

Unaudited Financial Statements Announcement for the third quarter/three months ended 30/9/2019

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

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

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

	Group		
	3 months ended		
	30/9/2019	30/9/2018	Change
	US\$'000	US\$'000	
Revenue	2,618	2,301	13.8%
Cost of sales	(2,488)	(2,401)	3.6%
Gross profit/(loss)	130	(100)	NM
Sales and marketing	(24)	(369)	(93.5)%
Administrative expenses	(866)	(1,664)	(48.0)%
Research and development expenses	(818)	(2,272)	(64.0)%
Other income	92	-	100%
Other expenses	-	(2,550)	(100)%
Results from operating activities	(1,486)	(6,955)	(78.6)%
Finance income	40	4	>100%
Finance costs	-	(315)	(100)%
Net finance costs	40	(311)	NM
Loss before tax	(1,446)	(7,266)	(80.1)%
Tax expense ¹	-	-	-
Loss for the period	(1,446)	(7,266)	(80.1)%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(222)	(33)	>100%
Total comprehensive loss for the period	(1,668)	(7,299)	(77.1)%
Loss attributable to:			
Owners of the Company	(1,446)	(7,266)	(80.1)%
Loss for the period	(1,446)	(7,266)	(80.1)%
Total comprehensive loss attributable to:			
Owners of the Company	(1,668)	(7,299)	(77.1)%
Total comprehensive loss for the period	(1,668)	(7,299)	(77.1)%

NM denotes not meaningful

Note:

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

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

	Group		Change
	9 months ended		
	30/9/2019	30/9/2018	
	US\$'000	US\$'000	
Revenue	7,081	8,585	(17.5)%
Cost of sales	(6,808)	(7,315)	(6.9)%
Gross profit	<u>273</u>	<u>1,270</u>	<u>(78.5)%</u>
Sales and marketing	(159)	(2,390)	(93.3)%
Administrative expenses	(3,040)	(4,471)	(32.0)%
Research and development expenses	(4,221)	(5,391)	(21.7)%
Other income	112	44,441	(99.7)%
Other expenses	(7)	(102)	(93.1)%
Results from operating activities	<u>(7,042)</u>	<u>33,357</u>	<u>NM</u>
Finance income	43	532	(91.9)%
Finance costs	(188)	(1,242)	(84.9)%
Net finance costs	<u>(145)</u>	<u>(710)</u>	<u>(79.6)%</u>
(Loss)/Profit before tax	(7,187)	32,647	NM
Tax expense ¹	-	(2)	(100)%
(Loss)/Profit for the period	<u>(7,187)</u>	<u>32,645</u>	<u>NM</u>
Other comprehensive (loss)/income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(108)	(305)	(64.6)%
Total comprehensive (loss)/income for the period	<u>(7,295)</u>	<u>32,340</u>	<u>NM</u>
(Loss)/Profit attributable to:			
Owners of the Company	(7,187)	32,645	NM
(Loss)/Profit for the period	<u>(7,187)</u>	<u>32,645</u>	<u>NM</u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(7,295)	32,340	NM
Total comprehensive (loss)/income for the period	<u>(7,295)</u>	<u>32,340</u>	<u>NM</u>

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

	Group (Third Quarter)			Group (Year-To-Date)		
	3 months ended			9 months ended		
	30/9/2019 US\$'000	30/9/2018 US\$'000	% change	30/9/2019 US\$'000	30/9/2018 US\$'000	% change
Depreciation of property, plant and equipment	(15)	(58)	(74.1)%	(84)	(230)	(63.5)%
(Amortisation) / Reversal of amortisation of intangible assets	(62)	132	NM	(187)	(357)	(47.6)%
Exchange gain/(loss)	115	(57)	NM	27	(265)	NM
Equity-settled share based payment transactions	-	(284)	(100)%	-	(454)	(100)%
Interest income	1	3	(66.7)%	4	4	-
Interest expense	(75)	(257)	(70.8)%	(176)	(450)	(60.9)%

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

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

	Group		Company	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
	US\$'000	US\$'000	US\$'000	US\$'000
Assets:				
Plant and equipment	106	176	-	-
Intangible assets	8,353	8,545	40	40
Investment in subsidiaries	-	-	127,824	121,936
Other investment	255	255	255	255
Other non-current assets	74	480	-	400
Right-of-use-assets	397	-	-	-
Non-current assets	9,185	9,456	128,119	122,631
Inventories	395	1,200	-	-
Trade and other receivables	3,291	2,840	1,652	1,367
Cash and cash equivalents	2,722	10,766	2,118	10,335
Current assets	6,408	14,806	3,770	11,702
Total assets	15,593	24,262	131,889	134,333
Equity:				
Share capital	173,182	172,776	173,182	172,776
Reserves	3,886	3,994	(30,765)	(29,434)
Accumulated losses	(166,261)	(159,074)	(45,305)	(45,463)
Total equity	10,807	17,696	97,112	97,879
Liabilities:				
Loans and borrowings	1,363	-	1,363	-
Trade and other payables	66	66	32,936	33,148
Lease liabilities	137	-	-	-
Non-current liabilities	1,566	66	34,299	33,148
Loans and borrowings	-	2,389	-	2,389
Trade and other payables	2,947	4,111	478	917
Lease liabilities	273	-	-	-
Current liabilities	3,220	6,500	478	3,306
Total liabilities	4,786	6,566	34,777	36,454
Total equity and liabilities	15,593	24,262	131,889	134,333

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

	Secured		Unsecured	
	30 September 2019 US\$'000	31 December 2018 US\$'000	30 September 2019 US\$'000	31 December 2018 US\$'000
Amount repayable within one year or less or on demand: Loans and borrowings	-	-	-	2,389

	Secured		Unsecured	
	30 September 2019 US\$'000	31 December 2018 US\$'000	30 September 2019 US\$'000	31 December 2018 US\$'000
Amount repayable after one year: Loans and borrowings	-	-	1,363	-

Details of any collateral

Not applicable.

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.

	Group	
	3 months ended	
Note	30/9/2019	30/9/2018
	US\$'000	US\$'000
Cash flows from operating activities		
Cash receipts from customers	2,951	532
Payments to suppliers and employees	(4,713)	(6,410)
	(1,762)	(5,878)
Interests and withholding taxes paid for borrowings	(16)	(522)
Payment for settlement of litigation with AngioScore, Inc.	-	(67)
Total net cash used in operating activities	(1,778)	(6,467)
Cash flows from investing activities		
Purchase of plant and equipment	-	(2)
Cash receipts from disposal of assets to Medtronic, Inc.	-	639
Total net cash from investing activities	-	637
Cash flows from financing activities		
Repayment of short-term loans	-	(498)
Proceeds from issuance of shares	-	331
Payment of lease liabilities	(65)	-
Total net cash used in financing activities	(65)	(167)
Net decrease in cash and cash equivalents	(1,843)	(5,997)
Effect of exchange rate changes on cash and cash equivalents	(75)	(16)
Cash and cash equivalents at beginning of period	4,640	21,270
Cash and cash equivalents at end of period	2,722	15,257
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1(c) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Note	Group 9 months ended	
		30/9/2019 US\$'000	30/9/2018 US\$'000
Cash flows from operating activities			
Cash receipts from customers		7,594	6,639
Payments to suppliers and employees		(14,546)	(25,518)
		(6,952)	(18,879)
Interests and withholding taxes paid for borrowings		(81)	(2,230)
Payment for settlement of litigation with AngioScore, Inc.		-	(4,317)
Total net cash used in operating activities		(7,033)	(25,426)
Cash flows from investing activities			
Purchase of plant and equipment		(13)	(79)
Cash receipts from disposal of assets to Medtronic, Inc. and Teleflex, Inc.		400	47,007
Total net cash from investing activities		387	46,928
Cash flows from financing activities			
Repayment of convertible notes		-	(4,791)
Repayment of loans		(1,148)	(3,483)
Proceeds from loans		-	453
Proceeds from issuance of shares		-	1,456
Payment of lease liabilities		(194)	-
Total net cash used in financing activities		(1,342)	(6,365)
Net (decrease)/increase in cash and cash equivalents		(7,988)	15,137
Effect of exchange rate changes on cash and cash equivalents		(56)	(227)
Cash and cash equivalents at beginning of period		10,766	347
Cash and cash equivalents at end of period	1	2,722	15,257

Following the completion of the sale of Chocolate® PTA balloon catheter to Medtronic, Inc. ("Medtronic") in January 2018, the Group had made the following payments with the proceeds received which are included in cash flows from operating activities:

	Group 9 months ended	
	30/9/2019 US\$'000	30/9/2018 US\$'000
Payment for settlement of litigation with AngioScore, Inc.	-	(4,250)
Payment for legal expenses in relation to litigation with AngioScore, Inc.	-	(4,217)
Refund of advance receipts from Century Medical, Inc.	-	(1,355)
Payments to Cordis, Inc. for re-purchase of inventory	-	(348)
	-	(10,170)

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

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	30	30
	September	September
	2019	2018
	US\$'000	US\$'000
Bank balances	2,665	13,445
Restricted cash	-	1,805
Deposits pledged	57	7
Total cash and cash equivalents	<u>2,722</u>	<u>15,257</u>

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						
	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 July 2018	172,776	(1,385)	(77)	(3,712)	8,921	(148,735)	27,788
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(7,266)	(7,266)
Other comprehensive loss							
Foreign currency translation differences	-	-	-	(33)	-	-	(33)
Total comprehensive loss for the period	-	-	-	(33)	-	(7,266)	(7,299)
Contributions by and distributions to owners							
Share-based payment transactions	-	-	-	-	280	-	280
Total contributions by and distributions to owners	-	-	-	-	280	-	280
At 30 September 2018	172,776	(1,385)	(77)	(3,745)	9,201	(156,001)	20,769
At 1 July 2019	173,182	(1,385)	(77)	(3,625)	9,195	(164,815)	12,475
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(1,446)	(1,446)
Other comprehensive loss							
Foreign currency translation differences	-	-	-	(222)	-	-	(222)
Total comprehensive loss for the period	-	-	-	(222)	-	(1,446)	(1,668)
At 30 September 2019	173,182	(1,385)	(77)	(3,847)	9,195	(166,261)	10,807

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

	Attributable to owners of the Company						
	Ordinary shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Translation reserve US\$'000	Share- based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company							
At 1 July 2018	172,776	(32,390)	(77)	(6,211)	8,921	(44,528)	98,491
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(388)	(388)
Other comprehensive loss							
Foreign currency translation differences	-	-	-	(250)	-	-	(250)
Total comprehensive loss for the period	-	-	-	(250)	-	(388)	(638)
Contributions by and distributions to owners							
Share-based payment transactions	-	-	-	-	280	-	280
Total contributions by and distributions to owners	-	-	-	-	280	-	280
At 30 September 2018	<u>172,776</u>	<u>(32,390)</u>	<u>(77)</u>	<u>(6,461)</u>	<u>9,201</u>	<u>(44,916)</u>	<u>98,133</u>
At 1 July 2019	173,182	(32,390)	(77)	(5,401)	9,195	(46,450)	98,059
Total comprehensive loss for the period							
Profit for the period	-	-	-	-	-	1,145	1,145
Other comprehensive loss							
Foreign currency translation differences	-	-	-	(2,092)	-	-	(2,092)
Total comprehensive loss for the period	-	-	-	(2,092)	-	1,145	(947)
At 30 September 2019	<u>173,182</u>	<u>(32,390)</u>	<u>(77)</u>	<u>(7,493)</u>	<u>9,195</u>	<u>(45,305)</u>	<u>97,112</u>

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 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 30 June 2019 and 30 September 2019 are as follows:

	Number of ordinary shares	Issued and paid-up share capital US\$'000
Balance at 30 June 2019 and 30 September 2019	<u>2,235,271,500</u>	<u>173,182</u>

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and there were no subsidiary holdings as at 30 September 2019 and 30 September 2018.

Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 30 September 2019 and 30 September 2018.

	As at 30 September 2019	As at 30 September 2018
(A) Options¹		
Number of unexercised Options	94,452,979	97,360,003
Maximum number of shares that may be issued on exercise of all unexercised Options ("Maximum Issuable Option Shares")	94,452,979	97,360,003
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial periods	4.2%	4.7%

	As at 30 September 2019	As at 30 September 2018
(B) Share Awards²		
Number of Share Awards granted but not yet vested (“Unvested Share Awards”)	7,251,218	7,692,767
Total number of shares which are the subject of Unvested Share Awards (“Maximum Issuable Awards Shares”)	7,251,218	7,692,767
Maximum Issuable Awards Shares as a % of Company’s issued share capital as at the end of the respective financial periods	0.32%	0.37%
(C) Warrants³		
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 periods	1.57%	1.67%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles (“Maximum Issuable Shares”)		
	136,704,197	140,052,770
Maximum Issuable Shares as a % of Company’s issued share capital as at the end of the respective financial periods	6.1%	6.7%

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.

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 30 September 2019 and 2,092,632,446 as at 31 December 2018.

The Company held no treasury shares as at 30 September 2019 and 31 December 2018.

1(d)(iv) TREASURY SHARES

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) SUBSIDIARY HOLDINGS

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those in the most recently audited consolidated financial statements for the year ended 31 December 2018 as well as all applicable Singapore Financial Reporting Standards (International) ("**SFRS(I)**") that become effective for financial year beginning on or after 1 January 2019. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact to the Group's consolidated financial statements, except as disclosed in paragraph 5 below.

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.**

SFRS(I)16 Leases

SFRS(I)16 Leases requires lessees to recognise most leases on balance sheets. SFRS(I) 16 requires recognition of a liability for lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) at the commencement date of the lease. Lessees are required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset during the lease term.

Prior to adoption of SFRS(I) 16, the Group recognises lease payments as rental expenses for its leases previously classified as operating leases.

On the required effective date of SFRS(I)16, the Group and the Company adopted SFRS(I) 16 retrospectively. Accordingly, the Group recognised right-of-use asset and lease liability of US\$0.6 million and US\$0.6 million, respectively, on its statement of financial position as at 1 January 2019 upon the adoption of SFRS(I) 16.

6. **LOSS PER SHARE**

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

Group	3 months ended 30/9/2019	3 months ended 30/9/2018
	Basic and diluted ⁽¹⁾	Basic and diluted ⁽¹⁾
Loss for the period attributable to owners of the Company (US\$'000)	(1,446)	(7,266)
Weighted average number of ordinary shares used to compute loss per share ('000)	2,235,271	2,123,309
Loss per share (US\$)	(0.001)	(0.003)

Note:

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

7. NET ASSET VALUE FOR ISSUER AND GROUP

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

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

	Group		Company	
	30/9/2019 US\$	31/12/2018 US\$	30/9/2019 US\$	31/12/2018 US\$
Net asset value per ordinary share ^{(1), (2)}	0.005	0.008	0.043	0.047

Notes:

- (1) The net asset value per ordinary share of the Group is calculated based on net assets of US\$10.8 million as at 30 September 2019 (31 December 2018: US\$17.7 million). The net asset value per ordinary share of the Company is calculated based on net assets of US\$97.1 million as at 30 September 2019 (31 December 2018: US\$97.9 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 30 September 2019 and 2,092,632,446 as at 31 December 2018.

8. REVIEW OF PERFORMANCE OF THE GROUP

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 30 September 2019 compared to the three months ended 30 September 2018

The breakdown of our revenue derived from the sale of our products to the various geographical regions for the three months ended 30 September 2019 ("3Q2019") and for the three months ended 30 September 2018 ("3Q2018") are presented below:

	Three Months Ended 3Q2019		Three Months Ended 3Q2018	
	US\$'000	%	US\$'000	%
United States	2,591	99.0	2,272	98.7
Europe	27	1.0	29	1.3
	<u>2,618</u>	<u>100.0</u>	<u>2,301</u>	<u>100.0</u>

Our revenue increased by US\$0.3 million or 13.8%, and cost of sales increased by approximately US\$0.1 million or 3.6%, mainly due to sales to Medtronic, Inc (“**Medtronic**”) and Teleflex, Inc. (“**Teleflex**”) in relation to the product manufacturing and supply agreements, which forms part of the asset sales to both Medtronic and Teleflex.

As a result of the above, our Group recorded a gross profit of US\$130,000 or 5.0% of revenue in 3Q2019.

In 3Q2019, the Group’s loss before taxation was US\$1.4 million. The analysis of the loss before taxation is as follows:

- Our sales and marketing expenses decreased by US\$0.3 million in 3Q2019 mainly due to the cessation of the sales and marketing team since July 2018 following the completion of the Teleflex asset sale transaction in June 2018.
- Our administrative expenses decreased by US\$0.8 million in 3Q2019 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 by US\$1.5 million due to the lower number of patients enrolled for the clinical trials of the Group’s drug-coated peripheral Chocolate® (i.e. Chocolate Touch®) in 3Q2019.
- The other operating expenses recorded in 3Q2018 was mainly due to the write-off of the remaining book values of the intangible assets amounting to US\$2.2 million arising from the completion of the asset sale to Medtronic and Teleflex in FY2018. There were no such expenses recorded in 3Q2019.
- We were in a net finance income position of US\$40,000 in 3Q2019, mainly due to foreign exchange gain of US\$115,000 (3Q2019: US\$57,000 foreign exchange loss) pursuant to exchange rate changes between the Singapore dollar and United States dollar. The net finance income in 3Q2019 was also partially offset by interest expenses of US\$75,000 in 3Q2019 (3Q2018: US\$257,000) mainly due to the extension fee and interest paid for certain outstanding loans in 2Q2019.
- In 3Q2018, the Group recorded a reversal of US\$132,000 in relation to the Group’s amortisation costs for its intangible assets following a review of its useful life as well as the reduction in amortisation costs following the write-off of the remaining book values of the intangible assets as indicated above following the completion of the asset sale transaction with Medtronic and Teleflex. There were no such review in 3Q2019 and the Group recorded amortisation costs for its intangible asset of US\$62,000.
- Depreciation of plant and equipment decreased by US\$43,000 or 74.1% as more of the Group’s assets were fully depreciated in the prior year.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2019 US\$'000	As at 31 December 2018 US\$'000	Change %
Non-current assets	9,185	9,456	(2.9)%
Current assets	6,408	14,806	(56.7)%
Total assets	<u>15,593</u>	<u>24,262</u>	(35.7)%
Total equity	10,807	17,696	(38.9)%
Non-current liabilities	1,566	66	>100%
Current liabilities	3,220	6,500	(50.5)%
Total liabilities	<u>4,786</u>	<u>6,566</u>	(27.1)%

Our non-current assets decreased by US\$271,000 mainly due to decrease in plant and equipment of US\$70,000 due to depreciation expenses recognised and intangible assets of US\$192,000 due to recognition of amortisation expenses, and (ii) reclassification from other non-current assets to trade and other receivables of US\$400,000 as the asset sale milestone payment due from Medtronic will be receivable within 12 months as at 30 September 2019. The decrease is offset by the recognition of the right-of-use assets in relation to the Group's office rental leases of US\$397,000 following the adoption of the new accounting standard on leases highlighted in paragraph 5 since 1 January 2019.

Our current assets decreased by US\$8.4 million mainly due to the decrease in (i) cash and cash equivalents of US\$8.0 million due to utilisation of cash for working capital purposes and (ii) inventory balances of US\$0.8 million due to utilisation of existing inventories for production. The decrease in current assets is partially offset by the increase in trade and other receivables of US\$0.5 million mainly due to the prepayment of interest and extension fees on the loans extended of approximately US\$0.4 million as previously announced on 15 May 2019.

Our non-current liabilities increased by US\$1.5 million due to the (i) recognition of lease liabilities in relation to the Group's office rental leases following the adoption of the new accounting standard on leases highlighted in paragraph 5 of US\$0.1 million and (ii) extended repayment date of outstanding loans of US\$1.4 million as previously announced on 15 May 2019.

Our current liabilities decreased by US\$3.3 million mainly due to (i) the settlement and extension of certain outstanding loans of US\$2.4 million and (ii) decrease in trade payables and accrued expenses of US\$1.2 million. The decrease in current liabilities is partially offset by the recognition of lease liabilities in relation to the Group's office rental leases of approximately US\$0.3 million following the adoption of the new accounting standard on leases highlighted in paragraph 5.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 3Q2019

The Group recorded cash outflows from operating activities of US\$1.8 million in 3Q2019 due mainly to payments made to our suppliers and employees of US\$4.7 million. The cash outflows from operating activities is partially offset by the receipts from Medtronic and Teleflex for the sale of products amounting to approximately US\$3.0 million.

Net cash outflow from financing activities for 3Q2019 was US\$65,000 which is in relation to the lease payments made during the quarter to third party lessors.

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.

We have progressed well with our enrolment goals for our United States pivotal study of the Drug Coated Chocolate Touch® Balloon (the “**Study**”). This is the 4th such device to receive such approval by the United States Food and Drug Administration (“**FDA**”), and it represents highly differentiated technology versus all other approved conventional drug-coated balloons (“**DCB**”).

At the end of 2018, Katsanos et al¹ published a review and meta-analysis of paclitaxel-coated balloons and stents, suggesting an increased risk of mortality due to paclitaxel exposure. In response, FDA issued a January 2019 letter² stating that “the FDA believes that the benefits continue to outweigh the risks for approved paclitaxel-coated balloons”. Experts from professional societies concluded that there is no mechanistic explanation for the findings and that patient-level data is required. Patient-level data analysis showed no impact on mortality rates due to paclitaxel exposure. These findings by leading key opinion leaders are reflected in a recent publication by Schneider et al³. As previously announced, on 25 March 2019, FDA issued a letter to healthcare providers about the potential for increased long-term mortality after use of paclitaxel-coated balloons and

¹ Katsanos K, Spiliopoulos S, Kitrou P, Krokidis M, Karnabatidis D. Risk of Death Following Application of Paclitaxel-Coated Balloons and Stents in the Femoropopliteal Artery of the Leg: A Systematic Review and Meta-Analysis of Randomized Controlled Trials. JAHA. 2018; 7(24):

² <https://www.fda.gov/MedicalDevices/Safety/LetterstoHealthCareProviders/ucm629589.htm>, accessed 25 January 2019.

³ Peter A. Schneider, MD, John R. Laird, MD, Gheorghe Doros, PhD, Qi Gao, MS, Gary Ansel, MD, Marianne Brodmann, MD, Antonio Micari, MD, PhD, Mehdi H. Shishehbor, DO, MPH, PhD, Gunnar Tepe, MD, Thomas Zeller, MD, PhD. Mortality Not Correlated with Paclitaxel Exposure: An Independent Patient-level Meta-Analysis. Journal of the American College of Cardiology

paclitaxel-eluting stents to treat peripheral arterial disease in the femoropopliteal artery. While FDA letter provides recommendations regarding the use of commercially distributed paclitaxel-coated products, it does not reference ongoing clinical trials.

As previously announced on 24 June 2019, the FDA Circulatory System Devices Panel of the Medical Devices Advisory Committee on paclitaxel-coated devices in patients with peripheral artery diseases (the “**Panel**”) took place on 19 and 20 June 2019 where the Panel presentations and discussions included a broad range of topics related to paclitaxel DCB and drug-eluting stents. The Panel also discussed the benefits of paclitaxel-coated devices relative to the mortality signal identified in the March FDA letter. Quality of life benefits including lower re-intervention rates were acknowledged by the Panel members with a view that paclitaxel-coated devices should remain on the market. Panel members recommended that product labels shall include the late mortality signal information, while additional long-term data should be collected. In the short term, we expect FDA to require longer follow up data for paclitaxel DCBs to be collected which may delay the Premarket Approval for Chocolate Touch®.

As a result of the above FDA letters, we noted that US sales of paclitaxel DCB in 2019 had decreased as compared to 2018. Following the Panel presentations and discussions, a letter summarizing the discussions was released on 7 August 2019⁴ and the VIVA conference held on 4 to 7 November 2019, in which new data from the industry suggested decrease in the mortality signal, we believe that leading DCB sales are beginning to recover with a slow movement in a positive direction.

The Company had on 25 June 2018 completed the sale of the Group’s non-coated coronary products for S\$26.3 million to Teleflex under the asset purchase and option agreement (“**APOA**”) dated 28 May 2018. Under the APOA, Teleflex has an option to acquire Chocolate Heart™ for S\$65.6 million which is exercisable upon the receipt of a premarket approval from the FDA. The Company is currently in the early stages of submitting an application to the FDA for the commencement of the pivotal clinical trial for Chocolate Heart™. The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

The Company continues to actively explore various strategic options including but not limited to, mergers, acquisitions, disposals, and fund-raising activities to optimise and/or unlock value for shareholders, albeit against the backdrop of an evolving regulatory environment and challenging market conditions for fund-raising efforts.

⁴ <https://www.fda.gov/medical-devices/letters-health-care-providers/august-7-2019-update-treatment-peripheral-arterial-disease-paclitaxel-coated-balloons-and-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 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 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. QUARTERLY UPDATES TO GEM GLOBAL CAPITAL COMMITMENT AGREEMENT

(A) USE OF GEM GLOBAL PROCEEDS

On 21 March 2017, the Company announced that it had entered into a capital commitment agreement with GEM Global (“**Capital Commitment Agreement**”) to subscribe up to S\$10 million in value or 178 million of new ordinary shares. On 1 December 2017, the Company received a listing and quotation notice from SGX-ST for an additional 178,000,000 new

ordinary shares which revises the number of shares issuable under the Capital Commitment Agreement to 356,000,000 new ordinary shares.

As at the date of this announcement, GEM Global has subscribed a total of S\$4,683,993 in value of new ordinary shares (“**Drawdown Shares**”). After deducting the commitment fee of S\$225,000 incurred by the Company in connection with the Capital Commitment Agreement, the net proceeds received was S\$4,458,993 (“**Net Proceeds**”).

As at the date of this announcement, the Net Proceeds have been utilised as follows:

	Allocation of total amount S\$'000	Allocation of Net Proceeds received S\$'000	Amount utilised S\$'000	Balance S\$'000
General working capital purposes ⁽¹⁾	9,725	4,459	(4,459)	5,266
Total	9,725 ^{(A),(B)}	4,459	(4,459)	5,266

(A) Includes a reduction of S\$225,000 in expenses from the expected capital commitment of S\$10 million.

(B) Pursuant to the re-allocation of S\$6.0 million or 61.7% of the net proceeds from the Capital Commitment Agreement initially intended for “Settlement of Borrowings” to “General working capital purposes” as announced on 22 November 2017.

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

	S\$'000
Payment of salaries and wages	1,951
Payment to suppliers	2,508
Total	4,459

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 22 November 2017.

(B) ISSUANCE OF DRAWDOWN SHARES

Since the last quarterly update and up to the date of this announcement, the Company did not issue any Shares to GEM Global pursuant to the Capital Commitment Agreement. The Company had on 25 July 2018 announced *inter alia* that it does not intend to utilise the remaining capital commitment available under the Capital Commitment Agreement.

(C) ISSUANCE OF WARRANT SHARES

As at 30 September 2019, GEM Global has not exercised any Warrants, and accordingly the Company has not issued any Warrant Shares. The exercise price of each Warrant is fixed at S\$0.10 per Share.

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

The Board of Directors of the Company ("Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 3 months ended 30 September 2019 to be false or misleading in any material aspect.

16. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD

Eitan Konstantino

Chief Executive Officer

14 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).
