY2018, the Company issued the following options in accordance with the 2015 Plan:

An aggregate of 2,862,135 options at the exercise price of S$0.105 to grantees on 12 November 2018.

Guideline 8.3: Remuneration of External Directors
According to the regulations promulgated under the Israeli Companies Law concerning the remuneration of external directors (the "**Remuneration Regulations**"), external directors are generally entitled to an annual fee, a participation (attendance) fee for each meeting of the board of directors or any committee of the board of directors on which he or she serves as a member, and reimbursement of travel expenses for participation in a meeting which is held outside of the external director's area of residence and of all direct expenses incurred in connection with attending meetings outside such external director's home country, provided that the said reimbursement of expenses is based on the same criteria as the reimbursement paid by the company to the non-external directors and who are not residents of the country where the meeting takes place. The minimum, fixed and maximum amounts of the annual and participation fees are set forth in the Remuneration Regulations, based on the classification of the company according to the amount of its capital. The participation fees paid for participation in a board of directors' meeting through the phone, or through any other means of communication shall be sixty percent of the ordinary participation fees. The participation fees paid with regard to the adoption of a resolution in writing (without convening an actual meeting) shall be fifty percent of the ordinary participation fees. According to the Remuneration Regulations, the remuneration committee and shareholders' approval may be waived if the annual and participation fees to be paid to the external directors are within the range of the fixed annual fee or the fixed participation fee and the maximum annual fee or the maximum participation fee for the company's level, respectively. However, remuneration of an external director in an amount which is less than the fixed annual fee or the fixed participation fee, respectively, requires the approval of the remuneration committee, the board of directors and the shareholders (in that order). The remuneration of external directors must be made known to the candidate for such office prior to his/her appointment and, subject to certain exceptions, will not be amended throughout the three-year period during which he or she is in office. A company may compensate an external director in shares or rights to purchase shares, other than convertible debentures which may be converted into shares, in addition to the annual remuneration, the participation fee and the reimbursement of expenses, subject to certain limitations set forth in the Remuneration Regulations.

Under the Israeli Companies Law, the terms of office and employment for other members of the remuneration committee that are not external directors should be the same as the terms of office of the external directors.

The Directors are also entitled to be paid reasonable travel, hotel and other expenses expended by them in attending board meetings and performing their functions as directors of the Company, according to the policy of the Company from time to time and subject to obtaining required corporate approvals.

Guideline 8.4: Contractual Provisions
The Compensation Policy provides that in the event of an accounting restatement, the Company shall be entitled to seek reimbursement from the "Office Holders" of the Company of any payment made due to erroneous restated data that would not otherwise have been paid or in exceptional circumstances of misconduct resulting in financial loss to the Company.

Principle 9: Disclosure on Remuneration

Guidelines 9.1-9.2: Disclosure on Remuneration of Directors and Chief Executive Officers
The breakdown for the remuneration paid to each individual Director and the Chief Executive Officers for FY2018 is as follows:

Directors and Chief Executive Officers Remuneration

Name	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%) *	Fair Value of Share Option (%) **	Total (S$)
Executive Directors						
Todd Dollinger (Chairman and Chief Executive Officer) (***)	–	92.43	0	7.57	0	517,349
Steve Rhodes (Chairman and Chief Executive Officer) (***)	–	93.31	0	6.69	0	489,288
Non-Executive Directors (****)						
Zeev Bronfeld (*****)	100.00	–	–	–	–	49,193
Elka Nir	100.00	–	–	–	–	36,908
Stephen Philip Haslett	100.00	–	–	–	–	34,535
Hang Chang Chieh	100.00	–	–	–	–	33,888

(*) Refers to benefits in kind such as car, etc., made available to office holders as appropriate.

(**) Refers to the value of the options granted as of the date of grant (based on Binomial Option Pricing Model) per year of vesting (taking into account the cost of previous vesting grant for that year).

(***) The salary, benefits and other compensation under the employment agreement between the parties relate only to the position as Chief Executive Officers. There is no additional remuneration for the office as Chairmen of the Board.

(****) Excluding amounts the Company had expended for expenses (including business travel) reimbursed to its directors.

(*****) The fees also include participation fees for each meeting of the board of directors or any committee of the board of directors of the Group's subsidiaries on which he serves as a member, all as approved according to the requirements under the Remuneration Regulations and additional regulations promulgated under the Israeli Companies Law with respect to relief in approval of certain related party transactions (the "Relief Regulations").

There were no termination, retirement or post-employment benefits granted to the Directors and Chief Executive Officers in FY2018.

CORPORATE GOVERNANCE REPORT

Guidelines 9.1 and 9.3: Disclosure of Remuneration of KMP (who are not Directors or Chief Executive Officers)
The breakdown for the remuneration paid to each of the top 5 KMP (who are not Directors or Chief Executive Officers) for FY2018 is as follows:

Name	Salary (%)	Bonus (%)	Other Benefits (%) *	Fair Value of Share Option (%) **	Total (S$)
Gabriela Heller (***)	92.73	0	8.87	-1.61	365,802
Haim Brosh	86.96	0	8.39	4.65	313,462
Yosef Hazan (****)	89.04	0	8.71	2.26	360,748
Nitza Kardish (*****)	93.55	0	4.33	2.13	382,937
Moshe Katzenelson (******)	102.31	0	0	-2.31	254,218
Aggregate remuneration					1,677,131

(*) Refers to benefits in kind such as car, etc., made available to office holders as appropriate.

(**) Refers to the value of the options granted as of the date of grant (based on Binomial Option Pricing Model) per year of vesting. (taking into account the cost of previous vesting grant for that year).

(***) Ms. Gabriela Heller has ceased her employment with the Company effective as of 10 October 2018, and ceased to formally hold the CFO position and Joint Company Secretary as of 30 June 2018.

(****) Mr. Yosef Hazan has ceased his employment with the Company effective as of 31 January 2019.

(*****) Ms. Nitza Kardish has ceased her employment as Chief Executive Officer of Trendlines Incubators Israel and Vice President of the Company effective as of 31 January 2019, and accepted the position of Vice Chair at the Company's new Singapore-based innovation center as of 1 February 2019.

(******) Mr. Moshe Katzenelson has ceased his employment with the Company as VP Business Development, effective as of 8 August 2018.

The annual aggregate remuneration paid to the top 5 KMP (who are not Directors or the Chief Executive Officers) for FY2018 was S$1,677,131.

In connection with the termination of Ms. Heller and Mr. Katzenelson's roles in the Company as detailed above, the Company approved separation packages for Mr. Heller and Mr. Katzenelson, in an aggregate amount of S$116,659 and S$49,207, correspondingly. The separation packages are in accordance with the applicable provisions, and within the applicable limits, of the Company's Compensation Policy. There were no other termination, retirement or post-employment benefits granted to the KMP (who are not Directors or the Chief Executive Officers) in FY2018.

Guideline 9.4: Remuneration to Employees Who Are Immediate Family Members of a Director or the Chief Executive Officer for FY2018
Ms Karen Kozek is the spouse of the Company's Chairman and Chief Executive Officer, Mr. Todd Dollinger, and is employed by the Company in marketing communications. The remuneration of Ms. Kozek during FY2018 was between S$50,000 and S$100,000. Save for Ms. Karen Kozek, there are no other employees of the Group who are immediate family members of a Director or Chief Executive Officer of the Company.

Guideline 9.5: Details of Employee Share Option Scheme
Please refer to Principle 8.2 of the Corporate Governance Report, Directors' Report on pages 89 to 91 and the Financial Statements on pages 145 to 147 of this Annual Report for information regarding the 2015 Plan.

Guideline 9.6: Link between Remuneration and Performance
The remuneration received by the KMP (including the Chief Executive Officers of the Company) consisted of fixed and variable compensations. Variable compensation is determined based on the level of achievement of corporate and/or individual performance objectives and/or all or part on discretion.

The Company's Board of Directors and the RC had in 2018 approved the 2018 MBO Plan for its KMP, and at the Special General Meeting held on 25 April 2018, obtained Shareholders' approval (by the special majority) for the adoption of such 2018 MBO Plan for the Company's Chief Executive Officers. For further information regarding the 2018 MBO Plan, please refer to the Company's circular to the Shareholders dated 20 March 2018.

Under the 2018 MBO Plan, the Company has determined certain performance targets used to determine the KMP's eligibility to the Annual Operational Bonus (as defined under the Company's Compensation Policy) (the "**Performance Targets**"). The Performance Targets comprise 5 Company targets (including relating financial performance and business development) and, except with respect to the Company's CEOs (whose measurable Performance Targets include Company targets only), also personal measurable targets relating to the KMP's specific responsibilities in the Company and personal non-measurable targets as determined by the Board and the RC (which, with respect to the Company's CEOs, do not exceed 20% of the Company's CEOs total Performance Targets). As one of the bonus payment threshold for the 2018 MBO plan was not met , no bonuses were recorded nor paid to any of the KMPs (including the Chief Executive Officers of the Company).

In addition, the Compensation Policy provides for payment of an Exit Bonus (as defined in the Compensation Policy) in connection with an Exit Event (as defined in the Compensation Policy) relative to the Company's portfolio companies, as may be approved by the Board and RC and in the amount which shall be calculated based on the proceeds actually received by the Company as a result of such Exit Event as set forth in the Compensation Policy and subject to the terms and caps determined therein for such Exit Bonus.

On 8 November 2018, the Company's Board of Directors and RC approved the Management By Objectives plan for the officers of the Company for FY2019 (the "**2019 MBO Plan**") (with Messrs. David Todd Dollinger and Stephen Louis Rhodes abstaining from making any recommendation in respect of such resolution), which, with respect to the Company's Chief Executive Officers, was brought before the Company's shareholders for further approval, at the 2019 SGM. The 2019 MBO Plan was then approved by Shareholders at the 2019 SGM. For further information regarding the 2019 MBO Plan, please refer to the Company's circular to the Shareholders dated 7 January 2019.

Principle 10: Accountability

Guidelines 10.1-10.2: Board Accountability

The Company is committed to: (a) ensuring that its Shareholders and the market are provided with timely and adequate disclosure of material information in relation to the Company; (b) complying with the continuous disclosure obligations contained in the relevant laws, regulations and rules in Singapore; and (c) ensuring that all Shareholders have fair and equal opportunities to receive information issued by the Company.

One of the Board's principal duties is to promote and protect the long-term value and returns to the Shareholders, and accepts that it is accountable to the Shareholders and adopts best practices to maintain Shareholders confidence and trust. The Company is required to release unaudited quarterly and annual financial results pursuant to the Catalist Rules. The Company's announcements are released via SGXNET within the respective periods stipulated in the Catalist Rules after review and approval by the Board and the Company's sponsor. In presenting results of financial statements, the Board strives to provide the Shareholders with detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects.

The Board also reviews legislation and regulatory compliance reports from management to ensure the Group's compliance with the relevant regulatory requirements.

Guideline 10.3: Management Accountability

The Company's Chief Executive Officers and its Chief Financial Officer provide management accounts and such explanation and information to the Board on a regular basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

The Board is of the opinion that monthly management accounts is not required for the time being as sufficient information is being provided to the Board on a timely and regular basis, which commensurate with the current level of Group activities. The Board will review the need for such monthly management accounts, as appropriate.

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management and Internal Controls

Guidelines 11.1-11.3: Board Review of Risk Management and Internal Controls
The Board is responsible for the overall risk governance, risk management and internal control framework of the Company and is fully aware of the need to put in place a system of internal controls within the Company to safeguard shareholders' interests and the Company's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems and is responsible for determining the Company's risk policies and levels of risk tolerance. The Company's internal controls structure consists of policies and procedures established to provide reasonable assurance to safeguard the assets of the Company against material misstatement, risks or loss. The Company's internal controls extend beyond the accounting and finance function – its scope addresses the financial, operational, compliance and information technology risks.

The Company has instituted an internal control framework covering financial, operational, compliance and information technology, as well as risk management policies and systems. The framework defines the roles and responsibilities of business units such as the Company's Incubators and other units. The design and implementation of risk management and internal control system are managed and reviewed by senior management. Key documentation including delegation of authority, control process and operational procedures are disseminated to the Group's employees.

To complement its internal control processes, the Company has in place a Whistle Blowing Policy which encourages employees and others who deal with the Company, and who have serious concerns about any aspects of the Company's work, to voice such concerns in confidence (please refer to Principle 12 below for further information regarding the Company's Whistle Blowing Policy).

The Company's Israeli Company Secretary serves as the Compliance Officer of the Company for the day to day administration of the Company's (i) Securities Dealing Policy; (ii) Anti Bribery Policy; and (iii) Code of Business Conduct Policy, with the AC being responsible and for the compliance, oversight and maintenance of the said policies.

The AC reviews the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and the risk management policies and systems established by the Group.

The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during FY2018 and as at 31 December 2018 . The basis for the Board's view are as follows:

1. Assurance has been received from the Chief Executive Officers and Chief Financial Officer in respect of (a) proper maintenance of financial records and financial statements to give a true and fair view of the Company's operations and finances for FY2018; and (b) adequacy and effectiveness of the Company's risk management and internal control systems;

2. Management completed a scoping and risk assessment overview to identify the significant accounts and related classes of transactions and processes, in respect of internal controls over financial reporting, and has evaluated the design and operating effectiveness of such internal controls;

3. KMP regularly evaluates, monitors, and reports to the AC on material risks, if any;

4. Discussions were held between management, AC and the external auditors to review and address any potential concerns; and

5. An enterprise risk assessment and a fraud risks survey were conducted to identify and mitigate significant risks.

The Company is placing emphasis on sustainability and implemented appropriate policies and programs. The Company published its inaugural sustainability report on 14 November 2018, in compliance with the Catalist Rules.

The internal controls system put in place by the Company's management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information) completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any audit and internal control systems against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Principle 12: Audit Committee

Guidelines 12.1-12.2: Establishment and Composition of Audit Committee
The AC is comprised of 3 Directors, all of whom, including the Chairperson, are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. The names of the members of the AC are set out in page 52 of this Annual Report. The AC includes the Company's External Directors, namely Ms. Elka Nir and Professor Hang Chang Chieh, whose re appointment as external directors was approved by Shareholders at the 2019 SGM in compliance with the Israeli Companies Law, whereupon the AC was constituted in compliance with the Israeli Companies Law. The Chairperson of the AC is Ms. Elka Nir.

At its current composition, the AC comprises members who are appropriately qualified, having relevant accounting or related financial management expertise and experience to discharge the authority and duties delegated by the Board to the AC.

None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

Guidelines 12.3-12.4: Authority and Duties of the Audit Committee
The authority and duties delegated by the Board to the AC are detailed in written terms of reference approved by the Board, and include, inter alia:

- Reviewing and recommending to the Board the approval of the Company's quarterly and annual financial statements and related management's discussion and analysis;
- Recommending to the Board and overseeing the external auditors of the Company, including reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- Making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- Reviewing the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- Pre-approving all audit and non-audit services to be provided to the Group by the external auditors;
- Identifying deficiencies in the administration of the Company (including reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties), and recommending remedial actions with respect to such deficiencies;
- Reviewing the effectiveness and adequacy of the Group's internal audit function;
- Reviewing the system of internal controls and management of financial risks with the internal and external auditors;
- Reviewing the cooperation of the Company's management with the external auditors and the internal auditors (without the presence of management), where applicable and at least annually;
- Reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- Reviewing of hedging policies and instruments to be implemented (if any);
- Reviewing and approving interested person transactions and review procedures thereof;
- Reviewing potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

CORPORATE GOVERNANCE REPORT

- Reviewing the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, to announce immediately via SGXNET;

- Investigating any matters within its terms of reference;

- Reviewing the policy and arrangements by which the staff and any other parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

- Administering and overseeing the implementation of the Disclosure and Insider Trading Policy, the Whistle Blowing Policy, the Anti-Bribery Policy, and any other corporate policy as may be adopted by the Company; and

- Undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

In addition, under the Israeli Companies Law, the AC is required, amongst other things, to:

- Identify deficiencies in the administration of the Company (including by consulting with the internal auditor or the external auditors of the Company), and recommend remedial actions with respect to such deficiencies;

- Determine with respect to transactions with related parties, including office holders and the controlling shareholder (if any), if such transactions are substantial actions (i.e. an action that is likely to materially affect the Company's profitability, assets or liabilities) or extraordinary transactions (i.e. a transaction that is not in a Company's ordinary course of business, not on market terms or that is likely to have a material impact on the Company's profitability, assets or liabilities) and may determine once a year, in advance, criteria for such determination;

- Determine with respect to extraordinary (and non-extraordinary) transactions with the controlling shareholder, the requirement to conduct a competitive procedure, or other procedures to be conducted prior to entry into such transactions;

- Review and approve or disapprove certain related-party transactions;

- Determine the procedure for approval of transactions with the controlling shareholder, which are not negligible transactions;

- Where the Board approves the working plan of the internal auditor, examine such working plan before its submission to the Board and proposing amendments thereto;

- Examine the internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfil his responsibilities;

- Examine the scope of the external auditor's work and compensation and submit a recommendation with respect thereto to the Board or general meeting, depending on which of them is considering the remuneration of the external auditor; and

- Adopt procedures with respect to processing employee complaints in connection with deficiencies in the administration of the Company, and the appropriate means of protection afforded to such employees.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Israeli law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he or she will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The AC shall also commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, the Board is required to report to the SGX-ST and the Company's sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by the AC as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Board.

Guidelines 12.5 and 12.8: Audit Committee Activities
The AC was constituted on 19 October 2015 (and as of the date of the Annual Report, its composition is in compliance with the Israeli Companies Law following the election of the External Directors).

The AC met with the external auditors on 21 February 2018 without the presence of Management during FY2018.

The AC reviewed the audited consolidated financial statements for FY2018 and also discussed with management and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual consolidated financial statements. The AC, reviewed, amongst others, on the following matters:

- valuation of portfolio companies;
- assessment of control over portfolio companies;
- appropriateness of the going concern assumptions in the preparation of the annual consolidated financial statements; and
- significant adjustments resulting from the audit, if any.

AC's Commentary on Key Audit Matters for FY2018
In addition, the most material area of judgment in the annual consolidated financial statements related to valuation of portfolio companies. The investment in portfolio companies as at 31 December 2018 had a carrying amount of US$97.2 million. The Company determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. At each reporting period, the AC discusses with management and with the Company's auditors about the Company's valuation policy, methodologies and the procedures performed on the valuation of portfolio companies.

In addition, at least annually, the AC considers the going concern principle on which the annual consolidated financial statements are prepared. As the Group establishes and invests in new portfolio companies as well as supporting existing investments with further capital, the business model is currently inherently cash consuming. Based on the balance of cash and cash equivalents as of 31 December 2018 and management's operating plan and the successful results of the Expense Reduction Plan , the AC is of the view that the Company has sufficient capital resources to finance its operations and meet its obligations as they come due for a period of at least twelve months from the date of the consolidated financial statements.

Following the review and discussions, the AC then recommended to the Board to approve the audited annual consolidated financial statements for FY2018.

Guidelines 12.6-12.7: Independence of External Auditors and Whistle Blowing Policy
The AC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as by reviewing the non-audit services provided by the Company's external auditors, namely EY as set out below and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors.

Fees Paid/Payable to EY for FY2018	(S$'000)	% of total
Audit fees	245	85.1
Non-audit fees: (Tax advice, Sustainability advisory services, Executive Compensation advisory services, Office of Chief Scientist advisory services and enterprise risk management related advisory services.)	43	14.9
Total		100

CORPORATE GOVERNANCE REPORT

The non-audit services rendered by EY during FY2018 were not substantial (less than 50% of the aggregate fees paid/payable to EY). The Company is an Israeli incorporated company and EY has confirmed that it is a member firm of the global network of Ernst & Young firms, Ernst & Young Global (which includes Ernst & Young (Singapore). For the purpose of compliance with Rule 712(2) of the Catalist Rules, EY has confirmed that it is a registered public accounting firm with the Public Company Oversight Board United States, which is a member of the International Forum of Audit Regulators.

On the basis of the above, the AC has recommended to the Board the re-appointment of EY as external auditors of the Company at the 2019 AGM.

EY Israel has been appointed to audit the financial statements of the Company, its significant subsidiaries and associated companies incorporated in Israel. The Singapore-incorporated subsidiary, Trendlines Medical Singapore Pte. Ltd., is audited by EY Singapore. The Company confirms its compliance to the Catalist Rules 712 and 715.

The Company has adopted a whistle blowing policy (the "**Whistle Blowing Policy**") which encourages employees and others who deal with the Company, and who have serious concerns about any aspects of the Company's work, to voice such concerns in confidence. The Whistle Blowing Policy sets out the Company's commitment to thoroughly investigate concerns that are reported in good faith and to protect employees, contractors or other stakeholders who report wrongdoing from being discriminated against or disadvantaged. Pursuant to the Whistle Blowing Policy, those with a complaint or concern regarding the Company are expected to contact a member of the AC or another person designated as a compliance officer via emailing to the email address (whistleblowing@trendlines.com) which can be found in the corporate website: investors.trendlines.com/governance. There were no whistle blowing reports received during FY2018.

Guideline 12.8: Measures Taken by the AC to Keep Abreast of Changes to Accounting Standards and Issues Which Have a Direct Impact on the Financial Statements
In the first quarter of FY2018, the AC had attended training by the external auditors on new accounting standards and risk management topics.

Principle 13: Internal Audit

The Company's internal audit function is outsourced to Mr. Doron Rosenblum from Ezra Yehuda-Rozenblum (members of Kreston International) (the "**Internal Auditor**" or "**IA**") that reports directly to the AC Chairperson. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is of the view that the IA has adequate resources to perform the functions and maintained their independence from the activities audited. The IA subscribes to, and is guided by the standard established by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing (IPPF) set by The Institute of Internal Auditors (IIA) and has incorporated these standards into its audit practices. The focus of the Internal Audit function is to strengthen the internal control structure and risk management through the conduct of independent and objective reviews. The AC is satisfied that the IA is adequately qualified given, inter alia, his education (Accounting degree and MBA) and over 27 years of experience as an IA. The IA has confirmed that the team members working under him are corporate members of the Institute of Internal Auditors (IIA) and are practicing the recommended standards by the IIA. The IA has the appropriate standing in the Company to discharge its duties effectively given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC met with the IA three times during FY2018, for audit report with respect to interested party transactions, procurement and vendor payments, compliance with Catalist Rules and accounting.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the internal audit function is independent, effective and adequately resourced. The AC is also responsible for recommending to the Board regarding the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

Principle 14: Shareholder Rights

Guideline 14.1: Shareholders Rights
Being committed to good corporate practices, the Company treats all of its Shareholders fairly and equitably. To facilitate the exercise of Shareholders' rights, the Company ensures that all material information relating to the Group and its financial performance is disclosed in an accurate and timely manner via SGXNET.

Guidelines 14.2-14.3: Participation in General Meetings of Shareholders
The Company encourages Shareholders' participation at the general meetings of its Shareholders which are held in Singapore.

All Shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. In accordance with the Articles, Shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms are to be deposited with the Company not less than forty-eight hours before the time set for the general meetings. Notwithstanding the provisions in the Articles, the Chairman of the general meeting has the right to waive the time requirement with respect to all proxies and to accept any and all proxies until the beginning of general meetings.

A polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders. All polling procedures are being scrutinized by an independent scrutineer.

Principle 15: Communication with Shareholders

Guidelines 15.1-15.2: Timely Disclosure of Information to Shareholders
The Company ensures that its Shareholders are notified of all material information in an accurate and timely manner. The Company's unaudited quarterly and annual results are announced within the mandatory period prescribed by the Catalist Rules. The financial statements and other materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All Shareholders receive notification about the publication of the Annual Report of the Company that includes download information (for an electronic copy) or a request for a print copy and the notice of the Company's annual general meetings, which notice is also advertised in the press and released via SGXNET. Shareholders and investors may contact the Company or access information regarding the Company on its website (www.trendlines.com) which provides, inter alia, corporate announcements, press releases and the latest financial results as released by the Company on SGXNET, and contact details of its investor relations.

Guidelines 15.3-15.4: Interaction with Shareholders
Under the Company's Disclosure Policy, the Company's Chief Executive Officers, Chief Financial Officer as well as the Director of Investor Relations (if appointed) are authorized to speak to the media and the Company's investors. They are responsible to ensure that all information presented or made available contains only (i) information that has been already been disclosed on the SGXNET; and (ii) non-price sensitive information.

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- one-on-one and group meetings;
- conferences and roadshows;
- annual general meetings and special general meetings;
- an external investor relations team whose contact details can be found on the Company's website;
- the Company's in-house corporate communications team;
- a detailed investor information section on its website;
- a monthly electronic newsletter; and
- investor/analyst briefings.

CORPORATE GOVERNANCE REPORT

The Company held more than 90 one-on-one investor meetings, an additional 10 analyst meetings and presented to more than 30 groups of investors during FY2018.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website (www.trendlines.com).

Guideline 15.5: Dividend Policy
The Board has adopted on 30 October 2017 a dividend policy in respect of the financial years ending 31 December 2018 (and 31 December 2019, effective as of 1 November 2017. It is the intention of the Board that dividends will be paid from the Company's annual distributable after tax profits out of net cash proceeds received by the Company from the following two sources, subject to the criteria set forth below:

1. a payout ratio of 90% of dividend payments received by the Company from its "Most Valuable Portfolio Company" from royalties on the sale of the "Product," as defined in the Company's offer document dated 16 November 2015.

2. a payout ratio of 40% of net cash after tax proceeds received by the Company in FY2018 and FY2019 from "Exit Events". An Exit Event means consummation of a sale of the equity securities of a portfolio company and/or the sale of the underlying business of a portfolio company to a third party where the net cash after tax distributable proceeds paid to the Company for the financial year is at least US$2 million from an Exit Event.

Under the Israeli Companies Law, a company may effect a distribution only under certain conditions and only out of its distributable profits and the distribution amount is limited to the greater of retained earnings or earnings accumulated over the 2 most recent years and provided that the Board determines that there is no reasonable concern that such distribution will prevent the Company from satisfying its existing and foreseeable obligations.

The dividend policy for FY2018 and FY2019 was formulated to provide shareholders with clearer expectations of the potential dividend payout which will be pegged to the financial performance of the Group for the relevant financial years. The Board believes that this policy is in line with good corporate governance practices and is in the best interests of our shareholders. Investors should note that the foregoing statement of the Company's dividend policy is a statement of the Board's present intention and does not constitute a legal binding obligation of the Company in respect of dividends; such dividend policy is subject to modification, including reduction or non-declaration of dividends. Investors should not infer the Company's dividend policy as to actual future profitability or ability to pay dividends. The actual distribution of a dividend will be subject to a specific decision of the Board taking into account, inter alia, the Group's earnings, financial position, cash flow, capital needs and other factors which the Board may deem appropriate.

No dividend has been declared or recommended for FY2018 as the Company does not meet the conditions required by the Israeli Companies Law to declare a dividend. According to the Israeli Companies Law, a company that 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).

Principle 16: Conduct of Shareholder Meetings

Guidelines 16.1, 16.2 and 16.5: Participation and Voting at General Meetings of Shareholders
The Company does not practice selective disclosure. Price-sensitive information is first publicly released on the SGXNET, either before the Company meets with any group of analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued on the SGXNET within the mandatory periods under the Catalist Rules.

All Shareholders are provided with the annual report and notice of the convening of the annual general meeting. At the Company's annual general meeting, the Shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Group.

All resolutions are put to vote by poll, and their detailed results including the total number and percentage of votes cast for and against each resolution are announced via SGXNET after the conclusion of the general meeting.

Shareholders are given the opportunity to vote at general meetings. However, as the authentication of Shareholder's identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Detailed information on each item in the general meeting agenda is provided in the explanatory notes to the notice of such general meeting.

Guideline 16.3: Management Participation at General Meetings
At least one of the Chairmen of the Company shall be present at general meetings, unless such presence is not reasonably possible in which case at least one of the Chairmen of the Company shall participate at general meetings via teleconference or other communication means, and an additional Director or office holder shall be present at such general meeting. In addition, the Company's Chief Financial Officer shall be present at annual general meetings to present the Company's annual financial statements and assist in addressing queries raised by the Shareholders with respect to such annual financial statements, unless such presence is not reasonably possible in which case the Chief Financial Officer shall participate in the meeting via teleconference or other communication means. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. In the event that the external auditors is unable to be physically present at the annual general meetings, the external auditors will participate via teleconference or other communication means to assist in answering any questions of shareholders with respect to the Company's audited annual financial statements at such meetings.

The Company also ensures that, when required, its Israeli Legal advisors are present at its general meetings (either via teleconference or in person) to address any queries shareholders may have on matters relating to the Israeli Companies Law.

Guideline 16.4: Minutes of General Meetings
All minutes of general meetings including the material comments and/or questions raised by Shareholders in relation to the meeting agenda and the responses from the representatives of the Company's Board and/or management (if applicable), will made available to Shareholders upon their request.

Compliance with Applicable Catalist Rules

Rule 1204(8): Material Contracts
Save for as disclosed in Note 19 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the Chief Executive Officer, Director, or controlling shareholder of the Company, which are either still subsisting at the end of FY2018, or, if not then subsisting, were entered into since the end of the previous financial year.

Rule 1204(17): Interested Person Transactions
The AC reviews and approves all interested person transactions ("**IPTs**") to ensure that they are on normal commercial terms and on arm's length basis (that is, the transactions are transacted in terms and prices not more favorable to the interested persons than if they were transacted with a third party) and are not prejudicial to the interests of the Group or the Company's minority Shareholders in any way, and the transactions are in the best interests of our Group. The Board has approved written procedures and guidelines for such review and approval of IPTs by the AC. All IPTs are properly documented and reported on in a timely manner to the AC.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	None exceeding the value of S$100,000/- for FY2018.	The Company does not have a general mandate for IPTs.

CORPORATE GOVERNANCE REPORT

Rule 1204(19): Securities Dealing Policy
The Company has adopted a securities dealing policy (the "**Securities Dealing Policy**") which sets out the policy on dealings in the Company's securities by the Company and the directors, officers, management and employees of the Group (the "**Relevant Persons**"). The Relevant Persons are to ensure that any trading by them in any of the Company's securities is undertaken within the framework set out in the Securities Dealing Policy and in accordance with the relevant laws, regulations and rules in relation to the dealing of the Company's securities. Pursuant to the Securities Dealing Policy, the Company and the Relevant Persons are prohibited from dealing with the Company's securities during the prescribed blackout periods beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results. In any event, the Company and the Relevant Persons are prohibited from dealing with the Company's securities at any time when they are in possession of unpublished material price sensitive information. In addition, as a matter of good practice, the Company and the Relevant Persons are also prohibited from dealing in the Company's securities on short-term considerations. The AC is responsible for administering and overseeing the implementation of the Securities Dealing Policy.

Rule 1204(21): Non-Sponsor Fees
No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2018.

Rule 1204(22): Use of IPO Proceeds and the private placement as detailed in the announcement dated 25 October 2017 (the "Placement")
The net proceeds raised from the initial public offering of the Company ("**IPO**"), after deducting the cash expenses in relation to the IPO of approximately S\$5.7 million is approximately S\$19.3 million.

The following table sets out the breakdown of the use of proceeds from the IPO as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
Follow-on investments in portfolio companies	10,000	8,412	1,588
Expansion of operations into new markets	5,000	2,491[1]	2,509
Expansion of internal innovation centre, Trendlines Labs	2,875	2,875	–
Operational expenses to support potential increase in the number of portfolio companies	1,400	1,400	–
Listing expenses	5,726	5,726	–
Total	**25,001**	**20,904**	**4,097**

Notes:

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

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

The net proceeds raised from the Placement, after deducting the cash expenses in relation to the Placement of approximately S\$0.7 million is approximately S\$13.3 million.

The following table sets out the breakdown of the use of proceeds from the Placement as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
General working capital	4,000	–	4,000
Direct and indirect investments into new, prospective or existing portfolio companies	9,338	6,924	2,414
Total	**13,338**	**6,924**	**6,414**

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Philip Haslett**
Date of Initial Appointment	15 October 2015
Date of last re-appointment (if applicable)	Not Applicable
Age	69
Country of principal residence	United Kingdom | Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board is of the view that Prof. Stephen Philip Haslett for the role of Independent Director and Chairperson of the Nominating Committee of The Trendlines Group Ltd.
Whether appointment is executive, and if so, the area of responsibility	Non-executive and independent
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and Chairperson of the Nominating Committee of The Trendlines Group Ltd.
Professional qualifications	– Bachelor of Science (Honours) in Aeronautical Engineering, Imperial College, London – Master of Science, Imperial College, London – Diploma of Imperial College, Imperial College, London – Associate, City and Guilds Institute London – Member, Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	2017 to date Professor of Entrepreneurship, IESE 2015 to date Professor of Entrepreneurship, INSEAD 2008 to date Director and Responsible for company strategy business development, Silver Fox Pte. Ltd. 2008-2015 Vice-President Asia Pacific Business Development, Memjet Incorporated
Shareholding interest in the listed issuer and its subsidiaries	No

CORPORATE GOVERNANCE REPORT

<table>
<tr><th colspan="2">Appendix 7F Requirements</th></tr>
<tr><th>Details required under Appendix 7F of the Catalist Rules</th><th>Stephen Philip Haslett</th></tr>
<tr><td>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</td><td>No</td></tr>
<tr><td>Conflict of interest (including any competing business)</td><td>No</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</td><td>Yes</td></tr>
<tr><td>Other Principal Commitments* Including Directorships#

* “Principal Commitments” has the same meaning as defined in the Code: “principal commitments” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)

<u>Present</u>

<u>Past (for the last 5 years)</u></td><td><u>Present commitments</u>
– Executive Director, Silver Fox Pte. Ltd.

<u>Past (for the last 5 years)</u>
Nil</td></tr>
<tr><td colspan="2">Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

(c) Whether there is any unsatisfied judgment against him?</td><td>No

No

No</td></tr>
</table>

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Philip Haslett**
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Philip Haslett**
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.

DIRECTORS' REPORT

We are pleased to submit this annual report to the shareholders of the Company together with the audited statements for the financial year ended 31 December 2018.

Directors

The Directors in office at the date of this report are as follows:

Name of Director	Designation
Mr. David Todd Dollinger	Chief Executive Officer and Chairman of the Board
Mr. Stephen Louis Rhodes	Chief Executive Officer and Chairman of the Board
Mr. Zeev Bronfeld	Non-Independent Non-Executive Director
Ms. Elka Nir	External Director (Lead Independent Director)
Prof. Stephen Philip Haslett	Independent Director
Prof. Hang Chang Chieh	External Director (Independent Director)

Directors' Interests

According to the share registers kept by the Company for the purposes of Sections 127 and 128 of the Israeli Companies Law, 5759-1999 (the "**Law**"), and according to the information provided to the Company by our directors, particulars of interests of directors who held office at the end of FY2018 (the "**Year**") (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, other than wholly owned subsidiaries, are as follows:

Except as listed hereunder, none of our directors who held office at the end of the Year had any direct interest in the Company's shares, debentures, warrants and share options – neither at the beginning of the Year, nor at the end of the Year, nor as at 21 January 2019.

DIRECTORS' REPORT

Directors' Interests in the Company:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2019	At the beginning of the Year	At end of the Year	At 21 January 2019
Ordinary Shares						
David Todd Dollinger	13,373,440(1)	13,456,040(1)	13,456,040(1)	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(2)	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(3)	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(3)
Stephen Louis Rhodes	13,373,440(1)	13,456,040(1)	13,456,040(1)	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(2)	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(2)	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(2)
Zeev Bronfeld	72,732,416	72,732,416	72,732,416	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–	–	–
Elka Nir	–	–	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–	–	–

Directors' Interests in Related Corporations:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2019	At the beginning of the Year	At end of the Year	At 21 January 2019
Headway Ltd.						
Ordinary Shares						
Stephen Louis Rhodes	30,000(3)	30,000(3)	30,000(3)	–	–	–
LapSpace Medical Ltd.						
Share options						
Zeev Bronfeld	4,774	4,774	4,774	–	–	–
Stimatix G.I. Ltd.						
Share options						
Zeev Bronfeld	2,320	2,320	2,320	2,000(4)	2,000(4)	2,000(4)
S.T.S. Medical Ltd.						
Ordinary Shares						
Zeev Bronfeld(4)	–	–	–	7,120	7,120	7,120
Share options						
Zeev Bronfeld	–	–	–	6,294	6,294	6,294
IntelliBreathe Ltd.						
Share options						
Zeev Bronfeld	5,618	5,618	5,618	–	–	–
ApiFix Ltd.						
Ordinary Shares(4)						
Zeev Bronfeld	2,263	2,263	2,263	–	–	–

(1) In September 2016, each of Messrs. David Todd Dollinger and Stephen Louis Rhodes gave his bank twelve irrevocable instructions to purchase NIS (New Israel Shekel) 3,000 worth of Shares on the 5th day (or the next Singapore and Israel business day if the 5th day falls on a non-business day in either countries) of each month, irrespective of the price per share on the date of the purchase. The first purchase of the Company's shares took place on 9 December 2016, with eleven subsequent monthly instructions executable once per month thereafter for eleven months, making a total of twelve purchases. The last instruction was made on 7 November 2017.

(2) Each of Messrs. David Todd Dollinger and Stephen Louis Rhodes are indirectly interested those 325,138 Trendlines Shares distributed to T.D.L International Directions Ltd. ("TDL") (formerly known as Trendlines International Ltd.) and Trendlines Venture Partners L.P., as follows: Each of Messrs. Dollinger and Rhodes has 45% shareholding interest in TDL. TDL holds approximately 99.8% of the shareholding interest in Trendlines Venture Management Ltd., which is the general partner of Trendlines Venture Partners L.P. David Todd Dollinger and Stephen Louis Rhodes are directors and shareholders of Trendlines Venture Management Ltd., which, is the general partner of Trendlines Venture Partners L.P., TDL and Trendlines Venture Partners L.P. hold 231,020 Ordinary Shares and 94,118 Ordinary Shares, respectively.

DIRECTORS' REPORT

(3) The shares are held for himself and in trust for the benefit of David Todd Dollinger.

(4) The holding is through M.B.R.T. Developments and Investments Ltd, a company wholly owned by Zeev Bronfeld.

(5) Zeev Bronfeld exercised 2,263 options in ApiFx into 2,263 ApFix shares, at the exercise price of NIS0.01 per share.

Except as disclosed under the "Share Options" section of this Directors' Report, neither at the end of, nor at any time during the Year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

Since the end of the Year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share Options

The 2011 Global Incentive Option Scheme (the "**Old Option Plan**") was approved and adopted in 2011. The Old Option Plan is administered by the Board.

The following table sets out information regarding options granted to the directors under the Old Option Plan:

Name of Participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of Old Option Plan to end of financial year under review	Aggregate options exercised since commencement of Old Option Plan to end of financial year under review	Aggregate options outstanding as at end of financial year under review 31 December 2018
David Todd Dollinger	–	13,272,928	–	13,272,928[1]
Stephen Louis Rhodes	–	13,272,928	–	13,272,928
Zeev Bronfeld	–	–	–	–
Elka Nir	–	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–

No Old Options have been granted to Controlling Shareholders and Associates of Controlling Shareholders.

As at the end of the Year, a total of 68,385,288 Old Options exercisable into 68,385,288 Shares at exercise prices of between NIS0.00125 and US$0.201125 were granted to 53 participants, of which 14,477,752 Old Options were exercised pursuant to which 14,477,752 Shares have been allotted and issued by the Company. As at the end of the Year, 46,957,008 Old Options exercisable into 46,957,008 Shares at exercise prices of between US$0.13625 and US$0.201125 remain outstanding. All outstanding Old Options granted under the Old Option Plan are all vested.

The Company does not have any parent company.

None of the Participants received 5% or more of the total number of options available under the Old Option Plan.

Since 2 August 2015, no Old Options have been granted under the Old Option Plan and Old Options are not permitted to be granted under the Old Option Plan and in lieu thereof options may be granted under the Trendlines Group Ltd. 2015 Global Share Option Plan ("**The Trendlines 2015 Share Option Plan**" or the "**Plan**") and its Sub-Plan.

1 Ms Karen Kozek is the spouse of the Mr. David Todd Dollinger, and is employed by the Company in marketing communications. Ms Kozek holds 240,000 options of the Company under The Trendlines 2015 Share Option Plan. Mr David Todd Dollinger is deemed interested in the options held by spouse.

The Old Option Plan provides that in the event of a transaction such as a merger, acquisition or reorganization of our Company with another company, or the sale of substantially all of the assets of the Company, the outstanding unexercised Old Options shall be assumed or substituted for an appropriate number of Shares as were distributed to Shareholders in connection with such transaction. In the event that the unexercised Old Options are not assumed or substituted, they may be immediately vested on the date which is ten (10) days prior to the effective date of the transaction, provided that a clause to this effect is included in the optionee's grant notification letter. The right to exercise vested Old Options will expire on the earliest to occur of the following: (i) 10 years from the date of grant; (ii) 12 months after the date of the optionee's death or disability; (iii) 90 days after the date of the optionee's voluntary resignation or involuntary termination not for cause; (iv) immediately, in the case of termination of the optionee's employment or term in office for cause; or (v) the date set forth in the grant notification letter provided by the Company.

All outstanding Old Options granted under the Old Option Plan, to the extent not exercised, will expire by August 2025. However, notwithstanding the foregoing, with respect to the Old Options granted to the Executive Officers (namely, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish) and two (2) ex-employees on 1 September 2011, the right to exercise the vested Old Options will expire 10 years from the date of grant (that is, 1 September 2021). With respect to the Old Options granted to certain of the Executive Officers (namely, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish) and two (2) ex-employees on 1 September 2011, the Old Options shall be entitled to receive "deemed interest" such as dividends distributed prior to exercise of such Old Options, which will be paid as a deemed dividend by way of a salary/bonus paid to the Executive Officers.

Old Options granted may not be assigned or transferred by an optionee other than by will or by laws of descent and distribution, or as specifically otherwise allowed under the Old Option Plan.

The Plan and Sub-Plan were adopted on 11 November 2015, effective immediately prior to listing of the Company's shares on the Catalist of the SGX-ST. Following the adoption of the Plan and Sub-Plan, the Old Option Plan is no longer active but continues to govern the treatment of the Old Options that have been previously granted thereunder.

As at the end of the Year, there are 46,957,008 Old Options granted and outstanding under the Old Option Plan. The following table sets out information regarding the outstanding Old Options:

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
David Todd Dollinger	1 September 2011	N.A.	5,838,384	5,838,384	–[1]	–[1]	US$0.003	Not applicable[1]	Not applicable[1]
	2 June 2014	N.A.	13,272,928	–	13,272,928	13,272,928	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Stephen Louis Rhodes	1 September 2011	N.A.	5,838,384	5,838,384	–[2]	–[2]	US$0.003	Not applicable[2]	Not applicable[2]
	2 June 2014	N.A.	13,272,928	–	13,272,928	13,272,928	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Gabriela Heller	1 September 2011	N.A.	1,459,592	–	1,459,592	1,459,592	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,916,888	–	1,916,888	1,916,888	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024

DIRECTORS' REPORT

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
Yosef Ron	10 October 2010	N.A.	983,712	983,712	-	-	N.A.	5 April 2018	5 April 2018
	1 September 2011[5]	N.A.	729,792	–	729,792	729,792	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014[6]	N.A.	1,573,800	1,573,800	–	–	US$0.1845	5 April 2018	5 April 2018
Yosef Hazan	22 December 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	22 December 2011 to 22 December 2021	22 December 2021
	2 June 2014	N.A.	1,187,088	–	1,187,088	1,187,088	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Dr. Nitza Kardish	1 September 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,187,088	–	1,187,088	1,187,088	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Other employees	10 October 2010	N.A.	1,639,376	1,639,376	–	–	N.A.	Not applicable	Not applicable
	26 June 2011	N.A.	146,784	146,784	–[4]	–[4]	NIS 0.00125	Not applicable[4]	Not applicable[4]
	1 September 2011	N.A.	3,357,064	–	3,357,064	3,357,064	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	6 January 2014	N.A.	3,503,016	2,335,344	1,167,672	1,167,672	US$0.13625	6 January 2014 to 6 January 2024	6 January 2024
	2 June 2014	N.A.	5,312,592	1,998,952	3,313,640	3,313,640	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
	2 June 2014	N.A.	1,187,088	593,544	593,544	593,544	US$0.1845	15 September 2016 to 15 September 2019	15 September 2019
	26 April 2015	N.A.	80,000	–	80,000	80,000	US$0.1875	26 April 2015 to 26 April 2025	26 April 2025

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
	2 August 2015	N.A.	1,120,000	80,000	1,040,000	1,040,000	US$0.201	2 August 2015 to 2 August 2025	2 August 2025
	2 August 2015	N.A.	400,000	400,000	–	–	US$0.201	30 March 2018	30 March 2018

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the Year.

Notes:

(1) David Todd Dollinger was granted 5,838,384 Old Options which were all exercised.

(2) Stephen Louis Rhodes was granted 5,838,384 Old Options which were all exercised.

(3) Comprises employees, former employees and consultants of our Company (excluding David Todd Dollinger, Stephen Louis Rhodes, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish).

(4) A former director of the Company was granted 146,784 Old Options, all of which had been exercised.

(5) Mr. Yossi Ron, the Company's former COO who ceased his employment in the company in January 2018, was granted 729,792 Old Options, of which none had been exercised and the remainder due to expire in accordance with the applicable provisions of the Old Option Plan, on 1 September 2021.

(6) Mr. Yossi Ron, the Company's former COO who ceased his employment in the company in January 2018, was granted 1,573,800 Old Options, of which none had been exercised and the remainder due to expire in accordance with the applicable provisions of the Old Option Plan, on 5 April 2018.

The Trendlines 2015 Share Option Plan

The Company has adopted The Trendlines 2015 Share Option Plan (the "**Plan**") and the Sub-Plan at a Special General Meeting of the Shareholders held on 11 November 2015 and amended at the Special General Meeting of the Shareholders held on 2 August 2016. The Plan and any Sub-Plans are administered by the Board or the Remuneration Committee. The Remuneration Committee, comprising of 3 directors, namely: Elka Nir, Prof. Stephen Philip Haslett and Prof. Hang Chang Chieh.

No options have been granted to Controlling Shareholders and Associates of Controlling Shareholders under the Plan. No options have been granted to directors under the Plan.

None of the Participants received 5% or more of the total number of options available under the Plan. The Company does not have any parent company.

No options were granted at a discount to market price during the financial year.

DIRECTORS' REPORT

As at the end of the Year, a total of 9,845,193 options exercisable into 9,845,193 Shares at exercise prices of between S$0.105 and S$0.32 were granted to 41 participants, none of the options were exercised and no Shares have been allotted and issued by the Company. As at the end of the Year, 7,175,626 options exercisable into 7,175,626 Shares at exercise prices of between S$0.105 and S$0.32 remain outstanding (after taking into account 2,669,567 options previously granted to former employees that had lapsed and expired during the Year). 3,563,082 outstanding options granted under the Plan are vested. Since the end of the Year, 3,061,169 options exercisable into 3,061,169 Shares at exercise prices of between S$0.094 were granted under the Plan to 11 participants.

Non-exhaustive information regarding the Plan is set out below (please refer to Appendix I of the Offer Document dated 16 November 2015 and the Company's circular dated 27 June 2016 for the entire Plan and Sub-Plan):

Option Pool

The total number of Shares for which the Remuneration Committee may grant options under the Plan at any date, when added to the number of Shares issued and/or issuable in respect of: (a) all options already granted under the Plan and Sub-Plan; and (b) all options or awards granted under any other share option scheme or share schemes then in force, shall not exceed 15.0% of the total issued share capital of the Company (excluding treasury Shares) on the day immediately preceding the date of grant of the options.

Maximum Entitlements

The aggregate number of shares reserved as option pool in respect of all options granted under the Plan available to plan controlling shareholders or associates of the plan controlling shareholders shall not exceed 5.0% of the shares available under the Plan. The number of shares reserved as option pool in respect of all options granted under the Plan available to each plan controlling shareholder or associate of the plan controlling shareholder shall also not exceed 1.0% of the shares available under the Plan.

Options, Exercise Period and Exercise Price

The exercise price for each grantee shall be as determined by the Remuneration Committee and specified in the applicable option agreement; provided, however, that: (i) unless otherwise determined by the Remuneration Committee (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law (including, for the avoidance of doubt, the listing manual)), the exercise price shall be the fair market value of the shares on the date of grant ("Fair Market Value Option") (i.e., the average of the last dealt prices for the shares on the Catalist of the SGX-ST over the 30 consecutive trading days immediately preceding the date on which the options are granted); and (ii) where the exercise price is set at a discount to the Fair Market Value of the shares, the maximum discount shall not exceed 20.0% of the Fair Market Value of the shares (or such other percentage or amount as may be determined by the Remuneration Committee and permitted by the Sponsor or (if required) any other stock exchange on which the Shares are quoted ("Discounted Option"). Fair Market Value Options may be exercised after the first anniversary of the date of grant of that Option while Discounted Options may only be exercised after the second anniversary from the date of grant of the Option ("Cliff Period"). Unless otherwise determined by the Remuneration Committee with respect to any specific Grantee and/or to any specific grant following the Cliff Period, the options shall vest upon the lapse of each full additional one (1) month thereafter of the grantee's continuous service thereafter, until all the Options vested (that is, 100% of the grant will be vested after three (3) years).

Unless expired earlier pursuant to the Plan, unexercised Options shall expire and terminate and become null and void upon the lapse of 10 years from the Date of Grant.

Duration of the Plan

The Plan is effective as of the day it was adopted by the Board, and shall continue in effect until the earlier of: (a) its termination by the Board; or (b) the lapse of 10 years from the date the Plan is adopted by the Board. The termination, discontinuance or expiry of the Plan shall be without prejudice to the rights accrued to Options which have been granted and accepted in accordance with the rules of the Plan, whether such Options have been exercised (whether fully or partially) or not.

Grant of Discounted Options

Discounted Options will only be granted to deserving employees whose performance has been consistently good and/or whose future contributions to our Group will be invaluable. The ability to offer Discounted Options will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of our Group to a level that benefits our Shareholders when these are eventually reflected through an appreciation of our share price. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Discounted Options as only employees who have made significant contributions to the success and development of our Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Remuneration Committee will have absolute discretion to:

(a) grant Options set at a discount to the Fair Market Value of a Share (subject to a maximum limit of 20.0%); and

(b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

The Remuneration Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20.0% of the Fair Market Value) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorized, in a separate resolution, the making of offers and grants of Options under the Plan and Sub-Plan at a discount not exceeding the maximum discount as aforesaid. Such Discounted Options may be exercisable after two (2) years from the date of grant.

As at the end of the Year, there are 6,855,626 options outstanding under the Plan. The following table sets out information regarding the outstanding options under the Plan:

Name of holder of options	Date of grant	Purchase price	Number of Shares comprised in the options	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the options	Number of Shares comprised in the Unexercised options	Exercise price per option	Exercise period	Expiration date
Consultants	30 December 2015	–	320,000	–	320,000	S$0.32	10 years as of the date of grant	30 December 2025
Gabriela Heller	11 August 2016	–	629,383	192,310	437,073	S$0.19	10 years as of the date of grant	11 August 2026
Yosef Ron	11 August 2016	–	629,383	629,383	–	S$0.19	5 April 2018[7]	5 April 2018[7]
Yosef Hazan	11 August 2016	–	629,383	–	629,383	S$0.19	10 years as of the date of grant	11 August 2026
Dr. Nitza Kardish	11 August 2016	–	629,383	–	629,383	S$0.19	10 years as of the date of grant	11 August 2026
Moshe Katzenelson	11 August 2016	–	629,383	192,310	437,073	S$0.19	10 years as of the date of grant	11 August 2026

DIRECTORS' REPORT

Name of holder of options	Date of grant	Purchase price	Number of Shares comprised in the options	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the options	Number of Shares comprised in the Unexercised options	Exercise price per option	Exercise period	Expiration date
Haim Brosh	12 August 2018	–	1,775,643	–	1,775,643	S$0.11	10 years as of the date of grant	12 August 2028
Other employees	11 August 2016	–	629,383	629,383	–	S$0.19	10 years as of the date of grant	15 September 2016
	15 September 2016	–	1,302,822	547,563	755,259	S$0.17	10 years as of the date of grant	15 September 2026
	6 April 2017		1,603,938	478,618	1,125,320	S$0.156	10 years as of the date of grant	6 April 2027
	12 August 2018	–	1,066,492	–	1,066,492	S$0.11	10 years as of the date of grant	12 August 2028

(7) Mr. Yossi Ron, the Company's former COO, was granted 629,383 options, of which none had been exercised and the remainder due to expire in accordance with the applicable provisions of the 2015 Option Plan, on 5 April 2018.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the Year.

Audit Committee

The Audit Committee was established on 19 October 2015 and the members of the Audit Committee comprise of 3 directors, namely, Elka Nir, Prof. Stephen Philip Haslett and Prof. Hang Chang Chieh.

During FY2018, the Audit Committee had held five meetings.

The Audit Committee reviews the effectiveness and adequacy of the Group's internal controls (including financial, operational, compliance and information technology controls) and the risk management policies and systems established by the Group.

The Audit Committee had full access to and cooperation of Management and it also has full discretion to invite any Director or executive officer to attend its meetings. The Chief Financial Officer attends meetings of the Audit Committee. The external auditors have unrestricted access to the Audit Committee and the Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board that the external auditors be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors have indicated their willingness to accept re-appointment for the ensuing financial year.

On behalf of the Board,

David Todd Dollinger, Chairman and CEO

Stephen Louis Rhodes, Chairman and CEO

21 March 2019

STATEMENTS BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 95 to 150 are drawn up so as to give a true and fair view of the Company and of the Group as at 31 December 2018 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) as at the date of this statement, there are reasonable grounds to assume that the Group will be able to pay its debts as and when they fall due.

On behalf of the directors,

David Todd Dollinger, Chairman and CEO

Stephen Louis Rhodes, Chairman and CEO

21 March 2019

THE TRENDLINES GROUP LTD.

INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE

TRENDLINES GROUP LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2018

(U.S. dollars in thousands)

THE TRENDLINES GROUP LTD.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2018,

INDEX

INDEPENDENT AUDITORS' REPORT

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To The Shareholders and Board of Directors
The Trendlines Group Ltd.

Opinion

We have audited the financial statements of The Trendlines Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as of December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Company as of December 31, 2018, and the Group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"s). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in Israel as prescribed by the Auditor Regulations (Conflict of Interests and Impairment of Independence Resulting from Another Occupation) 2008, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter in 2018

Investments in Portfolio Companies

The Group's disclosures about its investments in Portfolio Companies are included in Notes 7 and 9.

The Group's investments in Portfolio Companies represent 88% of the total amount of its assets. The valuations of the Portfolio Companies are designated as level 3 in the fair value hierarchy since they are valued using inputs other than quoted prices in an active market. The Group determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. Due to the inherent subjectivity in the valuation of these investments, we determined this matter to be a significant item for our audit.

INDEPENDENT AUDITORS' REPORT

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How our audit addressed the matter

Our audit procedures comprised, amongst others, of an assessment of the appropriateness of the valuation models and inputs used to value the Portfolio Companies.

We used our internal valuation specialists to assess the valuation of the material investments, and to assess whether the valuations arrived at by the Group were within a pre-defined reasonable range of acceptable differences. As part of these audit procedures, we assessed the reasonability of key inputs used in the valuation such as the expected operational performance, expected cash flows and weighted average cost of capital by among others benchmarking them with external data. We also evaluated the Group's assessment whether other evidence exists that could adversely affect the valuation of individual investments.

Finally, we assessed the completeness and accuracy of the disclosures relating to investments to assess compliance with disclosure requirements included in IFRS.

Other information included in the Group's 2018 Annual Report

Other information consists of the information included in the Group's 2018 Annual Report other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Ari Aslan.

Haifa, Israel
March 6, 2019

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

		The Group		The Company	
		December 31,		December 31,	
	Note	2018	2017	2018	2017
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents		8,136	8,747	6,429	5,880
Short-term bank deposits	3	2,728	10,730	2,642	10,545
Accounts and other receivables	4	605	716	162	238
Short-term loans to Portfolio Companies	5	363	229	–	–
Total Current Assets		11,832	20,422	9,233	16,663
NON-CURRENT ASSETS:					
Investments in Portfolio Companies	9	97,226	96,800	–	–
Investment in Subsidiaries	8	–	–	77,317	77,045
Property, plant and equipment, net	6	952	1,050	329	274
Total Non-Current Assets		98,178	97,850	77,646	77,319
Total Assets		110,010	118,272	86,879	93,982

The accompanying notes are an integral part of these financial statements.

		The Group		The Company	
		December 31,		December 31,	
	Note	2018	2017	2018	2017
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Trade and other payables	10	1,745	2,225	776	1,409
Deferred revenues	2(B)(12)	3,630	3,970	–	194
Total Current Liabilities		5,375	6,195	776	1,603
LONG-TERM LIABILITES:					
Deferred revenues	2(B)(12)	1,393	1,352	–	–
Loans from the Israel Innovation Authority	11	2,974	3,830	–	–
Other long-term liabilities		177	186	145	168
Deferred taxes, net	13(D)	13,676	13,844	–	–
Total Long-Term Liabilities		18,220	19,212	145	168
EQUITY:					
Equity Attributable to Equity Holders of the Company:					
Share capital	15	1,601	1,601	1,601	1,601
Share premium		65,282	65,028	65,282	65,028
Reserve from hedges	12(C)	(95)	66	(95)	66
Reserve from share-based payment transactions	16	4,252	4,477	4,252	4,477
Retained earnings		14,918	21,039	14,918	21,039
Total		85,958	92,211	85,958	92,211
Non-Controlling Interests		457	654	–	–
Total Equity		86,415	92,865	85,958	92,211
Total Liabilities and Equity		110,010	118,272	86,879	93,982

March 6, 2019			
Date of approval of the financial statements	D. Todd Dollinger Co-Chairman and Chief Executive Officer	Steve Rhodes Co-Chairman and Chief Executive Officer	Haim Brosh Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

U.S. dollars in thousands, except share data

	Note	Year ended December 31, 2018	2017
Income:			
Gain (loss) from change in fair value of investments in Portfolio Companies	2(B)(5)	(6,046)	9,399
Income from services to Portfolio Companies	2(B)(12)	5,760	4,904
Group's share of losses of companies accounted for under the equity method, net		–	(167)
Income from contracted R&D services	2(B)(12)	476	473
Financial income	17(D)	1,248	665
Other income		360	355
Total income		1,798	15,629
Expenses:			
Operating, general and administrative expenses	17(A)	6,395	8,579
Marketing expenses		404	354
R&D expenses, net	17(B)	1,057	1,111
Financial expenses	17(C)	428	10
Total expenses		8,284	10,054
Income (loss) before income taxes		(6,486)	5,575
Tax benefit (Income tax expenses)	13(E)	168	(1,643)
Net income (loss)		(6,318)	3,932
Other comprehensive income (loss):			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Gain (loss) from cash flow hedges		(161)	90
Total comprehensive income (loss)		(6,479)	4,022
Net income (loss) Attributable to:			
Equity holders of the Company		(6,121)	3,863
Non-Controlling Interests		(197)	69
		(6,318)	3,932
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		(6,282)	3,953
Non-Controlling Interests		(197)	69
		(6,479)	4,022
Net earnings (loss) per share attributable to equity holders of the Company (in U.S dollars):	18		
Basic and diluted net earnings (loss) per share		$ (0.01)	$ 0.01

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share premium	Reserve from hedges	Reserve from share-based payment transactions	Retained earnings	Total	Non-Controlling Interests	Total equity
Balance as of January 1, 2017	**1,315**	**55,316**	**(24)**	**4,384**	**17,176**	**78,167**	**34**	**78,201**
Net income and total comprehensive income	–	–	90	–	3,863	3,953	69	4,022
Issuance of shares, net	286	9,557	–	–	–	9,843	–	9,843
Cost of share-based payments	–	–	–	248	–	248	–	248
Expiration of options	–	155	–	(155)	–	–	–	–
Consolidation of Trendlines Medical Singapore	–	–	–	–	–	–	551	551
Balance as of December 31, 2017	**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 of December 31, 2018	**1,601**	**65,282**	**(95)**	**4,252**	**14,918**	**85,958**	**457**	**86,415**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	(6,318)	3,932
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	288	183
(Tax benefit) income tax expenses	(168)	1,643
Loss (gain) from changes in fair value of investments in Portfolio Companies	6,046	(9,399)
Financial income, net	(1,206)	(151)
Income from services to Portfolio Companies	(4,952)	(4,288)
Share-based payments	29	248
Group's share of loss of company accounted for under the equity method, net	–	167
Changes in asset and liability items:		
Increase in short-term loans to Portfolio Companies	(134)	(17)
(Increase) decrease in accounts and other receivables	(68)	269
Decrease (increase) in trade and other payables	(388)	484
Decrease (increase) in other long-term liabilities	(9)	42
	(562)	(10,819)
Proceeds from sale of investment in Portfolio Company	–	2,444
Investments in Portfolio Companies	(1,725)	(2,502)
	(1,725)	(58)
Cash received (paid) during the year for:		
Interest paid	–	(76)
Income taxes paid	–	(297)
Interest received	212	–
	212	(373)
Net cash used in operating activities	(8,393)	(7,318)

	Year ended December 31,	
	2018	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(192)	(441)
Proceeds from (investment in) bank deposits and short-term bank deposits, net	8,002	(1,505)
Consolidation of Trendlines Medical Singapore (a)	–	1,544
Deconsolidation of subsidiary (b)	(145)	–
Net cash provided by (used in) investing activities	7,665	(402)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	–	9,843
Loans received from the Israel Innovation Authority	186	106
Loans repaid to the Israel Innovation Authority	(69)	(459)
Net cash provided by financing activities	117	9,490
(Decrease) increase in cash and cash equivalents	(611)	1,770
Cash and cash equivalents at the beginning of the year	8,747	6,977
Cash and cash equivalents at the end of the year	8,136	8,747
(a) Consolidation of Trendlines Medical Singapore:		
Property, plant and equipment, net	–	(284)
Current liabilities	–	364
Non-controlling interests	–	551
Derecognition of investment accounted for under the equity method	–	913
	–	1,544
(b) 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	–
Non-cash transactions		
Investments in Portfolio Companies in consideration for future services (deferred revenues)	4,747	3,642

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 1:- GENERAL

A. Corporate information

The Trendlines Group Ltd. (the "Company") was incorporated in Israel in 2007. Since its incorporation, the Company has been engaged in creating and investing in innovation, primarily carried out through its main subsidiaries: Trendlines Agtech - Mofet Ltd. ("Agtech"), Trendlines Incubators Israel Ltd., formerly known as Trendlines Medical - Misgav Ltd. ("Medical") and Trendlines Medical Singapore Pte Ltd. ("Trendlines Medical Singapore"). The Company's subsidiaries operate as technological incubators and represent one business segment for management reporting purposes.

In November 2015, the Company completed an initial public offering ("IPO") on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is trading on ticker SGX: 42T.

On October 25, 2017, the Company completed the allotment and issuance of 100 million new Ordinary shares at a Placement Price of S$0.1403 per share for gross proceeds of S$14.03 million. The Company received net proceeds of approximately S$13.34 million (approximately $9,800).

Agtech and Medical are incubators operated under franchise agreements with the State of Israel, through the Israel Innovation Authority ("IIA") of the Ministry of Economy and Industry.

In December 2015, Medical received formal notice from the IIA of the renewal of its incubator franchise for a period of eight years from January 1, 2016, to December 31, 2023.

Under the terms of the new franchise, the IIA has established certain milestones, which must be met for Medical to retain the franchise. Such milestones include, among others, a minimum number of new portfolio companies to operate under Medical during specified time periods from the beginning of the franchise period (at least: 6 within a period of 24 months; 12 within a period of 48 months; and 18 within a period of 72 months). Group management believes that as of December 31, 2018, Medical is meeting the milestones required to retain its franchise.

In March 2016, Agtech received formal notice from the IIA that its franchise has expired. The IIA approved the Company's request to expand the mandate of Medical, which has a franchise until December 31, 2023, to include agritech investments. In addition, the IIA accepted Medical's goal of establishing between 9 to 11 new Portfolio Companies a year (about 5 Portfolio Companies each in the medical device field and agtech field) (the "IIA Approval"). The IIA Approval provides the Company continuing access to IIA financial support for new agtech investments, as has been made previously.

In addition, the Company internally develops new technologies, mainly in the area of medical devices, through its "Trendlines Labs" operations.

The Company's headquarters is located at 17 T'chelet Street, Misgav Business Park, M.P. Misgav 2017400, Israel.

B. Since its inception, the Group has had negative cash flows from operations. Accordingly, the Group is still dependent on external financing to fund its activities. The Group management believes that its existing financial resources are sufficient for the Group to meet its obligations as they come due at least for a period of twelve months from the date of approval of the financial statements.

C. Approval of financial statements

These financial statements were approved by the board of directors on March 6, 2019.

NOTE 1:- GENERAL (Cont.)

D. Definitions

The Company	-	The Trendlines Group Ltd.
The Group	-	The Company and its consolidated subsidiaries.
Subsidiaries	-	Companies that are controlled by the Company (as defined in IFRS 10) and whose accounts are consolidated with those of the Company.
Investees	-	Subsidiaries.
Medical	-	Trendlines Incubators Israel Ltd. a technological incubator - subsidiary of the Company.
Trendlines Medical Singapore	-	Trendlines Medical Singapore Pte Ltd. a technological incubator - subsidiary of the Company.
Agtech	-	Trendlines Agtech - Mofet Ltd. a technological incubator - subsidiary of the Company.
Trendlines Incubators/ Incubators	-	Three technological incubators - Medical, Agtech and Trendlines Medical Singapore in which the Company exercises control and whose statements are consolidated with those of the Company (see Note 8).
Peripheral Incubator	-	Technological incubator that is situated in a national priority region. Medical is a Peripheral Incubator.
Portfolio Company	-	A company in which the Incubators invested and is not a subsidiary.
IIA	-	Israel Innovation Authority (formerly the Office of the Chief Scientist) of the Israeli Ministry of Economy and Industry.
Directive 8.2	-	Directive 8.2 of the Director General of the Ministry of Economy effective regarding the Incubators from August 22, 2001 through August 31, 2007, when the Incubators functioned as non-profit companies.
Old Directive 8.3	-	Directive 8.3 of the Director General of the Ministry of Economy - Technology Entrepreneurship Centers - Pilot Incubators, effective regarding the Incubators from September 1, 2007 (when the Incubators started to function as for-profit companies under the control of The Trendlines Group) through December 31, 2010.
Track Benefit No.3	-	Track Benefit No.3 of the Israel Innovation Authority in the ministry of economy and industry - technological incubators; replaced the Old Directive 8.3, effective regarding the Incubators from January 1, 2011, onwards.
Related parties	-	As defined in IAS 24.
Dollar	-	US dollar.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of presentation of the financial statements

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivative financial instruments, that have been measured at fair value through profit and loss.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company ("Subsidiaries"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

B. Summary of significant accounting policies

1. Functional currency, presentation currency and foreign currency

a. Functional currency and presentation currency:

The Group's financial statements are presented in US dollars, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group's performance and liquidity are evaluated and managed in US dollars. Therefore, the US dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

1. Functional currency, presentation currency and foreign currency (Cont.)

b. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

2. Cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

3. Short-term deposits

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

4. Financial instruments

As described in Note 2(B)(17)(2) regarding the initial adoption of IFRS 9, "Financial Instruments" (the "Standard"), the Group elected to adopt the provisions of the Standard retrospectively without restatement of comparative data.

The accounting policy for financial instruments applied until December 31, 2017, is as follows:

a. Financial assets

Financial assets within the scope of IAS 39 were initially recognized at fair value plus directly attributable transaction costs, except for financial assets measured at fair value through profit or loss in respect of which transaction costs were recorded in profit or loss.

After initial recognition, the accounting treatment of financial assets was based on their classification as follows:

Financial assets at fair value through profit or loss upon initial recognition:

This category included investments in Portfolio Companies held by the Incubators which were investment entities. After initial recognition, changes in the fair value of the investments were recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

a. Financial assets (Cont.)

Loans and receivables:

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. The Group included in this category amounts relating to other short-term receivables. After initial recognition, loans were measured based on their terms at amortized cost plus directly attributable transaction costs using the effective interest method, and less any impairment losses. Short-term receivables were measured based on their terms, normally at face value.

The Group has not designated any financial asset upon initial recognition as held to maturity investments or available for sale financial assets.

b. Financial liabilities

Financial liabilities were initially recognized at fair value.

After initial recognition, the accounting treatment of financial liabilities was based on their classification as follows:

Financial liabilities at amortized cost less directly attributable transaction costs

After initial recognition, short term liabilities were measured based on their terms at cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss included loans received from the IIA designated upon initial recognition at fair value as they were evaluated by management on a fair value basis and the fair value information about them was provided to the Group's key management personnel.

c. Derecognition

Financial assets

A financial asset was derecognized where the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset as follows:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

The Group derecognized a financial liability when the obligation under the liability was discharged, cancelled or expired. A financial liability was extinguished when the debtor (the Group) discharges the liability by paying in cash, other financial assets, goods or services; or was legally released from the liability.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

d. Offsetting of financial instruments

Financial assets and financial liabilities were offset and the net amount reported in the statements of financial position if there was a currently enforceable legal right to offset the recognized amounts and there was an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right was not available, or there may not be any events that will cause the right to expire.

The accounting policy for financial instruments applied commencing from January 1, 2018, is as follows:

a. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and

- The contractual cash flow terms of the financial asset.

1) Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

On the date of initial recognition, the Group may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

a. Financial assets: (Cont.)

2) Equity instruments and other financial assets held for trading:

Investments in equity instruments are measured at fair value through profit or loss. This category includes investments in Portfolio Companies held by the Incubators which are investment entities.

Other financial assets held for trading such as derivatives, including embedded derivatives separated from the host contract, are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

b. Impairment of financial assets:

The Group has short-term financial assets, principally short-term loans and trade receivables, in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. The impairment loss, if any, is recognized in profit or loss with a corresponding allowance that is offset from the carrying amount of the assets.

c. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or

- The Group has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or

- The Group has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

d. Financial liabilities:

1) Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

d. Financial liabilities: (Cont.)

2) Financial liabilities measured at fair value through profit or loss:

At initial recognition, the Group measures financial liabilities that are not measured at amortized cost at fair value. Transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.

At initial recognition, the Group designated the financial liability in respect of loans received from the IIA as measured at fair value through profit or loss. Changes in the fair value of the financial liability are recognized in profit or loss, except for changes that can be attributed to changes in the financial liability's credit risk which are recorded in other comprehensive income.

e. Derecognition of financial liabilities:

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

f. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

5. Fair value measurement

The Group measures its investments in Portfolio Companies at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

5. Fair value measurement (Cont.)

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances Valuation techniques include the market comparable approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same), the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible) and the cost approach (see Note 7(C)(3) for details).

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

6. Loans from the Israel Innovation Authority

The fair value of loans received from the IIA is calculated based on the present value of expected amounts to be repaid to the IIA, discounted at a rate reflecting the level of risk of the Portfolio Companies or the risk of the Incubators in case of operational loans. The loans for Portfolio Companies were received under the Old Directive 8.3 and the incubators' operational loans were received under the Track Benefit No. 3, see also Note 14(A)(4).

7. Leases

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee:

Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

8. Property, plant and equipment

Property, plant and equipment are measured at cost, including direct attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

8. Property, plant and equipment (Cont.)

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%	Mainly %
Leasehold improvements (according to the lease term)	10-12.5	10
Office furniture and equipment	6-15	7
Computers and peripheral equipment	15-33	33

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) or the expected life of the leasehold improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized.

9. Research and development expenditures

Research and development ("R&D") expenditures in respect of contracted service agreements, are recognized in profit or loss when incurred.

10. Income taxes

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

a. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

b. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carry-forward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

10. Income taxes (Cont.)

b. Deferred taxes: (Cont.)

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

11. Share-based payment transactions

The Group's employees, directors and other service providers are entitled to remuneration in the form of equity-settled share-based payments.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award (the "vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

12. Revenue recognition

As described in Note 2(B)(17)(1) regarding the initial adoption of IFRS 15, "Revenue from Contracts with Customers" (the "Standard"), the Group elected to adopt the provisions of the Standard using the modified retrospective method with the application of certain practical expedients and without restatement of comparative data.

The accounting policy for revenue recognition applied until December 31, 2017, is as follows:

Revenues were recognized in profit or loss when the revenues could be measured reliably, it was probable that the economic benefits associated with the transaction would flow to the Group and the costs incurred or to be incurred in respect of the transaction could be measured reliably. When the Group acted as a principal and was exposed to the risks associated with the transaction, revenues were presented on a gross basis. When the Group acted as an agent and was not exposed to the risks and rewards associated with the transaction, revenues were presented on a net basis. Revenues were measured at the fair value of the consideration less any trade discounts, volume rebates and returns.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

12. Revenue recognition (Cont.)

Following were the specific revenue recognition criteria which must be met before revenue was recognized:

a. Revenues from rendering of services

Revenues from rendering of services to Portfolio Companies and others were recognized by reference to the stage of completion at the reporting date.

b. Dividend income

Dividend income was recognized on the date on which the investments were quoted ex-dividend or, where no ex-dividend date was quoted, when the Group's right to receive the payment was established. Dividend income was presented in "Gain from change in fair value of investments in Portfolio Companies".

c. Income from services to Portfolio Companies

The Group, through its Incubators, provides the Portfolio Companies with services in the area of technology development, business development, capital raising, access to IIA grants and administrative support. In consideration for the Incubators' obligation pursuant to Track Benefit No. 3 of the IIA to provide these services to the Portfolio Companies over the two-year incubation period, the Group received equity interests in the Portfolio Companies. The Group recognized in its financial statements, deferred revenue in respect of the fair value of the benefit of these shares received from the IIA. Such deferred revenue was recognized over the two years of the incubation of the Portfolio Company. Under the Old Directive 8.3, upon obtaining an IIA loan, the benefit's value is computed as the difference between the amount of the loan from the IIA and its fair value, and under the Track Benefit No. 3, the benefit's value is computed as the difference between the fair value of the investment Portfolio Company and the supplementary funding invested by the Incubators (see Note 14(A)(3)).

In addition, in accordance with IIA regulations, the Group receives monthly capped overhead reimbursement from the Portfolio Companies.

d. Income from contracted R&D services

The Group recognized revenues from contracted R&D services upon achievement of milestones as defined in the contracts.

e. Income from carried interests in venture capital funds

The Group, through subsidiaries, is the General Partner ("GP") in two venture capital funds (see Note 8A). The GP was entitled to receive carried interests of 20% from the distribution of profits of the funds after repayment of the Limited Partners' investment in the funds. Income from these carried interests were recognized only to the extent it was highly probable that a significant reversal of the cumulative amount of revenue recognized would not occur.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

12. Revenue recognition (Cont.)

The accounting policy for revenue recognition applied commencing from January 1, 2018, is as follows:

Revenue recognition:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

a. <u>Revenue from rendering of services:</u>

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenue is recognized in the reporting periods in which the services are rendered. The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognizes the resulting contract asset or liability.

b. <u>Income from carried interests in venture capital funds</u>

The Group the General Partner ("GP") in two venture capital funds (see Note 8(A)). The GP is entitled to receive carried interests of 20% from the distribution of profits of the funds after repayment of the Limited Partners' investment in the funds. Income from these carried interests are recognized only to the extent it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur.

c. <u>Income from services to Portfolio Companies</u>

The Group, through its Incubators, provides the Portfolio Companies with services in the area of technology development, business development, capital raising, access to IIA grants and administrative support. In consideration for the Incubators' obligation pursuant to Track Benefit No. 3 of the IIA to provide these services to the Portfolio Companies over the two-year incubation period, the Group receives equity interests in the Portfolio Companies. The Group recognizes in its financial statements, deferred revenue in respect of the fair value of the benefit of these shares received from the IIA. Such deferred revenue are recognized over the two years of the incubation of the Portfolio Company. Under the Old Directive 8.3, upon obtaining an IIA loan, the benefit's value is computed as the difference between the amount of the loan from the IIA and its fair value, and under the Track Benefit No. 3, the benefit's value is computed as the difference between the fair value of the investment Portfolio Company and the supplementary funding invested by the Incubators (see Note 14(A)(3)).

In addition, in accordance with IIA regulations, the Group receives monthly capped overhead reimbursement from the Portfolio Companies.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

13. Grants received

Grants received are recognized when there is reasonable assurance that the grants will be received and the Group will comply with the attached conditions.

Grants received from the IIA are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing sales.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

At each reporting date, the Group evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid (since the Group will not be required to pay royalties) based on the best estimate of future sales and using the original effective interest method, and if so, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses or operating, general and administrative expenses.

As of December 31, 2018 and 2017, the Group did not record any liability.

14. Earnings per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of ordinary shares outstanding during the period.

Potential ordinary shares (options, warrants and other convertible securities) are included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company’s share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

15. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

16. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

The Group uses derivative financial instruments, forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to OCI as the Group assesses its hedges as effective, and are later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

17. Changes in accounting policies - initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards

1. <u>Initial adoption of IFRS 15, "Revenue from Contracts with Customers":</u>

The IASB issued IFRS 15, "Revenue from Contracts with Customers" ("the new Standard") in May 2014. The new Standard replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", IFRIC 13, "Customer Loyalty Programs", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue - Barter Transactions Involving Advertising Services".

The new Standard introduces a five-step model that applies to revenue earned from contracts with customers:

Step 1: Identify the contract with a customer, including reference to contract combination and accounting for contract modifications.

Step 2: Identify the distinct performance obligations in the contract

Step 3: Determine the transaction price, including reference to variable consideration, significant financing components, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the distinct performance obligations on a relative stand-alone selling price basis using observable prices, if s available, or using estimates and assessments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

17. Changes in accounting policies - initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (Cont.)

1. Initial adoption of IFRS 15, "Revenue from Contracts with Customers": (Cont.)

Step 5: Recognize revenue when a performance obligation is satisfied, either at a point in time or over time.

The new Standard has been applied for the first time in these financial statements. The Group elected to adopt the provisions of the new Standard using the modified retrospective method with the application of certain practical expedients and without restatement of comparative data.

As the Group did not have any material contracts with customers that were not completed as of December 31, 2017, except for services to portfolio companies for which IFRS 15 did not have a material effect in the timing of recognition of revenues, the adoption of IFRS 15 did not, and does not, have a material impact on the Group's consolidated financial statements, including the presentation of revenues in the Group's statements of profit and loss upon adoption.

2. Initial adoption of IFRS 9, "Financial Instruments":

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" (the "new Standard"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". The new Standard mainly focuses on the classification and measurement of financial assets and it applies to all assets within the scope of IAS 39.

The new Standard has been applied for the first time in these consolidated financial statements retrospectively without restatement of comparative data. The Group has elected, as permitted by IFRS 9, to continue applying the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9.

The adoption of IFRS 9 did not have a material impact on the consolidated financial statements.

C. Significant accounting judgments, estimates and assumptions

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

1. Judgments

Determination of control

The Group assesses whether it controls a company in which it holds the majority or less than the majority of the voting rights by reference to, among others, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders including voting patterns at previous shareholders' meetings, its ability to direct the relevant activities of a company, including any significant operating and financial activities as well as the appointment of key management personnel, its ability to appoint the majority of the board of directors, and consideration of substantive rights of the other vote holders.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Significant accounting judgments, estimates and assumptions (Cont.)

2. Estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as growth rates, operating margins, discount rates and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques. See also Notes 7 and 9.

D. Disclosure of new standards in the period prior to their adoption

1. Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and its associate or joint venture

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 (“the Amendments”) regarding the accounting treatment of the sale or transfer of assets (an asset, a group of assets or a subsidiary) between an investor and its associate or joint venture.

According to the Amendments, when the investor loses control of a subsidiary or a group of assets that are not a business in a transaction with its associate or joint venture, the gain will be partially eliminated such that the gain to be recognized is the gain from the sale to the other investors in the associate or joint venture. According to the Amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be recognized in full.

If the transaction with an associate or joint venture involves loss of control of a subsidiary or a group of assets that are a business, the gain will be recognized in full.

The Amendments are to be applied prospectively. A mandatory effective date has not yet been determined by the IASB but early adoption is permitted.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Disclosure of new standards in the period prior to their adoption (Cont.)

2. IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases" (the "new Standard"). According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

The effects of the adoption of the new Standard are as follows:

- According to the new Standard, lessees are required to recognize all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset, similar to the accounting treatment for finance leases under the existing standard, IAS 17, "Leases". Lessees will also recognize interest expense and depreciation expense separately.
- Variable lease payments that are not dependent on changes in the Consumer Price Index ("CPI") or interest rates, but are based on performance or use are recognized as an expense by the lessees as incurred and recognized as income by the lessors as earned.
- In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.
- The accounting treatment by lessors remains substantially unchanged from the existing standard, namely classification of a lease as a finance lease or an operating lease.
- The new Standard includes two exceptions which allow lessees to account for leases based on the existing accounting treatment for operating leases - leases for which the underlying asset is of low financial value and short-term leases (up to one year).

The new Standard is effective for annual periods beginning on or after January 1, 2019.

The new Standard permits lessees to use one of the following approaches:

a. Full retrospective approach - according to this approach, a right-of-use asset and the corresponding liability will be presented in the statement of financial position as if they had always been measured according to the provisions of the new Standard. Accordingly, the effect of the adoption of the new Standard at the beginning of the earliest period presented will be recorded in equity. Also, the Group will restate the comparative data in its consolidated financial statements. Under this approach, the balance of the liability as of the date of initial application of the new Standard will be calculated using the interest rate implicit in the lease, unless this rate cannot be easily determined in which case the lessee's incremental borrowing rate of interest on the commencement date of the lease will be used.

b. Modified retrospective approach - this approach does not require restatement of comparative data. The balance of the liability as of the date of initial application of the new Standard will be calculated using the lessee's incremental borrowing rate of interest on the date of initial application of the new Standard. As for the measurement of the right-of-use asset, the Group may choose, on a lease-by-lease basis, to apply one of the two following alternatives:

    - Recognize an asset in an amount equal to the lease liability, with certain adjustments.
    - Recognize an asset as if the new Standard had always been applied.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Disclosure of new standards in the period prior to their adoption (Cont.)

2. IFRS 16, "Leases" (Cont.)

Any difference arising on the date of first-time recorded in equity.

The Group believes that it will apply the modified retrospective approach upon the initial adoption of the new Standard by measuring the right-of-use asset at an amount equal to the lease liability, as measured on the transition date.

The Group has a substantial number of lease contracts, mainly leases of premises and vehicles (see also Note 14(B)). In assessing the impact of the new Standard on the financial statements, the Group is evaluating the following matters:

- Options to extend the lease - according to the new Standard, the non-cancellable period of a lease includes periods that are covered by options to extend the lease if the lessee is reasonably certain to exercise the option. The Group is reviewing whether such options exist in its lease agreements and whether it is reasonably certain that it will exercise the options. As part of its assessment, the Group is evaluating all relevant facts and circumstances that create an economic incentive to exercise the option, including significant leasehold improvements that have been or are expected to be undertaken, the importance of the underlying asset to the Group's operations and past experience in connection with the exercise of such options.

- Separation of lease components - according to the new Standard, all lease components within a contract should be accounted for separately from non-lease components. A lessee is allowed a practical expedient according to which it can elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for them as a single lease component. The Group is reviewing whether such non-lease components, such as management and maintenance services, exist in its current lease contracts and whether the above practical expedient should be applied to each class of underlying asset.

- Incremental interest rate - the Group estimates the incremental interest rate to be used for measuring the lease liability and right-of-use asset on the date of initial adoption of the new Standard, based on the lease term and nature of the leased asset.

  The Group is also evaluating the need for making adjustments to its information systems, internal control, policies and procedures that will be necessary in order to apply the provisions of the new Standard.

  The Group estimates that the effect of the initial adoption of the new Standard as of January 1, 2019, is expected to result in an increase in the Group's total assets and liabilities of approximately $2,666 and $2,666, respectively, and no change in its equity.

  Moreover, the effect of the initial adoption of the new Standard in 2019 is expected to result in a decrease in the Group's lease expenses of approximately $587 and an increase in the Group's depreciation and finance expenses of approximately $468 and $169, respectively. The total effect of the initial adoption of the new Standard in 2019 is expected to result in an increase of approximately $118 in operating income and a decrease of approximately $51 in income before income taxes.

  In addition, as a result of the adoption of the new Standard, in 2019, the Group's cash flows from operating activities are expected to increase by approximately $418K and its cash flows from financing activities are expected to decrease by approximately $418K.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Disclosure of new standards in the period prior to their adoption (Cont.)

3. IFRIC 23, "Uncertainty over Income Tax Treatments"

In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the accounting for recognition and measurement of assets or liabilities in accordance with the provisions of IAS 12, "Income Taxes", in situations of uncertainty involving income taxes. The Interpretation provides guidance on considering whether some tax treatments should be considered collectively, examination by the tax authorities, measurement of the effects of uncertainty involving income taxes on the financial statements and accounting for changes in facts and circumstances in respect of the uncertainty.

The Interpretation is to be applied in financial statements for annual periods beginning on January 1, 2019. Early adoption is permitted. Upon initial adoption, the Group will apply the Interpretation using one of two approaches:

- Full retrospective adoption, without restating comparative data, by recording the cumulative effect as of the date of initial adoption in the opening balance of retained earnings.

- Full retrospective adoption including restatement of comparative data.

The Group does not expect the Interpretation to have any material effect on the financial statements.

NOTE 3:- SHORT-TERM BANK DEPOSITS

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
Restricted short-term deposits	86	185	–	–
Short-term bank deposits *)	2,642	10,545	2,642	10,545
	2,728	10,730	2,642	10,545

*) Short-term bank deposits are deposits with maturities of more than three months from date of deposit. The deposits are in dollars and bear an annual interest of 2.7%.

NOTE 4:- ACCOUNTS AND OTHER RECEIVABLES

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
Trade receivables*)	142	47	110	42
Government authorities	113	210	6	32
Related Parties	258	228	–	–
Others	92	231	46	164
	605	716	162	238

*) Trade receivables are non-interest bearing and are generally on terms of 90 days. As of December 31, 2018, and 2017, trade receivables were neither past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 5:- SHORT-TERM LOANS TO PORTFOLIO COMPANIES

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
To Portfolio Companies - related parties (1)	363	229	–	–

(1) The loans bear interest of 4%-6% per annum for the years ended on December 31, 2018 and 2017.

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET

The Group

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2017	751	305	245	1,301
Additions	246	31	164	441
Disposals	–	–	(10)	(10)
Consolidation of Trendlines Medical Singapore	248	33	3	284
Balance as of December 31, 2017	1,245	369	402	2,016
Additions	31	3	158	192
Disposals	–	–	(9)	(9)
Balance as of December 31, 2018	1,276	372	551	2,199
Accumulated depreciation:				
Balance as of January 1, 2017	478	110	198	786
Disposals	–	–	(3)	(3)
Depreciation	107	34	42	183
Balance as of December 31, 2017	585	144	237	966
Disposals	–	–	(7)	(7)
Depreciation	168	41	79	288
Balance as at December 31,2018	753	185	309	1,247
Depreciated cost:				
Balance as of December 31, 2018	523	187	242	952
Balance as of December 31, 2017	660	225	165	1,050

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET (Cont.)

The Company

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2017	93	103	136	332
Additions	13	1	138	152
Balance as of December 31, 2017	106	104	274	484
Additions	–	–	132	132
Disposals	–	–	(5)	(5)
Balance as of December 31, 2018	106	104	401	611
Accumulated depreciation:				
Balance as of January 1, 2017	26	37	103	166
Depreciation	10	8	26	44
Balance as of December 31, 2017	36	45	129	210
Depreciation	10	7	55	72
Balance as at December 31,2018	46	52	184	828
Depreciated cost:				
Balance as of December 31, 2018	60	52	217	329
Balance as of December 31, 2017	70	59	145	274

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT

A. The following table presents the fair value measurement hierarchy for the Group's investments and loans.

	The Group							
	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	–	–	–	–	–	66	–	66
Investments in Portfolio Companies	–	–	97,226	97,226	–	–	96,800	96,800
	–	–	97,226	97,226	–	66	96,800	96,866
Financial liabilities								
Derivative financial instruments	–	95	–	95	–	–	–	–
Loans from IIA	–	–	2,974	2,974			3,830	3,830
	–	95	2,974	3,069	–	–	3,830	3,830

	The Company			
	December 31, 2018		December 31, 2017	
	Level 2	Total	Level 2	Total
Financial assets				
Derivative financial instruments	–	–	66	66
	–	–	66	66
Financial liabilities				
Derivative financial instruments	95	95	–	–
	95	95	–	–

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

B. Valuation process and techniques

Valuations are the responsibility of the Group's management and the board of directors of the Company.

Investment in privately held Portfolio Companies - Level 3

The valuation of significant Portfolio Companies is performed by an external independent valuator.

The valuations are also subject to quality assurance procedures performed by Group's management. The Group's management verifies the major inputs applied in the latest valuation by comparing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the Group's management.

The Group's management considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

C. General Overview of Valuation Approaches used in the Valuation

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are four valuation methodologies available which were used in the valuation of the Portfolio Companies: income approach, market approach, cost approach and option pricing model. A brief discussion of each methodology follows.

1. Income Approach

The income approach utilizes a procedure generally known as the discounted cash flow ("DCF") method of valuation. The DCF method measures value by reference to an enterprise's expected future debt-free cash flows from business operations. This typically involves a projection of income and expense and other sources and uses of cash, the assignment of a terminal (or residual) value at the end of the projection period that is reasonably consistent with the key assumptions and long-term growth potential of the business, and a determination of an appropriate discount rate that reflects the risk of achieving the projections. Factors that form the basis for expected future financial performance include:

- Historical and projected growth rates;
- Business plans or operating budgets for the enterprise in question;
- Prevailing relevant business conditions and industry trends, including growth expectations in light of general market growth, competitive environment and market position;
- Anticipated needs for working and fixed capital;
- Historical and expected levels and trends of operating profitability.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

1. Income Approach (Cont.)

Typically, a five-year projection period of annual free cash flows plus an estimated terminal value, which represents the value of the business enterprise beyond the projection period, are discounted to present value through the application of a discount rate that reflects the weighted average cost of capital for the enterprise.

The present value of aggregate annual free cash flows plus the terminal value represents the total capital or the net asset value of the operating entity, which equals the combined debt and equity capital or enterprise value of the company.

2. Market Comparable Approach

The market comparable approach examines either publicly traded companies or acquisitions of privately held companies within the same industry as the subject business entity. Market-derived multiples based on such measures as earnings, book value, cash flow and revenues are typically applied to the appropriate financial indicators of the subject entity to determine a range of total capital values for the business.

Companies might typically be considered comparable even though their product mixes or corporate sizes differ, so long as valuation ranges are rationalized in terms of relative financial performance and capital structure considerations such as:

- Historical and prospective growth;
- Absolute and relative profit margins and cost determinants;
- Capital structure (leverage);
- Liquidity

3. Cost Approach

The underlying premise when using the cost approach is that the book value or cost of an asset is equal to its fair value. Certain adjustments are made to assets on a case-by-case basis if this premise does not hold true. This approach is an important tool for determining the fair value of companies in a very preliminary development stage, particularly when reliable data relating to revenue forecasts are not available.

4. Option Pricing Model ("OPM")

The OPM is a generally accepted valuation model used in evaluating companies with different classes of shares. The OPM considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date. The OPM (or a related hybrid method) is the most appropriate method to use when specific future liquidity events are difficult to forecast.

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

4. Option Pricing Model ("OPM") (Cont.)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average) % 2018	Range (weighted average) % 2017	Sensitivity of the input to fair value
Investments in Portfolio Companies	DCF - Income approach	Long-term growth rate for cash flows for subsequent years	3	3	Increase (decrease) in the growth rate would result in increase (decrease) in fair value
		Long-term operating margin	14	16 - 22	Increase (decrease) in the operating margin would result in increase (decrease) in fair value
		Weighted average cost of capital (WACC)	25	25 - 30	Decrease (increase) in the WACC rate would result in increase (decrease) in fair value
Investments in Portfolio Companies	DCF - Expected royalties	Long-term growth rate for cash flows for subsequent years	3.6 - 5.8	3.5 - 5.8	Increase (decrease) in the growth rate would result in increase (decrease) in fair value
		NPV discount rate	3.83	3.5	Decrease (increase) in the NPV discount rate would result in increase (decrease) in fair value
	Market Comparable Approach	Revenue Multiplier	1.9 - 3.88 (2.95)	1.50 - 3.71 (2.76)	Increase (decrease) in the revenue multiplier would result in increase (decrease) in fair value
		Weighted average cost of capital (WACC)	25-50 (37)	20-50 (38)	Decrease (increase) in the WACC rate would result in increase (decrease) in fair value
	Cost Approach	Weighted average cost of capital (WACC)	60	50 - 60 (57)	Decrease (increase) in the WACC rate would result in increase (decrease) in fair value
Loans from IIA	Black and Scholes formula for option pricing	Expected term (years)	0.8 - 5 (2.5)	0.3 - 5 (1.3)	Increase (decrease) in the parameter would result in decrease (increase) in fair value
		Expected volatility (annual)	37 - 119 (78)	42 - 118 (92)	
		Risk free interest rate	-0.5 - 1.1 (0.1)	-0.5 - 0.9 (-0.2)	
	Present value of the expected cash flows	Risk adjusted discount rate	1.9 - 12.8 (7.3)	4.1 – 9.8 (6.9)	

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

D. Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial instruments:

	The Group	
	Investment in Portfolio Companies	**Loans from IIA**
As of January 1, 2017	83,701	4,392
Total unrealized gain (loss) recognized in profit or loss *)	7,095	(209)
Total realized gain recognized in profit or loss *)	2,304	–
Disposals	(2,444)	(459)
Additions	6,144	106
As of December 31, 2017	96,800	(3,830)
Total unrealized gain (loss) recognized in profit or loss *)	(6,046)	670
Additions	6,472	186
As of December 31, 2018	97,226	(2,974)

*) Realized and unrealized gains on investments in Portfolio Companies are recorded in "gain (loss) from change in fair value of investments in Portfolio Companies" and realized and unrealized gains (loss) on loans from IIA are recorded in "Financial income (expenses)".

NOTE 8:- INVESTMENT IN INVESTEES

A. Investments in subsidiaries

The Group has the following significant investments in subsidiaries:

Name	**Principal place of business**	**Proportion (%) of ownership interest**
Trendlines Incubators Israel Ltd.	Israel	100
Trendlines Agtech - Mofet Ltd.	Israel	100
Trendlines Medical Singapore Pte Ltd. *)	Singapore	76.4
Trendlines Agtech Ltd. **)	Israel	100

*) In 2016, Trendlines, together with other investors, one of which is also a shareholder of the Company, established a new technological incubator in Singapore, Trendlines Medical Singapore. According to the Shareholders' Agreement among the investors, Trendlines invested S$2,500 (approximately $1,700) and the other investors invested an aggregate amount of S$1,500 (approximately $1,000) for 23.6% interest. Following the transaction, Trendlines holds 76.4% of Trendlines Medical Singapore Pte Ltd.

**) During 2016, the Company, together with other investor, established a new fund (the "Fund") to be managed by the Company and which will focus on investments in early-stage agritech Portfolio Companies of the Group. A subsidiary of the Company acts as the general partner (the "GP") of the Fund.

NOTE 8:- INVESTMENT IN INVESTEES (Cont.)

A. Investments in subsidiaries (Cont.)

The investor has committed to invest, at the investor's sole discretion, up to $10,000 in the Fund as a limited partner. As of December 31, 2018 the investor invested $2,000. The GP has responsibility for identifying and sourcing investments for the Fund. The GP will receive a 20% carried interest from the profits of the Fund after full repayment of the initial investments of the limited partners. As of December 31, 2018, the GP is not entitled to any carried interest from the Fund. The GP is also entitled to expense reimbursements from the Fund.

B. Investments in associates

Additional information on Associates:

	Principal place of business	Company's equity and Voting Rights	Carrying amount	Fair value of publicly Traded Equity
		%	US in thousands	
December 31, 2018:				
Maryland Israel/Trendlines Fund GP LLC:	Maryland, United States	50	*) –	–
December 31, 2017:				
Maryland Israel/Trendlines Fund GP LLC:	Maryland, United States	50	*) –	–

*) Represents an amount lower than 1.

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES

A. Information on Portfolio Companies

The following is the number of Portfolio Companies and fair value:

	December 31, 2018		December 31, 2017	
	Fair Value	Number of Companies	Fair Value	Number of Companies
Companies in Incubation Period	15,176	18	9,967	14
Incubator Graduate Companies (1)	78,340	28	85,898	31
Other Portfolio Companies	3,710	2	935	2
	97,226	48	96,800	47

(1) Includes one Portfolio Company whose fair value amounts to approximately $34,482 at December 31, 2018, and $42,581 at December 31, 2017 (see also Note 9(B)1).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

B. Sale transactions

1. In November 2014, a Portfolio Company held by Medical, signed an Asset Purchase Agreement with a third-party strategic partner, which became a shareholder upon the IPO of the Company (the "Licensee"), structured as an asset acquisition for the Portfolio Company's developed medical device product (the "Product"), for cash consideration and for royalties on future net sales. The Portfolio Company is bound to a confidentiality agreement and therefore additional details of the agreement cannot be disclosed.

   The fair value of this Portfolio Company at December 31, 2018 and 2017 is $34,482 and $42,581, respectively, which fair value is based on the DCF method. Following are certain factors that could have a significant impact on the valuation.

   The Product is in a highly competitive market with significant barriers to entry. The leading manufacturers have been active in this market for a number of years and currently control over 85%-90% of the revenues in the market. The Product has distinct technical advantages over the products of competitors and initial studies have shown that a product of this type has a high preference rate among current users. Furthermore, the Product has performed as intended in clinical trials. However, there is no assurance that the Product will be accepted and perform as well with patients on a mass scale.

   The Product has obtained regulatory clearance in certain major markets. In order for the Product to be successful, the patients will need to be adequately reimbursed in those markets. Although the risk of not getting adequate reimbursement is considered to be low due to the pricing strategy of parity with products of competitors, the process of arranging to ensure adequate reimbursement requires time and could delay entry into the major markets.

   The Group is presently not aware of any existing product of competitors that incorporates the advantageous technological features of the Product. However, it is possible that an alternative product with such features is presently under development or could be fully developed in a period of time which could adversely affect the market share of the Product.

   The ultimate success of the Product in penetrating the market and achieving market share is dependent on, among others, an investment in significant resources and management commitment by the Licensee. The Licensee is a large multinational company with financial and other resources that the Group believes will be sufficient to support the launch and commercialization of the Product. Also, the Licensee is a current player in the market with knowledge of the market and existing infrastructure to support the sales of the Product. Although there are indications that the Licensee is currently committed to invest the necessary resources, neither the Group nor the Portfolio Company have any control over the activities of the Licensee in respect of the Product and actual investments in resources could be lower than expected which could have an adverse effect on the valuation.

   Due to the interrelationship of all of the above factors, it is impracticable to identify and isolate the effects of any reasonably possible change, either positive or negative, in any one of the significant inputs to the valuation. However, any such changes would likely have a material impact on the valuation with a corresponding material effect on profit or loss and equity.

2. In June 2017, the Group completed the sale of its holdings in Biosight Ltd. The Group received consideration in the amount of $1,300 and recorded realized gain from change in fair value of investments in Portfolio Companies in the amount of $1,200.

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

B. Sale transactions (Cont.)

3. On November 13, 2017, the Group completed the sale of its holding in MitrAssist Ltd. for a total consideration of approximately 1,150. The Group recorded realized gain from change in fair value of investments in Portfolio Companies in the amount of $1,100 as well as financial expenses in the amount of $500 with respect to repayment of the IIA loan relating to MitrAssist.

C. Other information

In 2018, the Group lost control of a subsidiary that was held by Medical. As a result, the Group ceased to consolidate this subsidiary and began recording it at fair value through profit or loss. As a result of the step-up to fair value, the Group recorded a gain of $285 which is included in "gain (loss) from change in fair value of investments in Portfolio Companies".

NOTE 10:- TRADE AND OTHER PAYABLES

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
Trade payables	81	137	14	–
Employees and payroll accruals	305	601	205	482
Accrued vacation pay	275	419	173	298
Accrued expenses	995	872	334	494
Other payables	89	196	50	135
	1,745	2,225	776	1,409

NOTE 11:- LOANS FROM THE ISRAEL INNOVATION AUTHORITY

<u>Composition of Loans from the IIA</u>:

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
Old 8.3 Loans (see Note 14(A)(4))	1,458	2,427	–	–
Operation Loans (see Note 14(A)(5))	1,516	1,403	–	–
	2,974	3,830	–	–

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 12:- FINANCIAL INSTRUMENTS

A. Financial risk management objectives and policies:

The Group's activities expose it to various financial risks such as market risk and liquidity risk. The Group focuses on activities that reduce to a minimum any possible adverse effect on the Group's financial performance.

Liquidity risk:

The table below presents the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

The Group:

As of December 31, 2018:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Trade and other payables	1,745	–	–	–	–	–	1,745
Loans from IIA *)	–	8,164	1,459	–	–	1,549	11,173
	1,745	8,164	1,459	–	–	1,549	12,918

As of December 31, 2017:

:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Trade and other payables	2,225	–	–	–	–	–	2,225
Loans from IIA *)	–	3,148	3,267	1,200	–	358	7,973
	2,225	3,148	3,267	1,200	–	358	10,198

The Company:

As of December 31, 2018:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Trade and other payables	776	–	–	–	–	–	776

As of December 31, 2017:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Trade and other payables	1,409	–	–	–	–	–	1,409

NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)

A. Financial risk management objectives and policies: (Cont.)

*) The amounts presented represent the full liability based on the principal amounts and accrued interest. As mentioned in Note 14(A)(4), the loans under the Old Directive 8.3 can be settled by surrendering the pledged shares of the Portfolio Companies and may be extended annually by an additional year for the eight years period following the end of the incubator period of the Portfolio Company.

Changes in liabilities arising from financing activities:

	Loans from IIA
Balance as of January 1, 2017	4,392
Loans received	106
Loans repaid	(459)
Effect of changes in exchange rates	474
Effect of changes in fair value	(683)
Balance as of December 31, 2017	3,830
Loans received	186
Loans repaid	(69)
Effect of changes in exchange rates	(291)
Effect of changes in fair value	(682)
Balance as of December 31, 2018	2,974

B. Fair Value:

Management believes that the carrying amount of short-term deposits, short-term loans, accounts and other receivables, and trade and other payables approximate their fair value due to the short-term maturities of these instruments.

C. Cash flow Hedging activities and derivatives:

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future expenses in NIS. The changes in the fair value of the hedging instruments are measured through OCI, as the Group assesses them as effective.

NOTE 13:- TAXES ON INCOME

A. Tax rates applicable to the Group:

The Israeli corporate tax rate is 23% in 2018 and 24% in 2017.

B. Final tax assessments:

The Company and its Subsidiaries have not received final tax assessments since their incorporation, however, self-assessments are deemed final through 2012 - 2013 tax years.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- TAXES ON INCOME (Cont.)

C. Carry-forward losses for tax purposes:

Carry-forward operating tax losses of the Company and the Israeli subsidiaries total approximately $39,037 as of December 31, 2018. There is no expiration date for the utilization of the carry-forward losses. Deferred tax assets of $3,913 relating to these losses were recognized in the financial statements.

Deferred tax assets of approximately $5,066 relating to carry-forward operating losses were not recognized because their utilization in the foreseeable future is not probable.

D. Deferred taxes:

	Statements of financial position				Statements of profit or loss	
	The Group		The Company			
	December 31,		December 31,		Year ended December 31,	
	2018	2017	2018	2017	2018	2017
Deferred tax liabilities:						
Investment in Portfolio Companies at fair value	16,038	15,420	–	–	618	1,960
Loans from IIA	2,878	2,887	–	–	(9)	(52)
	18,916	18,307	–	–	609	1,908
Deferred tax assets:						
Carry-forward tax losses	3,913	3,238	–	–	675	700
Deferred revenues	1,155	1,180	–	–	(25)	(140)
Other	172	45	–	–	127	2
	5,240	4,463	–	–	777	562
Deferred tax expense					(168)	1,346
Deferred tax liabilities, net	13,676	13,844	–	–		

The deferred taxes are reflected in the statement of financial position as follows:

	The Group		The Company	
	December 31,		December 31,	
	2018	2017	2018	2017
Non-current liabilities	13,676	13,844	–	–

The deferred taxes are computed at the tax rate of 23% based on the tax rates that are expected to apply upon realization.

NOTE 13:- TAXES ON INCOME (Cont.)

E. (Tax benefit) income tax expenses:

	Year ended December 31,	
	2018	2017
Deferred taxes	(168)	1,346
Current tax expense	–	297
	(168)	1,643

F. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income, expenses, gains and losses in profit or loss were taxed at the statutory tax rate and the taxes on income recorded in profit or loss is as follows:

	Year ended December 31,	
	2018	2017
Income (loss) before income taxes	(6,486)	5,575
Statutory tax rate	23%	24%
Tax computed at the statutory tax rate	(1,492)	1,338
Increase (decrease) in taxes on income resulting from the following:		
Non-deductible expenses for tax purposes	214	75
Group's share of losses of companies accounted for under the equity method, net	–	(40)
Unrecognized temporary differences	(79)	–
Increase in unrecognized tax losses	848	945
Differences in measurement basis	310	(576)
Other	31	(99)
Taxes on income	(168)	1,643

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations

1. The Israeli Research and Development Law

The IIA is responsible for implementing the Israeli government's policy of encouraging and supporting industrial research and development in Israel through the R&D Law. Any entity receiving funding from the IIA is subject to the Israeli Law for Encouragement of Industrial Research and Development, 5744-1984 (the "R&D Law").

The IIA provides a variety of support programs within the framework of directives issued by the Director-General of the Israeli Ministry of Economy. Under the R&D Law, R&D projects that meet certain specified criteria and are approved by the IIA designated committee are eligible for grants.

In most of the IIA sponsored programs the recipient company repays the grants through royalty payments from revenues generated by the sale of products and/or services developed in the framework of the approved R&D program. Royalties are payable to the IIA in order to cover the amount of the grant, and are repaid with interest at the LIBOR rate, as prescribed under the R&D Law.

The R&D Law places strict constraints on the transfer of know-how and/or manufacturing rights, and all such transfers are subject to the absolute discretion of an IIA designated committee. Any such transfers require prior written approval of such committee and may entail additional payment at the discretion of the IIA.

2. Incubator Activity Under Track Benefit No. 3

The key material provisions of Track Benefit No. 3 are as follows:

Government funding is granted directly to the Portfolio Companies and not as a loan to the Incubators (as with Old Directive 8.3) in an amount equal to 85% of the approved budget.

The Incubators are required to invest the supplementary funding (15% of the approved budget), in the Portfolio Company in exchange for shares in the Portfolio Companies.

Repayment of the grants by the Portfolio Companies is through royalties from sales of the Portfolio Companies, according to the R&D Law and the related regulations (see Note 14(A)(1)).

Typically, the approved budget per new Portfolio Company that operates in the Incubator program is approximately NIS 2,000 (approximately $580). As Trendlines Israel Incubators is a Peripheral Incubator, the Portfolio Company is entitled to a higher budget of NIS 2,500 (approximately $720), in the Agtech field and on medical device projects, of NIS 3,000 (approximately $865).

The Incubators are obligated to fund the fixed operating costs of each Incubator in an amount equivalent to 15% of the project budget.

In exchange for its investment, for the funds brought by the Incubator from the IIA, and for support, the incubators can receive up to 50% equity in a Portfolio Company, (and up to 85% for a Portfolio Company based on a technology licensed from a research institution).

NOTE 14:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

3. Incubator Obligations and Rights Related to Portfolio Companies under Old Directive No. 8.3

Under Old Directive 8.3, the IIA provided the Trendlines Incubators with a loan of up to 85% of the approved budget per Portfolio Company (the "government funding") for investment in each Portfolio Company.

In addition, the Trendlines Incubators invested the 15% supplementary funding in each Portfolio Company.

In exchange for the government funding and for financing the Portfolio Companies, the Trendlines Incubators received 25% - 65% of the share capital of each Portfolio Company.

Additionally, in exchange for financing the overhead operation expenses of the Trendlines Incubators, the Trendlines Incubators received up to 5% of the shares of each Portfolio Company admitted into the Incubator ("Operating Shares").

The IIA has a first lien over 50% of these operating shares as security for the operations loans received (see Note 14(A)(6) below).

4. Return of IIA Loans for Portfolio Companies by Trendlines Incubators Under Old Directive 8.3

The terms of the loans which were granted to the Trendlines Incubators for Portfolio Companies according to the Old Directive 8.3 are:

a) Upon sale of shares of a Portfolio Company, the Incubator Companies will repay the State of Israel at least 25% of the consideration received or the balance of the loan for the Portfolio Company if it is lower.

b) Upon receipt of dividends from Portfolio Companies, the Incubator Companies will repay the State of Israel at least 25% of the dividend or the balance of the loan for the Portfolio Company if it is lower.

c) The Incubator Companies shall repay the loan plus interest as set out by the "Adjudication of Interest and Linkage Law - 1961" four years following the end of the incubator period of the Portfolio Company ("Repayment Date"), except for the following:

1. A loan Repayment Date may be extended annually by an additional year, to the later of (1) December 31, 2014 or (2) eight years following the end of the incubator period of the Portfolio Company.

2. In consideration for prolonging the Repayment Dates of loans when their Repayment Dates are up to December 31 of a certain year, the Incubator Companies shall pay the State of Israel, until March 1 of the following year, 1% of the balance of those loans, but not to exceed NIS 200 (approximately $55) linked to the Consumer Price of July 2011.

In the event that the loans are not repaid as mentioned above, the IIA will have the right to exercise the lien on the pledged shares of the Portfolio Company in order to settle the balance of the Government Funding for the Portfolio Company (see Note 14(A)(7) below).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

5. Return of Loans for Incubator Operations

Through its franchise period, Agtech which was situated in a national priority region, had benefits from its status of Peripheral Incubator. For the purpose of operating loans, Agtech was entitled to a loan for each year of activity in an amount not to exceed approximately $175. Starting from January 1, 2016 Medical is defined as peripheral incubator and is entitled to a loan for each year of activity in an amount not to exceed approximately $175.

The Operations Loans will be returned to the State as follows:

a) Operations Loans that were granted under Track Benefit No. 3 - the incubator will repay 25% of the proceeds from the sale of shares of a Portfolio Company or dividend received from the Portfolio Companies, until the Operations Loan is repaid in full, including interest.

b) Operations Loans that were received under Old Directive 8.3, before January 2011 - the incubator will repay the loans to the IIA upon the earlier of the following dates:

a. After seven years from the start of the agreement period (i.e., September 1, 2017).

b. Upon the sale of shares of a Portfolio Company that was established during the agreement period, the incubator will repay the Operations Loan from proceeds from the sale of the Operating Shares of such sale, until full repayment of the Operations Loan, including interest.

c. In the case where the incubator does not return the Operations Loan within the period specified by the State, the State may exercise its lien on the Operating Shares to receive shares in the Portfolio Company. As of December 31, 2017, the State has not exercised its lien over the Operating Shares. See Note 14(A)(6) for description of the liens.

6. Pledges and Liens According to Old Directive 8.3

a. In the framework of the Incubator Program, the Trendlines Incubator are obligated to fund annual operating expenses of approximately $330 for the incubator. In order to secure this commitment, the Trendlines Incubator provided a bank guarantee for the benefit of the State of Israel in an amount equal to 50% of the investment amount (as a peripheral incubator) (approximately $165) in Medical. This guarantee is in effect until the end of the three months following the termination of the agreement.

b. As security for the government funding, the Portfolio Companies, and the fixed expenses for operation under Old Directive 8.3, the State of Israel has first lien over the shares in the Portfolio Companies held by the Trendlines Incubator. This lien includes 50% of the operational shares held by Agtech. Accordingly, in the case where the investment in a Portfolio Company is written-off, the Government Funding for the Portfolio Company will be written-off as well and the pledged shares of the Portfolio Company will be available to the State of Israel.

NOTE 14:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

7. Incubator Activity under Directive No. 8.2

The Trendlines Incubators functioned as non-profit entities until August 31, 2007. Under Directive 8.2 the IIA committed a grant of up to 100% of the approved budgetary finance for the operation of each Incubator.

In the event that the Incubator sells its shares in the Portfolio Companies (admitted under Directive 8.2), the Incubator will refund 25% of its consideration from the sale of the said Portfolio Company shares to the Israeli government, not to exceed the amount of the Israeli government Grant for each Incubator.

The balance of the proceeds of the sale must be invested in the Incubator for the purpose of increasing its operating budget, including investments in Portfolio Companies.

B. Operating lease agreements

The Company and the Incubators lease their premises and vehicles for various periods, the latest of which ends in 2028.

In July 2018 the Company signed an amendment to its lease agreement in Misgav for additional 120 months period ending December 31, 2028.

The total lease costs amounted to approximately $223 for the year ended December 31, 2018 and $410 for the year ended December 31, 2017.

The future minimum lease payments as of December 31, 2018, are as follows:

2019	539
2020	347
2021	304
2022	281
2023	260
2024 and after	1,094
	2,825

C. Grants received

1. During 2017 a subsidiary of the Company has received participation grants from the IIA in the aggregate amount of 250 for a research and development project to be designated a technological incubator program under the Law for the Encouragement of Industrial Research and Development. See also Note 9 (C) for deconsolidation of the subsidiary.

2. During 2017, the Company signed an agreement with the Singapore Israel Industrial Research and Development Foundation (“SIIRD”) and with Singapore General Hospital (“SGH”). According to the agreement, the Company is to receive grants for the development and clinical trials of its Stress Urinary Incontinence (“SUI”) product. SIIRD is committed to provide up to 200. As of December 31, 2018, the Company received grants in the amount of $71. In return for the grants, the Company is committed to pay royalties at a rate of 2.5% of proceeds from the first year’s sales of the developed product, up to the amount of the grant.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

D. Other

1. The Company holds 50% in Maryland Israel/Trendlines Fund GP LLC ("GP"), which is the general partner of Maryland Israel/Trendlines Fund LP ("MITF"), a venture capital fund of approximately $4,300 of committed capital raised from various limited partners. The GP is entitled to receive 20% of MITF's net profit, to be paid only after the limited partners' capital is paid back by way of distributions by MITF to its limited partners. To date, MITF has not yet made distributions.

2. In January 2018, a claim was filed against the Company and its CO-CEO's and CO-chairmen in the amount of NIS 558 thousand (approximately $161), claiming that the Company was committed to pay the complainant success fees for certain investments in the Company by a specific investor. A pre-legal discussion was scheduled for April 2019.

   Due to the preliminary stage of the claim, the Company based on the advice of its legal counsel is unable to assess the outcome of the claim. Accordingly, no provision has been recorded in the financial statements in respect thereof.

NOTE 15:- EQUITY

A. Composition of Equity

	December 31, 2018		December 31, 2017	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary shares NIS 0.01 par value	1,500,000,000	608,741,749	1,500,000,000	608,741,749

B. Movement in share capital

1. On October 25, 2017, the Company completed the allotment and issuance of 100,000,000 new Ordinary shares at a Placement Price of S$0.1403 per share for gross proceeds of S$14,030 thousand. The Company received net proceeds of approximately S$13,340 thousand (approximately $9,800).

2. Issued and outstanding shares:

	Number of shares
Balance at January 1, 2017	508,741,749
Issuance of shares	100,000,000
Balance at December 31, 2017 and 2018	608,741,749

NOTE 15:- EQUITY (Cont.)

C. Capital management

The Company's objectives for managing capital are:

- To preserve the Group's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.
- To maintain risk-free financial leverage.

NOTE 16:- SHARE-BASED PAYMENT

A. Expenses recognized in the financial statements:

The expense in respect of equity-settled share-based payment plans recognized in the financial statements is shown in the following table:

	Year ended December 31,	
	2018	2017
Operating, general and administrative expenses	21	221
R&D expenses	8	27
	29	248

B. Employees Stock Option Plan:

In 2011, the Company adopted the Trendlines Group Ltd. 2011 Global Incentive Option Plan (the "2011 Plan").

Under the 2011 Plan, options may be granted to the Group's officers, directors, employees and consultants. The number of Ordinary shares authorized for issuance under the 2011 Plan amount to 53,125,664. In addition, following the adoption of the 2015 Plan, no new options shall be granted under the 2011 Plan, and no additional Ordinary shares shall be reserved for issuance under the 2011 Plan.

Under the 2011 Plan, the grantee may exercise its options to acquire Ordinary shares at an exercise price as determined by the board of directors at the grant date.

On November 11, 2015, a Special General Meeting of Shareholders approved adoption of The Trendlines 2015 Share Option Plan and the Sub-Plan (the "2015 Plan").

Under this plan at all times until the expiration or termination of the Plan the Company should keep reserved a sufficient number of Shares to meet the requirements of the Plan (the "Option Pool"). Any of such Shares which, as of the expiration or termination of the Plan, remain unissued and not subject to outstanding Options, shall at such time cease to be reserved for the purposes of the Plan. Should any Option for any reason expire or be cancelled prior to its exercise or relinquishment in full, such Option may be returned to the pool of Options and may again be granted under the Plan. The aggregate number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to Plan Controlling Shareholders or Associates of the Company's Plan Controlling Shareholders (including adjustments made in accordance with Section 12 of the Plan) shall not exceed 5% of the Shares available under the Plan. The number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to each Plan Controlling Shareholder or Associate of our Plan Controlling Shareholder (including adjustments made in accordance with Section 12 of the Plan) shall also not exceed 1% of the Shares available under the Plan.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 16:- SHARE-BASED PAYMENT (Cont.)

B. Employees Stock Option Plan: (Cont.)

The Exercise Price for each Grantee shall be as determined by Committee appointed by the Board (the "Committee"). The Committee specified in the applicable Option Agreement; provided, that: (i) unless otherwise determined by the Committee (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law (including, for the avoidance of doubt, the Listing Manual)), the Exercise Price shall be the Fair Market Value of the Shares on the Date of Grant ("Fair Market Value Option"); and (ii) where the Exercise Price is set at a discount to the Fair Market Value of the Shares, the maximum discount shall not exceed 20% of the Fair Market Value of the Shares (or such other percentage or amount as may be determined by the Committee and permitted by the Sponsor or (if required) any other stock exchange on which the Shares are quoted ("Discounted Option").

Fair Market Value Options may be exercised after the first anniversary of the Date of Grant of that Option while Discounted Options may only be exercised after the second anniversary from the Date of Grant of the Option ("Cliff Period"). Unless otherwise determined by the Committee with respect to any specific Grantee and/or to any specific grant following the Cliff Period, the options shall vest upon the lapse of each full additional one (1) month thereafter of the Grantee's continuous service thereafter, until all the Options vested (that is, 100% of the grant will be vested after three (3) years). Unexercised Options shall expire and terminate and become null and void upon the lapse of 10 years from the Date of Grant.

On April 6, 2017, the Company's board of directors approved the grant of 1,603,938 options to purchase 1,603,938 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.156 (approximately $0.116) per share. The grant date fair value of the options in the amount of 81 was determined using the binomial option pricing model.

On November 8, 2018, the Company's board of directors approved the grant of 2,842,135 options to purchase 2,842,135 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.1055 (approximately $0.07) per share. The grant date fair value of the options in the amount of 96 was determined using the binomial option pricing model.

The fair value for options granted during 2018 and 2017 was estimated using the binomial option pricing model with the following assumptions:

	2018	2017
Dividend yield (%)	0	0
Expected volatility of the share price (%)	39	40
Risk-free interest rate (%)	2.02-2.59	1.12-2.23
Expected life of share options (years)	10	10

NOTE 16:- SHARE-BASED PAYMENT (Cont.)

C. Movement during the Year:

The following table lists the number of share options and the weighted average exercise prices of share options in employee option plans:

	December 31, 2018		December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		U.S dollars		U.S dollars
Options outstanding at beginning of year	55,159,784	0.17	55,229,448	0.17
Issuance of options during the year	2,842,135	0.07	1,603,938	0.12
Options expired during the year	(3,869,285)	0.19	(1,673,602)	0.20
Options outstanding at end of year	54,132,634	0.17	55,159,784	0.17
Options exercisable at end of year	50,261,355	0.17	50,548,078	0.17

D. The weighted average remaining contractual life for the share options outstanding as of December 31, 2018 was 5.8 years (as of December 31, 2017 – 6.7 years).

E. The range of exercise prices for share options outstanding as of December 31, 2018 and December 31, 2017, was $0.07 - $0.224.

NOTE 17:- SELECTED STATEMENTS OF OPERATIONS DATA

A. Operating general and administrative expenses

	Year ended December 31,	
	2018	2017
Salaries and related expenses (including share-based payment)	3,087	4,757
Professional services	756	1,059
Rent and maintenance	447	570
Consulting	878	1,302
Communications and offices	284	261
Vehicle expenses	257	332
Travel abroad	190	262
Depreciation	288	183
Miscellaneous	208	238
Grants received	–	(385)
	6,395	8,579

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SELECTED STATEMENTS OF OPERATIONS DATA (Cont.)

B. R&D expenses, net

	Year ended December 31,	
	2018	**2017**
Salaries and related expenses (including share-based payment)	710	916
Subcontractors and materials	45	177
Others	302	268
Grants received	–	(250)
	1,057	1,111

C. Financial expenses

	2018	2017
Exchange rate difference	428	–
Commissions and interest, net	–	10
	428	10

D. Financial income

	2018	2017
Exchange rate difference	377	386
Interest on deposits, net	158	–
Interest on deposits and loans	43	97
Financial income from revaluation of loans from the IIA	670	182
	1,248	665

NOTE 18:- NET EARNINGS (LOSS) PER SHARE

A. Details of the number of shares and income used in the computation of earnings per share:

	Year ended December 31,			
	2018		2017	
	Weighted number of shares	Net loss attributable to equity holders of the Company	Weighted number of shares	Net loss attributable to equity holders of the Company
	In thousands	U.S in thousands	In thousands	U.S in thousands
For the computation of basic net earnings	608,742	($6,121)	525,408	$3,863
Effect of potential dilutive Ordinary shares	–	–	–	–
For the computation of diluted net earnings	608,742	($6,121)	525,408	$3,863

B. For the computation of diluted net earnings per share for the year ended December 31, 2018 and 2017, all outstanding options under the share-based payment plans have not been taken into account since their conversion decreases the basic loss per share (anti-dilutive effect).

NOTE 19:- RELATED PARTIES TRANSACTIONS

A. Balances and transactions:

1. The following table summarizes balances with related parties in the statements of financial position:

	The Group	
	Portfolio Companies	
	December 31, 2018	December 31, 2017
Accounts and other receivables	258	394
Short-term loans	363	229

	The Company	
	Portfolio Companies	
	December 31, 2018	December 31, 2017
Accounts and other receivables	–	234

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 19:- RELATED PARTIES TRANSACTIONS (Cont.)

A. Balances and transactions: (Cont.)

2. The following table summarizes the transactions with related parties in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			
	2018		2017	
	Portfolio Companies	Associates and other related parties	Portfolio Companies	Associates and other related parties
Income from services to Portfolio Companies	5,760		4,704	–
Other income	–	–	–	26
Operating, general and administrative expenses		(77)	–	(70)

3. The Group rendered services to Portfolio Companies, which include rent, local taxes, receptionist services, communications services, utilities, computer system, office insurance and chairmanship.

B. Compensation of key management personnel of the Group:

	Year ended December 31,	
	2018	2017
Salaries and related expenses	1,838	2,442
Share-based payment	13	176
	1,851	2,618

STATISTICS OF SHAREHOLDINGS

As at 22 February 2019

Issued and fully paid-up capital:	US$66,628,565
Number of issued shares:	608,741,749
Number of treasury shares:	Nil
Number of subsidiary holdings*:	Nil
Class of shares:	Ordinary Shares of equal voting right
Voting rights:	One vote per Ordinary Share with par value of NIS 0.01

Shareholding Held in the Hands of the Public

Based on the information available to the Company as at 22 February 2019, approximately 75.11% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Rules of Catalist of the SGX-ST is complied with.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Shares
1 - 99	3	0.25	72	0.00
100 - 1,000	27	2.20	16,800	0.00
1,001 - 10,000	190	15.50	1,433,980	0.24
10,001 - 1,000,000	954	77.81	115,067,981	18.90
1,000,001 AND ABOVE	52	4.24	492,222,916	80.86
Total	**1,226**	**100.00**	**608,741,749**	**100.00**

* "Subsidiary holdings" is defined in the Listing Manual Section B: Rules of Catalist of the SGX-ST to mean shares referred to in sections 21(4), 21(4B), 21(6A), and 21(6C) of the Companies Act (Cap 50) of Singapore.

STATISTICS OF SHAREHOLDINGS

As at 22 February 2019

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Shares
1	BNY MELLON as the ADSs DEPOSITARY BANK*	73,371,016	12.05
2	ZEEV BRONFELD	72,732,416	11.95
3	AMOS AND DAUGHTER INVESTMENTS AND PROPERTIES LTD.	39,182,452	6.44
4	B. BRAUN MELSUNGEN AG	25,744,000	4.23
5	EMERALD INVESTMENT MGT	23,094,900	3.79
6	RAFFLES NOMINEES (PTE.) LIMITED	22,865,366	3.75
7	ASDEW ACQUISITIONS	20,000,000	3.29
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	19,035,991	3.13
9	PRIMEPARTNERS ASSET MGT	15,500,000	2.55
10	LACHMAN FAMILY LIMITED PARTNERSHIP	14,704,745	2.42
11	DAVID TODD DOLLINGER	13,367,040	2.20
12	STEPHEN LOUIS RHODES	13,367,040	2.20
13	CITIBANK NOMINEES SINGAPORE PTE LTD	11,238,420	1.85
14	DBS NOMINEES (PRIVATE) LIMITED	9,266,013	1.52
15	PHILLIP SECURITIES PTE LTD	8,698,600	1.43
16	UOB KAY HIAN PRIVATE LIMITED	8,624,651	1.42
17	TOMMIE GOH THIAM POH	6,993,000	1.15
18	REGIONAL RESEARCH & DEVELOPMENT - IN EASTERN JUDEA & SAMARIA & JORDAN VALLEY	6,787,184	1.11
19	CHONG GEORGE	6,051,500	0.99
20	ALTSHULER SHAHAM TRUSTS LTD. FBO DAVID TODD DOLLINGER	5,838,384	0.96
	Total	**416,462,718**	**68.44%**

* The underlying ADSs (American Depository Shares) held under BNY Mellon includes (i) DBS Nominees Pte Ltd holding 1,477,730 ADSs representing 72,723,416 Ordinary Shares in the Company; and (ii) HSBC (Singapore) Nominees Pte Ltd holding 12,952 ADSs representing 647,600 ordinary shares in the Company.

Substantial Shareholders
(As Recorded in the Register of Substantial Shareholders)

Name	Direct Interest	% (1)	Deemed Interest	% (1)	Total Interest	% (1)
Zeev Bronfeld	72,732,416	11.95	–	–	72,732,416	11.95
Amos And Daughter Investments And Properties Ltd.	39,182,452	6.44	–	–	39,182,452	6.44

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings, if any (i.e., 608,741,749).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of The Trendlines Group Ltd. (the "**Company**") for the financial year ended 31 December 2018 (the "**AGM**") will be held at Suntec City Convention Centre, Meeting Room 328, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, at 2:00 p.m. (Singapore time) on Monday, 29 April 2019 for the purpose of considering and, if thought fit, approving the following matters:

AS ORDINARY RESOLUTIONS

Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon.

2. To re-elect Prof. Stephen Philip Haslett, who is retiring pursuant to Articles 40(c) and (d) of the Company's Articles of Association, as a Director of the Company.
[See Explanatory Note (i)] **[RESOLUTION 1]**

3. To re-appoint Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as external independent auditors of the Company until the consummation of the Company's 2020 annual general meeting and to authorize the Directors of the Company ("**Directors**") to fix their remuneration. **[RESOLUTION 2]**

4. To transact any other ordinary business which may properly be transacted at an annual general meeting.

Special Business

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

5. Authority to Issue Shares

   That pursuant to Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), that authority be given to the Directors to (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options including under The Trendlines 2015 Share Option Plan (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

   (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing Shareholders shall not exceed 25.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time this authority is given; (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this authority, provided that the share options or share awards were granted in compliance with the Catalist Rules; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the provisions of Israeli Companies Law for the time being in force, the Articles of Association for the time being of the Company and The Trendlines 2015 Share Option Plan; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **[RESOLUTION 3]**

BY ORDER OF THE BOARD OF THE TRENDLINES GROUP LTD.

Haim Brosh
Joint Company Secretary

21 March 2019

Explanatory Note(s):

(i) Prof. Haslett will, if re-elected as a Director of the Company, remain as a Non-Executive Director of the Company, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Prof. Haslett will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. In line with Guideline 4.7 of the Code of Corporate Governance: (a) saved as disclosed in our Annual Report for FY2018, there are no relationships including immediate family relationships between Prof. Haslett and the other Directors, the Company or its 10% shareholders; and (b) the list of all current directorships held by Prof. Haslett in other listed companies, as well as the details of his other principal commitments can be found in our Annual Report for FY2018, in the Board of Directors section. Additional information on Prof. Haslett as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can also be found in our Annual Report for FY2018, in the Corporate Governance Report section.

(ii) Ordinary Resolution 3 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such time when the authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 25.0% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) Resolutions 1, 2 and 3 shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon. **Only shareholders of record at the close of business on 24 April 2019, being the record date for determining those shareholders eligible to vote at the AGM, are entitled to notice of and to vote at the AGM and any postponements or adjournments thereof.**

(iv) All shareholders are cordially invited to attend the AGM in person. A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the shareholder's stead. A proxy need not be a shareholder of the Company.

(v) Any shareholder who holds more than one share shall be entitled to appoint a proxy with respect to all or some of its shares or appoint more than one proxy, provided that the instrument appointing a proxy shall include the number of shares with respect to which it was issued and only one proxy shall be appointed with respect to any one share.

(vi) Form of an instrument appointing a proxy, which may be used to vote at the AGM is enclosed.

(vii) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company's registered office at 17 T'chelet St., Misgav Industrial Park, Israel, or the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by e-mail to Mr. Haim Brosh, Joint Company Secretary, at haim@trendlines.com not less than forty-eight (48) hours before the time fixed for the AGM at which the person named in the instrument proposes to vote. Notwithstanding the above, the chair of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM.

(viii) For information relating to the compensation of our top five most highly compensated office holders with respect to the year ended December 31, 2018, please refer to principle 9 in the Corporate Governance Report in our Annual Report for FY2018.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

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THE TRENDLINES GROUP LTD.

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

PROXY FORM

I/We ______________________ NRIC/Passport no. __________________ of ____________________________________,

being a shareholder/shareholders of THE TRENDLINES GROUP LTD. (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No	No. of Shares

and/or (delete as appropriate)

Name	Address	NRIC/Passport No	No. of Shares

or failing him/them, the Chairman of the annual general meeting of the Company ("**AGM**") or one of the Company's Joint Secretaries, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Suntec City Convention Centre, Meeting Room 328, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore on Monday, 29 April 2019 at 2:00 p.m. (Singapore time) and at any adjournment thereof.

The resolutions put to vote at the AGM shall be decided by poll.

(Please indicate with an "√" in the spaces provided whether you wish your vote(s) to be cast for or against or abstain the resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she may think fit, as he/she will on any other matters arising at the AGM.)

No.	Resolution	For[1]	Against[1]	Abstain[1]
1.	Re-election of Prof. Stephen Philip Haslett as a Director of the Company			
2.	Re-appointment of Kost Forer Gabbay & Kasierer as external independent auditors and authorization of the Directors to fix their remuneration			
3.	Authority to issue shares			

[1] *If you wish to exercise all your votes "For" or "Against" or "Abstain," please tick "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ______________________ 2019

Total Number of Shares Held

____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Shareholders Register of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and shares registered in your name in the Shareholders Register, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. The instrument of proxy shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized signatory(ies), agent(s) or attorney(s). The Board may demand that the Company be provided with written confirmation, to its satisfaction, that the signatory(ies), agent(s) or attorney(s) have the authority to bind the corporate body of the appointing Shareholder.

3. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at **24 April 2019, the record date for determining those Shareholders eligible to vote at the AGM,** as certified by the Depositor.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Direct Account Holder or Depository Agent accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 21 March 2019.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on this Proxy Form. Notwithstanding the above, the Chairman of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM.

trendlines
medical • agtech • labs

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