QT Vascular Ltd. and its subsidiaries
(Company Registration No. 201305911K)
(Incorporated in Singapore)

Unaudited Financial Statements Announcement for the financial year ended 31 December 2015

*QT Vascular Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 April 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**" or the "**Sponsor**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone +65 6229 8088.

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 Year ended 31/12/2015 US$'000	Group Year ended 31/12/2014 US$'000	Change
Revenue	12,435	13,159	(5.5)%
Cost of sales	(8,362)	(9,820)	(14.8)%
Gross profit	4,073	3,339	22.0%
Sales and marketing	(10,440)	(8,800)	18.6%
Administrative expenses	(12,239)	(13,732)	(10.9)%
Research and development expenses	(8,422)	(6,720)	25.3%
Other expenses (1)	(23,893)	(197)	>100.0%
Results from operating activities	(50,921)	(26,110)	95.0%
Finance income	5	1,419	(99.6)%
Finance costs	(2,132)	(9,482)	(77.5)%
Net finance costs	(2,127)	(8,063)	(73.6)%
Loss before tax	(53,048)	(34,173)	55.2%
Tax expense	(2)	(1)	100.0%
Loss for the year	(53,050)	(34,174)	55.2%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	747	(3,213)	NM
Total comprehensive loss for the year	(52,303)	(37,387)	39.9%
Loss attributable to:			
Owners of the Company	(53,050)	(34,174)	55.2%
Loss for the year	(53,050)	(34,174)	55.2%
Total comprehensive loss attributable to:			
Owners of the Company	(52,303)	(37,387)	39.9%
Total comprehensive loss for the year	(52,303)	(37,387)	39.9%

NM denotes not meaningful

Note:

(1) For the financial year ended 31 December 2015, 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 CEO, Dr Eitan Konstantino in the judgement in relation to the State Law Claims as previously announced by the Company, the Company had recognised a sum of US$23.4 million as a prudent measure ("Judgement Liability Provision"). 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. With the exclusion of the Judgement Liability Provision, the Group's loss before tax will be US$29.7 million.

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

	Group (Year-To-Date)		
	Year ended		
	31/12/2015 US$'000	31/12/2014 US$'000	% change
Depreciation of property, plant and equipment	(259)	(360)	(28.1)%
Allowance of inventory obsolescence	(261)	(88)	>100%
Gain on disposal of property, plant and equipment	–	3	(100.0)%
Property, plant and equipment written off	–	(25)	(100.0)%
Amortization of intangible assets	(553)	(570)	(3.0)%
Exchange (loss)/gain	(313)	1,401	NM
Equity-settled share based payment transactions	(983)	(542)	81.4%
Interest income	5	21	(76.2)%
Interest expense	(751)	(4,477)	(83.2)%
Changes in fair value of financial instruments	(1,068)	(5,010)	(78.7)%
Expenses recognised in relation to the Judgement Liability Provision	(23,359)	–	100.0%

1(b)(i) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Consolidated 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	
	31/12/2015 US$'000	**31/12/2014 US$'000**	**31/12/2015 US$'000**	**31/12/2014 US$'000**
Assets:				
Property, plant and equipment	913	827	–	–
Intangible assets	12,861	9,235	40	40
Investment in subsidiaries	–	–	90,029	73,232
Other non-current assets	147	201	–	–
Non-current assets	13,921	10,263	90,069	73,272
Inventories	5,950	6,174	–	–
Trade and other receivables	3,630	3,474	2	14
Cash and cash equivalents	3,850	20,152	2,474	11,516
Current assets	13,430	29,800	2,476	11,530
Total assets	27,351	40,063	92,545	84,802
Equity:				
Share capital	139,202	133,263	139,202	133,263
Reserves	909	(821)	(37,084)	(33,287)
Accumulated losses	(153,797)	(100,747)	(41,097)	(15,929)
Total equity	(13,686)	31,695	61,021	84,047
Liabilities:				
Loans and borrowings	3,474	12	3,470	–
Trade and other payables, including derivatives	161	175	–	–
Non-current liabilities	3,635	187	3,470	–
Loans and borrowings	3	1	–	–
Trade and other payables, including derivatives	13,675	8,180	4,695	755
Deferred income	365	–	–	–
Provision for judgement liability (1)	23,359	–	23,359	–
Current liabilities	37,402	8,181	28,054	755
Total liabilities	41,037	8,368	31,524	755
Total equity and liabilities	27,351	40,063	92,545	84,802

Note:

(1) As at 31 December 2015, following the damages awarded against (i) the Company, (ii) the Company's subsidiaries, TriReme US and Quattro and (iii) the Company's CEO, Dr Eitan Konstantino in the judgement in relation to the State Law Claims, the Company had recognised the judgement liability provision of US$23.4 million. 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. With the exclusion of the judgement liability provision, the Group's negative working capital will be US$0.6 million and the total equity of the Group will be a positive US$9.7 million.

(2) **1(b)(ii)** **Aggregate amount of group's borrowings.**

	Secured		Unsecured	
	31/12/2015 US$'000	31/12/2014 US$'000	31/12/2015 US$'000	31/12/2014 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	3	1	–	–
	3	1	–	–

	Secured		Unsecured	
	31/12/2015 US$'000	31/12/2014 US$'000	31/12/2015 US$'000	31/12/2014 US$'000
Amount repayable after one year:				
Loans and borrowings	3,474	12	–	–
	3,474	12	–	–

Details of any collateral

The loans and borrowings are secured against 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.

		Group	
		Year ended	
	Note	31/12/2015 US$'000	31/12/2014 US$'000
Cash flows from operating activities			
Net loss		(53,050)	(34,174)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		259	360
Amortisation of intangible assets		553	570
Interest income		(5)	(21)
Interest expense		751	4,477
Gain on disposal of property, plant and equipment		–	(3)
Property, plant and equipment written off		–	25
Exchange loss/(gain)		313	(1,401)
Equity-settled share-based payment transactions		983	542
Change in fair value of financial instruments		1,068	5,010
		(49,128)	(24,615)
Changes in working capital:			
- Trade and other receivables		(149)	(1,581)
- Inventories		224	(2,649)
- Other assets		53	(16)
- Trade and other payables, including derivatives		2,632	3,048
- Deferred income		365	(647)
- Provision for judgement liability		23,359	–
Net cash used in operating activities		(22,644)	(26,460)
Cash flows from investing activities			
Purchase of property, plant and equipment		(349)	(811)
Additions to intangible assets		(4,191)	(2,975)
Net cash used in investing activities		(4,540)	(3,786)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		–	40,768
Repayment of convertible note interests		–	(702)
Repayment of hire purchase creditor		(5)	(2)
Proceeds from issuance of convertible bonds		10,950	2,500
Proceeds from exercise of share options		485	164
Proceeds from exercise of warrants		–	3,487
Net cash from financing activities		11,430	46,215
Net (decrease)/increase in cash and cash equivalents		(15,754)	15,969
Effect of exchange rate changes on cash and cash equivalents		(548)	(1,014)
Cash and cash equivalents at beginning of year		20,152	5,197
Cash and cash equivalents at end of year	1	3,850	20,152

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

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	31/12/2015	**31/12/2014**
	US$'000	**US$'000**
Bank balances	3,807	20,107
Deposits pledged	43	45
Total cash and cash equivalents	3,850	20,152

1(d)(i) CONSOLIDATED 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.

	Attributable to owners of the Company							
	Ordinary shares US$'000	Convertible preference shares US$'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 2014	5,529	47,204	(1,385)	(77)	356	2,956	(66,573)	(11,990)
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(34,174)	(34,174)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(3,213)	–	–	(3,213)
Total comprehensive loss for the year	–	–	–	–	(3,213)	–	(34,174)	(37,387)
Contributions by and distributions to owners								
Preference shares issued pursuant to exercise of warrants	–	3,487	–	–	–	–	–	3,487
Shares issued pursuant to conversion of preference shares	50,891	(50,891)	–	–	–	–	–	–
Shares issued pursuant to the initial public offering	43,775	–	–	–	–	–	–	43,775
Shares issued in satisfaction of professional fees	1,684	–	–	–	–	–	–	1,684
Transactions costs pursuant to the initial public offering	(4,691)	–	–	–	–	–	–	(4,691)
Shares issued pursuant to conversion of convertible notes	35,911	–	–	–	–	–	–	35,911
Issuance of preference shares	–	200	–	–	–	–	–	200
Share options exercised	164	–	–	–	–	–	–	164
Share-based payment transactions	–	–	–	–	–	542	–	542
Total contributions by and distributions to owners	127,734	(47,204)	–	–	–	542	–	81,072
At 31 December 2014	133,263	–	(1,385)	(77)	(2,857)	3,498	(100,747)	31,695

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

Group	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
At 1 January 2015	133,263	(1,385)	(77)	(2,857)	3,498	(100,747)	31,695
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(53,050)	(53,050)
Other comprehensive income							
Foreign currency translation differences	–	–	–	747	–	–	747
Total comprehensive loss for the year	–	–	–	747	–	(53,050)	(52,303)
Contributions by and distributions to owners							
Shares issued pursuant to conversion of convertible bonds	5,449	–	–	–	–	–	5,449
Share options exercised	490	–	–	–	–	–	490
Share-based payment transactions	–	–	–	–	983	–	983
Total contributions by and distributions to owners	5,939	–	–	–	983	–	6,922
At 31 December 2015	139,202	(1,385)	(77)	(2,110)	4,481	(153,797)	(13,686)

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

	Attributable to owners of the Company							
	Ordinary shares US$'000	Convertible preference shares US$'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 2014	5,529	47,204	(32,388)	(77)	201	2,956	(4,836)	18,589
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(11,093)	(11,093)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(4,519)	–	–	(4,519)
Total comprehensive loss for the year	–	–	–	–	(4,519)	–	(11,093)	(15,612)
Contributions by and distributions to owners								
Preference shares issued pursuant to exercise of warrants	–	3,487	–	–	–	–	–	3,487
Shares issued pursuant to conversion of preference shares	50,891	(50,891)	–	–	–	–	–	–
Conversion of preference shares into ordinary shares	–	–	(2)	–	–	–	–	(2)
Shares issued pursuant to the initial public offering	43,775	–	–	–	–	–	–	43,775
Shares issued in satisfaction of professional fees	1,684	–	–	–	–	–	–	1,684
Transactions costs pursuant to the initial public offering	(4,691)	–	–	–	–	–	–	(4,691)
Shares issued pursuant to conversion of convertible notes	35,911	–	–	–	–	–	–	35,911
Issuance of preference shares	–	200	–	–	–	–	–	200
Share options exercised	164	–	–	–	–	–	–	164
Share-based payment transactions	–	–	–	–	–	542	–	542
Total contributions by and distributions to owners	127,734	(47,204)	(2)	–	–	542	–	81,070
At 31 December 2014	133,263	–	(32,390)	(77)	(4,318)	3,498	(15,929)	84,047

(d)(i) CONSOLIDATED 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 year							
Loss for the year	–	–	–	–	–	(25,168)	(25,168)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(4,780)	–	–	(4,780)
Total comprehensive loss for the year	–	–	–	(4,780)	–	(25,168)	(29,948)
Contributions by and distributions to owners							
Shares issued pursuant to conversion of convertible bonds	5,449	–	–	–	–	–	5,449
Share options exercised	490	–	–	–	–	–	490
Share-based payment transactions	–	–	–	–	983	–	983
Total contributions by and distributions to owners	5,939	–	–	–	983	–	6,922
At 31 December 2015	139,202	(32,390)	(77)	(9,098)	4,481	(41,097)	61,021

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 48,368,288 shares from 774,587,726 as at 30 September 2015 to 822,956,014 shares as at 31 December 2015 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
Balance at 30 September 2015	774,587,726	133,739
Shares issued pursuant to conversion of convertible bonds	47,437,501	5,449
Shares issued pursuant to exercise of share options	930,787	14
Balance at 31 December 2015	822,956,014	139,202

Outstanding Options

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

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, are subject to the approval of shareholders of the Company ("**Shareholders**") at a general meeting of the Company to be convened.

For the three months ended 31 December 2015, 930,787 ordinary shares in the share capital of the Company ("**Shares**") were issued in respect of the exercise of 930,787 options under the Three Share Plans.

A reconciliation of outstanding share options from 30 September 2015 to 31 December 2015 is as follows:

Outstanding Options	**Number of Options**
At 30 September 2015	123,602,531*
Forfeited during the period	(635,850)
Exercised during the period	(930,787)
At 31 December 2015	122,035,894

Note:
* Includes 817,000 options that are subject to Shareholders' approval as mentioned above.

As of 31 December 2015, there are 122,035,894, outstanding options convertible into 122,035,894 ordinary shares, representing approximately 14.8% of the existing ordinary share capital as at 31 December 2015 (31 December 2014: 112,391,752 (representing approximately 14.8% of the then existing issued share capital of the Company comprising 760,128,260 Shares)).

For further details on the Three Share Plans, please refer to the Company's Offer Document dated 16 April 2014.

Share awards

At the Annual General Meeting 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 30 September 2015 to 31 December 2015 is as follows:

Outstanding Share Awards	**Number of Shares**
At 30 September and 31 December 2015	9,294,000

As at 31 December 2015, the 9,294,000 share awards in issue are convertible into 9,294,000 Shares (31 December 2014: Nil). No share awards had vested during the three months ended 31 December 2015. For further details on the QT Vascular Restricted Share Plan 2015, please refer to the Appendix of the Company's 2014 Annual Report.

Convertible bonds

As at 31 December 2015, the Group had issued convertible bonds with an aggregate carrying value of US$10.9 million outstanding which is convertible to 118,054,692 Shares (31 December 2014: Nil). During the three months ended 31 December 2015, a total of 47,437,501 Shares with an aggregate principal value of US$4.4 million were issued to certain convertible bond holders as they exercised their rights to convert their bonds to shares. The remaining bonds are convertible into up to 70,617,191 Shares.

Based on the foregoing, the total number Shares that may be issued on conversion of all outstanding convertibles (including Share Awards) as at 31 December 2015 is 201,947,085 Shares, representing approximately 24.5% of the existing issued share capital of the Company comprising 822,956,014 Shares as at 31 December 2015 (31 December 2014: 112,391,752 Shares, representing approximately 14.8% of the then existing issued share capital of the Company comprising 760,128,260 Shares).

Treasury Shares

The Company held no treasury shares as at 31 December 2015 and as at 31 December 2014.

Save as disclosed above, there were no other outstanding convertibles or treasury shares held by the Company as at 31 December 2015 and 31 December 2014.

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 822,956,014 as at 31 December 2015 and 760,128,260 as at 31 December 2014.

The Company held no treasury shares as at 31 December 2015 and 31 December 2014.

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 2014.

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 year compared with the most recently audited financial statements for the financial year ended 31 December 2014, 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 2015. 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 financial year 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	**Year ended 31/12/2015** **Basic and diluted [(1)]**	**Year ended 31/12/2014** **Basic and diluted [(1)]**
Loss for the year attributable to owners of the Company **(US$'000)**	(53,050)	(34,174)
Weighted average number of ordinary shares used to compute loss per share **('000)**	779,231	563,364
Loss per share **(US$)**	(0.068)	(0.061)

Notes:

(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	
	31/12/2015 US$	**31/12/2014 US$**	**31/12/2015 US$**	**31/12/2014 US$**
Net (liability)/asset value per ordinary share (1), (2)	(0.02)	0.04	0.07	0.11

Notes:

(1) The net liability value per ordinary share of the Group is calculated based on net liabilities of US$13.7 million as at 31 December 2015 (31 December 2014: net assets of US$31.7 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$61.0 million as at 31 December 2015 (31 December 2014: US$84.0 million).

(2) For both the Group and the Company, the net (liability)/asset value per ordinary share were calculated based on 822,956,014 ordinary shares in issue as at 31 December 2015 and 760,128,260 as at 31 December 2014.

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

Year ended 31 December 2015 compared to the Year ended 31 December 2014

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 financial year ended 31 December 2015 ("**FY2015**") and for the financial year ended 31 December 2014 ("**FY2014**") are presented below:

	FY2015		FY2014	
	US$'000	**%**	**US$'000**	**%**
United States	10,826	87.1	11,738	89.2
Europe	426	3.4	258	2.0
Asia Pacific	1,183	9.5	1,163	8.8
	12,435	100.0	13,159	100.0

	Year ended 31 December 2015	Year ended 31 December 2014
Units sold	27,222	30,344

Our revenue decreased by US$0.8 million, or 5.5%, from US$13.2 million in FY2014 to US$12.4 million in FY2015. The decrease during the year was mainly due to a decrease in sales of our Chocolate® PTA Balloon Catheter ("Chocolate PTA") to Cordis, Inc. ("Cordis") following the renegotiating of the terms of the distribution agreement with Cordis in September 2015. Sales of Chocolate PTA, Chocolate® PTCA Balloon Catheter ("Chocolate PTCA") and Glider PTCA by our direct sales team continues to improve following a 20.51% increase in average sales per sales representative of US$171,546 in FY2015 as compared to US$142,354 in FY2014.

Cost of sales decreased by US$1.4 million, or 14.8%, from US$9.8 million in FY2014 to US$8.4 million in FY2015 mainly due to the lower sales of Chocolate PTA to Cordis and the improvement of the Group's overall production efficiency.

As a result of the above, our Group recorded a gross profit of US$4.1 million or 32.8% of revenue in FY2015 as compared to a gross profit of US$3.3 million or 25.4% of revenue in FY2014.

Our loss before taxation increased by US$18.8 million or 55.2%, from US$34.2 million in FY2014 to US$53.0 million in FY2015. The analysis of the loss before taxation are as follows:

- Our sales and marketing expenses increased by US$1.6 million, or 18.6% from US$8.8 million in FY2014 to US$10.4 million in FY2015 mainly due to an increase in cost of our direct sales personnel in FY2015 due to higher average number of sales personnel in FY2015 as compared to FY2014.

- Our administrative expenses decreased by US$1.5 million, or 10.9%, from US$13.7 million in FY2014 to US$12.2 million in FY2015. The decrease was mainly due to the absence of professional services fees relating to the IPO during the year of approximately US$3.0 million. However, the decrease in IPO expenses was partially offset by the increase in professional service fees incurred in respect of our ongoing litigation with AngioScore. For more information regarding the litigation with AngioScore, please refer to the Company's Offer Document and recent announcements on SGX-ST.

- Our research and development expenses increased by approximately US$1.7 million from US$6.7 million in FY2014 to US$8.4 million in FY2015. The increase is due to US$12.6 million of research and development expenses incurred in FY2015 but is offset by capitalization of development expenses of US$4.2 million during the year. The Group capitalized US$3.0 million of development expenses in FY2014 to intangible assets.

- We were in a net finance cost position of US$2.1 million for FY2015, as compared to a net finance cost position of US$8.1 million in FY2014 which was mainly due to the interest expenses incurred of US$0.7 million and fair value loss or gain in relation to the convertible bonds of US$1.1 million in FY2015 as compared to the interest expenses on convertible notes of US$4.5 million and fair value loss or gain on financial instruments incurred in FY2014 of US$5.0 million. The fair value loss or gain on the convertible bonds and financial instruments was non-cash in nature, and were recorded at fair value through profit or loss as required in accordance with FRS. Finance costs in FY2015 was further increased by the foreign exchange loss of US$0.3 million as compared to foreign exchange gains of US$1.4 million in FY2014 pursuant to exchange rate changes between the Singapore dollar and United States dollar.

- The increase in other expenses by US$23.7 million in FY2015 was mainly due to the recognition of the AngioScore judgement liability provision. As a prudent measure, the Company recognised the entire sum of US$23.4 million, 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.

- Amortisation of intangible assets decreased by US$17,000, or 3.0% from US$570,000 in FY2014 to US$553,000 in FY2015. The amortisation of intangible assets during the year are for mainly for Chocolate PTA, Chocolate PTCA and Chocolate Touch CE Mark capitalised costs.

- Depreciation expenses decreased by US$101,000, or 28.1% from US$360,000 in FY2014 to US$259,000 in FY2015 as most of the Group's property, plant and equipment have been fully depreciated as at 31 December 2015 and most property, plant and equipment additions during FY2014 and FY2015 have lower depreciation expenses due to the lower purchase costs as compared to previous years additions.

- Equity-settled share based payment transactions increased by US$441,000, or 81.4% from US$542,000 in FY2014 to US$983,000 in FY2015 mainly due to the new issuance of 29.2 million share options to employees under the 2014 QTV Employee Share Option Scheme in August 2015.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2015 US$'000	As at 31 December 2014 US$'000	Change %
Non-current assets	13,921	10,263	35.6
Current assets	13,430	29,800	(54.9)
Total assets	27,351	40,063	(31.7)
Total equity	(13,686)	31,695	NM
Non-current liabilities	3,635	187	>100.0
Current liabilities	37,402	8,181	>100.0
Total liabilities	41,037	8,368	>100.0

The Group had negative working capital of US$24.0 million and positive net working capital of US$21.6 million as at 31 December 2015 and 31 December 2014 respectively. The decrease in working capital is mainly due to the recognition of the judgement liability provision of 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 judgement 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, professional fees incurred relating to the litigation with AngioScore and, research and development of new products. With the exclusion of the judgement liability provision, the Group's negative working capital will be US$0.6 million and the total equity of the Group will be a positive US$9.7 million.

Subsequent to 31 December 2015, certain bond holders had, on 27 January 2016 and 1 February 2016 converted the bonds with an aggregate principal value of US$3.3 million. The Company also intends to raise up to US$6.06 million from various investors to support its working capital position and other operational needs, which was announced on 27 January 2016. In addition, the international investment bank appointed by the Company as its strategic advisor, as announced on 23 October 2015, continues to provide financial and market-related advice and assistance related to a potential qualifying exit event.

Our non-current assets increased by US$3.7 million from US$10.3 million as at 31 December 2014 to US$14.0 million as at 31 December 2015 mainly due to the increase in intangible assets of US$3.6 million. The increase in intangible assets was due to the capitalization of research and development expenses.

Our current assets decreased by US$16.4 million from US$29.8 million as at 31 December 2014 to US$13.4 million as at 31 December 2015 mainly due to the decrease in cash and cash equivalents of US$16.3 million following the increase in research and development expenses and general working capital requirements such as payments to our suppliers, professional fees relating to the litigation with AngioScore and staff costs. The overall decrease in current assets was offset by the increase in trade and other receivables of US$0.1 million as at 31 December 2015.

Our non-current liabilities increased by US$3.4 million from US$0.2 million as at 31 December 2014 to US$3.6 million as at 31 December 2015 mainly due to loan and borrowings arising from the convertible bonds issued in August and December 2015 of US$3.5 million.

Our current liabilities increased by US$29.2 million from US$8.2 million as at 31 December 2014 to US$37.4 million as at 31 December 2015 mainly due to the increase in the Group's deferred income by US$0.4 million arising from funds we received in advance from our customers, trade and other payables (including derivatives) by US$5.5 million mainly attributable to the recognition of derivatives in relation to the convertible bonds of US$3.7 million and an increase in trade payables of US$1.7 million and, recognition of the judgement liability provision arising from the litigation with AngioScore of US$23.4 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis FY2015

The Group recorded cash outflows from operating activities of US$22.6 million for FY2015 which was a result of an operating loss before working capital changes of US$49.1 million and a decrease in working capital changes of US$26.5 million. The decrease in working capital was mainly due to the increases in trade and other payables, including derivatives, of US$2.6 million, US$23.4 million arising from the AngioScore judgement liability provision recorded in the Group's books during the financial year and deferred income of US$0.4 million as well as a decrease in inventories of US$0.2 million. The decrease in working capital is partially offset by the increase in trade and other receivables of US$0.1 million.

Cash used in investing activities for FY2015 was US$4.5 million which was mainly due to additions to fixed assets and intangible assets of approximately US$0.3 million and US$4.2 million respectively.

For FY2015, net cash inflow from financing activities was US$11.4 million which was mainly due to proceeds received from the issue of convertible bonds of US$10.9 million and the exercise of share options of US$0.5 million.

Cash Flow Analysis FY2014

The Group recorded cash outflows from operating activities of US$26.5 million for FY2014 which was a result of an operating loss before working capital changes of US$24.6 million and an increase in working capital changes of US$1.9 million. The increase in working capital was due to the decrease in deferred income of US$0.6 million following the fulfilment of the contract and increases in inventories and, trade and other receivables balances of US$2.6 million and US$1.6 million respectively as a result of increase in sales during the year and the ramping up of production for sales of Chocolate PTA, Chocolate PTCA and Glider PTCA. The increase in working capital is partially offset by the increase in trade and other payables, including derivatives, of US$3.0 million for amounts owing to suppliers for purchases made to support our Group's operations.

Cash used in investing activities for FY2014 was US$3.8 million which was mainly due to additions to fixed assets and intangible assets of approximately US$0.8 million and US$3.0 million respectively.

For FY2014, net cash inflow from financing activities was US$46.2 million which was mainly due to proceeds received from the issue of shares pursuant to the initial public offering of US$40.8 million, issue of convertible notes of US$2.5 million and exercise of warrants of US$3.5 million. The net cash inflow from financing activities was partially offset by the repayment of convertible note interests of US$0.7 million during the year.

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 issued for the current financial reporting period.

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. In fact, the Group has experienced some flattening of its shipments to its US distributor, Cordis (which was a result of Cordis' recent acquisition by Cardinal Health, Inc. as well as our renegotiation of the distribution agreement). An additional short-term challenge is a possible delay in the approval of Chocolate PTA in Japan from late 2015 until 2H2016. Despite these near-term headwinds, the Group expects growth to be driven by continued adoption of its Chocolate PTCA device in the US, a reclaiming from Cordis of 120 Chocolate PTA accounts in the US where the Group will resume direct sales, the launch of Chocolate Touch (drug-coated Chocolate PTA) in Europe as well as the launch of Chocolate PTA in Japan in 2016. Furthermore, the Group 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.

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 were no interested person 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 person transactions.

14. USE OF PROCEEDS

IPO

Pursuant to the IPO, the Company received gross proceeds of S$55,000,000 ("IPO Proceeds"). As at the date of this announcement, the IPO proceeds has been utilized as follows:

	Amount allocated S$'000	Amount utilised S$'000	Balance S$'000
Commercial expansion [(1)]	5,000	5,000	–
Development of new products and product enhancements	15,000	15,000	–
General working capital purposes [(2)]	30,282	30,282	–
Listing expenses	4,718	4,718	–
Total	55,000	55,000	–

Notes:

(1) Commercial expansion includes marketing activities, expenses incurred in entering into further supplier and distributorship agreements, market expansion activities and costs of our sales force.

(2) A breakdown on the IPO proceeds utilized for general working capital purposes is as follows:

	S$'000
Payment of salaries and wages	10,978
Payment to suppliers	9,778
Payment of professional fees	9,526
Total	30,282

The above utilizations are in accordance with the intended use of IPO proceeds, as stated in the Offer Document.

Convertible Bonds

The Company has announced a proposed issue of convertible bonds of up to US$13.14 million (the "Bonds") on 24 July 2015. On 6 August 2015 and 18 December 2015, the Company announced the completion of the subscription of the first and second tranches of the Bonds amounting to US$5.475 million respectively.

As at 31 December 2015, the convertible bond proceeds has been utilized as follows:

	Amount allocated US$'000	Amount utilised US$'000	Balance US$'000
Research and development	6,570	3,603	2,967
General working capital purposes [(1)]	4,280	3,397	883
Total	10,850	7,000	3,850

(1) A breakdown on the convertible bond proceeds utilized for general working capital purposes is as follows:

	US$'000
Payment of salaries and wages	455
Payment to suppliers	1,720
Payment of professional fees	1,222
Total	3,397

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Not applicable. As the Group only has one reportable operating segment, which is development and sales of medical devices, there was no presentation of the Group's segmented revenue and results in the Group's most recent annual financial statements.

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

Please refer to Paragraph 8 for analysis of revenue for FY2015, as contributed by the medical devices segment.

The medical devices segment recorded a loss before income tax of US$53.0 million in FY2015 as compared to US$34.2 million in FY2014 due to the reasons highlighted in Paragraph 8.

17. A breakdown of sales

	Group		
	Year ended		
	31 December 2015	31 December 2014	Increase/(Decrease)
	US$'000	US$'000	%
(a) Sales reported for the first half year	6,610	6,067	9.0%
(b) Operating loss after tax before deducting minority interests reported for first half year	(11,977)	(22,668)	(47.2)%
(c) Sales reported for the second half year	5,825	7,092	(17.9)%
(d) Operating loss after tax before deducting minority interests reported for second half year	(41,073)	(11,506)	>100.0%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2015 and 31 December 2014.

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

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, none of the employees occupying managerial positions in QT Vascular Ltd. (the "Company") or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

BY ORDER OF THE BOARD
Eitan Konstantino
Chief Executive Officer
29 February 2016