QT Vascular Ltd. and its subsidiaries

(Company Registration No. 201305911K)

(Incorporated in Singapore)

Unaudited Financial Statements Announcement for the third quarter/three months ended 30/9/2016

*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		
	30/9/2016 US$'000	30/9/2015 US$'000	Change
Revenue	2,344	2,478	(5.4)%
Cost of sales	(1,305)	(1,402)	(6.9)%
Gross profit	1,039	1,076	(3.4)%
Sales and marketing	(2,385)	(2,405)	(0.8)%
Administrative expenses	(1,685)	(3,867)	(56.4)%
Research and development expenses	(2,847)	(2,245)	26.8%
Other income	159	–	NM
Other expenses	–	(21,252)	(100)%
Results from operating activities	(5,719)	(28,693)	(80.1)%
Finance income	–	511	(100)%
Finance costs	(3,871)	(5,093)	(24)%
Net finance costs	(3,871)	(4,582)	(15.5)%
Loss before tax	(9,590)	(33,275)	(71.2)%
Tax expense	2	–	NM
Loss for the period	(9,588)	(33,275)	(71.2)%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(27)	(300)	(91.0)%
Total comprehensive loss for the period	(9,615)	(33,575)	(71.4)%
Loss attributable to:			
Owners of the Company	(9,588)	(33,275)	(71.2)%
Loss for the period	(9,588)	(33,275)	(71.2)%
Total comprehensive loss attributable to:			
Owners of the Company	(9,615)	(33,575)	(71.4)%
Total comprehensive loss for the period	(9,615)	(33,575)	(71.4)%

NM denotes not meaningful

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Group 9 months ended		
	30/9/2016 US$'000	30/9/2015 US$'000	Change
Revenue	8,256	9,088	(9.2)%
Cost of sales	(4,851)	(5,874)	(17.4)%
Gross profit	3,405	3,214	5.9%
Sales and marketing	(7,591)	(8,112)	(6.4)%
Administrative expenses	(5,874)	(8,564)	(31.4)%
Research and development expenses	(7,036)	(6,377)	10.3%
Other income	24,350	12	>100%
Other expenses	(236)	(21,252)	(98.9)%
Results from operating activities	7,018	(41,079)	NM
Finance income	1,485	1,528	(2.8)%
Finance costs	(9,681)	(5,699)	69.9%
Net finance costs	(8,196)	(4,171)	96.5%
Loss before tax	(1,178)	(45,250)	(97.4)%
Tax expense	1	(2)	(>100)%
Loss for the period	(1,177)	(45,252)	(97.4)%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(1,005)	(1,050)	(4.3)%
Total comprehensive loss for the period	(2,182)	(46,302)	(95.3)%
Loss attributable to:			
Owners of the Company	(1,177)	(45,252)	(97.4)%
Loss for the period	(1,177)	(45,252)	(97.4)%
Total comprehensive loss attributable to:			
Owners of the Company	(2,182)	(46,302)	(95.3)%
Total comprehensive loss for the period	(2,182)	(46,302)	(95.3)%

NM denotes not meaningful

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

	Group (Third Quarter)			Group (Year-To-Date)		
	3 months ended			9 months ended		
	30/9/2016 US$'000	30/9/2015 US$'000	% change	30/9/2016 US$'000	30/9/2015 US$'000	% change
Depreciation of property, plant and equipment	(111)	(60)	85.0%	(261)	(173)	50.9%
Amortization of intangible assets	(247)	(142)	73.9%	(747)	(487)	53.4%
Exchange (loss)/gain	(112)	1,115	NM	174	1,523	(88.6)%
Equity-settled share based payment transactions	(70)	(433)	(83.8)%	(341)	(469)	(27.3)%
Interest income	–	1	(100)%	1	5	(80.0)%
Interest expense	(3,471)	(51)	>100%	(6,522)	(52)	>100%
Changes in fair value of financial instruments	(288)	(5,647)	(94.9)%	(1,849)	(5,647)	(67.3)%
Expenses recognised in relation to the legal liability provision	–	(21,149)	(100)%	–	(21,149)	(100)%
Reversal of legal liability provision	–	–	–	24,075	–	100%

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	
	30/9/2016 US$'000	31/12/2015 US$'000	30/9/2016 US$'000	31/12/2015 US$'000
Assets:				
Property, plant and equipment	971	913	–	–
Intangible assets	12,853	12,861	40	40
Investment in subsidiaries	–	–	101,085	90,029
Other non-current assets	185	147	–	–
Non-current assets	14,009	13,921	101,125	90,069
Inventories	4,657	5,950	–	–
Trade and other receivables	2,581	3,630	678	2
Cash and cash equivalents	813	3,850	149	2,474
Current assets	8,051	13,430	827	2,476
Total assets	22,060	27,351	101,952	92,545
Equity:				
Share capital	148,716	139,202	148,716	139,202
Reserves	245	909	(34,363)	(37,084)
Accumulated losses	(154,974)	(153,797)	(27,975)	(41,097)
Total equity	(6,013)	(13,686)	86,378	61,021
Liabilities:				
Loans and borrowings	4	3,474	–	3,470
Trade and other payables, including derivatives	161	161	–	–
Deferred income	26	–	–	–
Non-current liabilities	191	3,635	–	3,470
Loans and borrowings	14,511	3	13,402	–
Trade and other payables, including derivatives	11,833	13,675	2,172	4,695
Deferred income	1,538	365	–	–
Provision for legal liability*	–	23,359	–	23,359
Current liabilities	27,882	37,402	15,574	28,054
Total liabilities	28,073	41,037	15,574	31,524
Total equity and liabilities	22,060	27,351	101,952	92,545

* As at 30 September 2016, the provision for legal liability of US$23,359,000 was reversed following the ruling by the US Court of Appeals for the Federal Circuit ("**Appeal Court**") on 21 July 2016 which reverses the previous district court judgement on the breach of fiduciary duty that was awarded against (i) the Company, (ii) the Company's subsidiaries, TriReme Medical, LLC and Quattro Vascular Pte. Ltd. and (iii) the Company's Chief Executive Officer, Dr. Eitan Konstantino.

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

	Secured		Unsecured	
	30 September 2016 US$'000	31 December 2015 US$'000	30 September 2016 US$'000	31 December 2015 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	11,770	3	2,741	–
	11,770	3	2,741	–

	Secured		Unsecured	
	30 September 2016 US$'000	31 December 2015 US$'000	30 September 2016 US$'000	31 December 2015 US$'000
Amount repayable after one year:				
Loans and borrowings	4	3,474	–	–
	4	3,474	–	–

Details of any collateral

The secured 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 30/9/2016 US$'000	Group 3 months ended 30/9/2015 US$'000
Cash flows from operating activities			
Net loss		(9,588)	(33,275)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		111	60
Amortisation of intangible assets		247	142
Interest income		–	(1)
Interest expense		3,471	51
Exchange loss/(gain)		112	(1,115)
Changes in fair value of financial instruments		288	5,647
Equity-settled share-based payment transactions		70	433
		(5,289)	(28,058)
Changes in working capital:			
- Trade and other receivables		(11)	616
- Inventories		945	(200)
- Other assets		2	6
- Trade and other payables, including derivatives		172	23,936
- Deferred income		(2)	325
Net cash used in operating activities		(4,183)	(3,375)
Cash flows from investing activities			
Purchase of property, plant and equipment		(119)	(122)
Additions to intangible assets		(20)	(1,196)
Net cash used in investing activities		(139)	(1,318)
Cash flows from financing activities			
Repayment of hire purchase creditor		(2)	(2)
Proceeds from short-term loans		2,083	–
Proceeds from issuance of convertible notes		–	4,424
Proceeds from exercise of share options		33	324
Net cash from financing activities		2,114	4,746
Net (decrease)/increase in cash and cash equivalents		(2,208)	53
Effect of exchange rate changes on cash and cash equivalents		(11)	76
Cash and cash equivalents at beginning of period		3,032	4,327
Cash and cash equivalents at end of period	1	813	4,456

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

	Note	Group 9 months ended 30/9/2016 US$'000	30/9/2015 US$'000
Cash flows from operating activities			
Net loss		(1,177)	(45,252)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		261	173
Amortisation of intangible assets		747	487
Interest income		(1)	(5)
Interest expense		6,522	52
Exchange gain		(174)	(1,523)
Changes in fair value of financial instruments		1,849	5,647
Equity-settled share-based payment transactions		341	469
		8,368	(39,952)
Changes in working capital:			
- Trade and other receivables		1,709	1,146
- Inventories		1,293	(234)
- Other assets		(37)	54
- Trade and other payables, including derivatives		(1,529)	22,794
- Deferred income		1,199	325
- Provision for legal liability		(23,359)	–
Net cash used in operating activities		(12,356)	(15,867)
Cash flows from investing activities			
Purchase of property, plant and equipment		(323)	(330)
Additions to intangible assets		(739)	(3,951)
Net cash used in investing activities		(1,062)	(4,281)
Cash flows from financing activities			
Repayment of hire purchase creditor		(4)	(4)
Proceeds from short-term loans		2,083	–
Proceeds from issuance of convertible notes		8,250	4,424
Proceeds from exercise of share options		46	471
Net cash from financing activities		10,375	4,891
Net decrease in cash and cash equivalents		(3,043)	(15,257)
Effect of exchange rate changes on cash and cash equivalents		6	(439)
Cash and cash equivalents at beginning of period		3,850	20,152
Cash and cash equivalents at end of period	1	813	4,456

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

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	30 September 2016 US$'000	30 September 2015 US$'000
Bank balances	769	4,414
Deposits pledged	44	42
Total cash and cash equivalents	813	4,456

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						
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 July 2015	133,410	(1,385)	(77)	(3,607)	3,533	(112,724)	19,150
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(33,275)	(33,275)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(300)	–	–	(300)
Total comprehensive loss for the period	–	–	–	(300)	–	(33,275)	(33,575)
Contributions by and distributions to owners							
Share options exercised	329	–	–	–	–	–	329
Share-based payment transactions	–	3	–	–	437	–	440
Total contributions by and distributions to owners	329	3	–	–	437	–	769
At 30 September 2015	133,739	(1,382)	(77)	(3,907)	3,970	(145,999)	(13,656)
At 1 July 2016	148,435	(1,385)	(77)	(3,088)	4,752	(145,386)	3,251
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(9,588)	(9,588)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(27)	–	–	(27)
Total comprehensive loss for the period	–	–	–	(27)	–	(9,588)	(9,615)
Contributions by and distributions to owners							
Shares issued pursuant to exercise of options embedded in convertible notes	248	–	–	–	–	–	248
Share options exercised	33	–	–	–	–	–	33
Share-based payment transactions	–	–	–	–	70	–	70
Total contributions by and distributions to owners	281	–	–	–	70	–	351
At 30 September 2016	148,716	(1,385)	(77)	(3,115)	4,822	(154,974)	(6,013)

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

	Attributable to owners of the Company						
	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 July 2015	133,410	(32,390)	(77)	(6,012)	3,533	(16,290)	82,174
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(25,263)	(25,263)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(3,377)	–	–	(3,377)
Total comprehensive loss for the period	–	–	–	(3,377)	–	(25,263)	(28,640)
Contributions by and distributions to owners							
Share options exercised	329	–	–	–	–	–	329
Share-based payment transactions	–	1	–	–	437	–	438
Total contributions by and distributions to owners	329	1	–	–	437	–	767
At 30 September 2015	133,739	(32,389)	(77)	(9,389)	3,970	(41,553)	54,301
At 1 July 2016	148,435	(32,390)	(77)	(5,525)	4,752	(24,951)	90,244
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(3,024)	(3,024)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(1,193)	–	–	(1,193)
Total comprehensive loss for the period	–	–	–	(1,193)	–	(3,024)	(4,217)
Contributions by and distributions to owners							
Shares issued pursuant to exercise of options embedded in convertible notes	248	–	–	–	–	–	248
Share options exercised	33	–	–	–	–	–	33
Share-based payment transactions	–	–	–	–	70	–	70
Total contributions by and distributions to owners	281	–	–	–	70	–	351
At 30 September 2016	148,716	(32,390)	(77)	(6,718)	4,822	(27,975)	86,378

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 7,205,864 shares from 953,305,331 as at 30 June 2016 to 960,511,195 shares as at 30 September 2016 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
At 30 June 2016	953,305,331	148,435
Shares issued pursuant to exercise of share options	1,054,564	33
Shares issued pursuant to conversion of convertible notes	4,312,500	248
Shares issued pursuant to vesting of share awards	1,838,800	–
At 30 September 2016	960,511,195	148,716

Outstanding Options

The Group was formed following the restructuring exercise pursuant to which TriReme Medical, LLC ("**TriReme US**") and Quattro Vascular Pte. Ltd. ("**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.

For the three months ended 30 September 2016, 1,054,564 ordinary shares were issued in respect of the options under the Three Share Plans following the exercise of options during the period.

A reconciliation of outstanding share options from 1 July 2016 to 30 September 2016 is as follows:

Outstanding Options	**Number of Options**
At 1 July 2016	118,264,217
Forfeited during the period	(1,611,060)
Exercised during the period	(1,054,564)
At 30 September 2016	115,598,593

As of 30 September 2016, there are 115,598,593 outstanding options convertible into 115,598,593 ordinary shares, representing approximately 12.0% of the existing ordinary share capital as at 30 September 2016 (30 September 2015: 123,602,531 options (representing approximately 16.0% of the then existing issued share capital of the Company comprising 774,587,726 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 July 2016 to 30 September 2016 is as follows:

Outstanding Share Awards	**Number of Shares**
At 1 July 2016	5,516,400
Issued during the period	(1,838,800)
Forfeited during the period	(40,000)
At 30 September 2016	3,637,600

As at 30 September 2016, the 3,637,600 outstanding share awards in issue are convertible into 3,637,600 Shares (30 September 2015: 9,294,000). 1,838,800 shares were issued during the three months ended 30 September 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 dated 15 April 2015.

Convertible notes

As at 30 September 2016, the Group had issued convertible notes and exchangeable notes with an aggregate carrying value of US$19.2 million outstanding which is convertible to 207,000,000 Shares (30 September 2015: US$5.4 million outstanding which is convertible to 59,027,346 Shares). During the three months ended 30 September 2016, a total of 4,312,500 Shares with an aggregate principal value of US$400,000 were issued to a convertible note holder as he exercised his rights to convert his notes to shares. The remaining convertible notes and exchangeable notes are convertible into 29,109,375 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 30 September 2016 is 148,345,568 Shares, representing approximately 15.4% of the existing issued share capital of the Company comprising 960,511,195 Shares as at 30 September 2016 (30 September 2015: 191,923,877 Shares, representing approximately 24.8% of the then existing issued share capital of the Company comprising 774,587,726 Shares).

Treasury Shares

The Company held no treasury shares as at 30 September 2016 and as at 30 September 2015.

Save as disclosed above, there were no outstanding convertibles or treasury shares held by the Company as at 30 September 2016 and 30 September 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 960,511,195 as at 30 September 2016 and 822,956,014 as at 31 December 2015.

The Company held no treasury shares as at 30 September 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 30/9/2016**	**3 months ended 30/9/2015**
	Basic and diluted [(1)]	**Basic and diluted [(1)]**
Loss for the period attributable to owners of the Company **(US$'000)**	(9,588)	(33,275)
Weighted average number of ordinary shares used to compute loss per share **('000)**	964,184	771,890
Loss per share **(US$)**	(0.01)	(0.04)

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	
	30/9/2016 US$	31/12/2015 US$	30/9/2016 US$	31/12/2015 US$
Net asset/(liability) value per ordinary share [(1), (2)]	(0.01)	(0.02)	0.09	0.07

Notes:

(1) The net liability value per ordinary share of the Group is calculated based on net liabilities of US$6 million as at 30 September 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$86.4 million as at 30 September 2016 (31 December 2015: US$61.0 million).

(2) For both the Group and the Company, the net asset/(liability) value per ordinary share were calculated based on 960,511,195 ordinary shares in issue as at 30 September 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 30 September 2016 compared to the three months ended 30 September 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 30 September 2016 ("**3Q2016**") and for the three months ended 30 September 2015 ("**3Q2015**") are presented below:

	Three Months Ended 3Q2016		Three Months Ended 3Q2015	
	US$'000	**%**	**US$'000**	**%**
United States	1,949	83.1	2,279	91.9
Europe	243	10.4	36	1.5
Asia	152	6.5	163	6.6
	2,344	100.0	2,478	100.0

	Three Months Ended 3Q2016	**Three Months Ended 3Q2015**
Units sold	3,909	5,100

Our revenue decreased by approximately US$0.2 million, or 5.4%, from US$2.5 million in 3Q2015 to US$2.3 million in 3Q2016 mainly due to a decrease in sales of our Chocolate® PTA Balloon Catheter ("Chocolate PTA") to Cordis Corporation ("Cordis"). The decrease in sales to Cordis was partially offset by the increase in our sales of Chocolate® PTCA Balloon Catheter ("Chocolate PTCA") and Glider PTCA by our direct sales team as they continue to improve following a 64.5% increase in average sales per sales representative of US$92,332 in 3Q2016 as compared to US$56,120 in 3Q2015.

Cost of sales decreased by US$0.1 million, or 6.9%, from US$1.4 million in 3Q2015 to US$1.3 million in 3Q2016 mainly due to the decrease in sales of Chocolate PTA to Cordis but the decrease is offset by the increase in Chocolate PTCA sales by our direct sales team.

As a result of the above, our Group recorded a gross profit of US$1.0 million or 44.3% of revenue in 3Q2016 as compared to a gross profit of US$1.1 million or 43.4% of revenue in 3Q2015.

Our loss before taxation decreased by US$23.7 million or 71.2%, from US$33.3 million in 3Q2015 to US$9.6 million in 3Q2016. The analysis of the loss before taxation are as follows:

- Our administrative expenses decreased by US$2.2 million, or 56.4%, from US$3.9 million in 3Q2015 to US$1.7 million in 3Q2016. The decrease was mainly due to the decrease in professional service fees incurred in respect of the litigation with AngioScore, Inc. ("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$0.6 million from US$2.2 million in 3Q2015 to US$2.8 million in 3Q2016 due to further development cost incurred on Chocolate Touch®, the Group's peripheral drug-coated balloon, which was expensed off. The increase is due to lower capitalization of development expenses in 3Q2016 to intangible assets.

- We were in a net finance cost position of US$3.9 million for 3Q2016, as compared to a net finance cost position of US$4.6 million in 3Q2015 mainly due to (i) an increase in interest expenses to US$3.5 million from US$0.1 million in 3Q2015 mainly due to more convertible and exchangeable notes outstanding; (ii) lower fair value loss in relation to the convertible and exchangeable notes of US$0.3 million (3Q2015: US$5.6 million) due to a lower number of outstanding conversion options; and (iii) foreign exchange losses of US$0.1 million (3Q2015: foreign exchange gain of US$1.1 million in 3Q2015 which reduced the overall finance costs for 3Q2015 pursuant to exchange rate changes between the Singapore dollar and United States dollar. The fair value loss on the convertible and exchangeable 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 decrease in other expenses by US$21.3 million in 3Q2016 was mainly due to the reversal of the provision for legal liability in relation to the litigation with AngioScore following the reversal of the judgement on the State Law claims by the Appeal Court in its ruling on 21 July 2016.

- Amortisation of intangible assets increased by US$0.1 million, or 73.9% from US$142,000 in 3Q2015 to US$247,000 in 3Q2016 mainly due to the amortisation of Chocolate Touch®, Chocolate PTA and Chocolate PTCA capitalised costs as compared to 3Q2015 where only Chocolate PTA and Chocolate PTCA were amortised.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2016 US$'000	As at 31 December 2015 US$'000	Change %
Non-current assets	14,009	13,921	0.6%
Current assets	8,051	13,430	(40.1)%
Total assets	22,060	27,351	(19.3)%
Total equity	(6,013)	(13,686)	56.1%
Non-current liabilities	191	3,635	(94.7)%
Current liabilities	27,882	37,402	(25.5)%
Total liabilities	28,073	41,037	(31.6)%

The Group had negative working capital of US$19.8 million and US$24.0 million as at 30 September 2016 and 31 December 2015 respectively. The negative working capital as at 30 September 2016 is mainly due to the convertible and exchangeable notes and short-term loans amounting to US$14.5 million and the financial instruments in relation to the convertible and exchangeable notes of US$1.5 million.

On 19 July 2016, the Company announced that it had entered into a non-binding term sheet with a third party for the potential transaction(s) for the Group's Chocolate PTA assets. 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 strategic options for the Group ("**Strategic Options**"). Meanwhile, the Company currently has access to short-term financing for its working capital.

Our current assets decreased by US$5.4 million from US$13.4 million as at 31 December 2015 to US$8.0 million as at 30 September 2016 mainly due to the decrease in cash and cash equivalents of US$3.0 million due to utilisation of funds for research and development expenses and general working capital requirements such as payments to our suppliers and staff costs. The overall decrease in current assets was also due to the decrease in inventory balances of approximately US$1.3 million following the utilisation of existing raw materials on hand for production purposes, and trade and other receivables of US$1.0 million in line with lower sales.

Our non-current liabilities decreased by US$3.4 million from US$3.6 million as at 31 December 2015 to US$0.2 million as at 30 September 2016 mainly due to the reclassification of the loan and borrowings arising from the convertible notes issued in August 2015 and December 2015 of US$3.5 million to current liabilities pursuant to its maturity being 12 months or less as at 30 September 2016.

Our current liabilities decreased by US$9.5 million from US$37.4 million as at 31 December 2015 to US$27.9 million as at 30 September 2016 mainly due to the reversal of the provision for legal liability of US$23.4 million following the ruling by the Appeal Court to reverse the district court's judgement on the State Law claims and decrease in trade and other payables (including derivatives) of US$1.8 million mainly due to the settlement of derivatives in relation to the convertible notes and balances due to suppliers. The decrease in current liabilities was offset by the increase in loans and borrowings arising from the convertible and exchangeable notes issued in August and December 2015 (reclassified from non-current liabilities), March 2016 and May 2016 of US$3.5 million and short-term loans undertaken in 3Q2016 (as further

elaborated below) of US$2.1 million and deferred income by US$1.2 million arising from funds we received in advance from our customers.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 3Q2016

The Group recorded cash outflows from operating activities of US$4.2 million for 3Q2016 which was a result of an operating loss before working capital changes of US$5.3 million and a decrease in working capital changes of US$1.1 million. The decrease in working capital changes was mainly due to the decrease in inventories of US$0.9 million due to lower purchases and utilisation of existing inventory balances as well as the increase of US$0.2 million in trade and other payables (including derivatives) in 3Q2016.

Cash used in investing activities for 3Q2016 was US$0.1 million which was mainly due to purchases of plant and equipment of US$0.1 million.

In 3Q2016, net cash inflow from financing activities was US$2.1 million which was mainly due to receipt of funds of US$2.1 million from short-term loans from certain employees and directors of the Group and third parties for working capital purposes.

Cash Flow Analysis 3Q2015

The Group recorded cash outflows from operating activities of US$3.4 million for 3Q2015 which was a result of an operating loss before working capital changes of US$28.1 million and a decrease in working capital changes of US$24.7 million. The decrease in working capital changes was mainly due to the decrease in trade and other receivables of US$0.6 million mainly pursuant to collection of outstanding receivables from customers as well as the increase of US$23.9 million in trade and other payables (including derivatives) mainly attributable to the US$20.4 million AngioScore judgement liability recorded in the Group's books in 3Q2015.

Cash used in investing activities for 3Q2015 was US$1.3 million which was mainly due to additions to intangible assets pertaining to developed technology of approximately US$1.2 million and purchases of plant and equipment of approximately US$0.1 million.

In 3Q2015, net cash inflow from financing activities was US$4.7 million which was mainly due to net receipt of funds of US$4.4 million from the convertible bond investors and US$0.3 million following the conversion 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 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 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, it is estimated 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. 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 as well as the launch of Chocolate XD™ in US in the second half of the financial year ending 31 December 2016 . The Group also recently released 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 received conditional IDE approval by the US Food and Drug Administration for Chocolate Touch® in September 2016 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. The Company has been in talks with various parties in relation to the Strategic Options and will update shareholders as and when there are any material developments.

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.

(b) (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 PROCEEDS

2015 Convertible Notes

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 30 September 2016, the 2015 CN Proceeds have been fully utilised as follows:

	Amount allocated US$'000	Amount utilised US$'000	Balance US$'000
Research and development	7,850	7,850	–
General working capital purposes [(1)]	5,190	5,190	–
Total	13,040	13,040	–

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

	US$'000
Payment of salaries and wages	2,248
Payment to suppliers	1,720
Payment of professional fees	1,222
Total	5,190

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.

2016 Convertible Notes

On 27 January 2016, the Company announced a proposed issue of convertible notes of up to US$4.20 million (the "Convertible 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 30 September 2016, the Convertible Notes Proceeds have been fully 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 [(2)]	3,100	3,100	–
Total	4,150	4,150	–

(2) A breakdown on the Convertible Notes Proceeds utilised for general working capital purposes is as follows:

	US$'000
Payment of salaries and wages	662
Payment to suppliers	813
Payment of professional fees	1,625
Total	3,100

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

2016 Exchangeable Notes

On 27 January 2016, the Company announced a proposed issue of exchangeable notes of up to US$1.86 million (the "Exchangeable Notes"). On 28 April 2016, the Company obtained shareholders' approval for the issuance of the Exchangeable Notes. On 12 May 2016, the Company announced the completion of the subscription of the Exchangeable 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$1.81 million ("Exchangeable Notes Proceeds").

As at 30 September 2016, the Exchangeable Notes Proceeds have been fully utilised as follows:

	Amount allocated US$'000	Amount utilised US$'000	Balance US$'000
Research and development	450	450	–
General working capital purposes [(3)]	1,360	1,360	–
Total	1,810	1,810	–

(3) The general working capital of US$1.36 million were used mainly for payment of salaries and wages.

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

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 30 September 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
14 November 2016