QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the first quarter/three months ended 31/3/2016

*This announcement has been prepared by QT Vascular Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

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PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 31/3/2016 US$'000	Group 3 months ended 31/3/2015 US$'000	Change
Revenue	3,540	3,298	7.3%
Cost of sales	(2,267)	(1,591)	42.5%
Gross profit	1,273	1,707	(25.4)%
Sales and marketing	(2,472)	(3,220)	(23.2)%
Administrative expenses	(2,108)	(2,679)	(21.3)%
Research and development expenses	(2,121)	(2,432)	(12.8)%
Other income	17	8	>100.0%
Other expenses	(236)	–	NM
Results from operating activities	(5,647)	(6,616)	(14.6)%
Finance income	1,485	1,016	46.2%
Finance costs	(2,591)	(1)	>100.0%
Net finance (costs)/income	(1,106)	1,015	>(100.0)%
Loss before tax	(6,753)	(5,601)	20.6%
Tax expense	(1)	(1)	–
Loss for the period	(6,754)	(5,602)	20.6%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(1,598)	(1,542)	3.6%
Total comprehensive loss for the period	(8,352)	(7,144)	16.9%
Loss attributable to:			
Owners of the Company	(6,754)	(5,602)	20.6%
Loss for the period	(6,754)	(5,602)	20.6%
Total comprehensive loss attributable to:			
Owners of the Company	(8,352)	(7,144)	16.9%
Total comprehensive loss for the period	(8,352)	(7,144)	16.9%

NM denotes not meaningful

1(a)(ii) Notes to the consolidated statement of comprehensive income

	Group		
	3 months ended		
	31/3/2016 US$'000	31/3/2015 US$'000	Change
Depreciation of property, plant and equipment	(65)	(64)	1.6%
Amortization of intangible assets	(252)	(172)	46.5%
Exchange gain	1,484	1,013	46.5%
Equity-settled share based payment transactions	(159)	(36)	>100.0%
Interest income	1	3	(66.7)%
Interest expense	(1,129)	(1)	>100.0%
Changes in fair value of financial instruments	(1,462)	–	NM
Expenses recognised in relation to the legal liability provision	(229)	–	NM

1(b)(i) STATEMENTS OF FINANCIAL POSITION

Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/3/2016 US$'000	**31/12/2015 US$'000**	**31/3/2016 US$'000**	**31/12/2015 US$'000**
Assets:				
Property, plant and equipment	905	913	–	–
Intangible assets	13,323	12,861	40	40
Investment in subsidiaries	–	–	95,453	90,029
Other non-current assets	91	147	–	–
Non-current assets	14,319	13,921	95,493	90,069
Inventories	5,434	5,950	–	–
Trade and other receivables	3,686	3,630	419	2
Cash and cash equivalents	5,682	3,850	4,419	2,474
Current assets	14,802	13,430	4,838	2,476
Total assets	29,121	27,351	100,331	92,545
Equity:				
Share capital	146,541	139,202	146,541	139,202
Reserves	(530)	909	(34,014)	(37,084)
Accumulated losses	(160,551)	(153,797)	(45,656)	(41,097)
Total equity	(14,540)	(13,686)	66,871	61,021
Liabilities:				
Loans and borrowings	2,848	3,474	2,848	3,470
Trade and other payables, including derivatives	161	161	–	–
Non-current liabilities	3,009	3,635	2,848	3,470
Loans and borrowings	3,747	3	3,741	–
Trade and other payables, including derivatives	12,385	13,675	3,273	4,695
Deferred income	922	365	–	–
Provision for legal liability*	23,598	23,359	23,598	23,359
Current liabilities	40,652	37,402	30,612	28,054
Total liabilities	43,661	41,037	33,460	31,524
Total equity and liabilities	29,121	27,351	100,331	92,545

* As at 31 March 2016, following the damages awarded against (i) the Company, (ii) the Company's subsidiaries, TriReme Medical, LLC ("TriReme US") and Quattro Vascular Pte. Ltd. ("Quattro") and (iii) the Company's Chief Executive Officer ("CEO"), Dr. Eitan Konstantino in the judgement on the breach of fiduciary duty ("State Law claims"), the Company and the Group had recognised a provision for legal liability of US$23,598,000. The final sum to be borne by the Company and the Group will be determined at the conclusion of the appeal on the State Law claims judgement ("**Appeal**"). On 17 February 2016, the Company and the Group submitted the brief of defendants document to the US Court of Appeals for the Federal Circuit ("**Appeal Court**"). The hearing of the Appeal is scheduled on 7 June 2016 and the outcome of the Appeal hearing will only be available at a later date once the Appeal Court completes their deliberation of the facts presented. With the exclusion of the legal liability provision, the Group's working capital will be a negative US$2.3 million and the total equity of the Group will be a positive US$9.1 million.

1(b)(ii) Aggregate amount of group's borrowings.

	Secured		Unsecured	
	31 March 2016 US$'000	**31 December 2015 US$'000**	**31 March 2016 US$'000**	**31 December 2015 US$'000**
Amount repayable within one year or less or on demand:				
Loans and borrowings	3,747	3	–	–
	3,747	3	–	–

	Secured		Unsecured	
	31 March 2016 US$'000	**31 December 2015 US$'000**	**31 March 2016 US$'000**	**31 December 2015 US$'000**
Amount repayable after one year:				
Loans and borrowings	2,848	3,474	–	–
	2,848	3,474	–	–

Details of any collateral

The loans and borrowings are secured by an office equipment acquired via hire purchase and certain patents of the Group.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group 3 months ended 31/3/2016 US$'000	Group 3 months ended 31/3/2015 US$'000
Cash flows from operating activities			
Net loss		(6,754)	(5,602)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		65	64
Amortisation of intangible assets		252	172
Interest income		(1)	(3)
Interest expense		1,129	1
Exchange gain		(1,484)	(1,013)
Equity-settled share-based payment transactions		159	36
Change in fair value of financial instruments		1,462	–
		(5,172)	(6,345)
Changes in working capital:			
- Trade and other receivables		343	144
- Inventories		517	(1,221)
- Other assets		56	27
- Trade and other payables, including derivatives		68	(1,457)
- Deferred income		557	–
- Provision for legal liability		239	–
Net cash used in operating activities		(3,392)	(8,852)
Cash flows from investing activities			
Purchase of property, plant and equipment		(64)	(147)
Additions to intangible assets		(713)	(1,029)
Net cash used in investing activities		(777)	(1,176)
Cash flows from financing activities			
Repayment of hire purchase creditor		(1)	(1)
Proceeds from issuance of convertible notes		5,990	–
Proceeds from exercise of share options		–	147
Net cash from financing activities		5,989	146
Net increase/(decrease) in cash and cash equivalents		1,820	(9,882)
Effect of exchange rate changes on cash and cash equivalents		12	(565)
Cash and cash equivalents at beginning of period		3,850	20,152
Cash and cash equivalents at end of period	1	5,682	9,705

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Note:

(1) Cash and cash equivalents consists of:

	Group	
	31 March 2016 US$'000	**31 March 2015 US$'000**
Bank balances	5,637	9,661
Deposits pledged	45	44
Total cash and cash equivalents	5,682	9,705

1(d)(i) STATEMENT OF CHANGES IN EQUITY

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Group							
At 1 January 2015	133,263	(1,385)	(77)	(2,857)	3,498	(100,747)	31,695
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(5,602)	(5,602)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(1,542)	–	–	(1,542)
Total comprehensive loss for the period	–	–	–	(1,542)	–	(5,602)	(7,144)
Contributions by and distributions to owners							
Share options exercised	147	–	–	–	–	–	147
Share-based payment transactions	–	–	–	–	36	–	36
Total contributions by and distributions to owners	147	–	–	–	36	–	183
At 31 March 2015	133,410	(1,385)	(77)	(4,399)	3,534	(106,349)	24,734
At 1 January 2016	139,202	(1,385)	(77)	(2,110)	4,481	(153,797)	(13,686)
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(6,754)	(6,754)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(1,598)	–	–	(1,598)
Total comprehensive loss for the period	–	–	–	(1,598)	–	(6,754)	(8,352)
Contributions by and distributions to owners							
Shares issued pursuant to exercise of options embedded in convertible notes	7,339	–	–	–	–	–	7,339
Share-based payment transactions	–	–	–	–	159	–	159
Total contributions by and distributions to owners	7,339	–	–	–	159	–	7,498
At 31 March 2016	146,541	(1,385)	(77)	(3,708)	4,640	(160,551)	(14,540)

1(d)(i) STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2015	133,263	(32,390)	(77)	(4,318)	3,498	(15,929)	84,047
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	785	785
Other comprehensive income							
Foreign currency translation differences	–	–	–	(3,111)	–	–	(3,111)
Total comprehensive loss for the period	–	–	–	(3,111)	–	785	(2,326)
Contributions by and distributions to owners							
Share options exercised	147	–	–	–	–	–	147
Share-based payment transactions	–	–	–	–	36	–	36
Total contributions by and distributions to owners	147	–	–	–	36	–	183
At 31 March 2015	133,410	(32,390)	(77)	(7,429)	3,534	(15,144)	81,904
At 1 January 2016	139,202	(32,390)	(77)	(9,098)	4,481	(41,097)	61,021
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(4,559)	(4,559)
Other comprehensive income							
Foreign currency translation differences	–	–	–	2,911	–	–	2,911
Total comprehensive loss for the period	–	–	–	2,911	–	(4,559)	(1,648)
Contributions by and distributions to owners							
Shares issued pursuant to exercise of options embedded in convertible notes	7,339	–	–	–	–	–	7,339
Share-based payment transactions	–	–	–	–	159	–	159
Total contributions by and distributions to owners	7,339	–	–	–	159	–	7,498
At 31 March 2016	146,541	(32,390)	(77)	(6,187)	4,640	(45,656)	66,871

1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Share Capital

The Company's issued and fully paid-up ordinary share capital increased by 103,202,552 shares from 822,956,014 as at 31 December 2015 to 926,158,566 shares as at 31 March 2016 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
At 31 December 2015	822,956,014	139,202
Shares issued pursuant to vesting of share awards	1,858,800	–
Shares issued pursuant to conversion of convertible notes	101,343,752	7,339
At 31 March 2016	926,158,566	146,541

Outstanding Options

The Group was formed following the restructuring exercise pursuant to which TriReme US and Quattro became wholly owned subsidiaries of the Group ("Restructuring Exercise").

Prior to the Restructuring Exercise, TriReme US had in 2005, adopted the 2005 Stock Plan to allow TriReme US to grant options to purchase shares in TriReme US to its employees, directors and consultants (each, as defined under the 2005 Stock Plan) and Quattro had in 2010, adopted the 2010 Equity Incentive Plan to allow Quattro to grant options to purchase shares in Quattro to its employees, directors and consultants (each, as defined under the 2010 Equity Incentive Plan). Subsequently, the Company had in 2013, adopted the QTV 2013 Share Plan to allow QTV to grant options to purchase shares in the Company to employees, directors and consultants (each, as defined under the QTV 2013 Share Plan).

Pursuant to the Restructuring Exercise, the Company had on 9 April 2014, assumed the options under the 2005 Stock Plan and 2010 Equity Incentive Plan. Following the close of placement of shares in relation to the IPO on 25 April 2014, the Company had ceased the issuance of options under the 2005 Stock Plan, 2010 Equity Incentive Plan and QTV 2013 Share Plan (collectively, the "Three Share Plans").

On 9 April 2014, the Company undertook a subdivision of 1 ordinary share into 16 ordinary shares.

The Company also had on 9 April 2014, adopted the 2014 QTV Employee Share Option Scheme. On 14 August 2015, the Company granted 29,162,000 options under the 2014 QTV Employee Share Option Scheme to its employees and directors, out of which 817,000 options granted to Mark Allen Wan, the Company's existing Non-Executive Director and controlling shareholder, was approved by the shareholders of the Company ("**Shareholders**") at the Annual General Meeting ("AGM") of the Company held on 28 April 2016.

For the three months ended 31 March 2016, no ordinary shares were issued in respect of the options under the Three Share Plans and 2014 QTV Employee Share Option Scheme as there was no exercise of options during the period.

A reconciliation of outstanding share options from 1 January 2016 to 31 March 2016 is as follows:

Outstanding Options	**Number of Options**
At 1 January 2016	121,216,402*
Granted during the period	2,000,000
Forfeited during the period	(1,583,412)
At 31 March 2016	121,632,990*

Note:
* Includes 817,000 options that was approved by shareholders during the AGM held on 28 April 2016 as mentioned above.

As of 31 March 2016, there are 121,632,990 outstanding options convertible into 121,632,990 ordinary shares, representing approximately 13.1% of the existing ordinary share capital as at 31 March 2016 (31 March 2015: 104,401,030 options (representing approximately 13.6% of the then existing issued share capital of the Company comprising 766,306,009 Shares)).

For further details on the Three Share Plans and 2014 QTV Employee Share Option Scheme, please refer to the Company's Offer Document dated 16 April 2014 and Appendix to the FY2015 Annual Report dated 13 April 2016 respectively.

Share awards

At the AGM of the Company held on 30 April 2015, the Shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015. On 14 August 2015, the Company granted 9,294,000 share awards to its employees and directors which will vest accordingly based on a prescribed set of milestones set by the Board of Directors of the Company.

A reconciliation of outstanding share awards from 1 January 2016 to 31 March 2016 is as follows:

Outstanding Share Awards	**Number of Shares**
At 1 January 2016	9,294,000
Issued during the period	(1,858,800)
Forfeited during the period	(80,000)
At 31 March 2016	7,355,200

As at 31 March 2016, the 7,355,200 outstanding share awards in issue are convertible into 7,355,200 Shares (31 March 2015: Nil). 1,858,800 share awards were issued during the three months ended 31 March 2016 as a predetermined milestone was achieved. For further details on the QT Vascular Restricted Share Plan 2015, please refer to the Appendix of the Company's 2014 Annual Report.

Convertible notes

As at 31 March 2016, the Group had issued convertible notes with an aggregate carrying value of US$17.34 million outstanding which is convertible to 186,946,875 Shares (31 March 2015: Nil). During the three months ended 31 March 2016, a total of 101,343,752 Shares with an aggregate principal value of US$9.4 million were issued to certain convertible note holders as they exercised their rights to convert their notes to shares. The remaining convertible notes are convertible into 38,165,622 Shares.

Based on the foregoing, the total number of Shares that may be issued on conversion of all outstanding convertibles (including Share Awards) as at 31 March 2016 is 167,153,812 Shares, representing approximately 18.0% of the existing issued share capital of the Company comprising 926,158,566 Shares as at 31 March 2016 (31 March 2015: 104,401,030 Shares, representing approximately 13.6% of the then existing issued share capital of the Company comprising 766,306,009 Shares).

Treasury Shares

The Company held no treasury shares as at 31 March 2016 and as at 31 March 2015.

Save as disclosed above, there were no outstanding convertibles or treasury shares held by the Company as at 31 March 2016 and as at 31 March 2015.

1(d)(iii) NUMBER OF ISSUED SHARES

To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares was 926,158,566 as at 31 March 2016 and 822,956,014 as at 31 December 2015.

The Company held no treasury shares as at 31 March 2016 and 31 December 2015.

1(d)(iv) TREASURY SHARES

A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to those used in the most recently audited annual financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for and the effect of, the change.

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period compared with the most recently audited financial statements for the financial year ended 31 December 2015, except for the adoption of the Financial Reporting Standards ("**FRSs**") and Interpretation of FRS ("**INT FRS**") that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these new FRS and INT FRS has no material impact to the results of the Group and of the Company for the current period reported on.

6. EARNINGS PER SHARE

Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group	3 months ended 31/3/2016	3 months ended 31/3/2015
	Basic and diluted [1]	**Basic and diluted [1]**
Loss for the year attributable to owners of the Company **(US$'000)**	(6,754)	(5,602)
Weighted average number of ordinary shares used to compute loss per share **('000)**	859,266	763,867
Loss per share **(US$)**	(0.01)	(0.01)

Note:

(1) The basic and diluted loss per share were the same as the potential ordinary shares are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.

7. NET ASSET VALUE FOR ISSUER AND GROUP

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/3/2016	**31/12/2015**	**31/3/2016**	**31/12/2015**
	US$	**US$**	**US$**	**US$**
Net (liability)/asset value per ordinary share [(1), (2)]	(0.02)	(0.02)	0.07	0.07

Notes:

(1) The net liability value per ordinary share of the Group is calculated based on net liabilities of US$14.5 million as at 31 March 2016 (31 December 2015: US$13.7 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$66.9 million as at 31 March 2016 (31 December 2015: US$61.0 million).

(2) For both the Group and the Company, the net (liability)/asset value per ordinary share were calculated based on 926,158,566 ordinary shares in issue as at 31 March 2016 and 822,956,014 as at 31 December 2015.

8. REVIEW OF PERFORMANCE OF THE GROUP

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 31 March 2016 compared to the three months ended 31 March 2015

The breakdown of our revenue derived from the sale of our products to the various geographical regions and by the number of units sold for the three months ended 31 March 2016 ("**1Q2016**") and for the three months ended 31 March 2015 ("**1Q2015**") are presented below:

	1Q2016		1Q2015	
	US$'000	**%**	**US$'000**	**%**
United States	3,245	91.7	2,512	76.2
Europe	107	3.0	146	4.4
Asia Pacific	188	5.3	640	19.4
	3,540	100.0	3,298	100.0

	1Q2016	1Q2015
Units sold	7,125	8,098

Our revenue increased by US$0.2 million, or 7.3%, from US$3.3 million in 1Q2015 to US$3.5 million in 1Q2016, mainly due to an increase in sales of our Chocolate® PTA Balloon Catheter ("Chocolate® PTA") and Chocolate® PTCA. Sales of Chocolate® PTA, Chocolate® PTCA Balloon Catheter ("Chocolate® PTCA") and Glider PTCA by our direct sales team continues to improve following a 203.4% increase in average sales per sales representative of US$76,736 in 1Q2016 as compared to US$25,290 in 1Q2015.

Cost of sales increased by US$0.7 million or 42.5% from US$1.6 million in 1Q2015 to US$2.3 million in 1Q2016 mainly due to adjustments to the allocation or attribution of costs and expenses connected with sales or products sold, and lower production yields for certain products as compared to 1Q2015.

As a result of the above, our Group recorded a gross profit of US$1.3 million or 36.0% of revenue in 1Q2016 as compared to a gross profit of US$1.7 million or 51.8% of revenue in 1Q2015.

Our loss before taxation increased by approximately US$1.2 million or 20.6%, from US$5.6 million in 1Q2015 to US$6.8 million in 1Q2016. The analysis of the loss before taxation is as follows:

- Our sales and marketing expenses decreased by US$0.7 million, or 23.3% from US$3.2 million in 1Q2015 to US$2.5 million mainly due to a lower number of direct sale personnel headcount as at 1Q2016 of 19 people as compared to 1Q2015 of 28 people.

- Our administrative expenses decreased by US$0.6 million, or 21.3%, from US$2.7 million in 1Q2015 to US$2.1 million in 1Q2016. The decrease was mainly due to a lower headcount in 1Q2016 as compared to 1Q2015 as well as a reduction in bonus expenses.

- Our research and development expenses decreased by approximately US$0.3 million from US$2.4 million in 1Q2015 to US$2.1 million in 1Q2016 due to the focus by the Group on the research and development of the drug-coated peripheral Chocolate®, Chocolate Touch™, for the Investigational Device Exemption ("IDE") submission to the United States Food and Drug Administration ("FDA"). The Group capitalized development expenses of US$0.7 million in 1Q2016 as compared to US$1.0 million of development expenses in 1Q2015 to intangible assets.

- The presence of other expenses amounting to US$0.2 million in 1Q2016 was mainly due to the recognition of additional expenses in relation to the AngioScore, Inc. legal liability provision. As highlighted in the Company's previous announcements, as a prudent measure, the Company recognised the entire legal liability, being damages awarded against the Company, TriReme US, Quattro, and the Company's CEO, Dr Eitan Konstantino, following the judgement in relation to the State Law claims. The final sum to be borne by the Group in relation to the State Law Claims (if any) will be determined at the conclusion of the appeal. The appeal is on-going.

- We were in a net finance cost position of US$1.1 million for 1Q2016, as compared to a net finance income position of US$1.0 million in 1Q2015 which was mainly due to the interest expenses incurred of US$1.1 million (1Q2015: US$1,000) and fair value loss in relation to the convertible notes of US$1.5 million in 1Q2016 (1Q2015: Nil). The fair value loss on the convertible notes and financial instruments was non-cash in nature, and were recorded at fair value through profit or loss as required in accordance with FRS. The increase in net finance costs in 1Q2016 was reduced by the foreign exchange gains of US$1.5 million as compared to foreign exchange gains of US$1.0 million in 1Q2015 pursuant to exchange rate changes between the Singapore dollar and United States dollar.

- Amortization of intangible assets increased by US$80,000, or 46.5% from US$172,000 in 1Q2015 to US$252,000 in 1Q2016 mainly due to the amortization of Chocolate® PTA, Chocolate® PTCA and Chocolate Touch™ capitalised costs.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2016 US$'000	**As at 31 December 2015 US$'000**	**Change**
Non-current assets	14,319	13,921	2.9%
Current assets	14,802	13,430	10.2%
Total assets	29,121	27,351	
Total equity	(14,540)	(13,686)	6.2%
Non-current liabilities	3,009	3,635	(17.2)%
Current liabilities	40,652	37,402	8.7%
Total liabilities	43,661	41,037	

The Group had negative working capital of US$25.9 million and US$24.0 million as at 31 March 2016 and 31 December 2015 respectively. The negative working capital as at 31 March 2016 and 31 December 2015 is mainly due to the recognition of the legal liability provision of US$23.6 million (31 December 2015: US$23.4 million) in accordance with FRS although the Group is appealing against the judgement. The final sum to be borne by the Group in relation to the State Law claims (if any) will be determined at the conclusion of the appeal. The appeal is on-going.

In addition to the legal liability provision above, the negative working capital of the Group was also due to the utilisation of the Group's cash for general working capital purposes and, research and development of new products. With the exclusion of the legal liability provision, the Group's working capital will be a negative US$2.3 million and the total equity of the Group will be a positive US$9.1 million.

Subsequent to 31 March 2016, the Company obtained the approval from Shareholders during the AGM of the Company held on 28 April 2016 to issue exchangeable notes to Luminor Pacific Fund 2 Ltd with an aggregate principal of US$1.86 million (the "Exchangeable Notes") to support its working capital position. In addition, the international investment bank appointed by the Company as its strategic advisor, Nomura Securities International, Inc., continues to provide financial and market-related advice and assistance related to the sale of the Company or sale of certain assets.

Our non-current assets increased by US$0.4 million from US$13.9 million as at 31 December 2015 to US$14.3 million as at 31 March 2016 mainly due to the increase in intangible assets of US$462,000 due to the capitalization of research and development expenses. The increase is partially offset by the decrease in other non-current assets due to the decrease in security deposits of US$56,000.

Our current assets increased by US$1.4 million from US$13.4 million as at 31 December 2015 to US$14.8 million as at 31 March 2016 mainly due to the increase in cash and cash equivalents of US$1.8 million following receipt of funds from the subscription of the Company's convertible notes of approximately US$5.9 million as well as collection from our customers of approximately US$5.2 million. The overall increase in cash and cash equivalents was offset by the utilisation of funds for research and development expenses and general working capital requirements such as payments to our suppliers and staff costs of approximately US$9.3 million. The overall increase in current assets was also offset by the decrease in inventory balances of approximately US$0.5 million following the utilisation of existing raw materials on hand for production purposes.

Our non-current liabilities decreased by US$0.6 million from US$3.6 million as at 31 December 2015 to US$3.0 million as at 31 March 2016 mainly due to the reclassification of the loan and borrowings arising from the convertible notes issued in August 2015 of US$1.9 million to current liabilities pursuant to its maturity being 12 months or less as at 31 March 2016. The decrease was offset by the increase in convertible notes liabilities in relation to the convertible notes issued in December 2015 and March 2016 of US$1.3 million.

Our current liabilities increased by US$3.3 million from US$37.4 million as at 31 December 2015 to US$40.7 million as at 31 March 2016 mainly due to the increase in loans and borrowings arising from the convertible notes issues in August 2015 (reclassified from non-current liabilities) and March 2016 of US$3.7 million, deferred income by US$0.6 million arising from funds we received in advance from our customers and provision for legal liability of US$0.2 million. The increase in current liabilities was offset by the decrease in trade and other payables (including derivatives) of US$1.3 million mainly due to the settlement of derivatives in relation to the convertible notes and settlement of balances due to suppliers.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 1Q2016

The Group recorded cash outflows from operating activities of US$3.4 million for 1Q2016 which was a result of an operating loss before working capital changes of US$5.2 million and a decrease in working capital changes of US$1.8 million. The decrease in working capital changes was mainly due to the decrease in inventories and, trade and other receivables of US$0.5 million and US$0.3 million respectively. The increase in deferred income and provision for legal liability of US$0.6 million and US$0.2 million respectively also contributed to the decrease in working capital changes.

Cash used in investing activities for 1Q2016 was US$0.8 million which was mainly due to additions to property, plant and equipment of approximately US$0.1 million and intangible assets pertaining to capitalization of expenses on developed technology of approximately US$0.7 million.

In 1Q2016, net cash inflow from financing activities was US$6.0 million which was mainly due to proceeds received from the issue of convertible notes of US$6.0 million.

Cash Flow Analysis 1Q2015

The Group recorded cash outflows from operating activities of US$8.9 million for 1Q2015 which was a result of an operating loss before working capital changes of US$6.3 million and an increase in working capital changes of US$2.5 million. The increase in working capital changes was mainly due to the increase in inventories of US$1.2 million and the decrease of US$1.5 million in trade and other payables, including derivatives.

Cash used in investing activities for 1Q2015 was US$1.2 million which was mainly due to additions to property, plant and equipment of approximately US$0.2 million and intangible assets pertaining to capitalization of expenses on developed technology of approximately US$1.0 million.

In 1Q2015, net cash inflow from financing activities was US$0.1 million which was mainly due to receipt of funds following the exercise of share options.

9. FORECAST AND PROSPECT STATEMENT

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY

A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In the world's largest medical device market, the United States ("US"), the adoption of drug-coated balloons ("DCBs") continues to increase at a strong pace. With two products approved in the US (i.e. Medtronic's In.Pact Admiral and CR Bard's Lutonix) and continued strong clinical data (which now covers up to two years in some studies). Management expects this growth in the use of DCBs to continue for some time. In 2016, we estimate that the use of DCBs may surpass 20% of procedures in the femoral-popliteal arteries. The impact on other technologies such as stents, atherectomy, conventional balloons, and specialty balloons is still unclear, but these categories may be expected to experience some weakening of their previous sales growth. The Group's current challenge is the approval of Chocolate® PTA in Japan and Chocolate Heart™ CE mark which is only expected in 2H2016. Despite these near-term headwinds, the Group expects growth to be driven by continued adoption of its Chocolate® PTCA device in the US and Chocolate Touch™ (drug-coated Chocolate® PTA) in Europe, a reclaiming from Cordis of more than 140 Chocolate® PTA accounts in the US where the Group will resume direct sales as well as the launch of Chocolate® PTA in Japan in 2H2016. The Group also recently released very strong clinical results for both Chocolate Touch™ and Chocolate Heart™ (drug-coated Chocolate® PTCA) which is expected to bode well for long-term growth prospects and continued strong interest for the products. The Group had also recently made the IDE submission to the US FDA for Chocolate Touch™ which is a significant step for the Group in our path towards being one of the few suppliers in US' rapidly growing market for DCBs.

11. IF A DECISION REGARDING DIVIDEND HAS BEEN MADE:

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

No dividends have been declared or recommended for the current reporting period.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. IF NO DIVIDEND HAS BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

No dividends have been declared or recommended for the current reporting period.

13. INTERESTED PERSONS TRANSACTIONS

If the Group has obtained a general mandate from shareholders for the IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There was no interested persons transactions which are S$100,000 or more entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested persons transactions.

14. USE OF CONVERTIBLE NOTES PROCEEDS

The Company announced a proposed issue of convertible notes of up to US$13.14 million (the "Notes") on 24 July 2015. On 6 August 2015, 18 December 2015 and 30 March 2016, the Company announced the completion of the subscription of the first, second and third tranches of the Notes respectively, amounting to an aggregate of US$13.14 million. After deducting expenses of approximately US$0.10 million incurred by the Company in connection with the issuance of the Notes, the net proceeds is approximately US$13.04 million ("2015 CN Proceeds").

As at 31 March 2016, the 2015 CN Proceeds have been utilised as follows:

	Amount allocated US$'000	Amount utilised US$'000	Balance US$'000
Research and development	7,850	6,570	1,280
General working capital purposes (1)	5,190	4,280	910
Total	13,040	10,850	2,190

(1) A breakdown on the 2015 CN Proceeds utilised for general working capital purposes is as follows:

	US$'000
Payment of salaries and wages	1,338
Payment to suppliers	1,720
Payment of professional fees	1,222
Total	4,280

The above utilisation are in accordance with the intended use of the 2015 CN Proceeds, as stated in the Company's announcement dated 24 July 2015.

On 27 January 2016, the Company announced a proposed issue of convertible notes of up to US$4.20 million (the "Convertible Notes") and Exchangeable Notes. On 9 March 2016, the Company announced the completion of the subscription of the Convertible Notes. After deducting expenses of approximately US$0.05 million incurred by the Company in connection with the issuance of the Convertible Notes, the net proceeds is approximately US$4.15 million ("Convertible Notes Proceeds").

As at 31 March 2016, the Convertible Notes Proceeds have been utilised as follows:

	Amount allocated US$'000	Amount utilised US$'000	Balance US$'000
Research and development	1,050	–	1,050
General working capital purposes (1)	3,100	865	2,235
Total	4,150	865	3,285

The Convertible Notes Proceeds utilised for general working capital purposes was for payments to suppliers of US$865,000.

The above utilisation is in accordance with the intended use of the Convertible Notes Proceeds, as stated in the Company's announcement dated 27 January 2016.

During the AGM held on 28 April 2016, the Company had obtained the approval from its Shareholders for the issue of the Exchangeable Notes. On 12 May 2016, the Company announced the completion of the subscription of the Exchangeable Notes.

None of the net proceeds of US$1.86 million received from the issuance of the Exchangeable Notes have been utilised as at the date of this announcement.

15. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5) OF LISTING MANUAL

The Board of Directors of the Company ("Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 3 months ended 31 March 2016 to be false or misleading in any material aspect.

16. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD
Eitan Konstantino
Chief Executive Officer
13 May 2016