QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the first quarter/three months ended 31/3/2017

*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.

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 3 months ended		
	31/3/2017 US$'000	31/3/2016 US$'000	Change
Revenue	3,246	3,540	(8.3)%
Cost of sales	(2,001)	(2,267)	(11.7)%
Gross profit	1,245	1,273	(2.2)%
Sales and marketing	(1,984)	(2,472)	(19.7)%
Administrative expenses	(1,849)	(2,108)	(12.3)%
Research and development expenses	(1,259)	(2,121)	(40.6)%
Other income	24	17	41.2%
Other expenses	–	(236)	NM
Results from operating activities	(3,823)	(5,647)	(32.3)%
Finance income	–	1,485	NM
Finance costs	(4,945)	(2,591)	90.9%
Net finance costs	(4,945)	(1,106)	>100.0%
Loss before tax	(8,768)	(6,753)	29.8%
Tax expense	(4)	(1)	>100%
Loss for the period	(8,772)	(6,754)	29.9%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	633	(1,598)	>100%
Total comprehensive loss for the period	(8,139)	(8,352)	(2.6)%
Loss attributable to:			
Owners of the Company	(8,772)	(6,754)	29.9%
Loss for the period	(8,772)	(6,754)	29.9%
Total comprehensive loss attributable to:			
Owners of the Company	(8,139)	(8,352)	(2.6)%
Total comprehensive loss for the period	(8,139)	(8,352)	(2.6)%

NM denotes not meaningful

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

	Group (First Quarter)		
	3 months ended		
	31/3/2017 US$'000	31/3/2016 US$'000	Change
Depreciation of property, plant and equipment	(110)	(65)	69.2%
Amortization of intangible assets	(239)	(252)	(5.2)%
Exchange (loss)/gain	(999)	1,484	>100.0%
Equity-settled share based payment transactions	(792)	(159)	>100.0%
Interest income	–	1	NM
Interest expense	(3,946)	(1,129)	>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	
	31/3/2017 US$'000	31/12/2016 US$'000	31/3/2017 US$'000	31/12/2016 US$'000
Assets:				
Property, plant and equipment	693	794	–	–
Intangible assets	12,358	12,606	40	40
Investment in subsidiaries	–	–	107,134	104,283
Other non-current assets	227	225	–	–
Non-current assets	13,278	13,625	107,174	104,323
Inventories	3,327	4,046	–	–
Trade and other receivables	2,060	1,893	20	1
Cash and cash equivalents	1,769	328	43	28
Current assets	7,156	6,267	63	29
Total assets	20,434	19,892	107,237	104,352
Equity:				
Share capital	161,044	152,685	161,044	152,685
Reserves	4,317	2,892	(33,660)	(37,516)
Accumulated losses	(174,547)	(165,775)	(34,640)	(29,008)
Total equity	(9,186)	(10,198)	92,744	86,161
Liabilities:				
Trade and other payables, including derivatives	63	63	–	–
Deferred income	78	76	–	–
Non-current liabilities	141	139	–	–
Loans and borrowings	14,037	17,822	12,348	16,448
Trade and other payables, including derivatives	11,498	10,520	2,145	1,743
Deferred income	3,944	1,609	–	–
Current liabilities	29,479	29,951	14,493	18,191
Total liabilities	29,620	30,090	14,493	18,191
Total equity and liabilities	20,434	19,892	107,237	104,352

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

	Secured		Unsecured	
	31 March 2017 US$'000	31 December 2016 US$'000	31 March 2017 US$'000	31 December 2016 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	10,116	14,998	3,921	2,824
	10,116	14,998	3,921	2,824

	Secured		Unsecured	
	31 March 2017 US$'000	31 December 2016 US$'000	31 March 2017 US$'000	31 December 2016 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	–
	–	–	–	–

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 31/3/2017 US$'000	31/3/2016 US$'000
Cash flows from operating activities			
Net loss		(8,772)	(6,754)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		110	65
Amortisation of intangible assets		239	252
Interest income		–	(1)
Interest expense		3,946	1,129
Exchange (gain) / loss		999	(1,484)
Equity-settled share-based payment transactions		792	159
Change in fair value of financial instruments		–	1,462
		(2,686)	(5,172)
Changes in working capital:			
- Trade and other receivables		(167)	343
- Inventories		719	517
- Other assets		(2)	56
- Trade and other payables, including derivatives		103	68
- Deferred income		2,337	557
- Provision for legal liability		–	239
Net cash from/(used in) operating activities		304	(3,392)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9)	(64)
Additions to intangible assets		–	(713)
Net cash used in investing activities		(9)	(777)
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		26	–
Proceeds from short term loan		1,117	–
Net cash from financing activities		1,142	5,989
Net increase in cash and cash equivalents		1,437	1,820
Effect of exchange rate changes on cash and cash equivalents		4	12
Cash and cash equivalents at beginning of period		328	3,850
Cash and cash equivalents at end of period	1	1,769	5,682

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

Note:

(1) Cash and cash equivalents consists of:

	Group	
	31 March 2017 US$'000	**31 March 2016 US$'000**
Bank balances	1,726	5,637
Deposits pledged	43	45
Total cash and cash equivalents	1,769	5,682

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 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)
At 1 January 2017	152,685	(1,385)	(77)	(2,158)	6,512	(165,775)	(10,198)
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(8,772)	(8,772)
Other comprehensive income							
Foreign currency translation differences	–	–	–	633	–	–	633
Total comprehensive loss for the period	–	–	–	633	–	(8,772)	(8,139)
Contributions by and distributions to owners							
Shares issued pursuant to settlement of convertible notes	8,333	–	–	–	–	–	8,333
Share options exercised	26	–	–	–	–	–	26
Share-based payment transactions	–	–	–	–	792	–	792
Total contributions by and distributions to owners	8,359	–	–	–	792	–	9,151
At 31 March 2017	161,044	(1,385)	(77)	(1,525)	7,304	(174,547)	(9,186)

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 2016	133,202	(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
At 1 January 2017	152,685	(32,390)	(77)	(11,561)	6,512	(29,008)	86,161
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(5,632)	(5,632)
Other comprehensive income							
Foreign currency translation differences	–	–	–	3,064	–	–	3,064
Total comprehensive loss for the period	–	–	–	3,064	–	(5,632)	(2,568)
Contributions by and distributions to owners							
Shares issued pursuant to settlement of convertible notes	8,333	–	–	–	–	–	8,333
Share options exercised	26	–	–	–	–	–	26
Share-based payment transactions	–	–	–	–	792	–	792
Total contributions by and distributions to owners	8,359	–	–	–	792	–	9,151
At 31 March 2017	161,044	(32,390)	(77)	(8,497)	7,304	(34,640)	92,744

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Share Capital

The Company's issued and fully paid-up ordinary share capital increased by 212,273,970 shares from 1,038,006,350 as at 31 December 2016 to 1,250,280,320 shares as at 31 March 2017 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
At 31 December 2016	1,038,006,350	152,685
Shares issued pursuant to vesting of share awards	14,610,555	–
Shares issued pursuant to settlement of convertible notes	196,847,111	8,333
Shares issued pursuant to exercise of share options	816,304	26
At 31 March 2017	1,250,280,320	161,044

Subsidiary Holdings

The Company did not have any subsidiary holdings as at 31 March 2017 and 31 March 2016.

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 2 March 2017, the Company granted 3,506,611 options under the 2014 QTV Employee Share Option Scheme to its employees and directors, out of which 2,006,611 options was granted to Mark Allen Wan, the Company's existing Non-Independent Non-Executive Director and controlling shareholder. The grant of 2,006,611 options to Mark Allen Wan was approved by the shareholders of the Company ("**Shareholders**") at the Annual General Meeting ("AGM") of the Company held on 31 May 2017.

For the three months ended 31 March 2017, 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 31 December 2016 to 31 March 2017 is as follows:

Outstanding Options	**Number of Options**
At 31 December 2016	113,767,834
Granted during the period	3,506,611*
Exercised during the period	(816,304)
Forfeited during the period	(4,537,211)
At 31 March 2017	111,920,930

Note:
* Includes 2,006,611 options that was approved by Shareholders during the AGM held on 31 May 2017 as mentioned above.

As of 31 March 2017, there are 111,920,930 outstanding options convertible into 111,920,930 ordinary shares, representing approximately 9.0% of the existing ordinary share capital as at 31 March 2017 (31 March 2016: 121,632,990 (representing approximately 13.1% of the then existing issued share capital of the Company comprising 926,158,566 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.

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. As at 31 March 2017, the

Company has granted a total of 54,206,748 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 2017 to 31 March 2017 is as follows:

Outstanding Share Awards	**Number of Shares**
At 1 January 2017	28,729,914
Granted during the period	1,140,000
Issued during the period	(14,610,555)
At 31 March 2017	15,259,359

As at 31 March 2017, the 15,259,359 outstanding share awards in issue are convertible into 15,259,359 Shares (31 March 2016: 7,355,200 Shares). 14,610,555 share awards were issued during the three months ended 31 March 2017 as predetermined milestones were achieved. For further details on the QT Vascular Restricted Share Plan 2015, please refer to the Appendix of the Company's 2014 Annual Report.

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 2017 is 127,180,289 Shares, representing approximately 10.2% of the existing issued share capital of the Company comprising 1,250,280,320 Shares as at 31 March 2017 (31 March 2016: 167,153,812 Shares, representing approximately 18.0% of the then existing issued share capital of the Company comprising 926,158,566 Shares).

Treasury Shares

The Company held no treasury shares as at 31 March 2017 and as at 31 March 2016.

Save as disclosed above, there were no outstanding convertibles or treasury shares held by the Company as at 31 March 2017 and as at 31 March 2016.

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 1,250,280,320 as at 31 March 2017 and 1,038,006,350 as at 31 December 2016.

The Company held no treasury shares as at 31 March 2017 and 31 December 2016.

1(d)(iv) TREASURY SHARES

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

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

1(d)(v) SUBSIDIARY HOLDINGS

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

Not applicable. There were no subsidiary holdings 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 2016.

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 2016, 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 2017. 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 31/3/2017 Basic and diluted (1)	3 months ended 31/3/2016 Basic and diluted (1)
Loss for the year attributable to owners of the Company **(US$'000)**	(8,772)	(6,754)
Weighted average number of ordinary shares used to compute loss per share **('000)**	1,035,808	859,266
Loss per share **(US$)**	(0.01)	(0.01)

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	
	31/3/2017 US$	31/12/2016 US$	31/3/2017 US$	31/12/2016 US$
Net (liability)/asset value per ordinary share [(1), (2)]	(0.01)	(0.01)	0.07	0.08

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net liabilities of US$9.2 million as at 31 March 2017 (31 December 2016: US$10.2 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$92.7 million as at 31 March 2017 (31 December 2016: US$86.2 million).

(2) For both the Group and the Company, the net (liability)/asset value per ordinary share were calculated based on 1,250,280,320 ordinary shares in issue as at 31 March 2017 and 1,038,006,350 as at 31 December 2016.

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 2017 compared to the three months ended 31 March 2016

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 2017 ("**1Q2017**") and for the three months ended 31 March 2016 ("**1Q2016**") are presented below:

	1Q2017		1Q2016	
	US$'000	%	US$'000	%
United States	3,198	98.5	3,245	91.7
Europe	41	1.3	107	3.0
Asia Pacific	7	0.2	188	5.3
	3,246	100.0	3,540	100.0

	1Q2017	1Q2016
Units sold	5,932	7,125

Our revenue decreased by US$0.3 million, or 8.3%, from US$3.5 million in 1Q2016 to US$3.2 million in 1Q2017, mainly due to the decrease in sales of our Chocolate® PTA Balloon Catheter ("**Chocolate PTA**") following the change in distributor from Cordis, Inc. ("**Cordis**") to Medtronic, Inc. ("**Medtronic**") which was only effected in March 2017 and in the first two months of 1Q2017 where Cordis was still the distributor, revenue from Chocolate PTA sales was minimal. Sales of Chocolate PTA, Chocolate® PTCA, Chocolate XD® PTCA Balloon Catheter and Glider PTCA by our direct sales team continues to improve following a 47.2% increase in average sales per sales representative of US$112,931 in 1Q2017 as compared to US$76,736 in 1Q2016.

Cost of sales decreased by US$0.3 million, or 11.7%, from US$2.3 million in 1Q2016 to US$2 million in 1Q2017 was mainly due to the decrease in sales of Chocolate PTA during the period.

As a result of the above, our Group recorded a gross profit of US$1.2 million or 38.4% of revenue in 1Q2017 as compared to a gross profit of US$1.3 million or 36.0% of revenue in 1Q2016.

Our loss before taxation increased by US$2.0 million or 29.9%, from US$6.8 million in the 1Q2016 to US$8.8 million in 1Q2017. The analysis of the loss before taxation are as follows:

- Our sales and marketing expenses decreased by US$0.5 million, or 19.7% from US$2.5 million in 1Q2016 to US$2.0 million mainly due to a lower number of direct sale personnel headcount as at 1Q2017 of 16 people as compared to 1Q2016 of 19 people.

- Our administrative expenses decreased by US$0.3 million, or 12.3%, from US$2.1 million in 1Q2016 to US$1.8 million in 1Q2017. The decrease was mainly due to a lower headcount in 1Q2017 as compared to 1Q2016 as well as a reduction in bonus expenses.

- Our research and development expenses decreased by approximately US$0.8 million from US$2.1 million in 1Q2016 to US$1.3 million in 1Q2017 due to the focus by the Group mainly on the drug-coated peripheral Chocolate® (i.e. Chocolate Touch®). The Group did not capitalize any development expenses in 1Q2017 in accordance with its accounting policies as compared to the US$0.7 million of development expenses capitalized in 1Q2016 to intangible assets.

- The decrease in other expenses by US$0.2 million in 1Q2017 was mainly due to the absence of the recognition of the additional AngioScore, Inc.'s legal liability provision that was recognized in 1Q2016. As highlighted in the Company's previous announcements, as the Company has been successful in its appeal on the litigation with AngioScore, Inc., there was no requirement to recognise any legal liability provision in 1Q2017.

- We were in a net finance cost position of US$4.9 million in 1Q2017, as compared to a net finance cost position of US$1.1 million in 1Q2016 mainly due to (i) an increase in interest expenses to US$3.9 million in 1Q2017 from US$1.1 million in 1Q2016 mainly due to the accretion of the costs of the convertible and exchangeable notes; and (ii) foreign exchange losses of US$1.0 million in 1Q2017 as compared to US$1.5 million foreign exchange gain in 1Q2016 (such gain of which is recorded as finance income) pursuant to exchange rate changes between the Singapore dollar and United States dollar. The increase in finance costs were offset by the reduction in fair value loss in relation to the convertible and exchangeable notes from US$1.5 million in 1Q2016 to US$Nil in 1Q2017 following the realization of the remaining outstanding conversion options in FY2016. 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.

- Depreciation of plant and equipment increased by US$45,000, or 69.2% from US$65,000 in 1Q2016 to US$110,000 in 1Q2017 mainly due to recognition of depreciation for new equipment purchased in the second half of FY2016.

- Amortization of intangible assets decreased slightly by US$13,000, or 5.2% from US$252,000 in 1Q2016 to US$239,000 in 1Q2017 as there were no new intangible assets being capitalised since 2Q2016.

- Equity-settled share based payment transactions increased by US$0.6 million from US$0.2 million in 1Q2016 to US$0.8 million in 1Q2017 was mainly due to the vesting of share awards in 1Q2017 that was granted under the QT Vascular Restricted Share Plan 2015 at the end of FY2016.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2017 US$'000	As at 31 December 2016 US$'000	Change
Non-current assets	13,278	13,625	(2.5)%
Current assets	7,156	6,267	14.2%
Total assets	20,434	19,892	
Total equity	(9,186)	(10,198)	(9.9)%
Non-current liabilities	141	139	1.4%
Current liabilities	29,479	29,951	(1.6)%
Total liabilities	29,620	30,090	

The Group had negative working capital of US$22.3 million and US$23.7 million as at 31 March 2017 and 31 December 2016 respectively. The negative working capital as at 31 March 2017 is mainly due to the convertible and exchangeable notes and short-term loans amounting to US$14.0 million and current trade and other payables of US$11.5 million.

On 22 March 2017, the Company entered into repayment agreements with third parties and employees of the Company to settle certain short-term loans and trade payables amounting to S$2.3 million. Pursuant to the repayment agreements, the Company issued 45,202,767 shares to the third parties and certain employees on 18 April 2017 to settle the amounts outstanding which would have otherwise been settled in cash.

In addition to the above, the following steps have been taken by the Group to address the negative working capital and cash flow requirements as follows:

- On 20 March 2017, the Company announced that it had entered into a S$10 million capital commitment agreement ("**Agreement**") with GEM Global Yield Fund LLC SCS. The Company would be able to drawdown the funds in accordance with the Agreement, to, *inter alia*, repay existing borrowings and improve its gearing ratio, and for general working capital purposes. The Company is also able to extend the capital commitment by another S$10 million within six months form the date of the Agreement with the same terms;

- Commencement of the exclusive worldwide distribution agreement with Medtronic from 1 March 2017 for the sale of the Group's Chocolate PTA product for which Medtronic has a purchase commitment of at least US$3.4 million in 2017 and US$6.4 million in 2018;

- Ongoing discussions with the existing bondholders and short-term loan creditors in relation to the settlement of the existing convertible and exchangeable notes, and short-term loans respectively via the issuance of shares or cash payment by the Company; and

- On 12 May 2017, the Company announced that it had entered into an asset purchase option agreement with Medtronic for the sale of the Group's non-drug coated Chocolate® PTA for a consideration of US$28 million. On 2 June 2017, at an Extraordinary General Meeting, the shareholders of the Company provided the approval for the Company to complete the potential asset sale to Medtronic.

Our non-current assets decreased by US$0.3 million from US$13.6 million as at 31 December 2016 to US$13.3 million as at 31 March 2017 mainly due to the amortisation and depreciation of the Group's intangible assets and, plant and equipment of US$0.2 million and US$0.1 million respectively.

Our current assets increased by US$0.9 million from US$6.3 million as at 31 December 2016 to US$7.2 million as at 31 March 2017 mainly due to the increase in cash and cash equivalents of US$1.4 million mainly due receipt of funds from short-term loans of US$1.1 million, prepayment of products from a customer of US$2.3 million and collection of trade receivables from customers of US$3.1 million. The 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$5.1 million. The overall increase in current assets was offset

by the decrease in inventory balances of approximately US$0.7 million following the utilisation of existing raw materials on hand for production purposes.

Our current liabilities decreased by US$0.5 million from US$30.0 million as at 31 December 2016 to US$29.5 million as at 31 March 2017 mainly due to (i) a US$3.8 million decrease in loans and borrowings pursuant to the settlement of most convertible notes and short-term loans that were due, (ii) reduction in the recognition of the accretion of the convertible notes and (iii) a decrease in other payables (including accruals) by US$1.4 million largely due to settlement of outstanding balances. The decrease is offset by an increase in deferred income by US$2.3 million arising from funds we received in advance from a customer in relation to Chocolate® PTA and in trade payables of US$2.6 million mainly due to increase in amount due to third party suppliers due to an increase in production activities as a result of the commencement of the supply of Chocolate® PTA to Medtronic.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 1Q2017

The Group recorded cash inflows from operating activities of US$0.3 million for 1Q2017 which was a result of an operating loss before working capital changes of US$2.7 million and a net cash inflow as a result of changes in working capital of US$3.0 million. The increase in working capital was mainly due to the increase in deferred income of US$2.3 million and, trade and other payables of US$0.1 million. The decrease in inventories of US$0.7 million also contributed to the increase in working capital. The increase in working capital was offset by the increase in trade and other receivables of US$0.2 million.

Cash used in investing activities for 1Q2017 was approximately US$9,000 which was mainly due to purchases of plant and equipment.

Net cash inflow from financing activities for 1Q2017 was US$1.1 million which was mainly due to receipt of funds of US$1.1 million from short-term loans from third parties as well as an employee of the Group for working capital purposes.

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 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.

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.

Mergers and acquisitions ("**M&A**") activity in the medical technology sector ramped up in 2016 with major deals announced by Abbott, Medtronic, St. Jude, Stryker, NuVasive, Teleflex, and Zimmer. The key drivers behind this active M&A landscape include pressure on large players in mature markets to increase their top line growth and increased vendor consolidation in US hospitals which forces companies to broaden their product offerings. It is expected that 2017 will also be active as companies look to add innovative devices to their mature product businesses.

The area of peripheral arterial disease remains very much under-treated. While stents are used to treat some of these patients, there is a growing preference for therapies such as drug-coated balloons and atherectomy that do not involve placing a permanent implant. The rapid adoption of drug-coated balloons continues. Sales of drug-coated balloons are estimated to have surpassed US$300 million in 2016 in the US market[1] and the global market will surpass $1 billion in sales by 2020. The revenue for CR Bard's Lutonix drug coated balloon was US$120 million in 2016 growing to an expected US$150 million in 2017[2]. CR Bard and Medtronic, the market leader, are not only seeing a rapid increase in sales for use of drug coated balloons in the currently approved "above-the-knee" segment, but they are also pursuing new indications for drug coated balloons which include "below-the-knee" use and arteriovenous fistula. This bodes well for continued sales growth for these devices well into the future. Spectranetics just announced strong data for their drug coated balloon, Stellarex, which is expected to be the third product approved in the US market. Securities analysts now attribute a significant portion of Spectranetics market value (approximately US$1 billion) to the promise of Stellarex[3].

The Group is well positioned to benefit from the increased adoption of drug coated balloons. The Group's drug coated peripheral balloon, Chocolate Touch®, received full FDA clearance to begin the pivotal trial in December 2016. Upon approval, this would make Chocolate Touch® only the fourth such device to be approved in the US. The final results of Chocolate Touch®'s first-in-human trials were announced in 2016 and demonstrate data that are similar to the best-in-class devices. On a related note, the Company recently announced an agreement with Medtronic for the worldwide

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[1] Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Analyst report on Biomedical Devices and Services industry, 23 January 2017

[2] Mike Matson, Needham & Company, LLC. Analyst report on C.R. Bard, 27 January 2017

[3] Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Spectranetics flash update report, 24 January 2017

distribution of the non-drug coated Chocolate® PTA. This device will be positioned to complement Medtronic's existing drug-coated balloon and atherectomy businesses. This deal along with the recent launch of the Group's latest generation coronary device in the US, Chocolate XD®, bode well for supporting robust sales growth in 2017.

The Company had recently received shareholders' approval for the potential disposal of the Group's non-drug coated peripheral balloon, Chocolate® PTA to Medtronic for a sum of US$28 million ("**Potential Transaction**"). Further details of the Potential Transaction can be found in the Company's circular to shareholders dated 18 May 2017. Further, the Company continues to be in talks with interested parties in relation to the potential transaction(s) for the Group's non-drug coated coronary assets with a possibility of an option to also purchase the drug-coated coronary balloon, Chocolate Heart™. The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

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. 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 2017 to be false or misleading in any material aspect.

15. 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
8 June 2017