QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the half year/six months ended 30 June 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 6 months ended		
	30/6/2020 US$'000	30/6/2019 US$'000	Change
Revenue	244	4,463	(94.5)%
Cost of sales	(333)	(4,320)	(92.3)%
Gross (loss)/profit	(89)	143	NM
Sales and marketing	(42)	(135)	(68.9)%
Administrative expenses	(1,601)	(2,174)	(26.4)%
Research and development expenses	(2,957)	(3,403)	(13.1)%
Other income	138	20	>100%
Other expenses	–	(7)	(100)%
Results from operating activities	(4,551)	(5,556)	(18.1)%
Finance income	–	3	(100)%
Finance costs	(204)	(188)	8.5%
Net finance costs	(204)	(185)	10.1%
Loss before tax	(4,755)	(5,741)	(17.2)%
Tax expense[1]	–	–	–
Loss for the period	(4,755)	(5,741)	(17.2)%
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(30)	114	NM
Total comprehensive loss for the period	(4,785)	(5,627)	(15.0)%
Loss attributable to:			
Owners of the Company	(4,755)	(5,741)	(17.2)%
Loss for the period	(4,755)	(5,741)	(17.2)%
Total comprehensive loss attributable to:			
Owners of the Company	(4,785)	(5,627)	(15.0)%
Total comprehensive loss for the period	(4,785)	(5,627)	(15.0)%

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

Results from operating activities is arrived at after crediting/(charging) the following items:

	Group (Year-To-Date)		
	6 months ended		
	30/6/2020 US$'000	30/6/2019 US$'000	% change
Depreciation of plant and equipment	(21)	(69)	(69.6)%
Amortization of intangible assets	(123)	(125)	(1.6)%
Exchange loss	(59)	(88)	(32.6)%
Equity-settled share-based payment transactions	77	–	100%
Interest income	–	3	(100)%
Interest expense	(145)	(101)	43.6%

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	
	30/6/2020 US$'000	31/12/2019 US$'000	30/6/2020 US$'000	31/12/2019 US$'000
Assets:				
Plant and equipment	81	94	–	–
Intangible assets	8,162	8,289	40	40
Investment in subsidiaries	–	–	21,626	19,197
Other investment	255	255	255	255
Right-of-use assets	218	317	–	–
Other non-current assets	89	75	–	–
Non-current assets	8,805	9,030	21,921	122,631
Inventories	63	183	–	–
Trade and other receivables	557	2,365	104	1,613
Cash and cash equivalents	584	1,504	261	1,100
Current assets	1,204	4,052	365	2,713
Total assets	10,009	13,082	22,286	22,205
Equity:				
Share capital	173,182	173,182	173,182	173,182
Reserves	3,945	4,052	3,784	3,892
Accumulated losses	(173,472)	(168,717)	(157,157)	(156,743)
Total equity	3,655	8,517	19,809	20,331
Liabilities:				
Trade and other payables	66	66	25	–
Lease liabilities	–	45	–	–
Non-current liabilities	66	111	25	–
Loans and borrowings	1,863	1,363	1,863	1,363
Trade and other payables	4,196	2,805	589	511
Lease liabilities	229	286	–	–
Current liabilities	6,288	4,454	2,452	1,874
Total liabilities	6,354	4,565	2,477	1,874
Total equity and liabilities	10,009	13,082	22,286	22,205

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

	Secured		Unsecured	
	30 June 2020 US$'000	31 December 2019 US$'000	30 June 2020 US$'000	31 December 2019 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	–	–	1,863	1,363

	Secured		Unsecured	
	30 June 2020 US$'000	31 December 2019 US$'000	30 June 2020 US$'000	31 December 2019 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	–

Details of any collateral

Not applicable.

Details of loans and borrowings

At 31 December 2019, the short-term loans entered into with third parties are unsecured and bear a fixed interest of 10% p.a. on the principal amount. The short-term loans of US$1,363,000 is repayable on 15 November 2020 and became immediately due when the Group's cash balance fell below US$2 million in accordance with the terms of the agreement. To address this issue, the Group has entered into discussions with the respective lenders on this matter and as at the date of this announcement, the Group has not received any letter of demand from the lenders.

At 30 June 2020, in addition to the aforementioned loans, the Group entered into a US$500,000 short-term bridging loan with a third party which is unsecured and bear a fixed interest of 8% p.a. on the principal amount. The bridging loan is repayable on 28 November 2020 and upon completion of the proposed disposal of Chocolate Touch to G Vascular Private Limited (the "**Purchaser**") ("**Proposed Disposal**") (details of which were announced by the Company in a Circular dated 13 July 2020), this bridging loan will be assumed by the Purchaser.

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 6 months ended 30/6/2020 US$'000	30/6/2019 US$'000
Cash flows from operating activities			
Receipts from customers		885	4,643
Payments to suppliers and employees		(3,417)	(9,833)
		(2,532)	(5,190)
Interests and withholding taxes paid for borrowings		–	(65)
Total net cash used in operating activities		(2,532)	(5,255)
Cash flows from investing activities			
Purchase of plant and equipment		–	(13)
Cash receipts from disposal of assets to Medtronic, Inc. and Teleflex, Inc.		1,338	400
Total net cash from investing activities		1,338	387
Cash flows from financing activities			
Proceeds from short-term loans		500	–
Repayment of loans		–	(1,148)
Payment of lease liabilities		(179)	(129)
Total net cash from/(used in) financing activities		321	(1,277)
Net decrease in cash and cash equivalents		(873)	(6,145)
Effect of exchange rate changes on cash and cash equivalents		(47)	19
Cash and cash equivalents at beginning of period		1,504	10,766
Cash and cash equivalents at end of period	1	584	4,640

Note:

(1) Cash and cash equivalents are derived from:

	Group 30 June 2020 US$'000	30 June 2019 US$'000
Bank balances	527	4,583
Deposits pledged	57	57
Total cash and cash equivalents	584	4,640

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 loss for the period							
Loss for the period	–	–	–	–	–	(5,741)	(5,741)
Other comprehensive loss							
Foreign currency translation differences	–	–	–	114	–	–	114
Total comprehensive loss for the period	–	–	–	114	–	(5,741)	(5,627)
Contribution by and distribution to owners							
Shares issued pursuant to settlement of short-term loans	406	–	–	–	–	–	406
Total contribution by and distribution to owners	406	–	–	–	–	–	406
At 30 June 2019	173,182	(1,385)	(77)	(3,625)	9,195	(164,815)	12,475
At 1 January 2020	173,182	(1,385)	(77)	(3,715)	9,229	(168,717)	8,517
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(4,755)	(4,755)
Other comprehensive loss							
Foreign currency translation differences	–	–	–	(30)	–	–	(30)
Total comprehensive loss for the period	–	–	–	(30)	–	(4,755)	(4,785)
Contribution by and distribution to owners							
Share-based payment transactions	–	–	–	–	(77)	–	(77)
Total contribution by and distribution to owners	–	–	–	–	(77)	–	(77)
At 30 June 2020	173,182	(1,385)	(77)	(3,745)	9,152	(173,472)	3,655

1(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	172,321	(32,390)	(77)	–	(6,162)	9,195	(45,463)	97,879
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(987)	(987)
Other comprehensive loss								
Foreign currency translation differences	–	–	–	–	761	–	–	761
Total comprehensive loss for the period	–	–	–	–	761	–	(987)	(226)
Contribution by and distribution to owners								
Shares issued pursuant to settlement of short-term loans	406	–	–	–	–	–	–	406
Total contribution by and distribution to owners	406	–	–	–	–		–	406
At 30 June 2019	173,182	(32,390)	(77)	–	(5,401)	9,195	(46,450)	98,059
At 1 January 2020	173,182	(32,390)	(77)	33,124	(5,994)	9,229	(156,743)	20,331
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(414)	(414)
Other comprehensive loss								
Foreign currency translation differences	–	–	–	–	(31)	–	–	(31)
Total comprehensive loss for the period	–	–	–	–	(31)	–	(414)	(445)
Contribution by and distribution to owners								
Share-based payment transactions	–	–	–	–	–	(77)	–	(77)
Total contribution by and distribution to owners	–	–	–	–	–	(77)	–	(77)
At 30 June 2020	173,182	(32,390)	(77)	33,124	(6,025)	9,152	(157,157)	19,809

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 30 June 2020 are as follows:

	Number of ordinary shares	Issued and paid-up share capital US$'000
Balance at 30 June 2020 and 31 December 2019	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 30 June 2020 and 30 June 2019.

Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 30 June 2020 and 30 June 2019.

	As at 30 June 2020	As at 30 June 2019
(A) Options[1]		
Number of unexercised Options	84,463,283	94,660,023
Maximum number of shares that may be issued on exercise of all unexercised Options ("**Maximum Issuable Option Shares**")	84,463,283	94,660,023
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial periods	3.8%	4.2%

	As at 30 June 2020	As at 30 June 2019
(B) Share Awards[2]		
Number of Share Awards granted but not yet vested ("**Unvested Share Awards**")	5,905,743	7,692,767
Total number of shares which are the subject of Unvested Share Awards ("**Maximum Issuable Awards Shares**")	5,905,743	7,692,767
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.26%	0.34%
(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 periods	1.57%	1.57%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")	**125,369,026**	**137,352,790**
Maximum Issuable Shares as a % of Company's issued share capital as at the end of the respective financial periods	**5.6%**	**6.1%**

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 the 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 30 June 2020 and 31 December 2019.

The Company held no treasury shares as at 30 June 2020 and 31 December 2019.

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 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 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 and based on the assessment performed by management. As at 30 June 2020, management is of the view that there is no indication of impairment for the Group's intangible assets as the recoverable amount is more than the book value recorded.

(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. As at 30 June 2020, there is no indication of impairment for the investment in subsidiaries based on the value of the intangible assets assessed 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 30 June 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$4,755,000 for HY2020 (HY2019: net loss of US$ 5,741,000) and how the Group intend to address its negative working capital position of US$5.1 million as at 30 June 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$1,363,000 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 "Purchaser") ("Proposed Disposal") (details of which were announced by the Company in a Circular dated 13 July 2020).

The Company is currently working towards signing a definitive agreement and achieving the closing of the Proposed Disposal by 31 August 2020 and will update shareholders on the progress of the Proposed Disposal on SGXNet. Upon closing of the Proposed Disposal, the Company expects to receive (i) net proceeds from the Proposed Disposal of at least US$3.7 million (ii) assumption of the US$500,000 third party loan by the Purchaser and (iii) assumption of relevant liabilities relating to Chocolate Touch in excess of $1,400,000 by the Purchaser, 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.

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 2019 as well as all applicable Singapore Financial Reporting Standards (International) ("**SFRS(I)**") that become effective for financial year beginning on or after 1 January 2020. 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.

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.

Please refer to paragraph 4.

6. LOSS PER SHARE

Loss 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	**6 months ended 30/6/2020**	**6 months ended 30/6/2019**
Loss for the period attributable to owners of the Company **(US$'000)** used to compute:		
- Basic loss per share	(4,755)	(5,741)
- Diluted loss per share	(4,755)	(5,741)
Weighted average number of ordinary shares **('000)** used to compute:		
- Basic loss per share	2,235,271	2,106,029
- Diluted loss per share	2,235,271(1)	2,106,029 (1)
Loss per share **(US$)**		
(a) Based on the weighted average number of ordinary shares	(0.002)	(0.003)
(b) On a fully diluted basis	(0.002)	(0.003)

Note:

(1) As at 30 June 2020 and 30 June 2019, 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	
	30/6/2020 US$	31/12/2019 US$	30/6/2020 US$	31/12/2019 US$
Net asset value per ordinary share [(1), (2)]	0.002	0.004	0.009	0.009

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net assets of US$3.7 million as at 30 June 2020 (31 December 2019: net assets of US$8.5 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$19.8 million as at 30 June 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 30 June 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

Six months ended 30 June 2020 compared to the six months ended 30 June 2019

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 six months ended 30 June 2020 ("**HY2020**") and for the six months ended 30 June 2019 ("**HY2019**") are presented below:

	Six Months Ended HY2020		Six Months Ended HY2019	
	US$'000	**%**	**US$'000**	**%**
United States	191	78.3	4,310	96.6
Europe	53	21.7	153	3.4
	244	100	4,463	100

Our revenue decreased by approximately US$4.3 million, or 94.5%, from US$4.5 million in HY2019 to US$0.2 million in HY2020, was mainly due to (i) no sales of Chocolate PTA to Medtronic, Inc. ("**Medtronic**") in HY2020 following the cessation of the product manufacturing and supply agreement at 31 December 2019 and (ii) lower sales to Teleflex, Inc. ("**Teleflex**") under the product manufacturing and supply agreement due to reduced demand as a result of COVID-19.

Cost of sales decreased by US$4.0 million, or 92.3%, from US$4.3 million in HY2019 to US$0.3 million in HY2020 mainly due to lower number of units sold to Teleflex and no sales of Chocolate PTA to Medtronic during the period. Notwithstanding the reduction in revenue, cost of sales includes fixed costs such as amortisation of intangible assets which decreased by US$2,000 to US$123,000 in HY2020 .

As a result of the above, our Group recorded a gross loss of US$89,000 or 36.5% of revenue in HY2020 as compared to a gross profit of US$143,000 or 3.2% of revenue in HY2019.

In HY2020, the Group's loss before taxation was US$4.8 million as compared to a loss before tax of US$5.7 million in HY2019. The analysis of the loss before taxation are as follows:

- Our sales and marketing expenses decreased by US$93,000 mainly due to lower product liability insurance costs incurred as compared to HY2019.

- Our administrative expenses decreased by US$0.6 million in HY2020 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$3.0 million due to the lower number of patients enrolled for the clinical trials of Chocolate Touch® in HY2020.

- Other income increased mainly due to income earned from transitional services provided to Medtronic and Teleflex.

- We were in a net finance cost position of US$204,000 in HY2020, as compared to a net finance cost position of US$185,000 in HY2019 mainly due to foreign exchange loss of US$59,000 (HY2019: US$88,000 foreign exchange loss) pursuant to exchange rate changes between the Singapore dollar and United States dollar. The net finance costs in HY2020 was also due to interest expenses of US$145,000 in HY2020 (HY2019: US$101,000) mainly due to the interest payable for certain outstanding loans in HY2020.

- Depreciation of plant and equipment decreased by US$48,000, or 69.6% from US$69,000 in HY2019 to US$21,000 in HY2020 as more of the Group's assets were fully depreciated in the prior year.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2020 US$'000	As at 31 December 2019 US$'000	Change %
Non-current assets	8,805	9,030	(2.5)%
Current assets	1,204	4,052	(70.3)%
Total assets	10,009	13,082	(23.5)%
Total equity	3,655	8,517	(57.1)%
Non-current liabilities	66	111	(40.5)%
Current liabilities	6,288	4,454	41.2%
Total liabilities	6,354	4,565	39.2%

Our non-current assets decreased by US$225,000 mainly due to (i) decrease in plant and equipment of US$13,000 mainly due to depreciation expenses recognised, (ii) amortisation expenses of intangible assets of approximately US$123,000 and (iiI) decrease in right-of-use assets in relation to the Group's office rental leases of US$99,000 and offset by increase of other non-current assets of US$14,000.

Our current assets decreased by US$2.8 million mainly due to the decrease in (i) cash and cash equivalents of US$0.9 million due to utilisation of cash for working capital purposes, (ii) inventory balances of US$0.1 million due to 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$45,000 due to the reclassification of non-current lease liabilities to current lease liabilities during the period.

Our current liabilities increased by US$1.8 million mainly due to (i) the increase in loans and borrowings of US$0.5 million from a bridging loan obtained from a third party and (ii) increase in trade payables and accrued expenses of approximately US$1.4 million mainly due to the clinical trial costs for Chocolate Touch.

The Group has undertaken the following steps to address the Group's negative working capital of US$5.1 million as at 30 June 2020:

(i) As discussed in paragraph 1b(ii), the Group has ongoing discussions with the existing short-term lenders in relation to the settlement of the existing loans;
(ii) 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;
(iii) Since 30 June 2020, the Company has entered into a supplemental bridging loan with an independent party and pursuant to which the Company has received an additional US$250,000 of bridging loan. The Company is also able receive a further loan of US$250,000 if required from the same third party. As such, the Company believes that it will be able to raise funds from various parties when required;
(iv) Completion of the Proposed Disposal of the Group's coated peripheral product, Chocolate Touch®, as discussed in paragraph 3A (iii)(c); and
(v) The Group continues to generate income from the product and supply agreement with Teleflex, Inc. until at least December 2020 and transition services arrangement with G Vascular for at least one year from the closing date of the Proposed Disposal.

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

Cash Flow Analysis HY2020

The Group recorded cash outflows from operating activities of US$2.5 million in HY2020 due mainly to payments made to our suppliers and operating costs of US$3.4 million. The cash outflows from operating activities is partially offset by the receipts from Medtronic and Teleflex for the sale of products amounting to US$0.9 million.

Net cash inflow from investing activities for HY2020 of US$1.3 million was due to the release of the remaining escrowed balances by Medtronic and Teleflex from the asset sale transactions.

Net cash inflow from financing activities for HY2020 was US$0.3 million due to proceeds received from a bridging loan of US$0.5 million. The cash inflows from financing activities was partially offset by the lease payments made to third party lessors of US$0.2 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.

The landscape for paclitaxel coated device continues to be challenging with FDA now asking for three years mortality data for a certain percentage of the patients in our United States ("**US**") pivotal study of the Drug Coated Chocolate Touch® Balloon (the **"Study"**). This new requirement is well beyond the one year follow up previously accepted and approved by FDA for our Study. One year follow up was the gold standard used in the approval studies of other FDA approved paclitaxel coated balloons. This new requirement for three years mortality data increases the timeline for approval and as a result the cost for approval. While our Study was powered to show less major target limb complications and better efficacy than the control arm at one year, it was not designed to identify mortality changes in three years.

While enrolment for our Study continues in 2020, the COVID-19 pandemic has impacted all industries around the globe. Currently, US hospitals are focusing on support and recovery for COVID-19 patients and US clinical studies are impacted as a result. Our clinical team is working closely with all US sites to ensure the safety of our clinical trial participants and integrity of the study data.

The Group is participating in a pan-industry working group that is attempting to collect a complete set of patient-level data in order to perform an analysis of having the necessary granularity to adjust for clinical diversity and confounding covariates needed to reliably discern the role of paclitaxel. The working group is coordinating its activities with FDA's own efforts on paclitaxel. The industry group continues to show the attenuation of the originally identified mortality signal. However, we do not know if and at what point in time those findings will be sufficient for FDA to reverse their position.

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. 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 will continue to actively explore various strategic options and 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 persons transactions which are S$100,000 or more entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested persons transactions.

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

The Board of Directors of the Company ("Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 6 months ended 30 June 2020 to be false or misleading in any material aspect.

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

During HY2020, the Company did not 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.

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 August 2020

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).