QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the financial year ended 31 December 2020

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

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Group Year ended 31/12/2020 US$'000	31/12/2019 US$'000	Change
Revenue	557	7,954	(93.0)%
Cost of sales	(616)	(7,638)	(91.9)%
Gross (loss)/profit	(59)	316	NM
Sales and marketing expenses	(10)	(241)	(95.9)%
Administrative expenses	(3,425)	(4,038)	(15.2)%
Research and development expenses	(4,025)	(5,985)	(32.7)%
Other income	221	612	(63.9)%
Other expenses	(1)	(7)	(91.1)%
Results from operating activities	(7,298)	(9,343)	(21.9)%
Finance income	–	5	(100)%
Finance costs	(304)	(305)	(0.3)%
Net finance costs	(304)	(300)	(15.5)%
Loss before tax	(7,602)	(9,643)	(21.2)%
Tax expense[1]	(2)	–	100%
Loss for the year	(7,604)	(9,643)	(21.1)%
Other comprehensive (loss)/income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(123)	24	NM
Total comprehensive loss for the year	(7,727)	(9,619)	(19.7%)
Loss attributable to:			
Owners of the Company	(7,604)	(9,643)	(21.1)%
Loss for the year	(7,604)	(9,643)	(21.1)%
Total comprehensive loss attributable to:			
Owners of the Company	(7,727)	(9,619)	(19.7%)
Total comprehensive loss for the year	(7,727)	(9,619)	(19.7%)

NM denotes not meaningful

Note:

1 The tax expense of the Group is pending the assessment of corporate tax which is determined on an annual basis.

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

(Charging)/Crediting	Group Year ended 31/12/2020 US$'000	 31/12/2019 US$'000	 % change
Depreciation of:			
- plant and equipment	(63)	(96)	(34.4)%
- right-of-use asset	(344)	(323)	6.5%
Reversal of allowance of inventory obsolescence	–	17	(100)%
Impairment loss on intangible asset	(302)	–	100%
Amortization of intangible assets	(151)	(250)	(39.6)%
Exchange loss	(29)	(53)	(45.3)%
Equity-settled share-based payment transactions	63	(34)	NM
Interest income	–	5	(100)%
Interest expense	(275)	(252)	9.1%

NM denotes not meaningful

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

Consolidated statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2020 US$'000	31/12/2019 US$'000	31/12/2020 US$'000	31/12/2019 US$'000
Assets:				
Plant and equipment	–	94	–	–
Intangible assets	1,464	8,289	40	40
Investment in subsidiaries	–	–	12,624	19,197
Other investment	255	255	255	255
Other non-current assets	94	75	–	–
Right-of-use-assets	42	317	–	–
Non-current assets	1,855	9,030	12,919	19,492
Inventories	–	183	–	–
Trade and other receivables	588	2,365	200	1,613
Cash and cash equivalents	970	1,504	29	1,100
Current assets	1,558	4,052	229	2,713
Total assets	3,413	13,082	13,148	22,205
Equity:				
Share capital	173,182	173,182	173,182	173,182
Reserves	3,866	4,052	4,638	3,892
Accumulated losses	(176,321)	(168,717)	(166,384)	(156,743)
Total equity	727	8,517	11,436	20,331
Liabilities:				
Trade and other payables	–	66	–	–
Lease liabilities	–	45	–	–
Non-current liabilities	–	111	–	–
Loans and borrowings	1,000	1,363	1,000	1,363
Trade and other payables	1,641	2,805	712	511
Lease liabilities	45	286	–	–
Current liabilities	2,686	4,454	1,712	1,874
Total liabilities	2,686	4,565	1,712	1,874
Total equity and liabilities	3,413	13,082	13,148	22,205

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

	Secured		Unsecured	
	31/12/2020 US$'000	31/12/2019 US$'000	31/12/2020 US$'000	31/12/2019 US$'000
Amount repayable within one year or less or on demand:				
Short-term loans	–	–	1,000	1,363

	Secured		Unsecured	
	31/12/2020 US$'000	31/12/2019 US$'000	31/12/2020 US$'000	31/12/2019 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	–

Details of any collateral

Not applicable.

Details of loans and borrowings

The short-term loan owing to a third-party individual is unsecured and bear a fixed interest of 10% p.a. on the principal amount.

As at 31 December 2020, the short-term loan outstanding was US$1,000,000 (As at 31 December 2019: US$1,363,000) following repayment made by the Company during the year.

The loan was due on 15 November 2020 and is repayable on demand and became immediately due when the Group's cash balance fell below US$2 million in accordance with the terms of the loan agreement. To address this issue, the Group is currently in discussion with the lender on a suitable repayment proposal.

As at the date of this announcement, the Group:

(i) has not received any letter of demand from the lender; and

(ii) has received a waiver on the breach of the loan covenant from the lender pending ongoing discussions on the settlement of the short term-loan.

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 Year ended 31/12/2020 US$'000	31/12/2019 US$'000
Cash flows from operating activities			
Receipts from customers		1,055	9,323
Payments to suppliers and employees		(7,050)	(17,372)
		(5,995)	(8,049)
Interests and withholding taxes paid for borrowings		–	(45)
Total net cash used in operating activities		(5,995)	(8,094)
Cash flows from investing activities			
Purchase of property, plant and equipment		–	(14)
Cash receipts from disposal of assets to G Vascular Private Limited		3,900	–
Cash receipts from disposal of assets to Medtronic, Inc.		400	400
Cash receipts from disposal of assets to Teleflex, Inc.		951	–
Total net cash from investing activities		5,251	386
Cash flows from financing activities			
Proceeds from short-term loans		1,000	–
Repayment of loans		(363)	(1,148)
Interest paid		–	(64)
Payment of lease liabilities		(367)	(309)
Total net cash from/(used in) financing activities		270	(1,521)
Net decrease in cash and cash equivalents		(474)	(9,229)
Effect of exchange rate changes on cash and cash equivalents		(60)	(33)
Cash and cash equivalents at beginning of year		1,504	10,766
Cash and cash equivalents at end of year	1	970	1,504

Note:

(1) Cash and cash equivalents are derived from:

	Group 31/12/2020 US$'000	31/12/2019 US$'000
Bank balances	912	1,447
Deposits pledged	58	57
Total cash and cash equivalents	970	1,504

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

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company						
Group	**Ordinary shares US$'000**	**Other reserve US$'000**	**Reserve for own shares US$'000**	**Translation reserve US$'000**	**Share-based payment reserve US$'000**	**Accumulated losses US$'000**	**Total equity US$'000**
At 1 January 2019	172,776	(1,385)	(77)	(3,739)	9,195	(159,074)	17,696
Total comprehensive income for the year							
Loss for the year	–	–	–	–	–	(9,643)	(9,643)
Other comprehensive income							
Foreign currency translation differences	–	–	–	24	–	–	24
Total comprehensive income for the year	–	–	–	24	–	(9,643)	(9,619)
Contributions by and distributions to owners							
Shares issued pursuant to settlement of loan extension fee and interest	406	–	–	–	–	–	406
Share-based payment transactions	–	–	–	–	34	–	34
Total contributions by and distributions to owners	406	–	–	–	34	–	440
At 31 December 2019	173,182	(1,385)	(77)	(3,715)	9,229	(168,717)	8,517

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

	Attributable to owners of the Company						
	Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Group							
At 1 January 2020	173,182	(1,385)	(77)	(3,715)	9,229	(168,717)	8,517
Total comprehensive income for the year							
Loss for the year	–	–	–	–	–	(7,604)	(7,604)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(123)	–	–	(123)
Total comprehensive income for the year	–	–	–	(123)	–	(7,604)	(7,727)
Contributions by and distributions to owners							
Share-based payment transactions	–	–	–	–	(63)	–	(63)
Total contributions by and distributions to owners	–	–	–	–	(63)	–	(63)
At 31 December 2020	173,182	(1,385)	(77)	(3,838)	9,166	(176,321)	727

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

	Attributable to owners of the Company							
Company	**Ordinary shares US$'000**	**Other reserve US$'000**	**Reserve for own shares US$'000**	**Capital contribution US$'000**	**Translation reserve US$'000**	**Share-based payment reserve US$'000**	**Accumulated losses US$'000**	**Total equity US$'000**
At 1 January 2019	172,776	(32,390)	(77)	–	(6,162)	9,195	(45,463)	97,879
Total comprehensive income for the year								
Loss for the year	–	–	–	–	–	–	(111,280)	(111,280)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	168	–	–	168
Total comprehensive income for the year	–	–	–	–	168	–	(111,280)	(111,112)
Contributions by and distributions to owners								
Capital contribution pursuant to capitalisation of intercompany debts	–	–	–	33,124	–	–	–	33,124
Shares issued pursuant to settlement of loan extension fee and interest	406	–	–	–	–	–	–	406
Share-based payment transactions	–	–	–	–	–	34	–	34
Total contributions by and distributions to owners	406	–	–	33,124	–	34	–	33,564
At 31 December 2019	173,182	(32,390)	(77)	33,124	(5,994)	9,229	(156,743)	20,331

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

	Attributable to owners of the Company							
	Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Capital contribution	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company								
At 1 January 2020	173,182	(32,390)	(77)	33,124	(5,994)	9,229	(156,743)	20,331
Total comprehensive income for the year								
Loss for the year	–	–	–	–	–	–	(9,641)	(9,641)
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	(123)	–	–	(123)
Total comprehensive income for the year	–	–	–	–	(123)	–	(9,641)	(9,764)
Contributions by and distributions to owners								
Share-based payment transactions	–	–	–	–	–	(63)	–	(63)
Capital contribution pursuant to capitalisation of intercompany debts	–	–	–	932	–	–	–	932
Total contributions by and distributions to owners	–	–	–	932	–	(63)	–	869
At 31 December 2020	173,182	(32,390)	(77)	34,056	(6,117)	9,166	(166,384)	11,436

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, subdivision, consolidation, share buy-backs, 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 as at 31 December 2020 are as follows:

	Number of ordinary shares	Issued and paid-up share capital US$'000
Balance at 31 December 2020 and 30 June 2020	2,235,271,500	173,182

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and there were no subsidiary holdings as at 31 December 2020 and 31 December 2019.

Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 31 December 2020 and 31 December 2019.

	As at 31/12/2020	As at 31/12/2019
(A) Options[1]		
Number of unexercised Options	76,123,027	94,452,979
Maximum number of shares that may be issued on exercise of all unexercised Options ("**Maximum Issuable Option Shares**")	76,123,027	94,452,979
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial years	3.4%	4.2%

	As at 31/12/2020	As at 31/12/2019
(B) Share Awards[2]		
Number of Share Awards granted but not yet vested ("**Unvested Share Awards**")	5,905,743	7,059,818
Total number of shares which are the subject of Unvested Share Awards ("**Maximum Issuable Awards Shares**")	5,905,743	7,059,818
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial years	0.26%	0.32%
(C) Warrants[3]		
Number of unexercised Warrants	35,000,000	35,000,000
Maximum number of shares that may be issued on exercise of all unexercised Warrants ("**Maximum Issuable Warrants Shares**")	35,000,000	35,000,000
Maximum Issuable Warrants Shares as a % of Company's issued share capital as at the end of the respective financial years	1.57%	1.57%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")	**117,028,770**	**136,512,797**
Maximum Issuable Shares as a % of Company's issued share capital as at the end of the respective financial years	**5.24%**	**6.11%**

Notes:

1. Options issued under the following share plans:
   i. 2005 Stock Plan of TriReme Medical, LLC, a wholly owned subsidiary of the Group ("**2005 Stock Plan**").
   ii. 2010 Equity Incentive Plan of Quattro Vascular Pte. Ltd., a wholly owned subsidiary of the Group ("**2010 Equity Incentive Plan**").
   iii. 2013 QTV Share Plan.
   iv. 2014 QTV Employee Share Option Scheme.

   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**") after the close of placement of shares in relation to its IPO on 25 April 2014.
2. Share awards granted under the QT Vascular Restricted Share Plan 2015.

3. Unlisted warrants issued to GEM Global Yield Fund LLC SCS ("**GEM Global**") on 4 May 2017 ("**Warrants**"). Each Warrant carry the right to subscribe for 1 new Share at an exercise price of S$0.10 for each new Share and is exercisable within five years from the date of agreement – 20 March 2017.

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 2,235,271,500 as at 31 December 2020 and 31 December 2019.

The Company held no treasury shares as at 31 December 2020 and 31 December 2019.

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 treasury shares during and as at the end of the current financial year 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 year 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 modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmations from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

The Company's auditors for the financial year ended 31 December 2019 ("**FY2019**"), KPMG LLP, had issued a disclaimer of opinion on the Group's financial statements for the FY2019 and the basis for which has been disclosed on page 46 of the Company's Annual Report for FY2019 ("**AR2019**").

Efforts taken to resolve each outstanding audit issue are as follows:

(i) Recoverable amounts of the Group's intangible assets

The Group continues to monitor the recoverable amounts of its intangible assets based on the assessment performed by management. As at 31 December 2020, management recorded an impairment loss on one of the Group's intangible asset amounting to US$302,000 as the book value recorded is more than the recoverable amount.

(ii) Carrying amount of the Company's investment in subsidiaries

The Company continues to monitor the carrying amount of its investment in subsidiaries which is linked to the intangible assets valuation assessment indicated in (i) above as the value of the Company's subsidiaries are supported by the value of the intangible assets held by the respective subsidiaries. For the financial year ended 31 December 2020, the Company recognised impairment losses on its investment in subsidiaries amounting to US$8.7 million based on the assessed value of the intangible assets by management.

(iii) Group's ability to continue as a going concern

To address the Group's ability to continue as a going concern as at 31 December 2020, the Company wishes to update Shareholders on the following:

(a) Please refer to paragraph 8 for the analysis of the Group's net loss of US$7,604,000 for financial year ended 31 December 2020 ("**FY2020**") (FY2019: net loss of US$9,643,000) and how the Group intends to address its negative working capital position of US$1.1 million as at 31 December 2020 (as at 31 December 2019, negative working capital was US$402,000)

(b) Please refer to paragraph 1b(ii) for follow ups taken by the Group in respect of the breach of covenant from a third party loan of US$1,000,000 due on 15 November 2020; and

(c) On 28 July 2020, the shareholders of the Company has provided their approval via an extraordinary general meeting to proceed with the disposal of Chocolate Touch to G Vascular Private Limited (the "**G Vascular**") ("**Chocolate Touch Disposal**") (details of which were announced by the Company in a Circular dated 13 July 2020).

The Company had completed the Chocolate Touch Disposal on 28 August 2020 for which the Company had received (i) net proceeds from the Chocolate Touch Disposal of at least US$3.9 million (ii) assumption of the US$1,000,000 third party loan by G Vascular and (iii) assumption of relevant liabilities relating to Chocolate Touch in excess of $1,400,000 by G Vascular, all of which are envisaged to allow the Company to operate as a going concern.

The Board confirms that the impact of the outstanding audit issues on the financial statements have been adequately disclosed.

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

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for FY2020 as those in the most recently audited consolidated financial statements for FY2019.

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 adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2020. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements for the current financial reporting year.

6. LOSS PER SHARE

Loss per ordinary share of the group for the current financial year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group	Year ended 31/12/2020	Year ended 31/12/2019
Loss for the year attributable to owners of the Company **(US$'000)** used to compute:		
- Basic loss per share	(7,604)	(9,643)
- Diluted loss per share	(7,604)	(9,643)
Weighted average number of ordinary shares **('000)** used to compute:		
- Basic loss per share	2,235,271(1)	2,171,181(1)
- Diluted loss per share	2,235,271(1)	2,171,181(1)
Loss per share **(US$)**		
- Basic loss per share	(0.003)	(0.004)
- Diluted loss per share	(0.003)	(0.004)

Note:

(1) For the years ended 31 December 2019 and 2020, the basic and diluted loss per share were the same as the outstanding options and warrants are anti-dilutive as the effect of the share conversions for any outstanding options and warrants would be to decrease the loss per share.

7. NET ASSET VALUE FOR ISSUER AND GROUP

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2020 US$	31/12/2019 US$	31/12/2020 US$	31/12/2019 US$
Net asset value per ordinary share [(1), (2)]	0.0003	0.004	0.005	0.009

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net assets of US$727,000 as at 31 December 2020 (31 December 2019: US$8.5 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$11.4 million as at 31 December 2020 (31 December 2019: US$20.3 million).

(2) For both the Group and the Company, the net asset value per ordinary share were calculated based on 2,235,271,500 ordinary shares in issue as at 31 December 2020 and 31 December 2019.

8. REVIEW OF PERFORMANCE OF THE GROUP

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020 compared to the Year ended 31 December 2019

The breakdown of our revenue derived from the sale of our products to the various geographical regions for FY2020 and FY2019 are presented below:

	FY2020		FY2019	
	US$'000	%	US$'000	%
United States	478	85.8	7,762	97.6
Europe	79	14.2	192	2.4
	557	100.0	7,954	100.0

Our revenue decreased by approximately US$7.4 million, or 93.0%, from US$8.0 million in FY2019 to US$0.6 million in FY2020, mainly due to:

(i) no sales of Chocolate Percutaneous transluminal angioplasty to Medtronic, Inc. ("**Medtronic**") in FY2020 following the cessation of the product manufacturing and supply agreement as at 31 December 2019; and
(ii) lower sales to Teleflex, Inc. ("**Teleflex**") under the product manufacturing and supply agreement due to reduced demand from Teleflex's clients as a result of COVID-19.

Cost of sales decreased by US$7.0 million, or 91.9%, from US$7.6 million in FY2019 to US$0.6 million in FY2020 in line with the above reasons for declines in revenues. Notwithstanding the reduction in revenue, cost of sales includes fixed costs such as amortisation of intangible assets which decreased by US$99,000 to US$151,000 in FY2020 mainly due to the completion of the disposal of Chocolate Touch® to G Vascular in August 2020.

As a result of the above, our Group recorded a gross loss of US$59,000 or 10.6% of revenue in FY2020 as compared to a gross profit of US$316,000 or 4.0% of revenue in FY2019.

In FY2020, the Group's loss before taxation decreased by US$2.0 million mainly due to the following reasons:

- Our sales and marketing expenses decreased by US$0.2 million in FY2020 mainly due to lower product liability insurance costs incurred.

- Our administrative expenses decreased by US$0.6 million in FY2020 mainly due to reduction in overall spending due to progressive cost cutting measures implemented since the financial year ended ("**FY**") 2017.

- Our research and development expenses decreased to US$2.0 million due to the lower number of patients enrolled for the clinical trials of Chocolate Touch® in FY2020 prior to the completion of the Chocolate Touch Disposal in August 2020 due to the COVID-19 pandemic.

- Other income decreased mainly due to lower income earned from transitional services provided to Teleflex in FY2020.

- We were in a net finance cost position of US$304,000 in FY2020, as compared to a net finance cost position of US$300,000 in FY2019 mainly due to foreign exchange loss suffered of US$53,000 in FY2019 pursuant to unfavorable exchange rate changes between the Singapore dollar and United States dollar as compared to a US$29,000 foreign exchange loss in FY2020. The net finance costs in FY2020 was also due to interest expenses of US$275,000 (FY2019: US$252,000) comprising interest paid for third party bridging loans in FY2020.

- Depreciation of plant and equipment decreased by US$33,000, or 34.4% in FY2020 as more of the Group's assets were fully depreciated in the prior year.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2020 US$'000	As at 31 December 2019 US$'000	Change %
Non-current assets	1,855	9,030	(79.5)%
Current assets	1,558	4,052	(61.5)%
Total assets	3,413	13,082	(71.6)%
Total equity	727	8,517	(91.5)%
Non-current liabilities	–	111	(100)%
Current liabilities	2,686	4,454	(39.7)%
Total liabilities	2,686	4,565	(41.2)%

Our non-current assets decreased by US$7.2 million mainly due to:

(i) decrease in plant and equipment of US$94,000 due to depreciation expenses recognised;

(ii) decrease in intangible assets of US$6.5 million due to recognition of amortisation expenses and the completion of the disposal of Chocolate Touch to G Vascular in August 2020 as well as impairment loss of US$302,000 recognised for one of the Group's intangible asset;

(iii) decrease in right-of-use assets in relation to the Group's office rental leases of US$275,000; and

(iv) offset by increase of other non-current assets of US$19,000.

Our current assets decreased by US$2.5 million mainly due to:

(i) decrease in cash and cash equivalents of US$534,000 due to reasons presented in the cashflow analysis below;

(ii) decrease in inventory balances of US$183,000 used for utilisation of existing inventories for production; and

(iii) decrease in trade and other receivables of US$1.8 million mainly due to collection of trade receivables from customers.

Our non-current liabilities decreased by US$111,000 due to:

(i) reclassification of non-current lease liabilities to current lease liabilities during the year; and

(ii) reversal of amounts due to Surmodics, Inc. following the mutual termination of the coating agreement in December 2020.

Our current liabilities decreased by US$1.8 million mainly due to:

(i) the settlement and extension of certain outstanding loans of approximately US$363,000;

(ii) decrease in trade and other payables and accrued expenses of approximately US$1.2 million; and

(iii) decrease in lease liabilities in relation to the Group's office rental leases of approximately US$240,000.

The Group has undertaken the following steps to address the Group's negative working capital of US$1.1 million as at 31 December 2020:

(i) As discussed in paragraph 1b(ii), the Group has ongoing discussions with the existing short-term lender in relation to the settlement of the existing loan of US$1.0 million;
(ii) The Company believes that it will be able to raise funds from various parties as and when required;
(iii) The management is currently finalising discussions with a third party to sell some of the Group's fully depreciated and unutilised plant and equipment;
(iv) The Group intends to obtain shareholders' approval at the upcoming annual general meeting for an interested party transactions mandate which will allow the Group to enter into a cost sharing arrangement with a company related to the CEO of the Company which will help reduce the Group's current operating costs;
(v) The management has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future;
(vi) The Group will continue to generate income from the transition services arrangement with G Vascular from the closing date of the Chocolate Touch Disposal of 28 August 2020 to at least Q1 2022; and
(vii) Explore possibility of corporate actions involving entering into new business opportunities with income generation opportunities and fund raising exercises.

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the above-mentioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded cash outflows from operating activities of US$6.0 million in FY2020 due mainly to payments made to our suppliers and employees of US$7.1million. The cash outflows from operating activities are partially offset by the receipts from Medtronic and Teleflex for the sale of the products amounting to approximately US$1.1 million.

Net cash from investing activities for FY2020 was approximately US$5.3 million which arose mainly due to cash receipts from disposal of assets to (i) Medtronic of US$0.4 million, (ii) Teleflex of US$1.0 million and (iii) G Vascular of US$3.9 million.

Net cash from financing activities for FY2020 was approximately US$270,000 which is mainly due to proceed from short term loans from third party of US$1.0 million. The cash inflows from financing activities are partially offset by the lease payments made during the year to third party lessors of US$367,000 and repayment of loans of approximately US$363,000.

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 year.

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.

The global situation in relation to the COVID-19 pandemic is still uncertain with some countries experiencing second and third wave infections. This may have an impact on the Company's future potential strategic plans in respect of fund-raising activities due to the current weak economy and volatile market conditions. However, the Company will continue to monitor our operational business performance and costs and will respond accordingly where appropriate and necessary to adapt to the changing business environment.

The Company continues to actively explore various strategic options and is currently in fairly advanced negotiations in respect of new business opportunities and fund-raising activities. 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 AND THE REASON(S) FOR THE DECISION

No dividends have been declared or recommended for the current reporting period as the Company wishes to retain the available funds for its working capital.

13. INTERESTED PERSONS TRANSACTIONS

If the Group has obtained a general mandate from shareholders for the IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no interested person transactions which are S$100,000 or more entered into during FY2020. The Group does not have a general mandate for recurrent interested person transactions.

14. DISCLOSURES ON INCORPORATION, ACQUISITION AND REALISATION OF SHARES PURSUANT TO RULE 706A OF THE CATALIST RULES

During FY2020, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Not applicable. The Group only has one reportable operating segment, which is development and sales of medical devices and hence, there was no presentation of the Group's segmented revenue and results in the Group's most recent annual financial statements. Please refer to Paragraph 8 for the Group's segmented revenue by geographic segment.

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

Please refer to Paragraph 8 for analysis of revenue for FY2020, as contributed by the medical devices segment.

The medical devices segment recorded a loss after income tax of US$7.4 million in FY2020 as compared to a loss after income tax of US$9.6 million in FY2019 due to the reasons highlighted in Paragraph 8.

17. A breakdown of sales

	Group		
	Year ended		
	31 December 2020	31 December 2019	Increase / (Decrease)
	US$'000	US$'000	%
(a) Sales reported for the first half year	244	4,463	(94.5)%
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(4,755)	(5,741)	(17.2)%
(c) Sales reported for the second half year	313	3,491	(91.0)%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(2,849)	(3,902)	(27.0)%

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

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2020 and 31 December 2019.

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

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

20. 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
26 February 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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