QT Vascular Ltd. and its subsidiaries

Unaudited First Quarter Financial Statements Announcement for the period ended 31/3/2014

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

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone +65 6229 8088.

Background

The Company was incorporated in the Republic of Singapore on 6 March 2013 under the Companies Act (Chapter 50) of Singapore as a private company limited by shares under the name of "QT Vascular Pte. Ltd.". The Group (which comprises the Company and its subsidiaries) was formed on 11 July 2013 pursuant to a restructuring exercise ("Restructuring Exercise") prior to the IPO and the Company's listing on the Catalist Board of the SGX-ST ("Catalist"). Please refer to the Company's Offer Document dated 16 April 2014 ("Offer Document") for further details on the Restructuring Exercise.

The Company was admitted to Catalist on 29 April 2014. For the purpose of this announcement, the comparative results of the Group for the 3 months financial period ended 31 March 2013 have been prepared on the assumption that the Group's structure following the completion of the Restructuring Exercise had been in place since 1 January 2013.

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-1Q2014

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

	Note	Group (First Quarter) 3 months ended 31/3/2014 US$'000	31/3/2013 US$'000	Change
Revenue	1	2,841	646	339.8%
Cost of sales	2	(2,501)	(1,130)	121.3%
Gross profit/(loss)		340	(484)	170.2%
Sales and marketing		(2,203)	(1,634)	34.8%
Administrative expenses		(3,364)	(787)	327.4%
Research and development expenses		(943)	(895)	5.4%
Other expenses		(35)	(15)	133.3%
Results from operating activities		(6,205)	(3,815)	62.6%
Finance income		1	246	NM
Finance costs		(2,969)	(979)	NM
Net finance costs	3	(2,968)	(733)	304.9%
Loss before tax		(9,173)	(4,548)	101.7%
Tax expense	4	(1)	(1)	NM
Loss for the period		(9,174)	(4,549)	101.7%
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(29)	66	NM
Total comprehensive loss for the period		(9,203)	(4,483)	105.3%
Loss attributable to:				
Owners of the Company		(9,174)	(4,095)	124.0%
Non-controlling interests	5	–	(454)	NM
Loss for the period		(9,174)	(4,549)	101.7%
Total comprehensive loss attributable to:				
Owners of the Company		(9,203)	(4,029)	128.4%
Non-controlling interests		–	(454)	100.0%
Total comprehensive loss for the period		(9,203)	(4,483)	105.3%

NM denotes not meaningful

Notes:

(1) Please refer to section 8 of this announcement for an analysis of the Group's revenue.

(2) Cost of sales and inventories increased in line with the increased levels of inventory production.

(3) Net finance costs consist of:

	31/3/2014 US$'000	**31/3/2013 US$'000**
Interest income	1	1
Interest expense on convertible notes	(464)	(979)
Change in fair value of financial instruments	(2,350)	104
Net foreign exchange gain/(loss)	(155)	141
Net finance costs recognised in profit or loss	(2,968)	(733)

(4) The effective tax rate for 1Q2014 was unchanged from 1Q2013. The effective tax rate was consistent for the periods under comparison as the Group is in a loss position during the periods ended 1Q2014 and 1Q2013 and there were no under or over provisions for tax in the periods presented.

(5) As of 31 March 2013, the Group owned 42.10% of Quattro Vascular Pte. Ltd. ("Quattro") on an as-converted basis. Because the Group is able to govern the financial and operating policies of Quattro, the Group has been consolidating Quattro since it has been established in 2010. On 11 July 2013, the Group underwent a restructuring exercise whereby the shareholders of Quattro exchanged their respective ownership interests in Quattro for an ownership interest in the Company. Please refer to the Company's offer document dated 16 April 2014 and the Company's 2013 annual report, for additional information.

The Group recorded depreciation expense of US$0.1 million and intangible amortisation expense of US$0.1 million during both 1Q2014 and 1Q2013, respectively.

1(b)(i) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION-1Q2014

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	
	31/3/2014 US$'000	**31/12/2013 US$'000**	**31/3/2014 US$'000**	**31/12/2013 US$'000**
Assets:				
Property, plant and equipment	339	376	–	–
Intangible assets	7,543	6,833	–	–
Investment in subsidiaries	–	–	45,319	44,106
Other non-current assets	189	185	–	–
Non-current assets	8,071	7,394	45,319	44,106
Inventories	4,414	3,525	–	–
Trade and other receivables	2,588	1,872	460	239
Cash and cash equivalents	3,068	5,197	1,306	–
Current assets	10,070	10,594	1,766	239
Total assets	18,141	17,988	47,085	44,345
Equity:				
Share capital	52,933	52,733	52,933	52,733
Reserves	2,031	1,850	(29,498)	(29,308)
Accumulated losses	(75,747)	(66,573)	(8,686)	(4,836)
Equity attributable to owners of the Company	(20,783)	(11,990)	14,749	18,589
Non-controlling interests	–	–	–	–
Total equity	(20,783)	(11,990)	14,749	18,589
Liabilities:				
Loans and borrowings	–	5,475	–	5,475
Trade and other payables, including derivatives	147	4,824	–	4,674
Deferred income	–	–	–	–
Non-current liabilities	147	10,299	–	10,149
Loans and borrowings	15,136	6,904	15,136	6,904
Trade and other payables, including derivatives	20,635	12,128	17,200	8,703
Deferred income	3,006	647	–	–
Current liabilities	38,777	19,679	32,336	15,607
Total liabilities	38,924	29,978	32,336	25,756
Total equity and liabilities	18,141	17,988	47,085	44,345

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

	Secured		Unsecured	
	31 March 2014 US$'000	31 December 2013 US$'000	31 March 2014 US$'000	31 December 2013 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	–	–	15,136	6,904
	–	–	15,136	6,904

	Secured		Unsecured	
	31 March 2014 US$'000	31 December 2013 US$'000	31 March 2014 US$'000	31 December 2013 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	5,475
	–	–	–	5,475

Details of any collateral

Not applicable.

Subsequent Events

On 26 April 2014, the Group completed the IPO and began trading on the Catalist Board of the SGX-ST on 29 April 2014. The Group raised approximately S$55,000,000 ("**IPO Proceeds**") and at the close of the IPO, the Company had 755,882,836 issued and fully paid-up ordinary shares ("**Existing Ordinary Share Capital**").

On 4 June 2014, the Group's wholly owned US subsidiary, TriReme Medical LLC, received notification from the United States Food and Drug Administration (FDA) of 510(K) clearance to market the Chocolate® PTCA Balloon Catheter (Chocolate PTCA) in the United States, for balloon dilatation of the stenotic portion of coronary artery or bypass graft stenosis for the purpose of improving myocardial perfusion.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS-1Q2014

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

		Group	
		31/3/2014 US$'000	31/3/2013 US$'000
Cash flows from operating activities			
Net loss		(9,174)	(4,549)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		130	140
Amortisation of intangible assets		79	120
Interest income		(1)	(1)
Interest expense on convertible notes		464	979
Exchange loss/(gain)		155	(141)
Equity-settled share-based payment transactions		193	32
Change in fair value of financial instruments		2,350	(104)
		(5,804)	(3,524)
Changes in working capital:			
- Trade and other receivables		(716)	(340)
- Inventories		(889)	337
- Other assets		(4)	2
- Trade and other payables, including derivatives		1,307	454
- Deferred income		2,359	–
Net cash used in operating activities		(3,747)	(3,071)
Cash flows from investing activities			
Purchase of property, plant and equipment		(93)	(76)
Additions to intangible assets		(789)	(707)
Net cash used in investing activities		(882)	(783)
Cash flows from financing activities			
Proceeds from issuance of preference shares, net of transaction costs		–	645
Proceeds from issuance of convertible note, net of transaction costs		2,500	–
Net cash from financing activities		2,500	645
Net decrease in cash and cash equivalents		(2,129)	(3,209)
Effect of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at beginning of period		5,197	4,997
Cash and cash equivalents at end of period	1	3,068	1,788

1(c) Consolidated Statement of Cash Flows (cont'd)

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	31 March 2014 US$'000	**31 March 2013 US$'000**
Bank balances	2,970	1,689
Deposits pledged	98	99
Total cash and cash equivalents	3,068	1,788

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-1Q2014

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation 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$'000**	**Convertible preference shares US$'000**	**Other reserve US$'000**	**Translation reserve US$'000**	**Share-based payment reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
At 31 December 2012	–	–	1,793	(107)	887	(32,050)	(29,477)	(1,989)	(31,466)
Total comprehensive income/(loss) for the period									
Loss for the period	–	–	–	–	–	(4,095)	(4,095)	(454)	(4,549)
Other comprehensive income									
Foreign currency translation differences	–	–	–	66	–	–	66	–	66
Total comprehensive income/(loss) for the period	–	–	–	66	–	(4,095)	(4,029)	(454)	(4,483)
Contributions by and distributions to owners									
Conversion of preference shares into ordinary shares	–	–	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	32	–	32	–	32
Total contributions by and distributions to owners	–	–	–	–	32	–	32	–	32
At 31 March 2013	–	–	1,793	(41)	919	(36,145)	(33,474)	(2,443)	(35,917)

1(d)(i) Consolidated Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company									
Group	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$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 31 December 2013	5,529	47,204	(1,385)	(77)	356	2,956	(66,573)	(11,990)	–	(11,990)
Total comprehensive income/(loss) for the period										
Loss for the period	–	–	–	–	–	–	(9,174)	(9,174)	–	(9,174)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	(29)	–	–	(29)	–	(29)
Total comprehensive income/(loss) for the period	–	–	–	–	(29)	–	(9,174)	(9,203)	–	(9,203)
Contributions by and distributions to owners										
Share options exercised	–	–	17	–	–	–	–	17	–	17
Share-based payment transactions	–	–	–	–	–	193	–	193	–	193
Issuance of preference shares	–	200	–	–	–	–	–	200	–	200
Total contributions by and distributions to owners	–	200	17	–	–	193	–	410	–	410
At 31 March 2014	5,529	47,404	(1,368)	(77)	327	3,149	(75,747)	(20,783)	–	(20,783)

1(d)(i) Consolidated Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company									
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$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 31 December 2013	5,529	47,204	(32,388)	(77)	201	2,956	(4,836)	18,589	–	18,589
Total comprehensive income/(loss) for the period										
Loss for the period	–	–	–	–	–	–	(3,850)	(3,850)	–	(3,850)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	(205)	–	–	(205)	–	(205)
Total comprehensive income/(loss) for the period	–	–	–	–	(205)	–	(3,850)	(4,055)	–	(4,055)
Contributions by and distributions to owners										
Conversion of preference shares into ordinary shares	–	–	15	–	–	–	–	15	–	15
Issuance of preference shares	–	200	–	–	–	–	–	200	–	200
Total contributions by and distributions to owners	–	200	15	–	–	–	–	215	–	215
At 31 March 2014	5,529	47,404	(32,373)	(77)	(4)	2,956	(8,686)	14,749	–	14,749

* The Company was incorporated on 6 March 2013 with an issued and paid-up share capital of S$1.00 comprising 1 ordinary share. There were no changes in equity from 6 March 2013 to 31 March 2013. Therefore, we have not presented a comparative statement of changes in equity for the Company from 31 December 2012 to 31 March 2013. To consolidate the business activities of the Group, a restructuring exercise was undertaken on 11 July 2013. Please refer to the Company's offer document dated 16 April 2014, for additional information.

1(d)(ii) CHANGES IN COMPANY' SHARE CAPITAL-1Q2014

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

Ordinary shares issued and fully paid-up	Number of shares	Issued and paid-up share capital US$'000
Balance at 31 December 2013	4,542,897	2,479
Balance at 31 March 2014	4,543,977	2,502

The Company's issued and fully paid-up ordinary share capital changed by 1,080 shares from 1 January 2014 to 31 March 2014 due to an option exercise. The change in issued and paid up share capital is due to foreign exchange fluctuations between the Singapore dollar and United States dollar.

Convertible Preference Shares ("CPS")

Convertible preference shares	Number of shares	Issued and paid-up share capital US$'000
Balance at 31 December 2013	16,506,675	50,620
Issuance of Series B CPS on 13 January 2014	67,935	200
Balance at 31 March 2014	16,574,610	50,820

Each share of convertible preference shares, at the option of the holder, is convertible into the number of fully paid and on assessable shares of common shares at conversion price in effect at the time of conversion.

On 9 April 2014, pursuant to the Restructuring Exercise, all the CPS had been converted into ordinary shares in the Company, which represented approximately 76.7% of the Existing Ordinary Share Capital.

Outstanding Options

The Group was formed following the Restructuring Exercise pursuant to which TriReme Medical LLC ("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).

As at 31 March 2014, there are 7,352,351 outstanding options convertible into 7,352,351 ordinary shares (31 March 2013: 8,997,500 previously held by its subsidiary, TriReme US (13.8% of the ordinary shares in TriReme US on a fully diluted basis) and 1,280,400 previously held by its subsidiary, Quattro (13.5% of the ordinary shares in Quattro on a fully diluted basis)), representing approximately 23% of the ordinary shares on a fully diluted basis as at 31 March 2014.

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").

The Company also had on 9 April 2014, adopted the 2014 QTV Employee Share Option Scheme and has not issued any options under this scheme as at the date of this announcement.

On 29 April 2014, the Company undertook a subdivision of 1 Share into 16 Shares ("Subdivision").

An aggregate of 118,407,264 outstanding options convertible into 118,407,264 ordinary shares (representing 15.7% of the total issued ordinary shares of 755,882,836 as at the date of this announcement) remains outstanding under the Three Share Plans.

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

Convertible Notes and Convertible Preference Share Liability

As of 31 March 2014, the Company had convertible notes with an aggregate carrying value of US$15.1 million outstanding convertible into an unknown number of ordinary shares as the IPO price was unknown as of that date. As of 31 March 2013, the Company had convertible notes and convertible preference shares with an aggregate carrying value of US$38.3 million outstanding convertible into an unknown number of ordinary shares as the IPO price was unknown as of that date.

Convertible Warrants

As of 31 March, 2014, the Company had outstanding warrants exercisable for 2,480,239 (8.2% on a fully-diluted basis) of its ordinary and preference shares. Certain of these warrants were exercisable for Series A-6 which following exercise would be convertible into our ordinary shares on a 1 for 1.25 and the other warrants were convertible into our ordinary shares on a 1 for 1 basis or were directly exercisable for ordinary shares.

As of 31 March 2013, the predecessor companies to the Company had outstanding warrants for 3,508,771 shares of Trireme Series D stock and outstanding warrants for 185,185 Series B Preference Shares of Quattro. The predecessor companies also had warrants to purchase an additional unknown number of shares as of that date, since their conversion features were predicated on the occurrence of future events that had yet to occur.

As of 31 March 2013, a predecessor company to the Company had outstanding warrants in conjunction with its convertible notes issued in November 2012 amounting to 25% of the principal amount of S$6.2 million (US$5.1 million at the exchange rate at the date of the transaction). The warrants are convertible into an unknown number of shares at 31 March 2013, since their conversion features were predicated on the occurrence of future events that had yet to occur.

As of 31 March 2013, a predecessor company to the Company issued warrants in conjunction with its convertible notes issued in January and July 2012 amounting to 20% of the principal amount of US$7,506,000. The warrants are convertible into an unknown number of shares at 31 March 2013, since their conversion features were predicated on the occurrence of future events that had yet to occur.

For further details on the convertible preference shares, convertible warrants and convertible notes, please refer to the Company's offer document dated 16 April 2014 and the Company's 2013 Annual Report.

Save for the above, the Company does not have any other outstanding convertible instruments as at 31 March 2014 and 31 March 2013.

Treasury Shares

The Company held no treasury shares as at 31 March 2014 and as at 31 March 2013.

1(d)(iii) NUMBER OF ISSUED SHARES-1Q2014

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 4,543,977 as at 31 March 2014 and 4,542,897 at 31 December 2013.

The total number of issued CPS was 16,574,610 as at 31 March 2014 and 16,506,675 as at 31 December 2013.

The Company held no treasury shares as at 31 March 2014 and 31 December 2013.

1(d)(iv) TREASURY SHARES-1Q2014

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 those used in the most recently audited annual financial statements.

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 audited financial statements as at 31 December 2013, except for the adoption of the Financial Reporting Standards ("**FRS**") and Interpretation of FRS ("**INT FRS**") that are mandatory for financial years beginning on or after 1 January 2014. The adoption of these new FRS and INT FRS has no significant impact on the financial statements for the current and prior reporting periods.

6. EARNINGS PER SHARE-1Q2014

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)	
	31/3/2014 US$'000	31/3/2013 US$'000
Loss per ordinary share ("LPS") for the period based on net profit after tax:		
(i) Based on weighted average number of shares in issue (US$)	(2.02)	(3.10)
(ii) On a fully diluted basis (US$)	(2.02)	(3.10)

The calculation is based the weighted average number of ordinary shares in issue during the respective periods. As of the respective dates, the share amounts and financial information used in the calculation of earnings per share above were arrived at using data in existence prior to the IPO.

The weighted average number of ordinary shares outstanding for the 3 months ended 31 March 2014 was 4,543,977 (31 March 2013:1,321,371).

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

7. NET ASSET VALUE FOR ISSUER AND GROUP-1Q2014

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	
	31/3/2014 US$'000	31/12/2013 US$'000	31/3/2014 US$'000	31/12/2013 US$'000
Net (liability)/asset value per ordinary share (US$)	(4.57)	(2.64)	3.25	4.09

The net asset value per ordinary share of the Group is calculated based on net (liabilities) of US$(20.8) million as at 31 March 2014 (31 December 2013: US$(12.0) million). The net asset value per ordinary share of the Company is calculated based on net assets, of US$14.7 million as at 31 March 2014 (31 December 2013: US$ 18.6 million). For both the Group and the Company, there were 4,543,977 ordinary shares on issue as at 31 March 2014 and 4,542,897 as at 31 December 2013. As of the respective dates, the share amounts and financial information used in the calculation of net (liability)/asset value per ordinary share above were arrived at using data in existence prior to the IPO.

8. REVIEW OF PERFORMANCE OF THE GROUP-1Q2014

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-1Q2014

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 quarter ended 31 March 2014 ("**1Q2014**") and for the financial quarter ended 31 March 2013 ("**1Q2013**") is presented below:

	1Q2014		**1Q2013**	
	US$'000	**%**	**US$'000**	**%**
United States	2,760	97.2	600	92.9
Europe	–	–	46	7.1
Asia	81	2.8	–	–
	2,841	100.0	646	100.0

	1Q2014	**1Q2013**
Units sold	4,722	1,155

Our revenue increased by US$2.2 million, or 340%, from US$0.6 million in 1Q2013 to US$2.8 million in 1Q2014. The increase was mainly due to an increase in sales of our Chocolate® PTA Balloon Catheter ("**Chocolate PTA**").

Cost of sales increased by US$1.4 million, or 121%, from US$1.1 million in 1Q2013 to US$2.5 million in 1Q2014. The increase was mainly due to an increase in raw materials expense for our Chocolate PTA and an increase in attributed overhead expenses which is in line with the increase in revenue.

Consequently, our Group recorded a gross profit of US$0.3 million in 1Q2014 as compared to a gross loss of US$0.5 million in 1Q2013.

Our sales and marketing expenses increased by US$0.6 million, or 35%, from US$1.6 million in 1Q2013 to US$2.2 million in 1Q2014. The increase was mainly due to a US$0.6 million increase in salaries and benefits and commissions expense mainly associated with increased sales force headcount to drive the sales and marketing of our Chocolate PTA product.

Our administrative expenses increased by US$2.6 million, or 327%, from US$0.8 million in 1Q2013 to US$3.4 million in 1Q2014. The increase was due to a US$2.1 million increase in professional service fees of which US$0.9 million of the professional fees were associated with our IPO, a US$0.4 million increase in salaries and benefits expense and a US$0.1 million increase in travel related expenses.

Our research and development expenses increased by approximately US$0.1 million from US$0.9 million in 1Q2013 to US$1.0 million in 1Q2014. The Company capitalised development expenses of US$0.7 million in 1Q2014 and US$0.7 million in 1Q2013 to intangible assets.

We were in a net finance cost position of US$3.0 million in 1Q2014, as compared to a net finance cost position of US$0.7 million in 1Q2013. We recorded a fair value loss on financial instruments of US$2.4 million in 1Q2014 as compared to an insignificant fair value gain of US$0.1 million in 1Q2013. The fair value loss or gain on financial instruments recorded to fair value through profit or loss are non-cash in nature as required in accordance with the Singapore Financial Reporting Standards. In addition, we recorded interest expense on convertible notes of US$0.5 million in 1Q2014 as compared to US$1.0 million in 1Q2013. In addition, we recorded a foreign exchange loss of US$0.2 million during 1Q2014 pursuant to exchange rate changes between the Singapore dollar and United States dollar.

Our loss before taxation increased by US$4.6 million or 102%, from US$4.6 million in 1Q2013 to US$9.2 million in 1Q2014 mainly due to the above-mentioned reasons.

Our foreign currency translation differences were insignificant for both 1Q2013 and 1Q2014.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION-1Q2014

	As at 31 March 2014 US$'000	**As at 31 December 2013 US$'000**	**Change %**
Non-current assets	8,071	7,394	9.2%
Current assets	10,070	10,594	(4.9)%
Total assets	18,141	17,988	0.9%
Total equity	(20,783)	(11,990)	73.3%
Non-current liabilities	147	10,299	(98.6)%
Current liabilities	38,777	19,679	97.0%
Total liabilities	38,924	29,978	29.8%

The Group had a negative working capital of US$28.7 million as at 31 March 2014 and USS$9.1 million as at 31 December 2013. The negative working capital at 31 March 2014 and at 31 December 2013 was primarily due to the outstanding balance on the Group's loans and borrowings. Subsequent to 31 March 2014, the Company completed an IPO and raised gross proceeds of approximately S$55,000,000.

Our non-current assets increased by US$0.7 million from US$7.4 million as at 31 December 2013 to US$8.1 million as at 31 March 2014 mainly due to the increase in intangible assets of US$0.7 million. The increase in intangible assets was due to the capitalisation of development expenses.

Our current assets decreased by US$0.5 million from US$10.6 million as at 31 December 2013 to US$10.1 million as at 31 March 2014 due to the increase in inventories of US$0.9 million and an increase in trade and other receivables of US$0.7 million, which were partially offset by a decrease in cash and cash equivalents of US$2.1 million. The increase in trade and other receivables was mainly due to the increase in revenue. The increase in inventories was due to increased customer demand for Chocolate PTA.

Our non-current liabilities decreased by US$10.2 million from US$10.3 million as at 31 December 2013 to US$0.1 million as at 31 March 2014 was mainly due to the decrease in loans and borrowings from the reclassification from long-term obligations at 31 December 2013 to short-term obligations at 31 March 2014 due to their imminent conversion into ordinary shares just prior to the Group's IPO.

Our current liabilities increased by US$19.1 million from US$19.7 million as at 31 December 2013 to US$38.8 million as at 31 March 2014 mainly due to the increase in loans and borrowings of US$8.2 million pursuant to the reclassification from long-term obligations at 31 December 2013 to short-term obligations at 31 March 2014 and from the issuance of convertible notes of US$2.5 million. In addition, the increase in current liabilities was also due a US$8.5 million increase in trade and other payables, including derivatives pursuant to fair value changes on our derivative instruments.

CONSOLIDATED STATEMENT OF CASH FLOWS-1Q2014

Cash Flow Analysis 1Q2014

The Group recorded cash outflows from operating activities of US$3.7 million for 1Q2014 which was a result of an operating loss before working capital changes of US$5.8 million and a decrease in working capital changes of US$2.1 million. The decrease in working capital changes was mainly due to a US$0.7 million increase in trade and other receivables, an increase in inventory of US$0.9 million, which were partially offset by US$1.3 million increase in trade and other payables, including derivatives and a US$2.4 million increase in deferred income resulting from the Cordis distribution agreement.

Cash used in investing activities for 1Q2014 was US$0.9 million which was mainly due to additions to intangible assets pertaining to developed technology of approximately US$0.8 million and due to capital expenditures on purchases of lab equipment of US$0.1 million.

In 1Q2014, net cash inflow derived from financing activities was US$2.5 million which was due to net proceeds received from the issuance of convertible notes.

Cash Flow Analysis 1Q2013

The Group recorded cash outflows from operating activities of US$3.1 million for 1Q2013 which was a result of an operating loss before working capital changes of US$3.5 million and decrease in working capital changes of US$0.4 million. The decrease in working capital changes was mainly due to a US$0.3 million increase in trade and other receivables, which were partially offset by a decrease in inventory of US$0.3 million and by US$0.4 million increase in trade and other payables, including derivatives.

Cash used in investing activities for 1Q2013, was US$0.8 million which was mainly due to additions to intangible assets pertaining to developed technology of approximately US$0.7 million and due to capital expenditures on purchases of lab equipment of US$0.1 million.

In 1Q2013, net cash inflow derived from financing activities was US$0.6 million which was due to net proceeds of US$0.6 million received from issuance of convertible preference shares.

9. FORECAST AND PROSPECT STATEMENT-1Q2014

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-1Q2014

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.

The overall global business conditions for companies servicing the healthcare industry have been promising with many countries focusing on the health of their population as a priority in the forthcoming decades, but also trying to limit the overall healthcare spending, thereby, driving the trend for more affordable healthcare.

The demand and outlook for medical devices appears to be largely positive. Over the last few decades, as healthcare and nutrition have improved in developed countries, life expectancies have also increased. This had led to the steady growth in the size of the over-65 year old population across US, Europe, Japan, and China. As Peripheral Artery Disease ("**PAD**") is more prevalent in the over-65 population, the largest demand driver for PAD treatments is the ageing population. Alongside this increase in the ageing population has been an increase in the number of people suffering from obesity, diabetes, high blood pressure and high cholesterol levels. These factors increase the likelihood of developing PAD, or can come about due to having PAD. The Group believes our products offer compelling solutions for patients suffering from PAD.

Long-term clinical data regarding the eventual outcome of angioplasty procedures is now available as the procedure has entered its third decade of use. Furthermore, in the highly competitive medical device market, companies are constantly developing new and novel devices. The clinical data coming from their regulatory approval process is adding further encouragement to physicians and patients alike that these procedures are safe and effective.

Many countries are also making the health of their population a priority. Despite wanting to ensure that their populations have good access to healthcare, they are also trying to limit their overall spending on healthcare. This is driving the trend for more affordable healthcare. The US has recently enacted the Affordable Care Act, which requires people to be under some form of health coverage, either privately through their employers or through the new government-sponsored healthcare exchange. In China, the aging population and rapid urbanisation are important factors contributing to the growth of the medical device market. China also has had a long-term goal to ensure its massive population has good access to healthcare.

These trends present significant opportunities for the Group to expand its business and the management believes there is great potential for growth in this sector.

11. IF A DECISION REGARDING DIVIDEND HAS BEEN MADE-1Q2014:

(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)

None.

(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-1Q2014

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

13. INTERESTED PERSONS TRANSACTIONS-1Q2014

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.

Other than the interested person transactions as disclosed on pages 169 to 181 of the Company's Offer Document, there were no new interested person transactions which were more than

S$100,000 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 IPO PROCEEDS

The listing of the Company did not take place in 1Q2014. The Company would report the use of its IPO Proceeds in the next quarter results.

15. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(4) OF LISTING MANUAL-1Q2014

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited interim financial results for the 3 months financial period ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Eitan Konstantino
Chief Executive Officer
13 June 2014