QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the first quarter and three months ended 31/3/2015

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

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

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

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

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 Company was admitted to Catalist Board of the SGX-ST ("Catalist") on 29 April 2014.

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		
	31/3/2015 US$'000	31/3/2014 US$'000	Change
Revenue	3,298	2,841	16.1%
Cost of sales	(1,591)	(2,501)	(36.4)%
Gross profit	1,707	340	402.1%
Sales and marketing	(3,220)	(2,203)	46.2%
Administrative expenses	(2,679)	(3,364)	(20.4)%
Research and development expenses	(2,432)	(943)	157.9%
Other income	8	–	NM
Other expenses	–	(35)	NM
Results from operating activities	(6,616)	(6,205)	6.6%
Finance income	1,016	1	NM
Finance costs	(1)	(2,969)	NM
Net finance costs	1,015	(2,968)	(134.2)%
Loss before tax	(5,601)	(9,173)	(38.9)%
Tax expense	(1)	(1)	–
Loss for the period	(5,602)	(9,174)	(38.9)%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(1,542)	(29)	NM
Total comprehensive loss for the period	(7,144)	(9,203)	(22.4)%
Loss attributable to:			
Owners of the Company	(5,602)	(9,174)	(38.9)%
Loss for the period	(5,602)	(9,174)	(38.9)%
Total comprehensive loss attributable to:			
Owners of the Company	(7,144)	(9,203)	(22.4)%
Total comprehensive loss for the period	(7,144)	(9,203)	(22.4)%

NM denotes not meaningful

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

	Group (First Quarter)		
	3 months ended		
	31/3/2015 US$'000	31/3/2014 US$'000	Change
Depreciation of property, plant and equipment	(64)	(130)	(50.8)%
Amortization of intangible assets	(172)	(79)	117.7%
Exchange gain/(loss)	1,013	(155)	NM
Equity-settled share based payment transactions	(36)	(193)	(81.3)%
Interest income	3	1	NM
Interest expense	(1)	(464)	(99.8)%

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	
	31/3/2015 US$'000	31/12/2014 US$'000	31/3/2015 US$'000	31/12/2014 US$'000
Assets:				
Property, plant and equipment	887	827	–	–
Intangible assets	10,100	9,235	39	40
Investment in subsidiaries	–	–	76,590	73,232
Other non-current assets	173	201	–	–
Non-current assets	11,160	10,263	76,629	73,272
Inventories	7,395	6,174	–	–
Trade and other receivables	3,333	3,474	5	14
Cash and cash equivalents	9,705	20,152	5,944	11,516
Current assets	20,433	29,800	5,949	11,530
Total assets	31,593	40,063	82,578	84,802
Equity:				
Share capital	133,410	133,263	133,410	133,263
Reserves	(2,327)	(821)	(36,362)	(33,287)
Accumulated losses	(106,349)	(100,747)	(15,144)	(15,929)
Total equity	24,734	31,695	81,904	84,047
Liabilities:				
Loans and borrowings	7	12	–	–
Trade and other payables, including derivatives	175	175	–	–
Non-current liabilities	182	187	–	–
Loans and borrowings	4	1	–	–
Trade and other payables, including derivatives	6,673	8,180	674	755
Current liabilities	6,677	8,181	674	755
Total liabilities	6,859	8,368	674	755
Total equity and liabilities	31,593	40,063	82,578	84,802

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

	Secured		Unsecured	
	31 March 2015 US$'000	31 December 2014 US$'000	31 March 2015 US$'000	31 December 2014 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	4	1	–	–
	4	1	–	–

	Secured		Unsecured	
	31 March 2015 US$'000	31 December 2014 US$'000	31 March 2015 US$'000	31 December 2014 US$'000
Amount repayable after one year:				
Loans and borrowings	7	12	–	–
	7	12	–	–

Details of any collateral

The loans and borrowings are secured by an office equipment acquired via hire purchase.

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 31/3/2015 US$'000	Group 3 months ended 31/3/2014 US$'000
Cash flows from operating activities			
Net loss		(5,602)	(9,174)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		64	130
Amortisation of intangible assets		172	79
Interest income		(3)	(1)
Interest expense		1	464
Exchange (gain)/loss		(1,013)	155
Equity-settled share-based payment transactions		36	193
Change in fair value of financial instruments		–	2,350
		(6,345)	(5,804)
Changes in working capital:			
- Trade and other receivables		144	(716)
- Inventories		(1,221)	(889)
- Other assets		27	(4)
- Trade and other payables, including derivatives		(1,457)	1,307
- Deferred income		–	2,359
Net cash used in operating activities		(8,852)	(3,747)
Cash flows from investing activities			
Purchase of property, plant and equipment		(147)	(93)
Additions to intangible assets		(1,029)	(789)
Net cash used in investing activities		(1,176)	(882)
Cash flows from financing activities			
Repayment of hire purchase creditor		(1)	–
Proceeds from issuance of convertible notes		–	2,500
Proceeds from exercise of share options		147	–
Net cash from financing activities		146	2,500
Net decrease in cash and cash equivalents		(9,882)	(2,129)
Effect of exchange rate changes on cash and cash equivalents		(565)	–
Cash and cash equivalents at beginning of period		20,152	5,197
Cash and cash equivalents at end of period	1	9,705	3,068

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

Note:

(1) Cash and cash equivalents consists of:

	Group	
	31 March 2015 US$'000	**31 March 2014 US$'000**
Bank balances	9,661	2,970
Deposits pledged	44	98
Total cash and cash equivalents	9,705	3,068

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.

	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$'000**	**Total equity US$'000**
At 1 January 2014	5,529	47,204	(1,385)	(77)	356	2,956	(66,573)	(11,990)
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(9,174)	(9,174)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(29)	–	–	(29)
Total comprehensive loss for the period	–	–	–	–	(29)	–	(9,174)	(9,203)
Contributions by and distributions to owners								
Issuance of preference shares	–	200	–	–	–	–	–	200
Share-based payment transactions	–	–	–	–	–	193	–	193
Share options exercised	–	–	17	–	–	–	–	17
Total contributions by and distributions to owners	–	200	17	–	–	193	–	410
At 31 March 2014	5,529	47,404	(1,368)	(77)	327	3,149	(75,747)	(20,783)
At 1 January 2015	133,263	–	(1,385)	(77)	(2,857)	3,498	(100,747)	31,695
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(5,602)	(5,602)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(1,542)	–	–	(1,542)
Total comprehensive loss for the period	–	–	–	–	(1,542)	–	(5,602)	(7,144)
Contributions by and distributions to owners								
Share options exercised	147	–	–	–	–	–	–	147
Share-based payment transactions	–	–	–	–	–	36	–	36
Total contributions by and distributions to owners	147	–	–	–	–	36	–	183
At 31 March 2015	133,410	–	(1,385)	(77)	(4,399)	3,534	(106,349)	24,734

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

	Attributable to owners of the Company							
	Ordinary shares US$'000	Convertible preference shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company								
At 1 January 2014	5,529	47,204	(32,388)	(77)	201	2,956	(4,836)	18,589
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(3,850)	(3,850)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(205)	–	–	(205)
Total comprehensive loss for the period	–	–	–	–	(205)	–	(3,850)	(4,055)
Contributions by and distributions to owners								
Conversion of preference shares into ordinary shares	–	–	15	–	–	–	–	15
Issuance of preference shares	–	200	–	–	–	–	–	200
Total contributions by and distributions to owners	–	200	15	–	–	–	–	215
At 31 March 2014	5,529	47,404	(32,373)	(77)	(4)	2,956	(8,686)	14,749
At 1 January 2015	133,263	–	(32,390)	(77)	(4,318)	3,498	(15,929)	84,047
Total comprehensive loss for the period								
Profit for the period	–	–	–	–	–	–	785	785
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(3,111)	–	–	(3,111)
Total comprehensive loss for the period	–	–	–	–	(3,111)	–	785	(2,326)
Contributions by and distributions to owners								
Share options exercised	147	–	–	–	–	–	–	147
Share-based payment transactions	–	–	–	–	–	36	–	36
Total contributions by and distributions to owners	147	–	–	–	–	36	–	183
At 31 March 2015	133,410	–	(32,390)	(77)	(7,429)	3,534	(15,144)	81,904

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 6,177,749 shares from 760,128,260 as at 1 January 2015 to 766,306,009 shares as at 31 March 2015 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
At 1 January 2015	760,128,260	133,263
Shares issued pursuant to exercise of share options	6,177,749	147
At 31 March 2015	766,306,009	133,410

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 the Company 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").

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 9 April 2014, the Company undertook a subdivision of 1 ordinary share into 16 ordinary shares ("Subdivision").

For the three months ended 31 March 2015, 6,177,749 ordinary shares were issued in respect of the exercise of 6,177,749 options under the Three Share Plans.

A reconciliation of outstanding share options from 1 January 2015 to 31 March 2015 is as follows:

Outstanding Options	**Number of Options**
At 1 January 2015	112,391,752
Forfeited during the period	(1,812,973)
Exercised during the period	(6,177,749)
Granted during the period	–
At 31 March 2015	104,401,030

As of 31 March 2015, there are 104,401,030 outstanding options convertible into 104,401,030 ordinary shares, representing approximately 13.6% of the existing ordinary share capital as at 31 March 2015 (31 March 2014: 118,407,264 (15.7% of the ordinary shares as at 31 March 2014 on a fully diluted basis)).

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

Convertible Notes

As at 31 March 2014, the Company had convertible notes with an aggregate carrying value of US$15.1 million outstanding which was subsequently converted to 68,615,268 ordinary shares of the Company on 11 April 2014.

The Company has no outstanding convertible notes as at 31 March 2015.

Convertible Warrants

As at 31 March 2014, the Company had outstanding warrants exercisable for 2,480,239 (on a fully-diluted basis) of its ordinary and preference shares. On 7 April 2014, the holders of the convertible warrants exercised their rights to purchase shares in the Company and the Company allotted and issued an aggregate of 1,167,647 ordinary shares and 1,204,134 preference shares.

The Company has no outstanding convertible warrants as at 31 March 2015.

Treasury Shares

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

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

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

1(d)(iii) NUMBER OF ISSUED SHARES

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

The total number of issued ordinary shares was 766,306,009 as at 31 March 2015 and 760,128,260 as at 31 December 2014.

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

1(d)(iv) TREASURY SHARES

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

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

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

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

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

Not applicable.

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

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to those used in the most recently audited annual financial statements for the financial year ended 31 December 2014.

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period compared with the most recently audited financial statements for the financial year ended 31 December 2014, except for the adoption of the Financial Reporting Standards ("**FRSs**") and Interpretation of FRS ("**INT FRS**") that are mandatory for financial years beginning on or after 1 January 2015. The adoption of these new FRS and INT FRS has no material impact to the results of the Group and of the Company for the current 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 31/3/2015	3 months ended 31/3/2014	
	Basic and diluted [1]	Basic and diluted [1]	Basic and diluted (Adjusted) [2]
Loss for the period attributable to owners of the Company **(US$'000)**	(5,602)	(9,174)	(9,174)
Weighted average number of ordinary shares used to compute loss per share **('000)**	763,867	4,544	72,704
Loss per share **(US$)**	(0.01)	(2.02)	(0.13)

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.

(2) For illustrative and comparison purposes, the adjusted loss per share for the three months ended 31 March 2014 were calculated assuming the subdivision of 1 ordinary share to 16 ordinary shares which was completed on 9 April 2014 had taken place at the beginning of the financial period.

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	
	31/3/2015	**31/12/2014**	**31/3/2015**	**31/12/2014**
	US$	**US$**	**US$**	**US$**
Net asset value per ordinary share [(1), (2)]	0.03	0.04	0.11	0.11

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net assets of US$24.7 million as at 31 March 2015 (31 December 2014: US$31.7 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$81.9 million as at 31 March 2015 (31 December 2014: US$84.0 million).

(2) For both the Group and the Company, the net asset value per ordinary share were calculated based on 766,306,009 ordinary shares in issue as at 31 March 2015 and 760,128,260 as at 31 December 2014.

8. REVIEW OF PERFORMANCE OF THE GROUP

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 31 March 2015 compared to the three months ended 31 March 2014

The breakdown of our revenue derived from the sale of our products to the various geographical regions and by the number of units sold for the three months ended 31 March 2015 ("**1Q2015**") and for the three months ended 31 March 2014 ("**1Q2014**") are presented below:

	1Q2015		1Q2014	
	US$'000	**%**	**US$'000**	**%**
United States	2,512	76.2	2,760	97.1
Europe	146	4.4	–	–
Asia	640	19.4	81	2.9
	3,298	100.0	2,841	100.0

	1Q2015	**1Q2014**
Units sold	8,098	4,722

Our revenue increased by US$0.5 million, or 16.1%, from US$2.8 million in 1Q2014 to US$3.3 million in 1Q2015, mainly due to an increase in sales of our Chocolate® PTA Balloon Catheter ("Chocolate PTA") (which is based on an agreed sales price model for this product under our US distribution agreement with Cordis), Chocolate PTCA, GliderXtreme and Glider PTCA. The increase in revenue is not as high as the increase in units sold in 1Q2015 as compared to 1Q2014 due to distributor pricing given to Cordis which is lower than the retail price in the corresponding 1Q2014 where Chocolate PTA was sold directly to our customers.

Cost of sales decreased by US$0.9 million, or 36.4%, from US$2.5 million in 1Q2014 to US$1.6 million in 1Q2015 mainly due to continued pricing improvements from our suppliers and the increase in our production yields.

As a result of the above, our Group recorded a gross profit of US$1.7 million or 51.8% of revenue in 1Q2015 as compared to a gross profit of US$0.3 million or 12.0% of revenue in 1Q2014.

Our loss before taxation decreased by US$3.6 million or 38.9%, from US$9.2 million in the 1Q2014 to US$5.6 million in 1Q2015. The analysis of the loss before taxation are as follows:

- Our sales and marketing expenses increased by US$1.0 million, or 46.2% from US$2.2 million in 1Q2014 to US$3.2 million mainly due to an increase in costs of our direct sales force personnel in 1Q2015 following to increase in number of sales personnel at the end of 4Q2014.

- Our administrative expenses decreased by US$0.7 million, or 20.4%, from US$3.4 million in 1Q2014 to US$2.7 million in 1Q2015. The decrease was mainly due to a reduction in professional service fees associated with the IPO of the Company which was completed in 2Q2014 but was offset by the professional fees incurred in relation to the litigation with AngioScore, Inc. ("AngioScore") in 1Q2015.

- Our research and development expenses increased by approximately US$1.5 million from US$0.9 million in 1Q2014 to US$2.4 million in 1Q2015 due to the Group's continuing focus on the research and development of new products. The Group capitalized development expenses of US$1.0 million in 1Q2015 to intangible assets as compared to US$0.8 million of development expenses in 1Q2014.

- We were in a net finance income position of US$1.0 million in 1Q2015, as compared to a net finance cost position of US$3.0 million in 1Q2014 which was mainly due to the fair value loss on financial instruments of US$2.4 million and interest expenses on the accretion expense incurred on our convertible notes of US$0.5 million in 1Q2014. There were no such fair value loss recorded in 1Q2015 as the financial instruments have been converted following the Company's IPO in 2Q2014. The fair value loss or gain on financial instruments are non-cash in nature, and were recorded at fair value through profit or loss as required in accordance with FRS. In addition, we recorded a foreign exchange gain of US$1.0 million in 1Q2015 as compared to a foreign exchange loss of US$155,000 in 1Q2014 pursuant to exchange rate changes between the Singapore dollar and United States dollar.

- Depreciation expenses decreased by US$66,000, or 50.8% from US$130,000 in 1Q2014 to US$64,000 in 1Q2015 as most of the Group's property, plant and equipment have been fully depreciated as at 31 March 2015.

- Amortization of intangible assets increased by US$93,000, or 117.7% from US$79,000 in 1Q2014 to US$172,000 in 1Q2015 mainly due to the amortization of Chocolate PTA and Chocolate PTCA capitalised costs.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2015 US$'000	As at 31 December 2014 US$'000	Change
Non-current assets	11,160	10,263	8.7%
Current assets	20,433	29,800	(31.4)%
Total assets	31,593	40,063	(21.1)%
Total equity	24,734	31,695	(22.0)%
Non-current liabilities	182	187	(2.7)%
Current liabilities	6,677	8,181	(18.4)%
Total liabilities	6,859	8,368	

The Group had working capital of US$13.8 million and US$21.6 million as at 31 March 2015 and 31 December 2014 respectively. The decrease in working capital is mainly due to utilisation of Group's cash for general working capital purposes and professional fees incurred relating to the litigation with AngioScore as well as for the research and development of new products.

Our non-current assets increased by US$0.9 million from US$10.3 million as at 31 December 2014 to US$11.2 million as at 31 March 2015 mainly due to the increase in intangible assets of US$0.9 million. The increase in intangible assets was due to the capitalization of research and development expenses.

Our current assets decreased by US$9.4 million from US$29.8 million as at 31 December 2014 to US$20.4 million as at 31 March 2015 mainly due to the decrease in cash and cash equivalents of US$10.4 million following the increase in research and development expenses as well as general working capital requirements due to ramp up of sales personnel, payments to our suppliers and for the professional fees relating to the litigation with AngioScore. The decrease in current assets is partially offset by the increase in inventories of US$1.2 million due to the ramping up of our production to meet the increase in customer demand for our products such as Chocolate PTA and PTCA.

Our current liabilities decreased by US$1.5 million from US$8.2 million as at 31 December 2014 to US$6.7 million as at 31 March 2015 mainly due to settlement of balances due to suppliers of US$1.5 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 1Q2015

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

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

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

Cash Flow Analysis 1Q2014

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

Cash used in investing activities for 1Q2014 was US$0.9 million which was due to additions to intangible assets pertaining to developed technology of approximately US$0.8 million and purchase of property, plant and equipment of US$0.1 million.

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

While the general long-term trends regarding increased healthcare spending (especially in emerging markets) continue, the specific market impact of drug-coated balloons ("DCB") is becoming more evident now that two of these devices are approved and available in the United States for the peripheral arterial disease ("PAD") market. CR Bard's Lutonix DCB obtained Food and Drug Administration ("FDA") approval for peripheral applications in late 2014 and is estimated by analysts to have achieved about US$16 million in sales of this product in the

US in the first quarter of 2015. In addition, Medtronic plc announced FDA approval of its IN.PACT Admiral DCB for peripheral applications in early January 2015 and recently launched its product in the US. The scientific evidence for these products is such that the Centres for Medicare and Medicaid Services recently established supplemental reimbursement to hospitals for their use in certain clinical settings. The adoption of these devices is already having an impact of the use of existing technologies for PAD and their early commercial success may trigger an interest by other major competitors that do not yet have a DCB to offer. For these reasons, management believes that Chocolate Touch (Drug Coated Chocolate) is well positioned. While all approved DCBs are based on conventional balloons that are known to cause acute trauma in the form of vessel dissections, Chocolate Touch offers a combination of a low rate of dissections (as studied in the Chocolate BAR registry) with a coating that is utilizing a proven drug, paclitaxel.

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 IPO PROCEEDS

Pursuant to the IPO, the Company received gross proceeds of S$55,000,000. As there was an excess of S$21,000 allocated to Listing expenses, the Company has decided to reallocate the said amount to General working capital purposes ("**Reallocation**"). As at the date of this announcement, the IPO proceeds has been utilized as follows:

	Amount allocated S$'000	**Amount pursuant to Reallocation S$'000**	**Amount utilised S$'000**	**Balance S$'000**
Commercial expansion [(1)]	5,000	5,000	5,000	–
Development of new products and product enhancements	15,000	15,000	15,000	–
General working capital purposes [(2)]	30,261	30,282	22,232	8,050
Listing expenses	4,739	4,718	4,718	–
Total	55,000	55,000	46,950	8,050

Notes:

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

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

	S$'000
Payment of salaries and wages	5,541
Payment to suppliers	8,315
Payment of professional fees	8,376
Total	22,232

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

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

The Board of Directors of the Company ("Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 3 months ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Eitan Konstantino
Chief Executive Officer
14 May 2015