QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the second quarter/three months ended 30/6/2018

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		
	30/6/2018 US$'000	30/6/2017 US$'000	Change
Revenue	3,284	3,506	(6.3)%
Cost of sales	(2,720)	(2,572)	5.8%
Gross profit	564	934	(39.6)%
Sales and marketing	(921)	(1,389)	(33.7)%
Administrative expenses	(1,399)	(2,235)	(37.4)%
Research and development expenses	(1,441)	(1,269)	13.6%
Other income	19,245	–	100%
Other expenses	–	(3)	(100)%
Results from operating activities	16,048	(3,962)	NM
Finance income	1	–	100%
Finance costs	(771)	(1,678)	(54.1)%
Net finance costs	(770)	(1,678)	(54.1)%
Profit/(Loss) before tax	15,278	(5,640)	NM
Tax expense [1]	–	–	–
Profit/(Loss) for the period	15,278	(5,640)	NM
Other comprehensive income/(loss)			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	26	338	(92.3)%
Total comprehensive income/(loss) for the period	15,304	(5,302)	NM
Profit/(Loss) attributable to:			
Owners of the Company	15,278	(5,640)	NM
Profit/(Loss) for the period	15,278	(5,640)	NM
Total comprehensive income/(loss) attributable to:			
Owners of the Company	15,304	(5,302)	NM
Total comprehensive income/(loss) for the period	15,304	(5,302)	NM

NM denotes not meaningful

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

	Group 6 months ended		
	30/6/2018 US$'000	30/6/2017 US$'000	Change
Revenue	6,284	6,752	(6.9)%
Cost of sales	(4,914)	(4,573)	7.5%
Gross profit	1,370	2,179	(37.1)%
Sales and marketing	(2,021)	(3,373)	(40.1)%
Administrative expenses	(2,807)	(4,084)	(31.3)%
Research and development expenses	(3,119)	(2,528)	23.4%
Other income	46,991	24	>100%
Other expenses	(102)	(3)	>100%
Results from operating activities	40,312	(7,785)	NM
Finance income	528	–	100%
Finance costs	(927)	(6,623)	(86.0)%
Net finance costs	(399)	(6,623)	(94.0)%
Profit/(Loss) before tax	39,913	(14,408)	NM
Tax expense [1]	(2)	(4)	(50.0)%
Profit/(Loss) for the period	39,911	(14,412)	NM
Other comprehensive income/(loss)			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(272)	971	NM
Total comprehensive income/(loss) for the period	39,639	(13,441)	NM
Profit/(Loss) attributable to:			
Owners of the Company	39,911	(14,412)	NM
Profit/(Loss) for the period	39,911	(14,412)	NM
Total comprehensive income/(loss) attributable to:			
Owners of the Company	39,639	(13,441)	NM
Total comprehensive income/(loss) for the period	39,639	(13,441)	NM

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

	Group (Second Quarter)			Group (Year-To-Date)		
	3 months ended			6 months ended		
	30/6/2018 US$'000	30/6/2017 US$'000	% change	30/6/2018 US$'000	30/6/2017 US$'000	% change
Depreciation of property, plant and equipment	(86)	(98)	(12.2)%	(172)	(208)	(17.3)%
Amortization of intangible assets	(244)	(240)	1.7%	(489)	(479)	2.1%
Exchange (loss)/gain	(734)	(435)	68.7%	(207)	(1,434)	(85.6)%
Equity-settled share based payment transactions	(67)	(999)	(93.3)%	(170)	(1,791)	(90.5)%
Interest income	1	–	100%	1	–	100%
Interest expense	(37)	(1,241)	(97.0)%	(193)	(5,187)	(96.3)%

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	
	30/6/2018 US$'000	31/12/2017 US$'000	30/6/2018 US$'000	31/12/2017 US$'000
Assets:				
Property, plant and equipment	282	414	–	–
Intangible assets	11,199	11,615	40	40
Investment in subsidiaries	–	–	81,287	114,096
Other non-current assets	81	155	–	–
Non-current assets	11,562	12,184	81,327	114,136
Inventories	2,186	3,362	–	–
Trade and other receivables	1,365	1,766	20	5
Cash and cash equivalents	21,270	347	20,782	2
Current assets	24,821	5,475	20,802	7
Total assets	36,383	17,659	102,129	114,143
Equity:				
Share capital	172,776	171,216	172,776	171,216
Reserves	3,747	3,850	(29,757)	(27,894)
Accumulated losses	(148,735)	(188,646)	(44,528)	(44,666)
Total equity	27,788	(13,580)	98,491	98,656
Liabilities:				
Trade and other payables	66	66	–	–
Non-current liabilities	66	66	–	–
Loans and borrowings	2,708	10,008	2,708	7,981
Trade and other payables	5,821	19,930	930	7,506
Deferred income	–	1,235	–	–
Current liabilities	8,529	31,173	3,638	15,487
Total liabilities	8,595	31,239	3,638	15,487
Total equity and liabilities	36,383	17,659	102,129	114,143

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

	Secured		Unsecured	
	30 June 2018 US$'000	31 December 2017 US$'000	30 June 2018 US$'000	31 December 2017 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	–	7,535	2,708	2,473
	–	7,535	2,708	2,473

	Secured		Unsecured	
	30 June 2018 US$'000	31 December 2017 US$'000	30 June 2018 US$'000	31 December 2017 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	–
	–	–	–	–

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	30/6/2018 US$'000	30/6/2017 US$'000
Cash flows from operating activities			
Net profit/(loss)		15,278	(5,640)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		86	98
Amortisation of intangible assets		244	240
Interest income		(1)	–
Interest expense		37	1,241
Gain on disposal of assets to Teleflex		(18,973)	–
Exchange loss		734	435
Equity-settled share-based payment transactions		67	999
		(2,528)	(2,625)
Changes in working capital:			
- Trade and other receivables		(86)	209
- Inventories		598	(144)
- Other assets		76	(5)
- Trade and other payables		(1,013)	1,783
- Deferred income		–	(2,324)
Net cash used in operating activities		(2,953)	(3,106)
Cash flows from investing activities			
Purchase of property, plant and equipment		(45)	(2)
Proceeds from disposal of assets to Teleflex		19,007	–
Net cash from/(used in) investing activities		18,962	(2)
Cash flows from financing activities			
Repayment of hire purchase creditor		–	(1)
Proceeds from long-term loan		–	1,005
Proceeds from issuance of shares		352	518
Repayment of convertible notes		(451)	–
Net cash (used in)/from financing activities		(99)	1,522
Net increase/(decrease) in cash and cash equivalents		15,910	(1,586)
Effect of exchange rate changes on cash and cash equivalents		(543)	1
Cash and cash equivalents at beginning of period		5,903	1,769
Cash and cash equivalents at end of period	1	21,270	184

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

	Note	Group 6 months ended 30/6/2018 US$'000	30/6/2017 US$'000
Cash flows from operating activities			
Net profit/(loss)		39,911	(14,412)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment		172	208
Amortisation of intangible assets		489	479
Interest income		(1)	–
Interest expense		193	5,187
Gain on disposal of assets to Medtronic and Teleflex		(46,973)	–
Exchange loss/(gain)		207	1,434
Equity-settled share-based payment transactions		170	1,791
		(5,832)	(5,311)
Changes in working capital:			
- Trade and other receivables		402	42
- Inventories		1,176	576
- Other assets		74	(7)
- Trade and other payables		(14,135)	1,885
- Deferred income		(1,235)	13
Net cash used in operating activities		(19,550)	(2,802)
Cash flows from investing activities			
Purchase of property, plant and equipment		(76)	(11)
Proceeds from disposal of assets to Medtronic and Teleflex		47,007	–
Net cash from/(used in) investing activities		46,931	(11)
Cash flows from financing activities			
Repayment of hire purchase creditor		–	(2)
Proceeds from long-term loan		–	1,005
Proceeds from short-term loans		453	1,117
Proceeds from issuance of shares		1,455	518
Repayment of convertible notes		(5,331)	–
Repayment of short term loans		(2,506)	–
Proceeds from exercise of share options		–	26
Net cash (used in)/from financing activities		(5,929)	2,664
Net increase/(decrease) in cash and cash equivalents		21,452	(149)
Effect of exchange rate changes on cash and cash equivalents		(529)	5
Cash and cash equivalents at beginning of period		347	328
Cash and cash equivalents at end of period	1	21,270	184

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

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	30 June 2018 US$'000	**30 June 2017 US$'000**
Bank balances	19,415	140
Restricted cash	1,811	–
Deposits pledged	44	44
Total cash and cash equivalents	21,270	184

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 April 2017	161,044	(1,385)	(77)	(1,525)	7,304	(174,547)	(9,186)
Total comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(5,640)	(5,640)
Other comprehensive income							
Foreign currency translation differences	–	–	–	338	–	–	338
Total comprehensive loss for the period	–	–	–	338	–	(5,640)	(5,302)
Contribution by and distribution to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	518	–	–	–	–	–	518
Shares issued pursuant to settlement of short-term loans and trade payables	1,638	–	–	–	–	–	1,638
Share-based payment transactions	–	–	–	–	1,016	–	1,016
Total contribution by and distribution to owners	2,156	–	–	–	1,016	–	3,172
At 30 June 2017	163,200	(1,385)	(77)	(1,187)	8,320	(180,187)	(11,316)
At 1 April 2018	172,321	(1,385)	(77)	(3,738)	8,855	(164,013)	11,963
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	15,278	15,278
Other comprehensive income							
Foreign currency translation differences	–	–	–	26	–	–	26
Total comprehensive income for the period	–	–	–	26	–	15,278	15,304
Contribution by and distribution to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	350	–	–	–	–	–	350
Shares issued pursuant to settlement of short-term loans	105	–	–	–	–	–	105
Share-based payment transactions	–	–	–	–	66	–	66
Total contribution by and distribution to owners	455	–	–	–	66	–	521
At 30 June 2018	172,776	(1,385)	(77)	(3,712)	8,921	(148,735)	27,788

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$'000**	**Translation reserve US$'000**	**Share-based payment reserve US$'000**	**Accumulated losses US$'000**	**Total equity US$'000**
At 1 April 2017	161,044	(32,390)	(77)	(8,497)	7,304	(34,640)	92,744
Total comprehensive income for the period							
Loss for the period	–	–	–	–	–	(2,164)	(2,164)
Other comprehensive income							
Foreign currency translation differences	–	–	–	1,395	–	–	1,395
Total comprehensive income for the period	–	–	–	1,395	–	(2,164)	(769)
Contribution by and distribution to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	518	–	–	–	–	–	518
Shares issued pursuant to settlement of short-term loans and trade payables	1,638	–	–	–	–	–	1,638
Share-based payment transactions	–	–	–	–	1,016	–	201
Total contribution by and distribution to owners	2,156	–	–	–	1,016	–	3,172
At 30 June 2017	163,200	(32,390)	(77)	(7,102)	8,320	(36,804)	95,147
At 1 April 2018	172,321	(32,390)	(77)	(2,230)	8,855	(46,204)	100,275
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	1,677	1,677
Other comprehensive income							
Foreign currency translation differences	–	–	–	(3,981)	–	–	(3,981)
Total comprehensive income for the period	–	–	–	(3,981)	–	1,677	(2,304)
Contribution by and distribution to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	350	–	–	–	–	–	350
Shares issued pursuant to settlement of short-term loans	105	–	–	–	–	–	105
Share-based payment transactions	–	–	–	–	66	–	66
Total contribution by and distribution to owners	455	–	–	–	66	–	521
At 30 June 2018	172,776	(32,390)	(77)	(6,211)	8,921	(44,528)	98,491

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 increased by 51,128,098 shares from 2,011,198,964 as at 31 March 2018 to 2,062,327,062 shares as at 30 June 2018 due to the following:

	Number of ordinary shares	Issued and paid-up share capital US$'000
At 31 March 2018	2,011,198,964	172,321
Shares issued pursuant to vesting of share awards	9,867,809	–
Shares issued pursuant to settlement of short-term loans	8,090,289	105
Shares issued pursuant to capital commitment with GEM Global	33,170,000	350
At 30 June 2018	2,062,327,062	172,776

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.

Outstanding Options

The Group was formed following the restructuring exercise pursuant to which TriReme Medical, LLC ("**TriReme US**") and Quattro Vascular Pte. Ltd. ("**Quattro**") became wholly owned subsidiaries of the Group ("Restructuring Exercise"). Pursuant to the Restructuring Exercise, the Company had on 9 April 2014, assumed the options under the TriReme US's 2005 Stock Plan and Quattro's 2010 Equity Incentive Plan. The Company had in 2013, adopted the QTV 2013 Share Plan and on 9 April 2014, adopted the 2014 QTV Employee Share Option Scheme.

Following the close of placement of shares in relation to the IPO on 25 April 2014, the Company had ceased the issuance of options under the 2005 Stock Plan, 2010 Equity Incentive Plan and QTV 2013 Share Plan (collectively, the "Three Share Plans").

For the three months ended 30 June 2018, no ordinary shares were issued in respect of the options under the Three Share Plans and 2014 QTV Employee Share Option Scheme as there were no exercise of options during the period.

A reconciliation of outstanding share options from 31 March 2018 to 30 June 2018 is as follows:

Outstanding Options	**Number of Options**
At 31 March 2018	103,392,347
Forfeited during the period	(122,480)
At 30 June 2018	103,269,867

As of 30 June 2018, there are 103,269,867 outstanding options convertible into 103,269,867 ordinary shares, representing approximately 5.0% of the existing ordinary share capital as at 30 June 2018 (30 June 2017: 107,690,024 (representing approximately 8.0% of the then existing issued share capital of the Company comprising 1,345,046,524 Shares)).

For further details on the Three Share Plans and 2014 QTV Employee Share Option Scheme, please refer to the Company's Offer Document dated 16 April 2014 and the Company's appendices dated 15 April 2015 and 13 April 2016.

Share awards

At the annual general meeting of the Company held on 30 April 2015, the Shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015. As at 30 June 2018, the Company has granted a total of 87,137,994 share awards to its employees and directors which will vest accordingly based on a prescribed set of milestones set by the Board of Directors of the Company.

A reconciliation of outstanding share awards from 1 April 2018 to 30 June 2018 is as follows:

Outstanding Share Awards	**Number of Shares**
At 1 April 2018	15,380,576
Issued during the period	(9,867,809)
Granted during the period	2,180,000
At 30 June 2018	7,692,767

As at 30 June 2018, the 7,692,767 outstanding share awards in issue are convertible into 7,692,767 Shares (30 June 2017: 22,947,168 Shares). 9,867,809 share awards were issued during the three months ended 30 June 2018 as predetermined milestones were achieved. For further details on the QT Vascular Restricted Share Plan 2015, please refer to the Appendix of the Company's 2014 Annual Report.

Warrants

The Company had on 4 May 2017 issued 35,000,000 unlisted warrants ("**Warrants**") to GEM Global Yield Fund LLC SCS ("**GEM Global**"), each carrying the right to subscribe for

1 new Share at an exercise price of S$0.10 for each new Share **("Warrant Shares").** As at 30 June 2018, no Warrants have been exercised and converted into new Shares. Accordingly, as at 30 June 2018, there are 35,000,000 outstanding Warrants (30 June 2017: 35,000,000 outstanding Warrants) and the total number of new Shares that may be issued on conversion of all outstanding Warrants is 35,000,000 (30 June 2017: 35,000,000).

Based on the foregoing, the total number of Shares that may be issued on conversion of all outstanding convertibles (including Share Awards) as at 30 June 2018 is 145,962,634 Shares, representing approximately 7.1% of the existing issued share capital of the Company comprising 2,062,327,062 Shares as at 30 June 2018 (30 June 2017: 165,637,192 Shares, representing approximately 12.3% of the then existing issued share capital of the Company comprising 1,345,046,524 Shares).

Save as disclosed above, there were no outstanding convertibles held by the Company as at 30 June 2018 and as at 30 June 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 2,062,327,062 as at 30 June 2018 and 1,894,250,996 as at 31 December 2017.

The Company held no treasury shares as at 30 June 2018 and 31 December 2017.

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.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the three months ended 30 June 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and 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. EARNINGS PER SHARE

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

Group	3 months ended 30/6/2018	3 months ended 30/6/2017
Profit/(Loss) for the period attributable to owners of the Company **(US$'000)** used to compute:		
- Basic earnings/(loss) per share	15,278	(5,640)
- Diluted earnings/(loss) per share	15,278	(5,640)
Weighted average number of ordinary shares **('000)** used to compute:		
- Basic earnings/(loss) per share	2,057,729	1,303,879[2]
- Diluted earnings/(loss) per share	2,062,907[1]	1,303,879[2]
Earnings/(Loss) per share **(US$)**		
(a) Based on the weighted average number of ordinary shares	0.007	(0.004)
(b) On a fully diluted basis	0.007	(0.004)

Notes:

(1) As at 30 June 2018, there were 12,200,000 share options which are available for conversion to ordinary shares which are deemed to be dilutive and are included in

the weighted average number of ordinary shares for the purposes of computing diluted earnings per share.

(2) As at 30 June 2017, there were 107,690,024 share options which are anti-dilutive as the effect of the share conversion would be to decrease the loss per share and are not included in the weighted average number of ordinary shares for the purposes of computing diluted loss per share. As such, the basic and diluted loss per share were the same for the three months ended 30 June 2017.

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	
	30/6/2018 US$	31/12/2017 US$	30/6/2018 US$	31/12/2017 US$
Net asset/(liability) value per ordinary share (1), (2)	0.013	(0.007)	0.048	0.052

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net asset of US$27.8 million as at 30 June 2018 (31 December 2017: net liabilities of US$13.6 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$98.5 million as at 30 June 2018 (31 December 2017: US$98.7 million).

(2) For both the Group and the Company, the net asset/(liability) value per ordinary share were calculated based on 2,062,327,062 ordinary shares in issue as at 30 June 2018 and 1,894,250,996 as at 31 December 2017.

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 June 2018 compared to the three months ended 30 June 2017

The breakdown of our revenue derived from the sale of our products to the various geographical regions and by the number of units sold for the three months ended 30 June 2018 ("**2Q2018**") and for the three months ended 30 June 2017 ("**2Q2017**") are presented below:

	Three Months Ended 2Q2018		Three Months Ended 2Q2017	
	US$'000	**%**	**US$'000**	**%**
United States	3,221	96.8	3,403	97.1
Europe	63	3.2	100	2.9
Asia	–	–	3	<1.0
	3,284	100	3,506	100

	Three Months Ended 2Q2017	**Three Months Ended 3Q2017**	**Three Months Ended 4Q2017**	**Three Months Ended 1Q2018**	**Three Months Ended 2Q2018**
Units sold	7,416	8,133	8,454	7,670	10,330

Our revenue decreased by US$0.2 million, or 6.3%, from US$3.5 million in 2Q2017 to US$3.3 million in 2Q2018, mainly due to the decrease in units sold and revenue generated from per unit of Chocolate® PTA sold to Medtronic, Inc. ("**Medtronic**") following the completion of the sale of Chocolate® PTA in January 2018 ("**Sale**") and also the sale of non-drug coated coronary products at cost to Teleflex Incorporated ("**Teleflex**") following the completion of the asset sale in June 2018. Such revenue generated from Medtronic in 2Q2018 is in relation to the product manufacturing and supply agreement, which forms part of the Sale. In 2Q2017, the sale of Chocolate® PTA to Medtronic was pursuant to a distribution agreement. Revenue generated by our direct sales team increased by 27.0% in average sales per sales representative from US$68,567 in 2Q2017 to US$87,048 in 2Q2018.

Cost of sales increased by US$0.1 million, or 5.8%, from US$2.6 million in 2Q2017 to US$2.7 million in 2Q2018 was mainly due to higher production costs for the sales units of Chocolate® PTA during the period to Medtronic.

As a result of the above, our Group recorded a gross profit of US$0.6 million or 17.2% of revenue in 2Q2018 as compared to a gross profit of US$0.9 million or 26.6% of revenue in 2Q2017.

In 2Q2018, the Group's profit before taxation was US$15.3 million as compared to a loss before tax of US$5.6 million in 2Q2017. The analysis of the profit before taxation are as follows:

- Our sales and marketing expenses decreased by US$0.5 million in 2Q2018 mainly due to lower direct sales personnel costs in 2Q2018 as a result of lower sales commissions and a decrease in headcount.

- Our administrative expenses decreased by US$0.8 million in 2Q2018 mainly due to lower headcount and reduction in overall spending due to on-going cost cutting measures implemented since last year.

- Our research and development expenses increased to US$1.4 million due to the focus by the Group on the development and clinical trials of its drug-coated peripheral Chocolate® (i.e. Chocolate Touch®).

- Other income increased by US$19.2 million in 2Q2018 mainly due to the completion of the sale of the non-drug coated coronary assets to Teleflex in June 2018.

- We were in a net finance cost position of US$0.8 million in 2Q2018, as compared to a net finance cost position of US$1.7 million in 2Q2017 mainly due to a decrease in interest expenses to US$37,000 in 2Q2018 (2Q2017: US$1.4 million) mainly due to the settlement of a majority of the convertible and exchangeable notes as well as short term loans. The decrease in net finance cost was partially offset by the foreign exchange loss of US$0.7 million in 2Q2018 (2Q2017: US$0.4 million foreign exchange loss) pursuant to exchange rate changes between the Singapore dollar and United States dollar.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000	Change %
Non-current assets	11,562	12,184	(5.1)%
Current assets	24,821	5,475	>100%
Total assets	36,383	17,659	>100%
Total equity	27,788	(13,580)	NM
Non-current liabilities	66	66	–
Current liabilities	8,529	31,173	(72.6)%
Total liabilities	8,595	31,239	(72.5)%

The Group had a positive working capital of US$16.3 million as at 30 June 2018 mainly due to the settlement of certain convertible and exchangeable notes and loans and payables amounting to US$7.3 million and current trade and other payables of US$14.1 million following the receipt of proceeds from the completion of the sales of Chocolate® PTA to Medtronic in January 2018 and the non-drug coated coronary assets to Teleflex in June 2018.

Our non-current assets decreased by US$0.6 million mainly due to the amortisation of intangible assets of US$0.4 million in relation to our developed intellectual properties such as Chocolate® PTA and Chocolate XD® and depreciation of plant and equipment of US$0.2 million.

Our current assets increased by US$19.3 million mainly due to the increase cash and cash equivalents of US$20.9 million as a result of the completion of the sale of Chocolate® PTA

to Medtronic and non-drug coated coronary assets to Teleflex. The increase is partially offset by the decrease in inventories of US$1.2 million due to utilisation of inventories for production, and trade and other receivables of US$0.4 million mainly due to collection of sales proceeds from customers.

Our current liabilities decreased by US$22.6 million mainly due to the decrease in (i) trade payables and accrued expenses of US$14.1 million following the payment of legal and professional fees, (ii) loans and borrowings of US$7.3 million due to settlement of these obligations via the use of the proceeds received from the sale of Chocolate® PTA to Medtronic and non-drug coated coronary assets to Teleflex; and (iii) payment of US$4.25 million final settlement to AngioScore, Inc.. The decrease is also due to the reduction in deferred income of US$1.2 million which was also repaid during the period following the cancellation of a contract pursuant to the Sale.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash Flow Analysis 2Q2018

The Group recorded cash outflows from operating activities of US$3.0 million for 2Q2018 which was a result of an operating loss before working capital changes of US$2.5 million and a net cash outflow as a result of changes in working capital of US$0.5 million. The decrease in working capital changes was mainly due to the decrease in trade and other payables of US$1.0 million. The decrease in working capital changes was partially offset by the decrease in inventories of US$0.6 million.

Cash generated from investing activities for 2Q2018 was approximately US$19.0 million which was mainly proceeds from the sale of the non-drug coated coronary assets to Teleflex.

Net cash outflow from financing activities for 2Q2018 was US$0.1 million which was mainly due to repayment of convertible and exchangeable notes of US$0.5 million. The cash outflow from financing activities was partially offset by the proceeds received from the shares issued to GEM Global under the capital commitment agreement of US$0.4 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.

Mergers and acquisition activity in the medical technology sector continues to ramp up. Major strategic players in the space have completed or are in the process of completing acquisition/merger activities. These activities are expected to continue throughout 2018 with Medtronic starting off the year with the acquisition of the Group's Chocolate® PTA balloon catheter asset and Teleflex completing the acquisition of the Group's non-coated coronary products in June 2018.

Both the coronary and peripheral vascular markets continue to offer significant opportunity for new devices that will better treat complex disease than existing therapies. These are the segments which offer the greatest value potential for Chocolate Touch®, Chocolate XD® and Chocolate Heart™ technologies.

As was evidenced repeatedly through lectures and live cases at two of the recent, most prestigious interventional physician conferences - the TCT 2017 Conference, held in Denver, Colorado, USA and LINC 2018, held in Leipzig, Germany, the coronary and peripheral intervention markets share one common clinical challenge that can negatively affect patient outcomes which is the increasing incidence of arterial calcium[1] due in part to the advanced age of patients undergoing procedures and the increase in diabetes.

In coronary procedures, the presence of arterial calcium creates challenges for clinicians to properly deliver drug eluting stents ("**DES**") (the standard of care for Coronary PCIs), negatively impacting the uptake of the drug and clinical outcomes[1]. As presented by Dr. Ehtisham Mahmud of University of California, San Diego, there is a clinical need for "Vessel Preparation" in the presence of calcium prior to stenting. As a potential, highly effective solution to this need, Dr. Mahmud presented the use of Chocolate XD® balloon[1]. The need for Vessel Preparation prior to use of DES when facing arterial calcium was a consistent theme at TCT.

At LINC-2018, with a focus on peripheral interventions, there was an interesting parallel where Drug Coated balloons ("**DCBs**") are becoming the standard of care in this market, yet, DCBs also face the same challenge with regards to arterial calcium. Physician thought leaders delivered a consistent message about the need for "Vessel Preparation" to treat arterial calcium prior to DCB[2]. Dr. Christopher Metzger, an interventional

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[1] Ehtisham Mahmud, MD, FACC, FSCAI – Division Chief, Cardiovascular Medicine, University of California, San Diego – TCT 2017; Presentation: "Cutting, Scoring, and Chocolate Balloons for Calcified and Resistant Lesions: When is Atherectomy not Needed? Comments to slide titled: "Increasing Complexity and Calcification of PCI Patients"

[2] Dr. Mark Bosiers, LINC2018, Leipzig; Presentation: "DCB from a clinical perspective: What is proven and where are the open questions and limitations?" Also: Juan Granada, MD, President and CEO, Cardiovascular Research Foundation, Columbia Medical Center, New York City, NY, USA; Presentation: "Vascular Calcium: New Pre-clinical Models and New Treatment Solutions" (Presented at TCT 2017 and LINC 2018)

cardiology physician thought leader from Kingsport, Tennessee, USA, shared with the audience during his presentation that one of the major limitations of endovascular treatment, especially with Below the Knee (BTK) disease, is arterial calcium. As stated, "Calcium is a potential barrier to optimal drug absorption" (by DCBs)[3]. He also shared while leading a physician panel: "With the Chocolate® technology, I consistently get what I'm looking for with these complex lesions: large lumens with minimal dissection and rarely the need for bail-out stenting and I often use Chocolate® for Vessel Preparation prior to DCB."[3]

The Group is well positioned with the highly differentiated Chocolate® technology to benefit from the increasing needs for Vessel Preparation and better DCB technology in the Peripheral Vascular and Coronary markets. The Group's drug-coated peripheral balloon, Chocolate Touch®, had its first enrollment in the United States Food and Drug Administration ("**FDA**") approved pivotal clinical trial in 2017. Upon completion of the trial and subsequent approval, this would make Chocolate Touch® the fourth such device to be approved in the US and the first with a differentiated platform and a clinical trial versus a commercially available drug-coated balloon. The final results of Chocolate Touch®'s first-in-human trials were announced in 2016 and demonstrate data that are similar to the best-in-class devices. Lastly, the Group's drug-coated coronary balloon, Chocolate Heart™, completed two year angiographic follow up for its first-in-man (FIM) study in the Dominican Republic. The results of this follow up exceeded expectations, showing a negative late lumen loss at 24 month which even the best drug eluting stents are not able to show. The Group anticipates commencing a safety and feasibility study in 2018, and following which, FDA approval will be sought for Chocolate Heart™ to be the first drug-coated balloon approved for broad coronary use in the US.

The Company had on 23 May 2018, entered into an asset purchase and option agreement ("**APOA**") with Teleflex for the sale of its non-coated coronary products and coated coronary product. The value to the Company from this transaction is expected to be in excess of S$100 million, as the Company will also, as part of the terms of the transaction, receive from Teleflex a 5% royalty for the net sales of Chocolate Heart™ and revenue from future supply agreements. On 25 June 2018, the Company announced the completion of the sale of the Group's non-drug coated coronary products to Teleflex for a sum of S$26.3 million. 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 will continue to explore various strategic options including, mergers, acquisitions, disposals, joint ventures and fund-raising activities to optimise and/or unlock value for shareholders.

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[3] Christopher Metzger, MD, FACC, Kingsport, TN, USA; at LINC2018,Leipzig, Germany, During panel discussions, session: "Leave Nothing Behind 2.0" , while observing live PTA case transmission with Dr. Prakash Krishnan of Mt. Sinai Medical Center, New York City, NY, where he used a Chocolate® PTA balloon. Also, during presentation by Dr. Metzger: "From Chocolate® to Hawk; Vessel Preparation for improved outcomes". Tuesday of LINC 2018 - 14:05pm (live case panel discussion) and, 14:25pm (presentation).

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

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

13. INTERESTED PERSONS TRANSACTIONS

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

There 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

Note:

(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 21 March 2017 and 22 November 2017.

(B) ISSUANCE OF DRAWDOWN SHARES

Since the last quarterly update up to the date of this announcement, the Company has issued the following Shares pursuant to the Capital Commitment Agreement:

Issuance Date	**Number of Drawdown Shares at settlement date**	**Volume Weighted Average share price on the date of the Sales Notice S$**	**Sales Price per Share in Sales Notice S$**	**Issue Price per Share S$**	**Amount Raised S$**
4 June 2018	33,170,000	0.016	0.0135(1)	0.01413(1)	468,692

Notes:

(1) The sales price indicated in the Sales Notice represents a 10% discount to the volume weighted average price for the shares traded on SGX-ST for the full market day on 16 June 2017, the date of the Sales Notice. The Issue Price was arrived at based on a 10% discount to the average daily VWAP of S$0.0157 per Share during the Evaluation Period, which is higher than the Sales Price, in accordance with the terms of the Capital Commitment Agreement.

(C) ISSUANCE OF WARRANT SHARES

As at 30 June 2018, 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 June 2018 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 August 2018

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*This announcement has been prepared by QT Vascular Ltd. (the "**Company**") and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
