Q & M Dental Group (Singapore) Limited

20 Years of Quality Dental Care 1996 - 2016

Realising our Vision, Moulding our Future

ANNUAL REPORT 2015

CORPORATE PROFILE

Q & M Dental Group ("Q & M" or the "Group") [QC7.SI] is a growing integrated private dental healthcare group in Asia. The Group owns the largest network of private dental outlets in Singapore and continues to expand its operations throughout the value chain and geographically in the People's Republic of China ("PRC") and Malaysia.

Founded in 1996, Q & M has built an established brand through its reputation as a reliable provider of quality dental healthcare services. In Singapore, the Group has 65 dental clinics located island-wide to cater to a diversified range of patients. It also owns two dental supplies and equipment distribution companies in Singapore. The Group has a team of about 230 experienced dentists, supported by about 380 staff in Singapore, to provide quality service to its patient pool of more than 600,000 island-wide.

Q & M plans to also establish itself within markets overseas. Besides the Group's current operations in Shanghai, Q & M has further diversified with the acquisition of Shenyang Aoxin Stomatology Group, which operates three dental hospitals and three dental clinics in the Liaoning Province. The Group has also recently expanded to Panjin and Gaizhou City and is exploring a possibility of corporatizing Liaoning Medical University Stomatology Hospital No. 2.

The Group acquired a 51% stake in the specialized dental materials manufacturer known as Qinhuangdao Aidite High Technical Ceramic Co., Ltd ("Aidite") in Hebei Province, PRC. To further branch out along the dental value chain, the Group, via its subsidiary, Shenyang Quanxin Medical Equipment Leasing Co., Ltd, acquired a 60% stake in Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd. (name was subsequently changed to Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. after acquisition), a dental supplies distribution company.

In Malaysia, it currently operates three dental outlets in Kuala Lumpur, four dental clinics in Johor and one dental centre in Malacca. Venturing upstream, the Group has a 70% stake in a dental supplies and equipment distribution company, AR Dental Supplies Sdn. Bhd.

The Group was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 26 November 2009. For further information on Q & M Dental Group, please visit www.QandMDental.com.sg.

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REGIONAL FOOTPRINT AND LIST OF SERVICES

Regional Footprint (as at 31 December 2015)

	Number of clinics
Singapore	Dental: 65
	Medical: 3
	Medical Aesthetic: 1
China	12
Malaysia	8

	Manufacturing of Dental Materials / Distribution of Dental Equipment and Supplies
Singapore	2
China	1
Malaysia	1

About **230** dentists and **380** staff in Singapore; about **115** dentists and **415** staff in China; about **20** dentists and **120** staff in Malaysia

More than **600,000** patient pool in Singapore

DENTAL

- Aesthetic/Cosmetic Dentistry
- CAD CAM Digital Dentistry
- Children Dentistry
- Consultations
- Crowns and Bridges
- Dental X-rays
- Dentures
- Extractions
- General Dentistry
- Gum Disease and Surgery
- Implant Dentistry
- Mouthguards
- Oral Surgery
- Orthodontics (Braces)
- Root Canal Treatment
- Scaling and Polishing
- Sensitive Teeth
- Teeth Grinding (Bruxism)
- Teeth Whitening
- Tooth-Coloured Fillings
- Wisdom Tooth Surgery

MEDICAL

General Health Services:

- Adult and Children Consultation
- Chronic Disease Management
- Men's Health
- Skin Care

Preventive Care:

- Cervical PAP Smear
- Family Planning
- General Health Screening
- Pre-Marital Health Screening
- Smoking Cessation
- Weight Loss Management

Vaccinations:

- Cervical Cancer
- Chicken Pox
- Childhood Vaccinations
- Hepatitis Profiling and Vaccinations
- Influenza
- Travel Advice and Vaccinations

Extensive Medical Check-Ups:

- Pre-education/Extracurricular activity Certification
- Pre-employment Checks

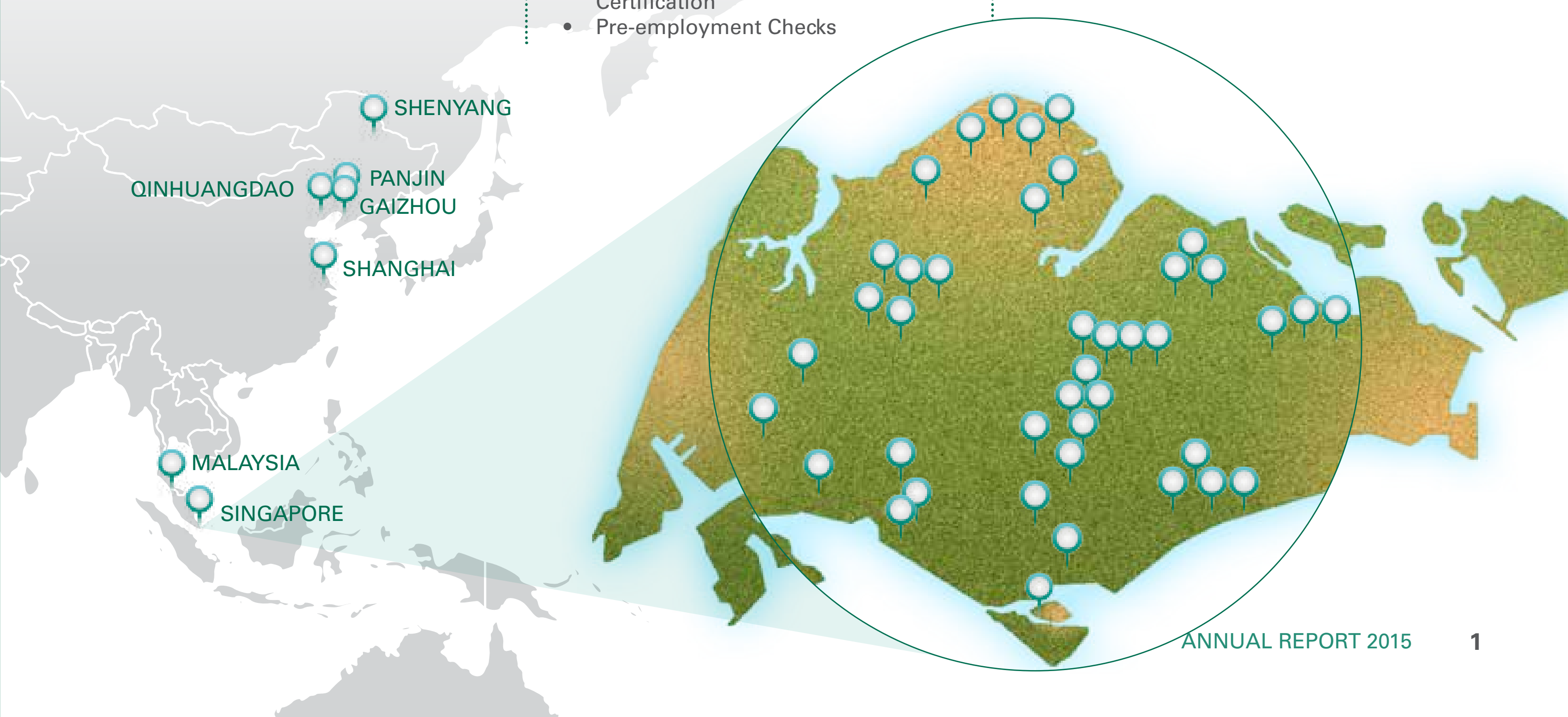
Minor Procedures:

- Ear Syringing
- Removal of Foreign Material
- Removal of Warts
- Suturing
- Wound Care and Dressing

MEDICAL AESTHETICS

Comprehensive Aesthetic and Laser Services:

- Acne Scars and Stretch Marks Treatment
- Chemical Peels
- Eyelash Extensions
- Facial Contouring
- Intense Pulsed Light (Acne/Rejuvenation/Pigment Removal)
- Laser (Acne/Rejuvenation/Pigment Removal)
- Mole/Milia/Skin Tag Removal
- Non-surgical Liquid Facelift
- Painless Hair Removal
- Skin Tightening (Face/Eye/Neck)
- Whitening/Deep Cleansing Facial



MESSAGE TO SHAREHOLDERS

Dear Shareholders

Staying on top

2015 was a rewarding year for the Group as we began to reap the fruits of our labour. Our careful and focused expansion strategy, underpinned by the reputable and recognised Q & M brand name, has translated into strong financial earnings growth. For the financial year ended 31 December 2015 ("FY2015"), the Group's earnings achieved a 41% year-on-year rise to $14.8 million. Net profit attributable to shareholders rose by 33% to S$11.4 million from S$8.6 million. In addition, we were ranked the second best performing stock by SGX in FY2015.

We were also one of six Singapore companies to make it to Forbes Asia's "Best Under a Billion" list which recognises the top 200 publicly-listed companies in Asia-Pacific, based on their financial growth and return on equity. The Board is happy with this accolade as it validates our number one priority – to enhance long term shareholder value. Having become the largest private dental healthcare group in Singapore, we have set our sights further afield, and our ultimate aim is to become a leading player across Asia.

Driving value creation, forging a new era of growth

With a strong team of about 115 dentists, the People's Republic of China ("PRC") had been identified and remains our key geographical area of focus for our Group's expansion. While the PRC's economy delivered tepid growth of 6.9% in 2015, the slowest in 25 years, the transition from industrial production to the services sector has been making headway, and will prove beneficial to the dental industry going forward. In addition, growing affluence and awareness for dental healthcare and aesthetics has contributed to the resilience of the sector and is expected to continue to do so.

In order to diversify the Group's business, we ventured into allied businesses such as the manufacturing and distribution of dental supplies. The Group had acquired a PRC-based manufacturer of Dental Zirconium blocks for use in dental Computer-Aided Design/ Computer-Aided Manufacturing ("CAD CAM") machines, which became part of the Group as Q & M Aidite International Pte Ltd ("Aidite"). Aidite is the first company in the world to produce a multi-layer zirconium block with six layers of gradient colours which allows a restored tooth to appear more natural looking. These multi-layer blocks are now available in more than 50 countries and we have also applied for patent coverage. In December 2015, the company moved into its own office and manufacturing facility.

Within the same period, we completed the acquisition of Panjin City Jingcheng Dental Clinics, Panjin City Jinsai Dental Clinic and Gaizhou City Zhouye Dental clinic. This brings on board five additional clinics within the Panjin and Gaizhou region. In addition, we also signed a definitive agreement to acquire Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd., a distribution company primarily engaged in the supply of dental equipment and materials. With this foray into the distribution business, the Group hopes to establish our capabilities throughout the entire dental value chain in the PRC.

The Group also announced a collaboration with Liaoning Medical University ("LMU"), a leading medical university in North East China, to set up a fund known as the "Q & M Dental Group (Singapore) – Liaoning Medical University President Fund". This fund will provide an annual sponsorship of RMB 500,000 over a course of three years for undergraduate and postgraduate dental students at the university. To date, the first batch of 17 students under this programme attended a study tour in Singapore while accompanied by LMU's Vice Dean and Head of Training. We are privileged to be working with LMU and affiliates to offer dental students and staff greater opportunities to enhance their skill sets, drive innovation and introduce new technologies to the industry.

In a bid to widen and strengthen the Group's revenue streams and profits, we also began exploring the possible spin-offs of two subsidiaries: Q & M Dental Holdings (China) Pte Ltd ("QDHC") and Aidite via listings on reputable Stock Exchanges.

In November 2015, the Group received approval from SGX to spin-off one out of the two subsidiaries with the listing of Aidite on the New Third Board in Beijing, an over-the-counter national securities platform in the PRC. Having established Aidite as a leading industry player, we decided that The New Third Board's objective of becoming a platform for innovative, entrepreneurial and growth-oriented enterprises is a good match for our aspiration for Aidite to remain a strong component of the Group's revenue flows and profits. The intended listing will give Aidite direct access to the capital market for funding and would allow us to exploit growth opportunities within our integrated value chain, particularly in Aidite's capital-intensive manufacturing business.

These spin-offs are strategies to better reflect the value of our various businesses without losing sight of our core business of dentistry. The management team will remain astute in identifying sectors and opportunities in dentistry and allied fields, develop these businesses and either integrate them into the core business or spin them off as units within the Group as platforms for greater value creation for our shareholders.

The ability to retain talent and constantly motivate the core management team is integral for our overall success. We attribute our

MESSAGE TO SHAREHOLDERS

success to the hard work of the core management team and dentists in our practices. To motivate, reward and retain these key resources, pre-IPO shares from Aidite and QDHC will be offered to a selected team of management, dentists and staff from Singapore, Malaysia and the PRC. By giving our valued staff an opportunity to gain equity interest, we hope to not only reward their talent but also ensure their long and fruitful career with us.

Taking root in the region

Singapore's economy grew at the slowest pace since the global financial crisis. In order to tackle the softer growth outlook, the government encourages greater innovation in technology and productivity. The maturity and competitiveness of the Singapore's dental market means that service providers like us must invest in information technology and automation to improve productivity and exercise cost management. Differentiation from our competitors is also vital.

We therefore consistently seek to innovate and increase our suite of offerings to our patients. Being one of the pioneers of CAD CAM digital dentistry in Singapore, we are exploring means to lower our costs and make CAD CAM digital dentistry more affordable to the masses. With our extensive outreach in Singapore, we can leverage on economies of scale to give greater value to our patients.

We are also striving to improve the patient experience at Q & M. To that end, we have formed a joint venture company with a third party software vendor to continue enhancing the customised "Q & M Clinic Assist" programme. This is a proprietary Customer Relationship Management software that helps to improve the workflow at the clinics, in particular within the front end functions. With support from SPRING Singapore, we also teamed up with another third party vendor for the design and implementation of a comprehensive paperless electronic dental records system. Overall, we are now able to manage patients' information efficiently to elevate the overall productivity levels of the Group. We aim to create a holistic Q & M experience for the convenience of all our patients.

In 2015, we acquired four dental clinics in Singapore. This brings the total number of clinics owned to 65 and expands our team of dentists from about 180 to 230. Having been established as an island wide, heartland dental clinic chain, we have diversified our operations with the acquisitions of TP Dental Surgeons Pte Ltd (www.tpdental.com.sg). The addition of this marque dental practice has given the Group entry into the premium and international dental markets.

We have also begun rolling out several initiatives to penetrate the corporate market in Singapore. Previously, we have been faced with several challenges entering this segment. After conducting thorough market research, we introduced a unique corporate dental plan known as 'Q & M Corporate Plus', which offers fixed rates on more than 20 commonly done dental procedures for our corporate clients.

On our medical and aesthetics business front, our Group has achieved operational efficiency for our various business units. Going forward, we remain on the lookout for further opportunity within this segment.

Malaysia displays significant potential for us due to the abundant supply of dental talent as compared to Singapore. With a bumper crop of students graduating in the coming years, we have the opportunity to pick the very best to grow our current team of about 20 dentists, leveraging on our established brand name and track record. This situation also augurs well for our AR Dental Supply Sdn Bhd materials and equipment distribution business. However, due to political and currency uncertainties that continue to undermine the growth of the Malaysia economy, we are conservative in our expansion strategy.

Apart from our ventures in the PRC and Malaysia, we are also constantly exploring other markets and business segments. In terms of funding requirements, our S$60 million Medium-Term Note facility provides the Group with the means to capitalise on organic and inorganic growth opportunities. Leveraging on the scalability of our business model, we are confident that we can replicate it as we venture into new markets and segments.

Moving ahead, we believe that our focus on raising productivity, segmental expansion as well as the retention of talent will allow us to grow our business and enhance shareholder value. At the same time, we strive to exercise prudence in order to reduce our exposure to risks and possible downsides.

In appreciation

On behalf of the Board, I would like to express my deepest appreciation to all stake holders, management team and staff who have been instrumental in Q & M's success over the years. We are grateful for the loyal support and look forward to many more years of strong partnerships.

Last but not least, I like to thank the Board of Directors for their invaluable guidance and contribution. Together, we believe that we can drive the Group and the dental healthcare industry to scale new heights.

MR NARAYANAN SREENIVASAN
Non-Executive and
Independent Chairman

DR NG CHIN SIAU
Group Chief Executive Officer

HIGHLIGHTS OF THE YEAR AND FY2015 KEY FIGURES

Singapore

- Acquisition of Tiong Bahru Dental Surgery Pte Ltd and Bright Smile Dental Surgery Pte Ltd
- Acquisition of TP Dental Surgeons Pte Ltd
- Acquisition of Aesthetics Dental Surgery Pte Ltd

The People's Republic of China

- Exploring the possible spin-offs of Q & M Dental Holdings (China) Pte Ltd
- Acquired 60% stakes in Panjin City Jingcheng Group (Jingcheng Dental Clinic, Jingying Dental Clinic and Jingyi Dental Clinic), Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic via Shenyang Xin'Ao Hospital Management Co., Ltd.
- Proposed acquisition of 60% stake in Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd via Shenyang Quanxin Medical Equipment Leasing Co., Ltd.
- Received Letter of No objections from SGX for the spin-off listing of Qinhuangdao Aidite High Technical Ceramic Co., Ltd on the New Third Board, Beijing
- Aidite moves into its own premises and manufacturing facility

FY2015 KEY FIGURES

REVENUE
$124.0 million
+24%

PROFIT BEFORE TAX
$16.8 million
+43%

EBITDA
$23.6 million
+56%

CASH POSITION
$64.9 million

CURRENT RATIO (Times)
2.5

EARNINGS PER SHARE (Diluted)
1.39 cents
+0.19 cents

NAV PER SHARE
11.6 cents
+1.8 cents

OPERATIONS REVIEW

Q & M Dental Group ("Q & M" or the "Group") continues to forge ahead with its vision of becoming the leading integrated dental healthcare company in Asia. Supported by multiple organic and inorganic growth drivers, the Group is strategically positioned to capture additional market share across Asia.

Testament to the Group's successful expansion strategy, Q & M was conferred the following awards and accolades for FY2015:

1. Forbes Asia's "Best Under A Billion".
2. Frost & Sullivan Best Practices Award – Singapore Dental Company of the year.
3. Frost & Sullivan Best Practices Award – Malaysia Dental Company of the year.
4. Natural Health Readers' Choice Award – Best Family Dental, Malaysia.
5. Singapore Corporate Awards' Best CEO for companies with $300 million to $1 billion market capitalisation.
6. SGX top 10 stock gainers of the year - second place.

Singapore

A widely recognized and established dental brand in Singapore, Q & M enjoys approximately 12%* of the overall market share. Spearheaded by a team of experienced and dedicated management and dentists, the Group aims to maintain its domestic stronghold through organic growth, merger and acquisition.

The Group streamlined its operations in Singapore by ceasing the clinics at River Valley and Jurong East Central Blk 130. It also consolidated its two clinics in Braddell to achieve optimum operational efficiency. On the other hand, the existing clinics in Pasir Ris and Simei MRT were expanded in order to better serve our patients. At the same time, the Group also added three new Q & M clinics at Ang Mo Kio Central, Bedok Mall and Pasir Ris MRT.

In FY2015, the Group acquired a total of four dental clinics strategically located in Singapore, bringing the total number of clinics owned to 65. The newly acquired clinics are:

- Tiong Bahru Dental Surgery Pte Ltd and Bright Smile Dental Surgery Pte Ltd *(www.tiongbahrudental.com)*
- TP Dental Surgeons Pte Ltd *(www.tpdental.com.sg)*
- Aesthetics Dental Surgery Pte Ltd *(www.aestheticsdental.com)*

In order to further diversify its offering base to suit a wider spectrum of patients, Q & M acquired TP Dental Surgeons Pte Ltd, a premium dental practice equipped with its own in-house laboratory for the production of personalized dental appliances. The acquisition falls in line with the Group's commitment towards developing its leadership position in Singapore by seeking out quality dental assets with strong growth prospects.

Riding on the Group's growth momentum, Q & M recently completed the acquisition of Lee & Lee (Dental Surgeons) Pte Ltd, one of Singapore's most established private dental group practice with three clinics. This further widens Q & M's access to a larger patient base and cements the Group's market leadership in Singapore.

The People's Republic of China

Growing awareness for dental health supported by the government's push to open up the healthcare industry has resulted in a large and burgeoning market. Q & M continues to focus on strategically acquiring large dental hospitals and material manufacturers.

In December 2015, Shenyang Xin'Ao Hospital Management Co., Ltd. ("Xin-Ao MC"), an indirect subsidiary of Q & M, acquired 60% stakes in the following outlets:

- Panjin City Jingcheng Group with Jingcheng Dental Clinic, Jingying Dental Clinic and Jingyi Dental Clinic
- Panjin City Jinsai Dental Clinic
- Gaizhou City Zhuoye Dental clinic

**Based on 1,905 registered dentists in Singapore, as extracted from the Singapore Dental Council's Annual Report 2014.*

OPERATIONS REVIEW

In addition, the Group entered into a MOU for a 60% stake in Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd., a dental equipment and supplies distribution company, strengthening the Group's presence in the dental equipment and supplies distribution segment and creating an integrated value chain. To date, the Group owns three dental hospitals, nine dental outlets, one dental supplies distribution company and one materials manufacturer.

More notably, The Group is also exploring the possible spin-offs of Q & M Dental Holdings (China) Pte Ltd ("QDHC") and Q & M Aidite International Pte Ltd ("Aidite"). This will bring Q & M's operations in the PRC to the next stage of growth while capturing additional value from the capital market. Currently, the Group has received Letter of No objection from SGX for the spin-off and listing of Aidite on the New Third Board in Beijing.

In FY2015, Shenyang Aoxin Q & M Stomatology Hospital achieved the following milestones:

- Designated as the Shenyang Stomatology Teaching and Training Institute by the Liaoning Medical University.
- Opened its Paediatric Dentistry Centre.
- Officially accredited as Liaoning Province Medical Insurance provider (Yi Bao) hospital for the convenience of Yi Bao card holders.

Aidite is a leading manufacturer of dental zirconium blocks for use in dental Computer-Aided Design/ Computer-Aided Manufacturing ("CAD CAM") machines. In FY2015, Aidite also achieved the following milestones:

- Introduction of new products and technologies: Aidite successfully developed multi-layer zirconium oxide blocks for the anterior teeth. In addition, following extensive clinical trials in collaboration with various dental hospitals, the Research and Development teams established a breakthrough in tooth implantation technology and same-day teeth restoration.

- Organisation of marketing campaigns: Aidite welcomed on board 13 new dental laboratories as accredited laboratories for its multi-layer zirconium blocks. It organised 265 technical training courses to educate dentists on the techniques and technologies on tooth restoration and stepped up marketing efforts in order to build Aidite's brand awareness.

- Establishment of a strategic partnership: Aidite established a partnership with Germany's Amann Girrbach, a leading innovator in digital dental prosthetics. The collaboration integrates the synergies between both parties to deliver high-quality and innovative dental materials and technology to the market.

- Completion and commencement of operations of the new plant: In December 2015, Aidite moved into its brand new premises. The new site spans 14,500 square metres and is equipped with eight modern production lines with annual capacity of 20 million units. The CAD CAM manufacturing center will be opened to the public in FY2016.

- Application of worldwide patents: At present, Aidite's products have received CE, ISO and FDA certification in more than 10 countries.

Malaysia

Currently, Q & M operates eight clinics including four in Johor Bahru, three in Kuala Lumpur and one in Melaka. In addition to its dental clinics, Q & M also owns a dental equipment and supplies distributor that supplies to other dentists in Malaysia. With the vertical integration of upstream and downstream, the Group is able to take advantage of efficiencies from scalability and supply chain management.

Growing the dental supplies and distribution business and expanding the clinics network in Malaysia continue to be a priority for the Group.

FINANCIAL REVIEW

REVENUE

For the financial year ended 31 December 2015 ("FY2015"), the Group's revenue from dental and medical clinics increased by 16% to $97.8 million, from $84.3 million in the previous year ("FY2014"). The increase of $13.5 million was mainly attributed to higher sales from existing and newly acquired dental outlets in Singapore as well as revenue contribution from Aoxin in the People's Republic of China ("PRC"), which was acquired in July 2014.

As at 31 December 2015, the Group had a total of 65 dental outlets, three medical outlets and one aesthetic centre in operations in Singapore. This increase is in comparison to 60 dental outlets, one mobile dental clinic, three medical outlets, one aesthetic centre and two specialist medical clinics as at 31 December 2014.

As at 31 December 2015, the Group has a total of eight dental outlets in Malaysia and three dental hospitals and nine dental outlets in PRC, which was unchanged from the previous corresponding period.

In FY2015, revenue contribution from the dental equipment and supplies distribution business increased by 2% to $9.6 million from $9.4 million in FY2014. The increase of $0.2 million was mainly due to higher revenue from the Group's dental equipment and supplies distribution company in Singapore, offset by lower revenue from the dental equipment and supplies distribution company in Malaysia.

Revenue contribution from the dental supplies manufacturing business for FY2015 increased by 151% to $16.7 million from $6.6 million in FY2014. The increase of $10.1 million in FY2015 was due to a full year revenue contribution from Aidite acquired in August 2014 as compared to five months revenue contribution in FY2014.

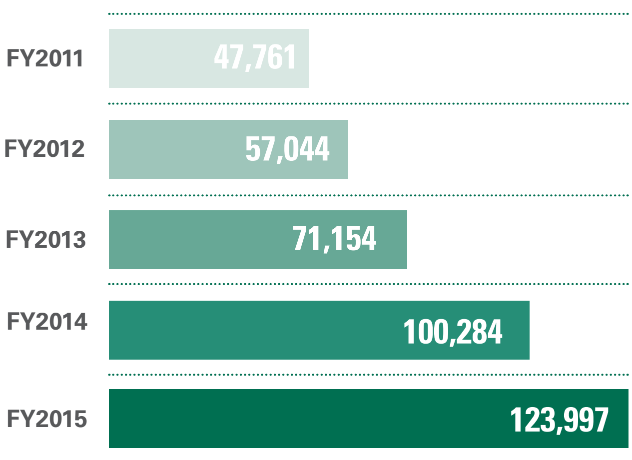
OTHER ITEMS OF INCOME

Other gains in FY2015 amounted to $3.7 million compared to $1.0 million for FY2014. The increase in FY2015 was mainly due to the recognition of enhanced special employment credit, PIC cash payout and gain on disposal of the Jurong Gateway property.

OPERATING EXPENSES

Consumables and supplies used in FY2015 rose by 13% to $7.6 million from $6.7 million in FY2014. The increase was mainly due to an increase in revenue from existing dental outlets and cost of purchases including the acquisitions of Aoxin and new dental outlets in Singapore.

REVENUE $'000



As a percentage of revenue from dental and medical clinics, consumables and dental supplies used in the dental and medical outlets in FY2015 was 7.7% compared to 7.9% in FY2014.

The cost of sales from dental equipment and supplies distribution business decreased by 5% to $6.3 million in FY2015 from $6.7 million in FY2014. The decrease was mainly due to lower revenue from the dental equipment and supplies distribution company in Malaysia.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in FY2015 was 66% compared to 71.1% in FY2014.

Cost of sales from the dental supplies manufacturing business for FY2015 rose 179% to $6.6 million from $2.4 million in FY2014. The increase was due to the acquisition of Aidite in August 2014.

As a percentage of revenue from dental supplies manufacturing business, cost of sales used in the dental supplies manufacturing business in FY2015 was 39.4% compared to 35.4% in FY2014.

Employee benefits expense in FY2015 rose 16% to $63.2 million, from $54.4 million in FY2014. This increase was in line with the increase in revenue from dental outlets in Singapore, salary revision and an increase in headcount to support Aoxin, Aidite and the recently acquired dental outlets in Singapore.

As a percentage of revenue, employee benefits expense in FY2015 was 51% compared to 54.2% in FY2014.

Depreciation and amortisation expenses in FY2015 increased by 43% to $4.0 million from $2.8 million in FY2014. The increase of $1.2 million was due mainly to the purchase of dental equipment, furniture, fixtures and fittings for Aoxin, Aidite as well as new and existing dental outlets in Singapore.

As a percentage of revenue, depreciation and amortisation expenses in FY2015 was 3.2% compared to 2.8% in FY2014.

Rental expense in FY2015 increased by 19% to $10.1 million from $8.5 million in FY2014. The increase of $1.6 million was due mainly to an increase in the number of dental outlets in Singapore and the PRC.

As a percentage of revenue, rental expense in FY2015 was 8.1% compared to 8.5% in FY2014.

Other expenses increased by 43% in FY2015 to $10.7 million from $7.4 million in FY2014. The increase was mainly due to increases in legal and professional fee expenses related to the Medium Term Note ("MTN") Programme, termination of International Finance Corporate ("IFC") term loan, the acquisitions of Aoxin, Aidite and new dental outlets in Singapore.

As a percentage of revenue, other expenses in FY2015 was 8.6% compared to 7.4% in FY2014.

Finance costs in FY2015 increased to $2.7 million from $0.5 million in FY2014. The increase was mainly due to MTN interest.

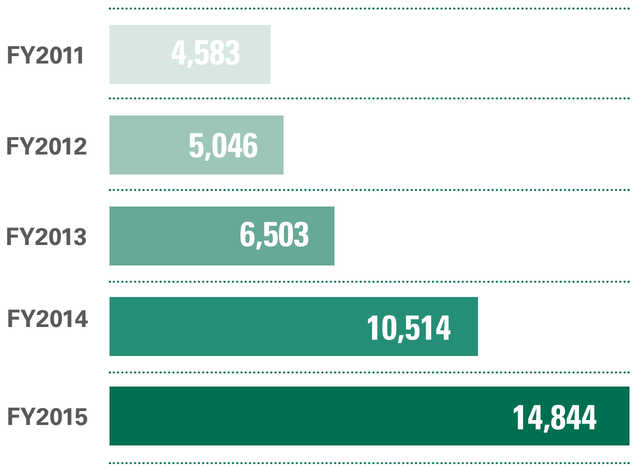
PROFITABILITY

The Group's profit before tax in FY2015 rose 43% to $16.8 million from $11.8 million in FY2014.

The increase of $5.0 million was mainly due to the reasons given above. After deducting provision for income tax expense of $2.0 million, the Group's net profit in FY2015 increased 41.2% to $14.8 million from $10.5 million in FY2014.

FINANCIAL REVIEW

NET PROFIT $'000



BALANCE SHEET

As at 31 December 2015, cash and cash equivalents stood at $64.9 million. Within the same period, MTN, bank borrowings and finance leases amounted to $79.5 million.

Cash and cash equivalents as at 31 December 2015 increased to $64.9 million from $35.7 million as at 31 December 2014. The net increase of $29.2 million was mainly due to the issuance of the MTN of $60.0 million on 19 March 2015.

Trade and other receivables increased to $22.8 million as at 31 December 2015 from $16.3 million as at 31 December 2014. The increase of $6.5 million was due mainly to increases in receivables arising from PIC cash payout, capital contribution receivable from shareholders of Aidite and asset held for sale for Q & M (Beijing) Pte. Ltd..

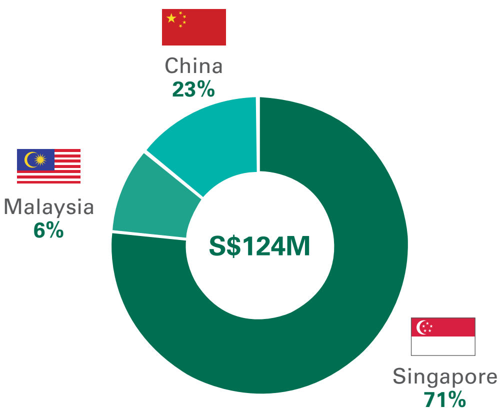
Other assets as at 31 December 2015 increased to $3.1 million from $2.8 million as at 31 December 2014. The net increase of $0.3 million was mainly due to an increase in prepayments in Singapore and PRC.

Inventories increased to $11.2 million as at 31 December 2015 from $8.7 million as at 31 December 2014. The increase of $2.5 million was due mainly to an increase in inventories from Aidite.

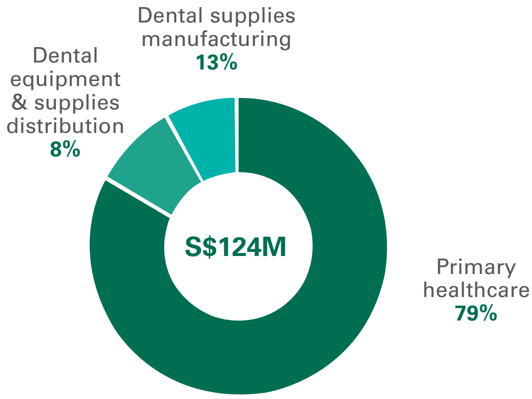
The net book value of property, plant and equipment as at 31 December 2015 decreased to $34.3 million from $37.4 million as at 31 December 2014. The decrease of $3.1 million was mainly due to the sale of Jurong Gateway property in August 2015, offset by the purchase of a Serangoon property in July 2015, dental equipment for Aoxin and costs incurred from construction of factory buildings for Aidite.

The intangible assets as at 31 December 2015 increased to $76.9 million from $40.0 million as at 31 December 2014. The increase of $36.9 million was mainly due to goodwill arising from the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd., Bright Smile Dental Surgery Pte. Ltd. and Aesthetics Dental Surgery Pte. Ltd..

By Geography



By Business Segment



Trade and other payables as at 31 December 2015 increased to $25.7 million from $21.1 million as at 31 December 2014. The increase of $4.6 million was mainly due to the increase in trade payable in Aidite and amount due to shareholders of Aidite.

Other financial liabilities as at 31 December 2015 increased to $15.7 million from $3.8 million as at 31 December 2014. The increase of $11.9 million was mainly due to the early redemption of a bank loan maturing in August 2017.

At the end of 31 December 2015, the Group's non-current portion of the other financial liabilities increased to $63.8 million from $28.5 million as at 31 December 2014. This is due mainly to the issuance of the MTN on 19 March 2015 and new bank loan for the purchase of Serangoon property, offset by the repayment of bank loan from the sale of the Jurong Gateway property.

CASH FLOWS

The Group generated net cash flow from operating activities of $13.3 million in FY2015. This was mainly derived from the profit generated in FY2015, offset by the increase in trade and other payables and inventories.

Net cash used in investing activities in FY2015 amounted to $19.5 million, mainly due to the purchase of property, plant and equipment and the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd., Bright Smile Dental Surgery Pte. Ltd. in September 2015 and Aesthetics Dental Surgery Pte. Ltd. in November 2015, offset by sales proceeds from the disposal of Jurong Gateway property.

Net cash from financing activities in FY2015 was $35.5million, which arose mainly due to proceeds from the MTN, offset by a dividend payment of $5.8 million to the Company's shareholders and the repayment of bank loan on the sale of Jurong Gateway property.

As a result of the above factors, the Group's cash and cash equivalents was $64.9 million as at 31 December 2015.

DIVIDEND

The Directors of the Group are pleased to recommend a final dividend of 0.42 cents per ordinary share in respect of FY2015 for approval by the shareholders at the Annual General Meeting ("AGM"). This will bring full-year dividend for FY2015 to 0.84 cents per share. If approved at the AGM, the final dividend will be paid on 18 May 2016.

BOARD OF DIRECTORS

NARAYANAN SREENIVASAN
Non-Executive and Independent Chairman

Narayanan Sreenivasan was appointed as Non-Executive Chairman of Q & M Dental Group on 14 October 2009. He is the Managing Director of Straits Law Practice LLC and has 30 years of experience in government and private legal practice. He graduated with a LLB (Hons) from the National University of Singapore in July 1985. He is an advocate and solicitor of the Supreme Court of the Republic of Singapore and is also a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Chartered Institute of Arbitrators. Mr Sreenivasan has an active litigation practice and was appointed as Senior Counsel in January 2013. He is a member of the Law Society Pro Bono Management committee and a director of the Singapore Business Federation Foundation. Mr Sreenivasan has previously been the Honorary Secretary of SINDA ("Singapore Indian Development Association") and a Council member and Treasurer of the Law Society.

DR NG CHIN SIAU
Group Chief Executive Officer

Dr Ng Chin Siau is our founder and Group CEO. He was appointed as an Executive Director of Q & M Dental Group on 7 January 2008. Dr Ng Chin Siau is responsible for the corporate direction of our Group. He leads our Group in all aspects of its business strategies, policy planning and business development in Singapore and overseas, especially the PRC. From May 1992 to October 1994, he was a dental officer with the Ministry of Health. He left to join private practice in November 1994, where Dr Ng Chin Siau was an Associate Dentist with a private dental clinic at Bukit Batok until October 1996. He founded our Group in November 1996 and charted its growth since then.

Dr Ng Chin Siau is a council member of the Singapore-Liaoning Economic and Trade Council ("SLETC") and Singapore-Shangdong Economic and Trade Council ("SSETC"), a patron of the Ang Mo Kio-Hougang's Citizen's Consultative Committee ("CCC") and committee member of River Valley High School's School Advisory Committee ("SAC"). In June 1992, he graduated from the National University of Singapore with a Bachelor of Dental Surgery. Dr Ng Chin Siau also obtained a Certificate of Implantology from the University of Frankfurt in December 2003.

Dr Ng Chin Siau received the Best Entrepreneur Award in the discipline of Dentistry from the National University of Singapore's Business Incubation of Global Organisations in September 2007. In September 2009, he was named the Top Entrepreneur and winner of The Entrepreneur of the Year Award ("EYA") for Enterprise in the 2009 Rotary Club-ASME EYA. In December 2010, Dr Ng was conferred the Ernst & Young Entrepreneur of The Year 2010 Award (Healthcare Services). He was also an elected member of the Singapore Dental Council from May 2006 to April 2009. More recently in 2015, Dr Ng Chin Siau was also named the Best CEO of the Year for listed companies with market capitalisation of $300 million to $1 billion at the Singapore Corporate Awards.

DR NG JET WEI
Deputy Chief Executive Officer

Dr Ng Jet Wei is our Deputy CEO. He was appointed as an Executive Director of Q & M Dental Group on 29 April 2008. Dr Ng Jet Wei is also the CEO of Q & M Dental Group (Malaysia) and is responsible for our Group's business development activities in Malaysia. He is also responsible for our Group's dental equipment and supplies business and dental laboratory services. Aside from his executive position, Dr Ng Jet Wei practices as a dentist at our Q & M Dental Centre located at City Square Mall. Prior to joining us in December 1997, he was a dental officer with the Ministry of Health, General Dental Centre, from December 1995 to December 1996. From December 1996 to December 1997, he was the Head of Dental Unit at Woodlands Polyclinic, a Community Dental Service of the Ministry of Health. He graduated from the National University of Singapore with a Bachelor of Dental Surgery in December 1995. He also obtained a Certificate of Implantology from University of Frankfurt in December 2004. Dr Ng Jet Wei is a Fellow of the International Congress of Oral Implantologist since August 2005.

BOARD OF DIRECTORS

DR ANG EE PENG RAYMOND
Chief Operating Officer

Dr Ang Ee Peng Raymond is our COO. He was appointed as an Executive Director of Q & M Dental Group on 13 June 2008. Dr Ang's responsibilities include our Group's human resource function, information technology, procurement, marketing, ISO implementation and complaints handling. He is assisted by our General Manager, Ms Foo Siew Jiuan. Dr Ang practices as a dentist at our Q & M dental clinics at Bukit Gombak and Bukit Panjang. Dr Ang joined us in April 2004. Prior to that, from July 1994 to 1996, Dr Ang served as a staff officer with the Singapore Armed Forces Medical Corps. From July 1996 to March 2004, Dr Ang was with First Impressions Dental Surgery Pte Ltd, another dental group practice. He graduated from the National University of Singapore with a Bachelor of Dental Surgery in July 1994. He is a Fellow of the Academy of Dentistry International since September 2009 and Fellow of the International College of Dentist since November 2010. Dr Ang is Advisor to the Singapore Dental Association ethics committee. Dr Ang is an elected member of the Singapore Dental Council (SDC) since May 2009. He is Chairman of the SDC Audit Committee and also a member of the SDC's complaints panel and SDC's continuing professional education committee. Dr Ang is a member of Nayang Polytechnic School of Health Sciences Dental Therapy & Hygiene Advisory Panel. He is also member of the Singapore Medical Council's complaints panel. In 2012 Dr Ang was presented with the prestigious Singapore Dental Association Meritorious Award for his contributions to the dental profession in Singapore.

PROFESSOR TOH CHOOI GAIT
Non-Executive and Independent Director

Professor Toh Chooi Gait was appointed as an Independent Director of Q & M Dental Group on 25 June 2013. Currently, she is the Pro Vice Chancellor (Development) and Dean of the School of Dentistry in International Medical University, Malaysia. She is also currently serving as a member of the Malaysian Dental Council. She has also served in various positions in the International Association for Dental Research and South East Asia Association for Dental Education. She is also a member of the National Conjoint Board on Postgraduate Dental Education under the Ministry of Education, Malaysia, since its inception in 2013. Professor Toh has over 35 years of experience in dentistry and has co-authored four books on aesthetic dentistry and published more than 60 articles on dentistry in various professional journals. She regularly conducts dental workshops and training for dentists in Malaysia and abroad. She has a Bachelor of Dental Surgery with Honors from the University of Singapore, Master of Science in Conservative Dentistry from University of London, Diploma in Restorative Dentistry from Royal College of Surgeons of Edinburgh and is a Fellow in Dental Surgery with the Royal College of Physicians and Surgeons of Glasgow. She has also been conferred Honorary Fellowships by Academy of Dentistry International, International College of Dentists and Royal College of Surgeons of Edinburgh.

NG WENG SUI HARRY
Non-Executive and Independent Director

Ng Weng Sui Harry was appointed as an Independent Director of Q & M Dental Group on 14 October 2009. Currently, he is the Executive Director of HLM (International) Corporate Services Pte Ltd, a company that provides business consultancy and corporate services. Mr Ng is also an Independent Director and Chairman of the Audit Committee of Artivision Technologies Ltd, Oxley Holdings Limited, and IEV Holdings Limited and HG Metal Manufacturing Limited, all listed on the SGX-ST. From October 2008 to April 2010, he was the Chief Financial Officer and Executive Director of Achieva Limited, listed on the SGX-ST. From August 2004 to July 2008, he was the Chief Financial Officer of Sunmoon Food Company Limited, a company listed on the SGX-ST. Mr Ng has more than 30 years of experience in accountancy, audit and finance. He is a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

EXECUTIVE OFFICERS

DR CHEAH KIM FEE

Chief Executive Officer (China)

Dr Cheah Kim Fee has been the Chief Executive Officer of Q & M Dental Holdings (China) Pte Ltd ("QDHC") since 1 June 2012. QDHC is the Company's investment vehicle for its expansion into the private dental healthcare industry in the People's Republic of China ("PRC"). Dr Cheah plays an important role in identifying and assessing strategic merger and acquisition opportunities in the PRC's dental healthcare industry. He is also tasked with initiating preliminary negotiations with companies that fit the Group's investment criteria, post-acquisition integration and is responsible for QDHC's financial and operational performance.

Prior to his appointment in QDHC, he was CEO of another Q & M subsidiary company, Q & M Dental Group (China) Pte Ltd from 1 April 2010. He was also the Sales Director at Ivoclar Vivadent Shanghai Representative Office from 2007 to 2009. From 2005 to 2007, he was practicing as a dentist at Global Healthcare, Shanghai. Between 2003 and 2005, Dr Cheah was a Research Assistant at the Faculty of Dentistry, University of Hong Kong. He was also a practicing dentist at Dr Tay and Partners Dental Surgeons Singapore from 1992 to 2003, and Singapore General Hospital between 1990 and 1992. Dr Cheah graduated from the National University of Singapore with a Bachelor of Dental Surgery in 1990. He also obtained a Diploma in General Dental Practice from Royal College of Surgeons, England in 1997 and Executive Masters of Business Administration from University of Washington Saint Louis, USA, in 2010. Dr Cheah was the first President of the College of General Practitioners (Singapore).

FOO SIEW JIUAN

General Manager

Foo Siew Jiuan is our General Manager and her current responsibilities include assisting our COO on our Group's daily operational matters such as human resource, procurement, marketing, service recovery and others. From May 1993 to January 1997, she was a retail pharmacist and outlet manager at Guardian Pharmacy Singapore. From May 1998 to June 1999, she continued to work part-time as a pharmacist at St. Luke's Hospital in Singapore. She joined our Group in November 1996 on a part-time basis before working full-time with our Group from July 1999. She graduated with a Bachelor of Science (Pharmacy) from the National University of Singapore in June 1992.

SIM YU XIONG

Chief Financial Officer

Sim Yu Xiong is our Chief Financial Officer. He is responsible for our Group's financial management, tax and investment, as well as assisting our CEO on merger and acquisition activities. Mr Sim has accumulated vast experience in the areas of finance, audit and business management. Prior to joining our Group on 6 April 2010, he was Chief Financial Officer with W. Atelier Pte Ltd from April 2008 to March 2010. From June 2007 to March 2008, he held the position of General Manager at Inke Pte Ltd. Between June 2003 and June 2007, Mr Sim was the Group Financial Controller with Pacific Healthcare Holdings Ltd. In addition, he had also held various managerial positions previously as Finance Manager with Torie Holdings Pte Ltd from August 1997 to May 2003 and General Manager with Fullmark Pte Ltd from August 1986 to August 1997. From September 1980 to July 1986, Mr Sim was an auditor with Coopers & Lybrand, prior to its merger with Price Waterhouse in 1998. Mr Sim is Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK).

NG SOOK HWA

Group Financial Controller

Ng Sook Hwa is our Group Financial Controller. Her current responsibilities include assisting our Chief Financial Officer in our finance and compliance matters. Prior to joining us in March 2002, Mdm Ng was a second year graduate assistant in KPMG, Singapore from October 2000 to February 2002. Mdm Ng graduated with a Bachelor of Commerce, Finance and Marketing (with distinction) from Curtin University of Technology, Australia in August 1998. She also obtained her Masters of Accounting from Curtin University of Technology, Australia in April 2000 and is a member of CPA Australia.

SAN YI LEONG

Chief Financial Officer (China)

San Yi Leong is the Chief Financial Officer of Q & M Dental Holdings (China) Pte Ltd ("QDHC"), a wholly owned subsidiary of Q & M Dental Group. He is responsible for QDHC's financial management, investment management, investor relations and assists our Group CEO on merger and acquisition activities in the People's Republic of China ("PRC").

Prior to his appointment as Chief Financial Officer of QDHC, he was the Group's Business Development Director. His responsibilities include assisting our Group CEO and Deputy CEO on business development in Singapore, Malaysia and the PRC. He conducts market analysis and research as well as prepares business proposals for the Group. He is also involved in Singapore clinics expansion, merger and acquisition activities both local and overseas, business integration, due diligence exercises and other special projects. He also assisted the Group's COO in managing the Group's medical healthcare business in Singapore.

Prior to joining us in April 2005, he was an assistant finance manager with Oracle Petroleum Consultancy Pte Ltd, a company involved in petroleum and petrochemicals supply chain activities, from January 2003 to March 2005. From July 1999 to January 2003, he was a senior auditor with Messrs Ng, Lee & Associates – DFK, Singapore, a public accounting firm. Mr San obtained a Bachelor of Commerce (Accounting and Finance) from Curtin University of Technology, Australia in August 1999. He is a member of the Institute of Singapore Chartered Accountants and a member of CPA Australia.

ANDREW YOUNG HAO PUI

Legal Counsel

Andrew Young is the Group's Legal Counsel. He is responsible for legal, statutory and compliance matters of the Group, and also provides general legal advice on the day-to-day matters of the Group. He also supports the management in the Group's dealings with the Singapore Exchange Securities Trading Limited, investing community and external professionals engaged by the Group. Prior to joining the Group in November 2013, he was an associate at Yeo-Leong & Peh LLC. Mr Young obtained his Bachelor of Laws from the University of Liverpool, United Kingdom and is also an accredited associate mediator with the Singapore Mediation Centre.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Narayanan Sreenivasan
(Non-Executive and Independent Chairman)
Dr Ng Chin Siau
(Group Chief Executive Officer)
Dr Ng Jet Wei
(Deputy Chief Executive Officer)
Dr Ang Ee Peng Raymond
(Chief Operating Officer)
Professor Toh Chooi Gait
(Non-Executive and Independent Director)
Ng Weng Sui Harry
(Non-Executive and Independent Director)

AUDIT COMMITTEE
Ng Weng Sui Harry (Chairman)
Narayanan Sreenivasan
Professor Toh Chooi Gait

REMUNERATION COMMITTEE
Professor Toh Chooi Gait (Chairperson)
Ng Weng Sui Harry
Narayanan Sreenivasan

NOMINATING COMMITTEE
Professor Toh Chooi Gait (Chairperson)
Ng Weng Sui Harry
Narayanan Sreenivasan

COMPANY SECRETARY
Toon Choi Fan

REGISTERED OFFICE
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Singapore 118257
www.QandMDental.com.sg

SHARE REGISTRAR
Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road,#02-00,
Singapore 068898

AUDITORS
RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095

Goh Swee Hong (Partner-in-charge)

SGX
TOP 10
STOCK GAINERS
2015

Forbes Asia
Best Under A Billion 2015

WINNER
READERS' CHOICE
AWARDS 2015
Natural Health 健康

Frost & Sullivan's
Dental Company
of the Year 2015
SINGAPORE | MALAYSIA

BEST CEO AT
SINGAPORE CORPORATE
AWARDS 2015

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Q & M Dental Group (Singapore) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") (the "**Board**" or "**Directors**") is committed to maintaining high standards of corporate governance and has adopted the principles of the Code of Corporate Governance 2012 (the "**Code**") to enhance transparency and accountability as well as to protect the interest of shareholders. The Board confirms that, for the financial year ended 31 December 2015 ("**FY2015**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Mainboard Rules**").

BOARD MATTERS

Principle 1 Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board's Conduct of its Affairs

The Board is entrusted with the responsibility for the overall management of the Company. It establishes the corporate strategies of the Company as well as sets the direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is also responsible for implementing and maintaining sound corporate governance practices for the Company.

The Board has established an internal framework to ensure that the type of material transactions that require the Board's approval is consistently applied throughout the Group. Matters requiring Board approval include:

(a) Overall Company's business and budget strategy;
(b) Capital expenditures, investments or divestments exceeding material limits;
(c) All capital-related matters including capital issuance;
(d) Significant policies governing the operations of the Company;
(e) Corporate strategic development and restructuring;
(f) Material acquisitions and disposals of assets;
(g) Material interested person transactions;
(h) Risk management strategies;
(i) Approval of quarterly, half yearly and year end result announcements and the release thereof; and
(j) Approval of the annual reports and accounts for presentation at annual general meeting ("**AGM**").

The Company's Constitution provides for Directors to participate in meetings of Directors by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by each other, without a Director being in the physical presence of the other Directors.

For each newly appointed Director, he/she will receive appropriate training including familiarisation with the Company's business, governance practices and relevant statutory and regulatory compliance issues to ensure that he/she has a proper understanding of the Company and is fully aware of his/her responsibilities and obligations of being a Director of a listed company. To get a better understanding of the Group's business, the Directors are given the opportunity to visit the Group's operational facilities and meet with the key management personnel. The Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and responsibilities.

The Company is responsible for arranging and funding the training of Directors. Directors are updated with the latest professional developments in relation to the Mainboard Rules, accounting standards and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

To facilitate effective management and to support the Board in discharging its duties and responsibilities efficiently and effectively, certain functions of the Board have been delegated to various Board committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively the "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. In addition, in order to strengthen the independence of the Board, the Company has appointed Mr Ng Weng Sui Harry, as its Lead Independent Director. Mr Ng Weng Sui Harry is available to shareholders where they have concern which contact through the normal channels of the Chairman and Group Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") has failed to resolve or is inappropriate.

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. At those meetings, the Board reviewed the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. The number of Board and Board Committees meetings held during the financial year ended 31 December 2015 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings held / Name of Directors	4	4	1	1
Mr Narayanan Sreenivasan	4	4	1	1
Dr Ng Chin Siau	4	NA	NA	NA
Dr Ng Jet Wei	4	NA	NA	NA
Dr Ang Ee Peng Raymond	3	NA	NA	NA
Mr Ng Weng Sui Harry	4	4	1	1
Professor Toh Chooi Gait	2	2	1	1

NA: Not applicable

The Board has sought to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation, including but not limited to the dentists and patients.

The Board has considered sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group.

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2 There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises of six (6) Directors of whom three (3) are Executive Directors; three (3) are Non-Executive Independent Directors, which have the appropriate mix of core competencies and diversity of experience to direct and lead the Company. There is a good balance between the executive and non-executive Directors, with a strong and independent element on the Board. As at the date of this report, the Board comprises the following members:

Mr Narayanan Sreenivasan	(Non-Executive Independent Chairman)
Dr Ng Chin Siau	(Executive Director and Group CEO)
Dr Ng Jet Wei	(Executive Director and Deputy CEO)
Dr Ang Ee Peng Raymond	(Executive Director and Chief Operating Officer)
Mr Ng Weng Sui Harry	(Non-Executive and Lead Independent Director)
Professor Toh Chooi Gait	(Non-Executive Independent Director)

The Board considers its current Board size appropriate for the facilitation of decision making, taking into account the nature and scope of operations of the Group. The Board comprises Directors of both gender with strong industry knowledge and diversified background such as legal and accounting, and who collectively bring with them a wide range of experience. The Board is also of the view that the Board comprises persons who as a group provide capabilities required for the Board to be effective. Members of the Board are regularly in touch with the Management to provide advice and guidance on matters for which their expertise will be constructive to the Group.

Each of the Independent Directors has completed an independent director's declaration form and confirmed his/her independence. The independence of each Director has been and will be reviewed on an annual basis and as and when the circumstances require, by the NC, with reference to the guidelines as set out in the Code. The NC has determined that the Independent Directors are independent in accordance with the Code. The Non-Executive Independent Directors, Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry and Professor Toh Chooi Gait have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

With the Independent Directors making up half of the Board, the NC is of the view that there is a strong and independent element on the Board. None of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

The profile of the Directors are found on pages 9 to 10 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

There is a clear division of responsibilities between the Chairman and Group CEO, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Narayanan Sreenivasan, the Non-Executive Independent Chairman, and Dr Ng Chin Siau, the Group CEO, are not related to each other.

The Group CEO is responsible for the business management and day-to-day operations of the Company. He takes a leading role in developing and expanding the businesses of the Group including making major business and finance decisions. He also oversees the execution of the Company's corporate and business strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Company's businesses.

The Chairman leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and debate at the Board. He also assists in ensuring compliance with the Group's guidelines on corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and ensures effective communications between the Company and its shareholders.

BOARD MEMBERSHIP

Principle 4 There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

All NC members are Non-Executive Independent Directors, all of whom are independent of the Management. The NC comprises the following members:

Professor Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(Member)

The NC meets at least once a year. The principle functions of the NC under its term of reference include, but are not limited to, the following:

(a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) deciding whether the Director is able to and has been adequately carrying out his/her duties particularly when he/she has multiple board representations;

(d) implementing a process for evaluation and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;

(e) reviewing and approving any new employment of related persons and their proposed terms of employment;

(f) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman and the Group CEO; and

(h) the review of training and professional development programs for the Board.

The NC reviews the need for appointment of additional director(s) from time to time and has in place policies and procedures for the selection, appointment and re-appointment of Directors to the Board, including a search and nomination process. The NC will seek to identify the competence required for the Board to fulfil its responsibilities. The NC can also engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. New Directors are appointed by way of Director's resolution, after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate. The Constitution of the Company has stated clearly the procedures for the appointment of new Directors, re-election and removal of Directors. There was no additional director appointed during the year.

In accordance with the Company's Constitution, one-third (1/3) of the Directors (excluding the CEO or any Director who is acting in the same capacity as the CEO) are required to retire at every AGM of the Company and all Directors are required to retire from office at least once every three (3) years, and such Directors will be eligible for re-election at the meeting at which he retires. The Board has accepted NC's recommendation to seek shareholders' approval to re-elect Mr Ng Weng Sui Harry and Dr Ang Ee Peng Raymond, who are retiring from office by rotation at the forthcoming AGM.

Mr Ng Weng Sui Harry will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the AC and member of NC and RC.

Dr Ang Ee Peng Raymond will, upon re-election as a Director of the Company, remain as the Chief Operating Officer of the Company.

The Constitution of the Company further provides that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election.

In making the above recommendations, the NC has considered the respective Director's overall performance and contributions. Mr Ng Weng Sui Harry and Dr Ang Ee Peng Raymond had abstained in the NC's deliberation in respect of their performance assessment and re-nomination as a Director of the Company. Mr Ng Weng Sui Harry is considered independent for the purposes of Rule 704(8) of the Mainboard Rules.

The NC reviews and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his/her actual conduct on the Board, in making this determination.

For FY2015, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties for the Company.

Key information regarding the Directors, including their present and past three (3) years' directorship(s) in other listed companies and other principal commitments are set out below:

Director	Position	Date of initial appointment	Date of last re-election / re-appointment	Current directorships in other listed companies	Directorships in other listed companies over the past three years	Principal commitments
Dr Ng Chin Siau	Executive Director and Group CEO	7 January 2008	NA	NA	NA	NA
Dr Ng Jet Wei	Executive Director and Deputy CEO	29 April 2008	28 April 2015	NA	NA	NA
Dr Ang Ee Peng Raymond	Executive Director and Chief Operating Officer	13 June 2008	28 April 2014	NA	NA	NA
Mr Narayanan Sreenivasan	Non-Executive Independent Chairman	14 October 2009	28 April 2015	NA	- UMS Holdings Limited	- Managing Director at Straits Law Practice LLC
Mr Ng Weng Sui Harry	Non-Executive and Lead Independent Director	14 October 2009	28 April 2014	- Artivision Technologies Ltd - Oxley Holdings Limited - IEV Holdings Limited - HG Metal Manufacturing Limited	NA	- Executive Director at HLM (International) Corporate Services Pte Ltd
Professor Toh Chooi Gait	Non-Executive Independent Director	25 June 2013	28 April 2014	NA	NA	- Foundation Dean and Professor of International Medical University, Malaysia

NA: Not applicable

BOARD PERFORMANCE

Principle 5 There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. The Board and individual Directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

The NC examines the Board's and the Board Committees' performances covering areas that include the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The NC review and evaluate the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole.

For the evaluation process, the Directors will complete a board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees. The results are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall effectiveness.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory in FY2015. The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements from time to time.

ACCESS TO INFORMATION

Principle 6 In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors have separate and independent access to the Management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur so as to enable them to make informed decisions to discharge their duties and responsibilities. The Management provides the Board with quarterly reports of the Company's performance. The Management also consults with Board members regularly whenever necessary and/or appropriate. The Board is issued with board papers in a timely fashion prior to Board meetings.

The Company Secretary or his/her administers, attends and prepares minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole.

The Board in fulfilling its responsibilities, can as a Company or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice at the Company's expense.

REMUNERATION MATTERS

Principle 7 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

All RC members are Non-Executive Independent Directors. The RC comprises the following members:

Professor Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(Member)

The RC meets at least once a year. The principle functions of the RC under its term of reference include, but are not limited to, the following:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, determine specific remuneration packages for each Executive Director and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) to perform annual review of the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include review and approve any bonuses, pay increases and/or promotions for these employees;

(c) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or have expired;

(d) to recommend the remuneration of Non-Executive Directors appropriate for the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors; and

(e) to consider the various disclosure requirements for Director's and senior management's remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

In discharging its duties, the RC will review and make recommendations on the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC.

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of his/her remuneration package.

The RC may from time to time, and where required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. If external consultants are appointed, the RC will ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. The expense of such services shall be borne by the Company.

LEVEL AND MIX OF REMUNERATION

Principle 8 The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than in necessary for this purpose.

In recommending the level and mix of remuneration, the RC seeks to build, motivate and retain Directors and key management personnel. It ensures that competitive remuneration policies and practices are in place to draw and motivate high-performance executives so as to drive the Group's businesses to greater growth, efficiency and profitability.

The RC seeks to ensure that the level and mix of remuneration of Executive Directors and key management personnel is competitive, relevant and appropriate in linking awards with performance and that the amount and mix of compensation is aligned with the interests of shareholders and promotes the long-term success of the Group.

The remuneration of the Executive Directors, namely the Group CEO, Deputy CEO and Chief Operating Officer are set out in their one (1) year service agreements with automatic renewal annually on such terms and conditions as the parties may agree commencing from 1 April 2011 (unless otherwise terminated by either party giving not less than six (6) months' notice to the other), and consists mainly of salary. In accordance with the said service agreement, each of them is entitled to receive a variable bonus at such rates or on such terms as may be determined and approved by the RC of the Company.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors.

The Director's fee for each of the Executive Director shall be agreed or determined by the RC of the Company.

The Company will submit the quantum of Directors' fees to the shareholders for approval at the AGM annually.

DISCLOSURE ON REMUNERATION

Principle 9 ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

A breakdown showing the level and mix of each individual Director's remuneration payable for FY2015 is as follows:

	Remuneration Band		Salary	Bonus	Benefits [1]	Professional Fees [2]	Directors' Fees [+]	Total
Name	Below $250,000	$250,000 to $500,000	%	%	%	%	%	%
Mr Narayanan Sreenivasan	√		0.0	0.0	0.0	0.0	100	100
Mr Ng Weng Sui Harry	√		0.0	0.0	0.0	0.0	100	100
Professor Toh Chooi Gait	√		0.0	0.0	0.0	0.0	100	100
Dr Ng Chin Siau		√	80.5	16.1	3.4	0.0	0.0	100
Dr Ng Jet Wei		√	67.0	13.9	4.8	14.3	0.0	100
Dr Ang Ee Peng Raymond		√	68.0	13.0	4.3	14.7	0.0	100

[+] The Directors' Fees are subject to approval by shareholders at the forthcoming AGM

Remuneration Band of key executives is set out below:

	Remuneration Band		Salary	Bonus	Benefits [1]	Total
Name	Below $250,000	$250,000 to $500,000	%	%	%	%
Ms Foo Siew Jiuan [3]	√		74.7	18.3	7.0	100
Mr Sim Yu Xiong		√	79.9	16.1	4.0	100
Ms Ng Sook Hwa [3]	√		74.1	18.6	7.3	100
Mr San Yi Leong [3]	√		74.8	17.7	7.5	100
Dr Cheah Kim Fee	√		76.5	16.3	7.2	100

Notes:-

1. Benefits refer to mainly employer's contribution to the Central Provident Fund.
2. Professional fees refer to fees received as a practising dentist from certain wholly-owned subsidiaries of the Company.
3. Key executives who are related to the Group CEO and Executive Director, Dr Ng Chin Siau.
   (i) Ms Foo Siew Jiuan is the wife of Dr Ng Chin Siau.
   (ii) Ms Ng Sook Hwa is the sister of Dr Ng Chin Siau.
   (iii) Mr San Yi Leong is the brother-in-law of Dr Ng Chin Siau and husband of Ms Ng Sook Hwa.

The total remuneration paid to the top five key management personnel was S$1,053,000 for FY2015.

The remuneration of the Company's top five key management personnel takes into account the pay and employment conditions within the industry and is performance-related.

The Company is of the opinion that it is not in the best interest of the Company to disclose the exact details of remuneration of the Directors and key management personnel due to the competitiveness of the industry for key talent.

All Directors and the key management personnel are remunerated on an earned basis and there was no termination, retirement and post-employment benefits granted during FY2015.

Save as disclosed, there are no employees who are immediate family members of a Director or the Group CEO, and whose remuneration exceeds S$50,000 during the year.

The Board has sought to link the quantum of salary to the current market for the Executive Directors and key management personnel taking into consideration their respective roles and responsibilities. Bonuses are paid based on the individual performances and the performance of the Company as a whole. The Board has not granted any options pursuant to Q & M Employee Share Option Scheme nor long term incentive scheme for the current year.

ACCOUNTABILITY AND AUDIT

Principle 10 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information that present a balanced and understandable assessment of the Company's performance, position and prospects and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Mainboard Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legally prescribed periods.

The Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

The Company has appointed an independent third party, Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**" or "**IA**") to perform internal audit reviews and to highlight all significant matters to the Management and the AC. Based on the work performed by the IA, the Board has determined the Company's levels of risk tolerance and risk policies, and overseen the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has also received assurance from the Group CEO and the CFO that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are effective.

Based on the report of the IA and internal controls established and maintained by the Group, actions taken by the Management, assurances from the Group CEO and CFO as well as reviews performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risk of the Group for FY2015.

The Company prohibits its officers from dealing in the Company's shares on short term considerations. They are required to observe insider trading provisions under the Securities and Future Act at all times even when dealing in the Company's securities in the permitted periods.

AUDIT COMMITTEE

Principle 12 The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The role of the AC is to assist the Board with regard to the discharge of its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Company, and that the Management demonstrates and stimulates the necessary aspect of the Company's internal control structure among all parties.

All Audit Committee members are Non-Executive Independent Directors. The Audit Committee comprises the following members:

Mr Ng Weng Sui Harry	(Chairman)
Mr Narayanan Sreenivasan	(Member)
Professor Toh Chooi Gait	(Member)

The AC meets at least quarterly to discuss and review the following where applicable:

(a) review with the external and internal auditors, the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;

(b) review the quarterly, half yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and the Mainboard Rules and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) review and discuss with external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

(f) review transaction falling within the scope of Chapter 9 of the Mainboard Rules;

(g) review any potential conflict of interests;

(h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(i) review the Company's key financial risk areas, with a view to providing an independent oversight on the Company's financial reporting. The outcome of these reviews will be disclosed in the annual report of the Company or where the findings are material, immediately announced via SGXNet;

(j) generally to undertake such other functions and duties as may be required by statute or the Mainboard Rules, or by such amendments as may be made thereto from time to time;

(k) review the Rule 716 of the Mainboard Rules that if different auditors are appointed for its subsidiaries or significant associated companies, the AC must be satisfied that the appointment would not compromise the standard of effectiveness of the audit;

(l) review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;

(m) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money;

(n) ensure that the internal auditor's primary line of reporting should be to the Chairman of the AC although he would also report administratively to the Group CEO. The internal auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice set by The Institute of Internal Auditors;

(p) review and report to the Board annually on the effectiveness and adequacy of the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology risk;

(q) investigate any matter within its terms of reference, having full access to and co-operation from the Management and full discretion to invite any Executive Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly; and

(r) provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith, a whistle blowing reporting policy has been established by the Company for its employees.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice, if it deems necessary, in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC also meets with the internal and external auditors without the presence of the Management at least once a year to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems.

The AC, having reviewed the range and value of non-audit services performed by the external auditors, RSM Chio Lim LLP, was satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of external auditors. Therefore, the AC recommends the re-appointment of RSM Chio Lim LLP as external auditors at the forthcoming AGM. There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of external auditors. During the financial year under review, the Company has incurred an aggregate S$328,000 payable to the external auditors for its audit services, and has incurred an aggregate of S$27,000 payable to the external auditors for its other non-audit professional services. The Company confirms that it has complied with Rules 712 and 715 of the Mainboard Rules in engaging RSM Chio Lim LLP, registered with the Accounting and Corporate Regulatory Authority, Singapore, as the external auditors of the Company and local subsidiaries. The Company also confirmed that it has complied with Rule 716 of the Mainboard Rules in engaging different auditing firms for its foreign subsidiaries.

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the Chairman of AC or CFO of the Company.

The AC has full access to and co-operation from the Management and has full discretion to invite any Executive Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

INTERNAL AUDIT

Principle 13 The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company's internal audit function is outsourced to Nexia TS that reports directly to the AC Chairman and administratively to the Group CEO. The Board is of the view that the outsourcing of the internal audit function had deliver enhanced independence as well as improve the quality of the audit as the IA is adequately qualified and equipped with a broad range of expertise with advanced degrees and technological specialisation to discharge its duties effectively.

The Board recognises that it is responsible for maintaining robust internal controls to safeguard shareholders' investment and the Company's business and assets.

The primary functions of internal audit are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Company and to ensure control procedures are complied with;

(b) conduct regular in-depth audits of high-risk areas; and

(c) identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by Nexia TS on internal procedures and the internal controls in place, and is satisfied that there are adequate internal controls in the Company. The AC will review on an annual basis the adequacy and effectiveness of the internal audit function.

The AC is also of the view that the outsourced internal audit function is staffed with persons with the relevant qualifications and experience, and adheres to professional standards including those promulgated by the relevant local or international recognised professional bodies.

SHAREHOLDER RIGHTS AND RESPONSIBILITES

Principle 14 Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to making timely and accurate announcements of all material information to the shareholders that would be likely to materially affect the value of the Company's shares.

Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. All shareholders can vote in person or to appoint up to two (2) proxies during his/her absence to attend, speak and vote in general meeting in compliance with Companies Act, Chapter 50 of Singapore. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Chairman briefs the shareholders on the rules, including voting procedures, that govern general meetings of shareholders and addresses any queries that they may have on the procedures.

COMMUNICATION WITH SHAREHOLDERS

Principle 15 Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the Mainboard Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNet.
- Annual report and circulars prepared and issued to all shareholders.
- Notices of shareholders' meetings are published in the local newspapers and announced via SGXNet.

Regular briefings are also organised for media and analysts to ensure a better appreciation of the Company's performance and developments. To enhance and encourage communication with shareholders and investors, the Company provides the contact information (email address and phone number) of the staff handling its investor relations. The Board has taken to solicit and understand the views of the shareholders through analyst briefings and investor roadshows conducted by the Management.

The Company's corporate website at www.QandMDental.com.sg also provides updated information to investors on its latest financial results and corporate developments.

The Company does not have a policy on the payment of dividend, however it has been declaring dividends at half-year and final year-end intervals. Any dividend pay outs are clearly communicated to shareholders in public announcements and via announcements on SGXNet when the Company discloses its financial results.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16 Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company's General Meetings (AGM and/or Extraordinary General Meeting ("**EGM**") where applicable), are the principal forums for dialogue with shareholders. The Chairman of the AC, RC and NC as well as the Board will be present and available at the Company's AGMs and EGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Shareholders are encouraged to attend the AGM and EGM to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the general meetings will be advertised in newspapers and announced on SGXNet.

The Company's Constitution allows a shareholder entitled to attend and vote to appoint not more than two (2) proxies who need not be a shareholder of the Company, to attend and vote at the meetings. The Company ensures that there are separate resolutions at general meetings on each distinct issue. All resolutions voting results will be announced via SGXNet after the conclusion of the general meeting.

The proceeding of the general meeting will be properly recorded, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management. All minutes of general meetings will be opened for inspection by shareholders upon their request.

USE OF PROCEEDS

The Company has fully utilised the S$13 million raised from the rights issue on 10 December 2014.

DEALING IN SECURITIES

[Rule 1207(19) of the Mainboard Rules]

In line with Rule 1207 (19) of the Mainboard Rules on Dealings in Securities, the Company issues a quarterly letter to its Directors, officers and employees prohibiting dealings in listed securities of the Company from two (2) weeks or one (1) month, as the case may be, before the announcement of the Company's quarterly and annual financial results and ending on the date of the announcement of the relevant results.

The Directors and employees are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period.

RISK MANAGEMENT

[Rule 1207(4)(b)(iv) of the Mainboard Rules]

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

MATERIAL CONTRACTS

[Rule 1207(8) of the Mainboard Rules]

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2015.

INTERESTED PERSON TRANSACTIONS

[Rule 907 of the Mainboard Rules]

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

Particulars of the interested person transactions for the financial year ended 31 December 2015, disclosed in accordance with Rule 907 of the Listing Manual of the SGX-ST were set out below.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Mainboard Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Mainboard Rules (excluding transactions less than $100,000)
Nil		

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company has been actively supporting various charitable organisations on a regular basis. In FY2015, the Company has, amongst others, made donations to the Singapore Children Society, Yellow Ribbon Fund, People's Association Community Centres/Clubs/Building Fund and the Lions Home for the Elders. The Company has also participated in the Global Clinic Limited program that send dentists on various missions to neighbouring countries to provide free dental services to the local communities by providing financial assistance for some of these mission trips. Further, the Company has also engaged in various events and programs conducted by the NUS Dental Society including sponsorship for community service events and dental mission trips aboard.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors in office at date of statement

The directors of the Company in office at the date of this statement are:

Dr Ng Chin Siau
Dr Ng Jet Wei
Dr Ang Ee Peng Raymond
Narayanan Sreenivasan
Ng Weng Sui Harry
Professor Toh Chooi Gait

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct Interest		Deemed Interest	
Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
The Company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Dr Ng Chin Siau	10,080,110	11,240,110	406,385,529	373,357,529
Narayanan Sreenivasan	240,000	240,000	–	–
Ng Weng Sui Harry	240,000	240,000	–	–

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	Direct Interest At beginning of the reporting year	Direct Interest At end of the reporting year	Deemed Interest At beginning of the reporting year	Deemed Interest At end of the reporting year
Ultimate parent company – Quan Min Holdings Pte. Ltd.				
Dr Ng Chin Siau	178,551,814	178,551,814	–	–
Dr Ng Jet Wei	56,614,415	56,614,415	–	–
Dr Ang Ee Peng Raymond	10,552,502	10,552,502	–	–

By virtue of section 7 of the Act, Dr Ng Chin Siau is also deemed to have an interest in the Company and all the related body corporate of the Company.

The directors' interests as at 21 January 2016 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement to which the Company is a party, being arrangements whose object are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

5. Options

Share options

The Company has adopted an employee share option scheme known as the "Q & M Employee Share Option Scheme" (the "Scheme") on 26 April 2011. The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are important to its continued well being and success. It provides eligible participants who have contributed to the growth and performance of the Group with an opportunity to participate and also motivate these participants to greater dedication, loyalty and higher standards of performance and to give recognition to past contributions and services.

Under the rules of the Scheme, the directors and employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are also eligible to participate in the Scheme subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or his associate.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital (excluding Treasury Shares) of the Company on the date immediately preceeding the Date of Grant.

5. Options (cont'd)

Share options (cont'd)

A Scheme Committee is charged with the administration of the Scheme in accordance with the rules of the Scheme. The Committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the board of directors. The number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service, potential contribution of the participant provided that: (a) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Scheme (including adjustments under the rules) shall not exceed 25% of the shares available under the Scheme; and (b) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Scheme shall not exceed 10% of the shares available under the Scheme.

(a) Exercise Price

The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, on the date of grant, at:-

(i) the market price; or

(ii) a price which is set at a discount to the market price (incentive price), the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price.

(b) Exercise Period

Unless otherwise determined in the sole discretion of the Committee, options granted shall be exercised in the following manner:-

(i) in the case of market price options granted to a participant:- (i) one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the first anniversary of the date of grant of that option; (ii) the next one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; and (iii) the remaining one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company; and

(ii) in the case of incentive options granted to a participant:- (i) one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; (ii) the next one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option; and (iii) the remaining one-third (⅓) of such options granted shall only vest and be exercisable by an option holder after the fourth anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company.

5. **Options (cont'd)**

Share options (cont'd)

Market price options may only be exercised after the first anniversary of the date of grant of such options. Incentive options may only be exercised after the second anniversary of the date of grant of such options. There are special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances including termination, bankruptcy, and death of the participant.

Call options

On 24 May 2014, the Company entered into a Call Option agreement with a shareholder Heritas Helios Investments Pte. Ltd. to subscribe for up to 63,000,000 new ordinary shares of the Company. The Call Option has an option period of 2 years and an exercise price which will be calculated at higher of (i) a 10% discount to the relevant weighted average price of the shares for trades done on the SGX-ST for the thirty-day period prior to the date of notice, or (ii) the minimum price of $0.48 per share.

As a result of the Rights Issue, the number of Call Option Shares was adjusted by 9,410,127 Call Option Shares (the "Adjustment Shares") to 72,410,127 Call Option Shares; and the minimum exercise price per Call Option Share was adjusted from $0.48 to $0.4176.

The number of call options that remain outstanding as at 31 December 2015 is 72,410,127 (2014: 72,410,127).

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option other than as disclosed above.

6. **Independent auditor**

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. **Audit committee**

The members of the audit committee at the date of this report are as follows:

Ng Weng Sui Harry (Chairman)	(Non-Executive and Independent Director)
Professor Toh Chooi Gait	(Non-Executive and Independent Director)
Narayanan Sreenivasan	(Non-Executive and Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan.
- Reviewed with the independent external auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them.

STATEMENT BY DIRECTORS

7. Audit committee (cont'd)

- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by management to the internal auditor.

- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.

- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committee of the board, the audit committee and the board are of the opinion that Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2015.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 29 February 2016, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

....	....
Dr Ng Chin Siau	Dr Ng Jet Wei
Director	Director

31 March 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED (Registration No: 200800507R)

Report on the financial statements

We have audited the accompanying consolidated financial statements of Q & M Dental Group (Singapore) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED (Registration No: 200800507R)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2016

Partner-in-charge of audit: Goh Swee Hong
Effective from year ended 31 December 2011

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Revenue	5	123,997	100,284
Interest income		387	57
Other gains	9	3,658	1,016
Consumables, dental supplies and dental supplies manufacturing used		(20,371)	(15,701)
Employee benefits expense	6	(63,206)	(54,355)
Depreciation and amortisation expense		(4,000)	(2,820)
Rental expense	33	(10,094)	(8,503)
Finance costs	7	(2,745)	(516)
Other expenses	8	(10,659)	(7,443)
Other losses	9	(122)	(237)
Share of profit from equity – accounted associates	15	–	2
Profit before tax from continuing operations		16,845	11,784
Income tax expense	10	(2,001)	(1,270)
Profit from continuing operations, net of tax		14,844	10,514
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		(1,093)	206
Other comprehensive income for the year, net of tax		(1,093)	206
Total comprehensive income for the year		13,751	10,720
Profit attributable to owners of the parent, net of tax		11,402	8,567
Profit attributable to non-controlling interests, net of tax		3,442	1,947
Profit net of tax		14,844	10,514
Total comprehensive income attributable to owners of the parent		10,354	8,773
Total comprehensive income attributable to non-controlling interests		3,397	1,947
Total comprehensive income		13,751	10,720
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic – continuing operations	11	1.46	1.20
Diluted – continuing operations	11	1.39	1.20

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	34,291	37,392	431	372
Investment in subsidiaries	14	–	–	47,276	10,465
Investment in associates	15	15	15	–	–
Intangible assets	16	76,867	39,985	–	–
Other receivables	19	235	483	200	130
Other assets	20	858	663	156	313
Total non-current assets		112,266	78,538	48,063	11,280
Current assets					
Assets held for sale under FRS 105	17	1,584	3,439	–	–
Inventories	18	11,185	8,706	–	–
Trade and other receivables	19	22,824	16,309	79,109	61,440
Other assets	20	3,145	2,802	625	1,185
Cash and cash equivalents	21	64,876	35,681	35,343	14,692
Total current assets		103,614	66,937	115,077	77,317
Total assets		215,880	145,475	163,140	88,597
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	80,089	68,470	80,089	68,470
Treasury shares	22	(727)	–	(727)	–
Retained earnings		13,464	7,821	930	294
Other reserves	23	(702)	346	–	–
Equity attributable to owners of the parent		92,124	76,637	80,292	68,764
Non-controlling interests		16,084	12,690	–	–
Total equity		108,208	89,327	80,292	68,764
Non-current liabilities					
Provisions	24	575	437	–	–
Deferred tax liabilities	10	1,270	1,269	–	–
Other financial liabilities	26	63,802	28,517	59,290	15,000
Total non-current liabilities		65,647	30,223	59,290	15,000
Current liabilities					
Income tax payable		644	989	8	5
Trade and other payables	25	25,730	21,117	8,550	1,828
Other financial liabilities	26	15,651	3,819	15,000	3,000
Total current liabilities		42,025	25,925	23,558	4,833
Total liabilities		107,672	56,148	82,848	19,833
Total equity and liabilities		215,880	145,475	163,140	88,597

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2015

Group:	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Treasury Shares $'000	Other reserves $'000	Non-Controlling interests $'000
Current year:							
Opening balance at 1 January 2015, as restated	89,327	76,637	68,470	7,821	–	346	12,690
Movements in equity:							
Total comprehensive income for the year	13,751	10,354	–	11,402	–	(1,048)	3,397
Acquisition of a non-controlling interest without a change in control	–	3	–	3	–	–	(3)
Issue of share capital (Note 22)	11,800	11,800	11,800	–	–	–	–
Share issue expenses (Note 22)	(181)	(181)	(181)	–	–	–	–
Share buy back (Note 22)	(727)	(727)	–	–	(727)	–	–
Dividends paid (Note 12)	(5,762)	(5,762)	–	(5,762)	–	–	–
Closing balance at 31 December 2015	108,208	92,124	80,089	13,464	(727)	(702)	16,084
Previous year:							
Opening balance at 1 January 2014	46,714	46,091	39,722	5,826	–	543	623
Movements in equity:							
Total comprehensive income for the year	10,720	8,773	–	8,567	–	206	1,947
Conversion of convertible loan to equity	(320)	(320)	–	–	–	(320)	–
Acquisition of a non-controlling interest without a change in control, as restated (Note 37)	4,278	(29)	–	(29)	–	–	4,307
Issue of share capital (Note 22)	28,797	28,797	28,797	–	–	–	–
Share issue expenses (Note 22)	(374)	(374)	(374)	–	–	–	–
Expiry of share options	(21)	(21)	–	–	–	(21)	–
Exercise of share options (Note 22)	263	263	325	–	–	(62)	–
Dividends paid (Note 12)	(6,543)	(6,543)	–	(6,543)	–	–	–
Contribution by non-controlling interests	5,813	–	–	–	–	–	5,813
Closing balance at 31 December 2014, as restated	89,327	76,637	68,470	7,821	–	346	12,690

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2015

Company:	Total equity $'000	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000
Current year:					
Opening balance at 1 January 2015	68,764	68,470	–	–	294
Movements in equity:					
Total comprehensive income for the year	6,398	–	–	–	6,398
Issue of share capital (Note 22)	11,800	11,800	–	–	–
Share issue expenses (Note 22)	(181)	(181)	–	–	–
Share buy back (Note 22)	(727)	–	(727)	–	–
Dividends paid (Note 12)	(5,762)	–	–	–	(5,762)
Closing balance at 31 December 2015	80,292	80,089	(727)	–	930
Previous year:					
Opening balance at 1 January 2014	40,315	39,722	–	403	190
Movements in equity:					
Total comprehensive income for the year	6,647	–	–	–	6,647
Exercise of share options (Note 22)	263	325	–	(62)	–
Issue of share capital (Note 22)	28,797	28,797	–	–	–
Conversion of convertible loan to equity	(320)	–	–	(320)	–
Share issue expenses (Note 22)	(374)	(374)	–	–	–
Expiry of share options	(21)	–	–	(21)	–
Dividends paid (Note 12)	(6,543)	–	–	–	(6,543)
Closing balance at 31 December 2014	68,764	68,470	–	–	294

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 31 December 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit before tax	16,845	11,784
Adjustments for:		
Interest income	(387)	(57)
Interest expense	2,745	516
Depreciation of plant and equipment and amortisation expenses	4,000	2,820
(Gain)/Loss on disposal of plant and equipment,net	(1,665)	88
Gain on disposal of subsidiary	–	(125)
Gain on disposal of asset held for sale	(89)	–
Foreign currency translation reserve	(608)	390
Share option expense	–	(20)
Provisions	157	111
Share of profit from associates	–	(2)
Operating cash flows before changes in working capital	20,998	15,505
Cash pledged for bank facilities	37	(37)
Inventories	(2,480)	(2,503)
Trade and other receivables	223	(4,285)
Other assets	(877)	(1,071)
Trade and other payables	(2,031)	3,578
Net cash flows from operations	15,870	11,187
Income taxes paid	(2,566)	(602)
Net cash flows from operating activities	13,304	10,585
Cash flows used in investing activities		
Purchase of plant and equipment	(13,544)	(17,325)
Development cost	(723)	–
Disposal of subsidiary (Note 28)	–	146
Disposal of asset held for sale	809	–
Disposal of property, plant and equipment	15,009	68
Trade and other receivables	23	240
Other assets	(356)	30
Other receivables, non-current	248	(141)
Acquisition of subsidiaries (Note 27)	(20,225)	(21,896)
Additional consideration for earlier acquisition (Note 16)	(1,207)	–
Interest received	387	57
Net cash flows used in investing activities	(19,579)	(38,821)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from financing activities		
Dividends paid to equity owners	(5,762)	(6,543)
Proceeds from medium term note	60,000	–
Share issue expenses	(181)	(374)
Share buy back exercise (Note 22)	(611)	–
Exercise of shares option	–	263
Bank loans	2,160	29,700
Bill payables	172	125
Proceeds from rights issue	–	12,977
Finance lease repayments	(38)	(28)
Repayment of bank loans	(14,598)	(473)
Net movement in amount due from shareholders of subsidiaries	(2,890)	–
Interest paid	(2,745)	(516)
Net cash flows from financing activities	35,507	35,131
Net increase in cash and cash equivalents	29,232	6,895
Cash and cash equivalents, statement of cash flows, beginning balance	35,644	28,749
Cash and cash equivalents, statement of cash flows, ending balance (Note 21)	64,876	35,644

The accompanying notes form an integral part of these financial statements.

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors.

The principal activities of the Company are the provision of management and consultancy services and investment holding. It is listed on the Singapore Exchange Securities Trading Limited, ("SGX-ST").

The principal activities of the subsidiaries are described in the Note 14 to the financial statements.

The registered office is: 81, Science Park Drive, #02-04 The Chadwick Singapore 118257. The Company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

The equity accounting method is used for associates in the Group financial statements.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from rendering of services is recognised when the services are performed. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised using the effective interest method.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income. The interest saved from government loans is regarded as additional government grant.

Employee benefits

Contributions to a defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice. Sign-on bonuses are expensed over the duration of the employee's service agreement.

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. At end of each reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold improvements	–	10% - 15%
Furniture and fittings and equipment	–	9.5% - 40%
Leasehold property	–	Over the terms of lease that is 1.25% - 9.5%
Motor vehicle	–	9.5% - 25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 24 on non-current provisions.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Customer lists	2 - 10 years
Development costs	5 years

Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) therefore it is the intention of management to complete the intangible asset and use or sell it.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade and other receivables:

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 18 on inventories.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

Sign-on bonuses:

The Group entered into service agreements with certain of its dentists and doctors. Certain of these service agreements include sign-on bonuses that are paid to the dentists and doctors concerned. The carrying value of the deferred sign-on bonuses is $1,321,000 at the end of the reporting year. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant dentist or doctor based on calculations of future profitability generated by the dentist or doctor concerned. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require an adjustment to the carrying amount of the balances affected.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the Group at the end of the reporting year affected by the assumption are $29,893,000.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

In addition, included in property, plant and equipment of the Group are furniture and fittings and leasehold improvements with a carrying amount of $5,406,000 as at end of the reporting year. Management has depreciated the furniture and fittings on a straight-line basis over their estimated useful lives of 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for furniture and fittings of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of furniture and fittings related to the vacated premises would have to be fully impaired.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and / or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $2,257,000.

Estimated impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 16. Actual outcomes could vary from these estimates.

Acquisition of subsidiaries:

As described in Note 27, during the reporting year the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd., Bright Smile Dental Surgery Pte. Ltd. and Aesthetics Dental Surgery Pte. Ltd. were completed. As at the end of the reporting year management completed the initial acquisition accounting on a preliminary basis. The acquisition accounting will be finalised within twelve months and the amounts recorded in this reporting year could change. This requires judgement because the values had not previously been assigned to the subsidiaries as a standalone operation. In addition, determining the assumptions that underlie the initial acquisition accounting and the useful lives associated with the acquired intangible assets involves significant management judgment given the nature of the subsidiaries.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Dr Ng Chin Siau, a director and significant shareholder.

3A. Members of a group:

Name	Relationship	Country of incorporation
Quan Min Holdings Pte. Ltd.	Parent company and ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. The current balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Directors of Company	
	2015	2014
Group	$'000	$'000
Rental expense	51	41

	Other related parties	
	2015	2014
	$'000	$'000
Rental expense [(a)]	90	134
Professional fees to a firm in which a director is a member	–	10

(a) Rental expense paid to the associates of the directors, principal shareholders and their connected companies.

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

	Group	
	2015	2014
	$'000	$'000
Salaries and other short-term employee benefits	2,448	2,484

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015	2014
	$'000	$'000
Remuneration of directors of the Company	1,092	1,050
Fee to directors of the Company	186	252

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The above amounts for key management compensation are for all the directors and other key management personnel. The amounts also include fees paid to directors for dental services rendered in their capacity as dentists.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purpose the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) primary healthcare (2) dental equipment & supplies distribution (3) dental supplies manufacturing. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The following summary describes the operations in each of the Group's operating segments:

(1) Primary healthcare comprising dentistry, family medicine, aesthetic services.

(2) Dental equipment & supplies distribution comprising distribution of dental supplies and equipment.

(3) Dental supplies manufacturing comprising distribution of manufactured dental supplies.

Performance is measured based on segment results before allocation of share of profit from equity-accounted associates and income tax, as included in the internal management reports. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments relative to other entities that operate in similar industries.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entitiy are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss

	2015 $'000	2014 $'000
Segment Revenue		
Primary healthcare	97,766	84,265
Dental equipment & supplies distribution	9,569	9,375
Dental supplies manufacturing	16,662	6,644
Total	123,997	100,284
Segment Results		
Primary healthcare	10,414	8,430
Dental equipment & supplies distribution	143	378
Dental supplies manufacturing	6,288	2,974
Share of profit from equity-accounted associates	–	2
Consolidated profit before income tax	16,845	11,784
Income tax expense	(2,001)	(1,270)
Profit for the year	14,844	10,514

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliation

	2015 $'000	2014 $'000 (Restated)
Segment Assets		
Primary healthcare	256,001	182,368
Dental equipment & supplies distribution	10,618	12,484
Dental supplies manufacturing	38,199	22,011
Elimination of inter-segment assets	(88,938)	(71,388)
Total	215,880	145,475

4D. Liabilities and reconciliation

	2015 $'000	2014 $'000 (Restated)
Segment Liabilities		
Primary healthcare	165,631	116,564
Dental equipment & supplies distribution	6,779	6,299
Dental supplies manufacturing	23,653	4,548
Elimination of inter-segment liabilities	(88,391)	(71,263)
Total	107,672	56,148

4E. Other material items and reconciliations

	2015 $'000	2014 $'000 (Restated)
Expenditure for non-current assets		
Primary healthcare	44,683	46,654
Dental equipment & supplies distribution	149	237
Dental supplies manufacturing	6,835	12,565
Total	51,667	59,456
Depreciation		
Primary healthcare	3,509	2,644
Dental equipment & supplies distribution	35	77
Dental supplies manufacturing	100	19
Total	3,644	2,740

4. Financial information by operating segments (cont'd)

4E. Other material items and reconciliations (cont'd)

	2015 $'000	2014 $'000
Amortisation		
Primary healthcare	174	80
Dental equipment & supplies distribution	–	–
Dental supplies manufacturing	182	–
Total	356	80

	2015 $'000	2014 $'000
Finance Cost		
Primary healthcare	2,743	512
Dental equipment & supplies distribution	2	4
Dental supplies manufacturing	–	–
Total	2,745	516

4F. Geographical information

	2015 $'000	2014 $'000
Revenue		
Singapore	87,925	76,848
Malaysia	7,939	9,457
China	28,133	13,979
Total	123,997	100,284

	2015 $'000	2014 $'000 (Restated)
Non-Current Assets		
Singapore	61,939	34,415
Malaysia	3,844	4,477
China	46,483	39,646
Total	112,266	78,538

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4. Financial information by operating segments (cont'd)

4G. Information about major customers

	2015 $'000	2014 $'000
Revenue		
Top 1 customer in dental equipment & supplies distribution	630	1,529

There is no customer that contributed more than 10% in the primary healthcare and dental supplies manufacturing segments.

5. Revenue

	Group	
	2015 $'000	2014 $'000
Rendering of services	95,829	82,985
Sales of goods	26,144	15,899
Rental income	1,141	986
Other income	883	414
	123,997	100,284

6. Employee benefits expense

	Group	
	2015 $'000	2014 $'000
Short term employee benefits expense	59,749	51,202
Contributions to defined contribution plans	2,974	2,507
Other benefits	483	646
Total employee benefits expense	63,206	54,355

Employee benefits expense includes fees paid to dentists for dental services rendered. The fees paid are at certain pre-agreed percentages of fee revenue earned from patients.

7. Finance costs

	Group	
	2015 $'000	2014 $'000
Interest expense	2,745	516

8. Other expenses

The major components and other selected components include the following:

	Group	
	2015	2014
	$'000	$'000
Utilities	652	605
Travelling expenses	861	515
Repair and maintenance	858	730
NETS and credit card transaction charges	994	865
Legal and professional fees	2,038	1,067

9. Other gains and (other losses)

	Group	
	2015	2014
	$'000	$'000
Gain/(loss) on disposal of property, plant and equipment, net	1,665	(88)
Foreign exchange adjustment losses	(122)	(149)
Productivity and innovation credits	1,114	116
Enhanced special employment credit	509	436
Profit guarantee received/receivable from vendors/shareholders	281	339
Gain on disposal of asset held for sale	89	–
Gain on disposal of subsidiary (Note 28)	–	125
Net	3,536	779
Presented in profit or loss as:		
Other gains	3,658	1,016
Other losses	(122)	(237)
Net	3,536	779

10. Income tax expense

10A. Components of tax expense recognised in profit or loss include:

	Group 2015 $'000	Group 2014 $'000
Current tax expense:		
Current tax expense	1,046	1,291
Under/(over) adjustments to current tax in respect of prior periods	984	(31)
Subtotal	2,030	1,260
Deferred tax expense:		
Deferred tax expense	(81)	115
Under/(over) adjustments to deferred tax in respect of prior periods	52	(105)
Subtotal	(29)	10
Total income tax expense	2,001	1,270

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate.

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2014: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group 2015 $'000	Group 2014 $'000
Profit before tax	16,845	11,784
Less: Share of profit from equity-accounted associates	–	(2)
	16,845	11,782
Income tax expense at the above rate	2,864	2,003
Effect of different tax rates in different countries	270	82
Expenses not deductible for tax purposes	299	190
Income not subject to tax	(1,648)	(27)
Stepped income exemptions	(27)	(147)
Under/(over) adjustments to tax in respect of prior periods	1,036	(136)
Productivity and innovation credit	(802)	(781)
Other minor items less than 3% each	9	86
Total income tax expense	2,001	1,270

There are no income tax consequences of dividends to owners of the Company.

10. Income tax expense (cont'd)

10B. Deferred tax expense recognised in profit or loss include:

	Group	
	2015	2014
	$'000	$'000
From deferred tax (liabilities)/assets recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	(21)	31
Tax loss carry forwards	20	(20)
Foreign exchange differences	(28)	(1)
Total deferred income tax expense recognised in profit or loss	(29)	10

10C. Deferred tax balance in the statement of financial position:

	Group	
	2015	2014
	$'000	$'000 (Restated)
Deferred tax (liabilities)/assets recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	(1,328)	(1,307)
Tax loss carry forwards	58	38
Total	(1,270)	(1,269)
Presented in the statement of financial position as follows:		
Deferred tax liabilities	(1,270)	(1,269)

It is impracticable to estimate the amount expected to be settled or used within one year.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2015	2014
	$'000	$'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	11,402	8,567

11. Earnings per share (cont'd)

	Group	
	2015	2014
	$'000	$'000
Denominators: weighted average number of equity shares		
Basic	779,933	714,915
Diluted		
Basic	779,933	714,915
Conversion of call option exercise to equity	43,198	–
Diluted	823,131	714,915

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The dilutive effect derives from transactions such as call options (Note 22). The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of call options which (if any) would have a dilutive effect.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding adjusted for the impact of right issue in 2014. It is after the neutralisation by the treasury shares.

12. Dividends on equity shares

	Group and Company	
	2015	2014
	$'000	$'000
Interim tax exempt dividend paid of 0.42 cents (2014: 0.41 cents) per share	3,271	2,547
First and final tax exempt dividend paid of 0.32 cents (2014: 0.66 cents) per share	2,491	3,996
	5,762	6,543

In respect of the current year, the directors propose that a final dividend of 0.42 cents per share with a total of $3,307,000 be paid to shareholders. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend for 2015 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

13. Property, plant and equipment

Group	Leasehold improvements	Furniture and fittings and equipment	Leasehold property	Construction in progress	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 January 2014	3,338	15,625	4,002	–	42	23,007
Additions	1,017	3,441	12,702	165	–	17,325
Arising from acquisition of subsidiaries (Note 27)	919	6,529	–	55	92	7,595
Arising from disposal of subsidiary (Note 28)	–	(103)	–	–	–	(103)
Disposals	(89)	(443)	–	–	–	(532)
Foreign currency translation adjustment	56	250	–	4	6	316
At 31 December 2014	5,241	25,299	16,704	224	140	47,608
Additions	978	5,561	2,783	4,171	51	13,544
Arising from acquisition of subsidiaries (Note 27)	627	1,839	–	–	–	2,466
Disposals	(56)	(1,305)	(12,702)	–	–	(14,063)
Foreign currency translation adjustment	(47)	(278)	10	3	(31)	(343)
At 31 December 2015	6,743	31,116	6,795	4,398	160	49,212
Accumulated depreciation:						
At 1 January 2014	751	6,782	70	–	40	7,643
Additions	186	2,414	97	–	43	2,740
Arising from acquisition of subsidiaries (Note 27)	29	275	–	–	3	307
Arising from disposal of subsidiary (Note 28)	–	(96)	–	–	–	(96)
Disposals	(58)	(318)	–	–	–	(376)
Foreign currency translation adjustment	–	(2)	–	–	–	(2)
At 31 December 2014	908	9,055	167	–	86	10,216
Additions	229	3,246	159	–	10	3,644
Arising from acquisition of subsidiaries (Note 27)	532	1,410	–	–	–	1,942
Disposals	(59)	(474)	(186)	–	–	(719)
Foreign currency translation adjustment	(13)	(116)	–	–	(33)	(162)
At 31 December 2015	1,597	13,121	140	–	63	14,921
Carrying value:						
At 1 January 2014	2,587	8,843	3,932	–	2	15,364
At 31 December 2014	4,333	16,244	16,537	224	54	37,392
At 31 December 2015	5,146	17,995	6,655	4,398	97	34,291

13. Property, plant and equipment (cont'd)

A leasehold property at a carrying value of approximately $6,655,000 (2014: $16,537,000) is mortgaged as security for the bank facilities (See Note 26).

Company	Furniture and fittings and office equipment
	$'000
Cost:	
At 1 January 2014	597
Additions	231
Disposals	(76)
At 31 December 2014	752
Additions	148
At 31 December 2015	900
Depreciation:	
At 1 January 2014	317
Depreciation for the year	104
Disposals	(41)
At 31 December 2014	380
Depreciation for the year	89
At 31 December 2015	469
Carrying value:	
At 1 January 2014	280
At 31 December 2014	372
At 31 December 2015	431

14. Investment in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Cost at the beginning of the year	10,585	5,095
Acquisitions	36,811	5,600
Less: Deregistered	–	(110)
Cost at end of the year	47,396	10,585
Less: Allowance for impairment	(120)	(120)
Net carrying amount	47,276	10,465
Analysis of above amount denominated in non-functional currency:		
US Dollars	411	–
Malaysian Ringgit	203	203
Movements in allowance for impairment:		
Balance at beginning of the year	120	243
Impairment loss charged to profit or loss included in other gains	–	(123)
Balance at end of the year	120	120

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31 December 2015

14. Investment in subsidiaries (cont'd)

The following subsidiaries are wholly owned by the Group:

Name of Subsidiaries	Cost in books of Group	
	2015	2014
	$'000	$'000
Held by Company		
Q & M Dental Surgery (Admiralty) Pte. Ltd.	100	100
Q & M Dental Surgery (Ang Mo Kio Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Braddell) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Batok) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Panjang) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Timah) Pte. Ltd.	100	100
Q & M Dental Surgery (Clementi Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Clementi) Pte. Ltd.	100	100
Q & M Dental Surgery (Hougang Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Hougang Plaza) Pte. Ltd.	100	100
Q & M Dental Surgery (Jelapang) Pte. Ltd.	100	100
Q & M Dental Surgery (Jurong East Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Kallang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Khatib) Pte. Ltd.	100	100
Q & M Dental Surgery (Old Airport Rd) Pte. Ltd.	100	100
Q & M Dental Surgery (Pasir Ris) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon North) Pte. Ltd.	100	100
Q & M Dental Surgery (Sims Place) Pte. Ltd. [b]	100	100
Q & M Dental Surgery (Tiong Bahru) Pte. Ltd.	96	96
Q & M Dental Surgery (Toa Payoh) Pte. Ltd.	100	100
Q & M Dental Surgery (Toa Payoh Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Yishun Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Boon Lay) Pte. Ltd.	100	100
Q & M Dental Surgery (Gombak) Pte. Ltd.	17	17
Q & M Dental Surgery (Hougang Mall) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon) Pte. Ltd.	100	100
Q & M Dental Surgery (Elias Mall) Pte. Ltd.	100	100
Q & M Dental Surgery (Redhill MRT) Pte. Ltd.	92	92
Q & M Laboratory & Marketing Pte. Ltd. [d]	124	124
Q & M Dental Surgery (Marsiling) Pte. Ltd.	65	65
Q & M Management & Consultancy Pte. Ltd.	52	52
Q & M Dental Surgery (Boon Lay MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Gombak MRT) Pte. Ltd.	100	100
Q & M Mobile Dental Clinic Pte. Ltd.	50	50
Killiney Dental Centre Pte. Ltd.	100	100
Q & M Dental Centre Pte. Ltd.	100	100
Q & M Dental Institute Pte. Ltd.	20	20
Q & M Dental Centre (Orchard) Pte. Ltd.	100	100
Q & M Dental Group (Malaysia) Sdn. Bhd. [c][j][k]	203	203
Q & M Dental Holdings (China) Pte. Ltd. [c]	100	100
Dentigiene Dental Surgery Pte. Ltd.	567	567

14. Investment in subsidiaries (cont'd)

Name of Subsidiaries	Cost in books of Group 2015 $'000	Cost in books of Group 2014 $'000
Held by Company		
Q & M Medical Group (Singapore) Pte. Ltd. (c)	200	200
Q & M Dental Centre (Raffles Place) Pte. Ltd. (Previously named as Q-Leap Healthcare Pte. Ltd.)	100	100
Foo & Associates Pte. Ltd.	5,500	5,500
New Dental Centre Pte. Ltd. (acquired on 2 January 2015) (b)	–(a)	–
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. (both acquired on 1 September 2015)	3,800	–
TP Dental Surgeons Pte. Ltd. (acquired on 21 September 2015)	28,600	–
Aesthetics Dental Surgery Pte. Ltd. (acquired on 4 November 2015)	4,000	–
Shenyang Q & M Management Consulting Co. Ltd. (incorporated on 10 April 2015) (c)	411	–
Held through subsidiaries		
Dentmedix Pte. Ltd. (e)	164	164
Quantumleap Healthcare Pte. Ltd. (e)	150	150
Shanghai Yumin Investment & Management Co., Ltd. (c)(f)(i)(l)(m)	–	110
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd. (j)(k)	30	30
Q & M Medical & Aesthetic Clinic (Tampines Central) Pte. Ltd. (g)	50	50
Q & M Medical Aesthetic & Laser Centre Pte. Ltd. (g)	50	50
Q & M Medical & Aesthetic Clinic (Serangoon Garden) Pte. Ltd. (g)	50	50
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd., formerly known as Medsolutions Pte. Ltd. (g)	80	80
Q & M Medical Clinic (Raffles Place) Pte. Ltd. (g)	50	50
The Digestive & Liver Specialist Centre Pte. Ltd. (g)	100	100
The Lung Specialist Centre Pte. Ltd. (g)	100	100
Q & M Medical Clinic (Serangoon Central) Pte. Ltd.(g)	50	50
Q & M Aidite International Pte. Ltd. (c)	1	–(a)
Q & M Medical Clinic (Bukit Batok) Pte. Ltd. (incorporated on 17 December 2015) (g)	50	–
Singapore Dental Cadcam Laboratory Pte. Ltd. (incorporated on 10 February 2015) (h)	1	–

(a) Cost of investment less than $1,000.
(b) These subsidiaries are dormant.
(c) These subsidiaries are investment holding companies.
(d) The principal activities of the subsidiary are investment holding and provision of services related to the dental laboratory business.
(e) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(f) Deemed subsidiary where shares are held in trust by staffs of Shanghai Q & M Investment Management & Consulting Co., Ltd..
(g) The subsidiary is principally engaged in the provision of general medical services.
(h) The subsidiary is principally engaged in manufacturing and exporting of porcelain crown, bridges and dentures.
(i) Audited by other independent auditors, C&A Yoo Van (China), a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(j) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(k) Incorporated in Malaysia.
(l) Incorporated in People's Republic of China.
(m) The subsidiary has been deregistered during the year.

14. Investment in subsidiaries (cont'd)

The subsidiaries that have non-controlling interests are listed below:

Name of Subsidiaries	Cost in books of Group		Effective Percentage of Equity Held by Group	
	2015	2014	2015	2014
	$'000	$'000	%	%
Held by Company				
Q & M Dental Group (China) Pte. Ltd. [a]	99	99	99	99
Held through subsidiaries				
Shanghai Q & M Investment Management & Consulting Co., Ltd. [b][g][i]	65	65	99	99
Q & M Dental Surgery (Molek) Sdn. Bhd. [h][j]	443	443	70	70
Q & M Dental Surgery (Austin) Sdn. Bhd. [h][j]	29	29	70	70
Q & M Dental Surgery (Kota Damansara) Sdn. Bhd. [h][k]	33	33	80	80
D & D Dental Sdn. Bhd. [h][k]	339	339	70	70
Shanghai Chuangyi Investment and Management Co., Ltd. [g][l]	1,873	1,873	80	80
Shanghai Kangyi Dental Polyclinic Co., Ltd. [g][l]	216	216	80	80
AR Dental Supplies Sdn. Bhd. [c][h][k]	3,377	3,377	70	70
Q & M Dental (Shenyang) Pte. Ltd. [a]	21,075	21,065	60	60
NG GK Dental Surgery (Melaka) Sdn. Bhd. (acquired on 8 April 2014) [h][k]	190	190	70	70
Qinhuangdao Aidite High Technical Ceramic Co., Ltd. (acquired on 13 August 2014) [d][g][n]	17,913	9,131	51	51
Shenyang Aoxin Quanmin Stomatology Hospital Co., Ltd. (acquired on 7 July 2014) [g][m][o]	610	610	60	60
Shenyang Xin'ao Hospital Mangement Co., Ltd. (acquired on 7 July 2014) [g][m][o]	1,220	1,220	60	60
Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd. (acquired on 7 July 2014) [g][m][o]	203	203	60	60
Huludao City Aoxin Stomatology Polyclinic Co., Ltd. (acquired on 7 July 2014) [g][m][o]	102	102	60	60
Huludao City Stomatology Hospital Co., Ltd. (acquired on 7 July 2014) [g][m][o]	203	203	60	60
Shenyang Quanxin Medical Equipment Leasing Co., Ltd. [e][g][m][o]	6,218	6,218	60	60
QA Healthcare Solutions Pte. Ltd. (incorporated on 16 February 2015) [f]	51	–	51	–

(a) These subsidiaries are investment holding companies.
(b) The principal activities of the subsidiary are the provision of consultancy services.
(c) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(d) The subsidiary is principally engaged in manufacturing and trading of medical and dental instruments and supplies.
(e) The subsidiary is principally engaged in the leasing of dental equipment.
(f) The subsidiary is principally engaged in the development of dental healthcare software and equipment.
(g) Incorporated in People's Republic of China.

14. Investment in subsidiaries (cont'd)

(h) Incorporated in Malaysia.
(i) Audited by SBA Stone Forest Shanghai Certified Public Accountants (Partnership), an affiliate firm of RSM Chio Lim LLP.
(j) Audited by other independent auditors, SQM Chartered Accountants (Malaysia), a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(k) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(l) Audited by other independent auditors, Shanghai Daohe CPA Partnership, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(m) Audited by RSM China, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(n) Audited by other independent auditors, Beijing Xinghua CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(o) Collectively known as Aoxin Stomatology group of companies.

All subsidiaries are engaged in the provision of dental services unless otherwise disclosed above.

Save as disclosed above, all other subsidiaries in Singapore are audited by RSM Chio Lim LLP.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

There are two subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2015	2014
	$'000	$'000
Name of the subsidiary: Qinhuangdao Aidite High Technical Ceramic Co., Ltd.		
The profit allocated to non-controlling interests of the subsidiary during the reporting year	2,473	1,237
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	10,444	3,838
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	19,184	9,480
Non-current assets	6,545	1,465
Current liabilities	(5,227)	(3,113)
Revenue	17,640	6,644
Profit for the reporting year	6,265	2,525
Total comprehensive income	6,265	2,525
Operating cash inflows	3,439	902
Net increase in cash flows	3,507	665

14. Investment in subsidiaries (cont'd)

	Group 2015 $'000	Group 2014 $'000
Name of the component: Aoxin Stomatology Group of Companies		
The profit allocated to non-controlling interests of the subsidiaries during the reporting year	941	474
Accumulated non-controlling interests of the subsidiaries at the end of the reporting year	1,420	475
The summarised financial information of the subsidiaries (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	3,825	3,236
Non-current assets	7,744	6,989
Current liabilities	(905)	(1,229)
Revenue	10,608	5,400
Profit for the reporting year	2,516	1,200
Total comprehensive income	2,516	1,200
Operating cash inflows	2,628	1,630
Net increase in cash flows	775	1,728

15. Investment in associates

	Group 2015 $'000	Group 2014 $'000
Movements in carrying value:		
Balance at beginning of the year	15	3,452
Transfers to assets held for sale (Note 17)	–	(3,439)
Share of the profit for the year	–	2
Balance at end of the year	15	15
Carrying value:		
Unquoted equity shares at cost	15	15
Goodwill at cost	–	–
Share of post-acquisition loss, net of dividends received	–	–
	15	15
Share of net book value of associates	12	14

15. Investment in associates (cont'd)

The associate held by a subsidiary are listed below:

Name of associate	Percentage of Equity Held by the Group	
	2015	2014
	%	%
Punggol Medical & Dental Pte. Ltd.	50.0	50.0

The country and place of operations for Punggol Medical & Dental Pte. Ltd. is Singapore and it is engaged in provision of general medical services. The associate is audited by RSM Chio Lim LLP.

The Group's share of the results of associate and share of the assets and liabilities are as follows:

	Group	
	2015	2014
	$'000	$'000
Assets	75	44
Liabilities	(51)	(30)
Revenue	238	685
(Loss)/profit for the year	–	2

There are no significant restrictions on the ability of the major associates to transfer funds to the Group in the form of cash dividends.

16. Intangible assets

	Group	
	2015	2014
	$'000	$'000 (Restated)
Goodwill (Note 16A)	74,560	38,047
Other intangible assets (Note 16B)	2,307	1,938
	76,867	39,985

16. Intangible assets (cont'd)

16A. Goodwill

	Group	
	2015	2014
	$'000	$'000 (Restated)
Cost:		
Balance at beginning of the year	38,047	5,368
Addition [a]	1,207	–
Arising from acquisition of subsidiaries (Note 27)	35,669	33,121
Arising from disposal of subsidiary (Note 28)	–	(191)
Transfer to intangible assets (Notes 16B)	–	(211)
Effect of movement in exchange rate	(363)	(40)
Balance at end of the year	74,560	38,047

[a] The Group renegotiated and agreed to pay an additional consideration of RMB5.7575 million (equivalent to S$1,207,000) for the acquisition of Qinhuangdao Aidite High Technical Ceramic Co., Ltd..

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by the subsidiary as follows:

	Group	
	2015	2014
	$'000	$'000 (Restated)
Name of the subsidiaries		
Primary healthcare:		
Q & M Dental Surgery (Molek) Sdn. Bhd.	270	310
Dentigiene Dental Surgery Pte. Ltd.	490	490
D & D Dental Sdn. Bhd.	125	143
Shanghai Chuangyi Investment and Management Co., Ltd.	1,659	1,658
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd. [a]	10	10
NG GK Dental Surgery (Melaka) Sdn. Bhd.	142	165
Foo & Associates Pte. Ltd.	5,411	5,411
Aoxin Stomatology group of companies	17,715	17,705
TP Dental Surgeons Pte. Ltd.	28,146	–
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,615	–
Aesthetics Dental Surgery Pte. Ltd.	3,908	–
Sub-total	61,491	25,892
Dental equipment & supplies distribution:		
AR Dental Supplies Sdn. Bhd.	1,970	2,263
Dental supplies manufacturing:		
Qinhuangdao Aidite High Technical Ceramic Co., Ltd.	11,099	9,892
	74,560	38,047

[a] The goodwill is not tested for impairment as the carrying value is not material.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use method. The value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

The value in use was determined by management. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The value in use is a recurring fair value measurement (level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by Management for the next 5 years. Management forecasted the revenue growth rates and discount rates as follows:

2015

Name of the subsidiaries	Revenue growth rate %	Discount rate %
Primary healthcare:		
Q & M Dental Surgery (Molek) Sdn. Bhd.	16 in 2016 and 8 for subsequent years	12
Dentigiene Dental Surgery Pte. Ltd.	6 in 2016 and 5 for subsequent years	9
NG GK Dental Surgery (Melaka) Sdn. Bhd.	15 in 2016 and 5 for subsequent years	12
D & D Dental Sdn. Bhd.	7 in 2016 and 10 for subsequent years	12
Shanghai Chuangyi Investment and Management Co., Ltd.	10 in 2016 and 15 for subsequent years	13
Foo & Associates Pte. Ltd.	6	9
Aoxin Stomatology group of companies	11 in 2016 and 14 for subsequent years	13
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3	9
TP Dental Surgeons Pte. Ltd.	10 in 2016 and 8 for subsequent years	9
Aesthetics Dental Surgery Pte. Ltd.	5	9
Dental equipment & supplies distribution:		
AR Dental Supplies Sdn. Bhd.	20 in 2016 and 5 for subsequent years	12

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

	Revenue growth rate %	Discount rate %
Dental supplies manufacturing:		
Qinhuangdao Aidite High Technical Ceramic Co., Ltd.	5 in 2016 and 3 for subsequent years	13

Primary healthcare:

Q & M Dental Surgery (Molek) Sdn. Bhd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 1 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $49,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $43,000.

Dentigiene Dental Surgery Pte. Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $55,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $126,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

NG GK Dental Surgery (Melaka) Sdn. Bhd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, the recoverable amount of the cash generating unit would reduce by $74,000. However, the recoverable amount is still higher than the carrying amount of the goodwill. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $53,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

D & D Dental Sdn. Bhd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 7 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $6,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $150,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

Shanghai Chuangyi Investment and Management Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 1 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $58,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $49,000.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Primary healthcare (cont'd):

Foo & Associates Pte. Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 5 percent point less favourable than management's estimates at the end of the reporting year, the recoverable amount of the cash generating unit would reduce by $3,526,000. However, the recoverable amount will still be higher than the carrying amount of goodwill. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $470,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

Aoxin Stomatology group of companies: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $82,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $2,018,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $297,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $465,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

TP Dental Surgeons Pte. Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $2,230,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $3,460,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

Aesthetics Dental Surgery Pte. Ltd.: If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $279,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $140,000.

Dental equipment & supplies distribution:

AR Dental Supplies Sdn. Bhd.: If the revised estimated revenue growth rate at the end of the reporting year had been 1 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $340,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $354,000.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Dental supplies manufacturing:

Qinhuangdao Aidite High Technical Ceramic Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $191,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $1,575,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

2014

Name of the subsidiaries	Revenue growth rate %	Discount rate %
Primary healthcare:		
Q & M Dental Surgery (Molek) Sdn. Bhd.	3	12
Dentigiene Dental Surgery Pte. Ltd.	5	8
NG GK Dental Surgery (Melaka) Sdn. Bhd.	5	12
D & D Dental Sdn. Bhd.	10	12
Shanghai Chuangyi Investment and Management Co., Ltd.	8	13
Foo & Associates Pte. Ltd.	5	8
Aoxin Stomatology group of companies	15	13
Dental equipment & supplies distribution:		
AR Dental Supplies Sdn. Bhd.	7	12
Dental supplies manufacturing:		
Qinhuangdao Aidite High Technical Ceramic Co., Ltd.	25 in 2015 and 15 for subsequent years	13

Management forecasts the terminal growth rates at 0% (2014: 0%).

In this case no impairment loss were recognised because the carrying amounts of all CGUs were lower than their recoverable amount.

Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 5 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $1,018,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $29,000.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Dental equipment & supplies distribution:

AR Dental Supplies Sdn. Bhd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 5 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $550,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit is still higher than the carrying value of goodwill.

Dental supplies manufacturing:

Qinhuangdao Aidite High Technical Ceramic Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 5 percent point less favourable than management's estimates at the end of the reporting year, the recoverable amount of the cash generating unit would reduce by $7,350,000. However, the recoverable amount is still higher than the carrying amount of the goodwill. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash generating unit would reduce by $3,482,000. However, the recoverable amount will still be higher than the carrying amount of the goodwill.

16B. Other intangible assets

	Development costs	Customer lists	Total
	$'000	$'000	$'000
Cost:			
At 1 January 2014	–	100	100
Additions, as restated (Note 27)	–	1,722	1,722
Transfer from goodwill (Note 16A)	–	211	211
At 31 December 2014, as restated	–	2,033	2,033
Additions	723	–	723
Effect of movement in exchange rate	–	2	2
At 31 December 2015	723	2,035	2,758
Amortisation:			
At 1 January 2014	–	15	15
Amortisation for the year	–	80	80
At 31 December 2014	–	95	95
Amortisation for the year	–	356	356
At 31 December 2015	–	451	451
Net book value:			
At 1 January 2014	–	–	–
At 31 December 2014	–	1,938	1,938
At 31 December 2015	723	1,584	2,307

The capitalisation of development costs pertains to the development of CAMEO Glass Ceramics, Multilayer AT Zirconium and 3-D printing technology.

Research and development costs not recognised as assets amounted to $131,000 (2014: $21,000).

17. Assets held for sale

During the reporting year ended 31 December 2014, the Group decided to dispose its interest in the associates, Q & M Dental (Beijing) Pte. Ltd. and Q & M Dental (Shanghai) Pte. Ltd.. During this period, the Group lost its significant influence over the entities. The results were not equity accounted (they were not material). The investments in the entities are at cost less impairment losses.

During the reporting year ended 31 December 2015, the Group completed the disposal of Q & M Dental (Beijing) Pte. Ltd.. The Group is however still finalising the disposal consideration and terms of the disposal for Q & M Dental (Shanghai) Pte. Ltd.. Terms are expected to be finalised by the end of 2016.

Management has exercised significant judgement when they measured the carrying amount of the Group's asset held for sale in assuming the potential sale of the entities will take place. It is impracticable to disclose the extent of possible effects. It is reasonably possible, based on existing knowledge, that the outcomes within the next reporting year that are different from the assumptions could require a material adjustment to the carrying amount of the Group's assets held for sale. The carrying amount of the Group's asset held for sale at the end of the reporting year was $1,584,000 (2014: $3,439,000).

18. Inventories

	Group		Company	
	2015 $'000	2014 $'000 (Restated)	2015 $'000	2014 $'000
Finished goods	6,129	5,593	–	–
Work in progress	324	38	–	–
Raw material	1,715	794	–	–
Dental supplies	3,017	2,281	–	–
	11,185	8,706	–	–

There are no inventories pledged as securities for liabilities.

19. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current:				
Trade receivables:				
Outside parties	9,300	10,472	–	–
Subsidiaries (Note 3)	–	–	8,558	4,795
Associates (Note 3)	180	273	–	–
Net trade receivables - sub-total	9,480	10,745	8,558	4,795
Other receivables:				
Subsidiaries (Note 3)	–	–	69,871	55,840
Associates (Note 3)	195	553	–	–
Deposits to secure services	3,194	2,827	275	503
Receivable for remaining proceeds from disposal of assets held for sale	1,135	–	–	–
Capital contribution receivable from shareholders of subsidiaries	5,021	–	–	–
Other receivables	3,799	2,184	405	302
Net other receivables - sub-total	13,344	5,564	70,551	56,645
Total trade and other receivables	22,824	16,309	79,109	61,440
Non-Current:				
Other receivables	235	483	200	130
The non-current portion is receivable as follows:				
Within 2 to 5 years	235	483	200	130
Total non-current portion	235	483	200	130
Other receivables include the following unsecured loans to certain dentists of the Group:				
Non-interest bearing loan	220	130	200	130
Interest bearing loans	189	549	–	–
	409	679	200	130

Repayment of the non-interest bearing loan will commence upon the completion of the dentist's study, which is estimated to be around middle of 2016. Interest bearing loans are repayable monthly over 5 to 7 years, commencing from the date of appointment of the dentists concerned. Interest is charged on the latter at 5% per annum, subject to review annually.

20. Other assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-Current:				
Sign-on bonus	669	456	156	313
Assignment fees	189	207	–	–
Non-Current, total	858	663	156	313
Current:				
Prepayments	2,475	2,274	468	956
Sign-on bonus	652	510	157	229
Assignment fees	18	18	–	–
Current, total	3,145	2,802	625	1,185

21. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not restricted in use	64,876	35,644	35,343	14,692
Cash pledged for bank facilities #a	–	37	–	–
Cash at the end of the year	64,876	35,681	35,343	14,692
Interest earning balances	30,560	13,208	29,505	13,171

#a. This is for amounts held by bankers to cover the bank guarantee issued.

The interest earned from the interest earning balances was not significant.

Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2015	2014
	$'000	$'000
Amount as shown above	64,876	35,681
Cash pledged for bank facilities	–	(37)
Cash and cash equivalents for statement of cash flows purposes at end of the year	64,876	35,644

22. Share capital

	Number of ordinary shares		Amount	
	Share capital	Treasury shares	Share capital	Treasury shares
Group and Company:	$'000	$'000	$'000	$'000
Ordinary shares of no par value:				
Balance at beginning of the year 1 January 2014	605,453	–	39,722	–
Issue of share at $0.3645 cents each [(a)]	15,089	–	5,500	–
Exercise of share options [(b)]	604	–	263	–
Employee share option scheme – Value of service provided	–	–	62	–
Convertible loan into ordinary shares [(c)]	19,091	–	6,300	–
Issue of share of $0.4665 cents each [(d)]	8,616	–	4,020	–
Rights Issue [(e)]	129,770	–	12,977	–
Share issue expenses	–	–	(374)	–
Balance at end of the year 31 December 2014	778,623	–	68,470	–
Issue of share at $0.711 cents each [(f)]	1,688	–	1,200	–
Issue of share of $0.7067 cents each [(g)]	15,000	–	10,600	–
Share buyback [(h)]	–	(1,038)	–	(727)
Share issue expenses	–	–	(181)	–
Balance at end of the year 31 December 2015	795,311	(1,038)	80,089	(727)

(a) On 22 July 2014, the Company issued 15,089,163 new ordinary shares as the consideration shares to Dr. Foo Mooh Thong for the acquisition of Foo & Associates Pte. Ltd. (Note 27).

(b) On 23 July 2014, the Company issued 604,000 ordinary shares, pursuant to Q & M Employee Share Option Scheme.

(c) On 21 October 2014, the Company allotted and issued 19,090,909 new ordinary shares pursuant to the conversion by IFC of the US$5 million convertible loan into ordinary shares.

(d) On 7 November 2014, the Company issued 8,615,847 new ordinary shares to Health Field Enterprises Ltd. as part of the purchase consideration in connection with the acquisition of Aoxin Stomatology group of companies (Note 27).

(e) On 10 December 2014, pursuant to its Rights Issue, the Company issued 129,770,582 new ordinary shares to its Shareholders for cash at $0.10 each.

(f) On 29 October 2015, the Company issued 1,687,763 new ordinary shares as the consideration shares to Dr. Chong Tuck Fung for the acquisition of Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd..

(g) On 7 December 2015, the Company issued 14,999,716 new ordinary shares as the consideration shares to Dr. Hwang Yee Cheau for the acquisition of TP Dental Surgeons Pte. Ltd..

(h) Treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 1,038,200 (2014: Nil) of its shares by way of on-market purchases at share prices ranging from $0.69 to $0.70. The total amount paid or payable to purchase shares was $727,000 (2014: Nil) and this is presented as a component within equity attributable to equity holders of the Company. As at 31 December 2015, share buyback of $116,000 is outstanding and was paid subsequent to the reporting year.

22. Share capital (cont'd)

(i) On 24 May 2014, the Company entered into a Call Option agreement with a shareholder, Heritas Helios Investments Pte. Ltd. to subscribe for up to 63,000,000 new ordinary shares of the Company. The Call Option has an option period of 2 years and an exercise price which will be calculated at higher of (i) a 10% discount to the relevant weighted average price of the shares for trades done on the SGX-ST for the thirty-day period prior to the date of notice, or (ii) the minimum price of $0.48 per share.

As a result of the Rights Issue, the number of Call Option Shares was adjusted by 9,410,127 Call Option Shares (the "Adjustment Shares") to 72,410,127 Call Option Shares; and the minimum exercise price per Call Option Share was adjusted from $0.48 to $0.4176.

The number of call options that remain outstanding as at 31 December 2015 is 72,410,127 (2014: 72,410,127).

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements except as disclosed below.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as net total borrowings less cash and cash equivalents. Adjusted capital comprises of all components of equity, that is, its total equity.

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Net debt:				
Other financial liabilities	79,453	32,336	74,290	18,000
Less: Cash and cash equivalents	(64,876)	(35,681)	(35,343)	(14,692)
Net debt	14,577	(3,345)	38,947	3,308
Adjusted capital:				
Total equity	108,208	89,327	80,292	68,764
Adjusted capital	108,208	89,327	80,292	68,764
Debt-to-adjusted capital ratio	13.5%	N.M.	48.5%	4.8%

N.M. - not meaningful

22. Share capital (cont'd)

Capital management (cont'd)

The unfavourable change as shown by increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debt. There was a favourable change with improved retained earnings.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

In order to maintain the Company's listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

23. Other reserves

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Foreign currency translation reserve (Note 23A)	(702)	346	–	–
Share option reserve (Note 23B)	–	–	–	–
Fair value reserve on convertible loan (Note 23C)	–	–	–	–
Total at end of the year	(702)	346	–	–

23A. Foreign currency translation reserve

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of the year	346	140	–	–
Exchange differences on translating foreign operations	(1,048)	206	–	–
At end of the year	(702)	346	–	–

23B. Share option reserve

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of the year	–	83	–	83
Exercise of share options	–	(62)	–	(62)
Expiry of share options	–	(21)	–	(21)
At end of the year	–	–	–	–

23. Other reserves (cont'd)

23C. Fair value reserve on convertible loan

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Convertible loan				
At beginning of the year	–	320	–	320
Conversion to equity	–	(320)	–	(320)
At end of the year	–	–	–	–

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities denominated in currencies other than the presentation currency.

The fair value reserve on convertible loan represents the equity component of the instrument and is non-distributable. A transfer was made from this reserve and from debt to the share capital account when the conversion to equity is exercised.

24. Provisions

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Provision for reinstatement of leased premises	575	437	–	–
Movements in above provision:				
Balance at beginning of the year	437	350	–	–
Additions	157	111	–	–
Used	(19)	(24)	–	–
Balance at end of the year	575	437	–	–

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased premises. The estimate is based on quotations from external contractors.

25. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000 (Restated)	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	15,605	11,915	1,729	716
Subsidiaries (Note 3)	–	–	420	389
Trade payables - sub-total	15,605	11,915	2,149	1,105
Other payables:				
Subsidiaries (Note 3)	–	–	522	534
Deposits received	1,602	1,749	–	–
Amount due to vendors of acquired subsidiaries	2,850	4,299	2,850	–
Amount due to directors of the subsidiaries	1,404	1,663	–	–
Amount due to shareholders of the subsidiary	2,131	–	2,131	–
Other payables	2,138	1,491	898	189
Other payables - sub-total	10,125	9,202	6,401	723
Total trade and other payables	25,730	21,117	8,550	1,828

26. Other financial liabilities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-Current:				
Bank loans (Note 26A)	4,496	28,516	–	15,000
Finance leases (Note 26B)	16	1	–	–
Medium term note (Note 26D)	59,290	–	59,290	–
Non-current, total	63,802	28,517	59,290	15,000
Current:				
Bank loans (Note 26A)	15,263	3,681	15,000	3,000
Finance leases (Note 26B)	91	13	–	–
Bill payable (Note 26C)	297	125	–	–
Current, total	15,651	3,819	15,000	3,000
Total	79,453	32,336	74,290	18,000

26. Other financial liabilities (cont'd)

The non-current portion is repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	60,359	17,349	59,290	15,000
Due after 5 years	3,443	11,168	–	–
Total non-current portion	63,802	28,517	59,290	15,000

The range of floating rate interest rates paid were as follows:

	2015	2014
	%	%
Bank loans	1.68-3.89%	1.25 – 2.8%
Bill payable	1.5%	1.2%

The weighted effective interest rates paid were as follows:

Medium term loan	5.04%	–

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the end of the reporting years was below 6 months.

26A. Bank loans

The bank loans except for the bank loans of the Company are secured or covered by the following:

(a) Corporate guarantee from the Company for loans of the subsidiaries;

(b) First legal assignment at all rights, title and benefits under existing and future tenancy agreements and rental income; and

(c) Legal mortgage over a property (Note 13).

The fair value (level 2) of the bank loans is a reasonable approximation of the carrying amount as it is a floating rate instrument that is frequently re-priced to market interest rates.

26B. Finance leases

Group 2015	Minimum payments	Finance charges	Present value
	$'000	$'000	$'000
Minimum lease payments payable:			
Due within one year	92	(1)	91
Due within 2 to 5 years	17	(1)	16
Total	109	(2)	107

Net book value of plant and equipment under finance leases	165

26. Other financial liabilities (cont'd)

26B. Finance leases (cont'd)

Group 2014	Minimum payments	Finance charges	Present value
	$'000	$'000	$'000
Minimum lease payments payable:			
Due within one year	15	(2)	13
Due within 2 to 5 years	2	(1)	1
Total	17	(3)	14
Net book value of plant and equipment under finance leases			–

There are leases for certain of its plant and equipment under finance leases. The average lease term was 3 years (2014: 3 years). The fixed rate of interest for finance leases was ranging from 1.28% to 2.95% (2014: 2.37% to 4.00%) per annum. All leases are on a fixed repayment basis and no arrangements were entered into for contingent rental payments. The obligations under finance leases were secured by the lessor's charge over the leased assets.

The fixed interest rate approximates the market interest rate. The carrying amount of the lease liabilities was not significantly different from the fair value (level 2).

26C. Bill payable

The bills payables of the subsidiary are secured or covered by the following:

(i) Facilities Agreement;

(ii) Corporate guarantee by the Company;

(iii) Jointly and severally guaranteed by certain directors of the subsidiary;

(iv) Negative pledge;

(v) Fixed deposit; and

(vi) Trade Financing General Agreement from the subsidiary.

The bill payables of the Group have maturity period of 90 days (2014: 90 days).

26D. Medium Term Loan

On 19 March 2015, the Company issued $60 million 3-year Medium Term Note ("MTN") due on 18 March 2018 pursuant to the $200 million Multicurrency Medium Term Note Programme established on 23 November 2013. The amount of $59,290,000 million as at the end of financial year represented the notes stated at amortised cost. Interest at 4.4% per annum is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

The fair value (Level 1) of the MTN is $61,230,000 as at 31 December 2015 based on the quoted market price.

The Company is required to comply with certain financial covenants such as:

(i) The consolidated shareholders' equity shall not at any time be less than $40,000,000;

26. Other financial liabilities (cont'd)

26D. Medium Term Loan (cont'd)

(ii) The ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75:1; and

(iii) The ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense shall not at any time be less 1.75:1.

27. Acquisition of subsidiaries

27A. Acquisition completed during the reporting year

FY2015

The Group acquired 100% shareholding in Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. (both incorporated in Singapore) on 1 September 2015. The Group acquired 100% shareholding in TP Dental Surgeons Pte. Ltd. and Aesthetics Dental Surgery Pte. Ltd. (both incorporated in Singapore) on 21 September 2015 and 4 November 2015 respectively. The transactions were accounted using the purchase method of accounting.

The Group's acquisitions of Tiong Bahru Dental Surgery Pte. Ltd., Bright Smile Dental Surgery Pte. Ltd., TP Dental Surgeons Pte. Ltd. and Aesthetics Dental Surgery Pte. Ltd. are to continue the expansion of its main dental business in Singapore. This acquisition allows the Group to add fully operational clinics located in prime location in Singapore.

The business combinations during the reporting year are presented separately as follows:

2015: Group

	Pre-acquisition book value under FRS			
	TP Dental	Tiong Bahru & Bright Smile	Aesthetics Dental	Total
	$'000	$'000	$'000	$'000
Plant and equipment	358	100	66	524
Trade and other receivables	377	114	115	606
Other assets	11	4	–	15
Cash and cash equivalents	1,189	318	18	1,525
Trade and other payables	(1,230)	(282)	(107)	(1,619)
Finance leases	(104)	(27)	–	(131)
Income tax payables	(139)	(42)	–	(181)
Deferred tax liabilities	(8)	–	–	(8)
Net identifiable assets	454	185	92	731
Goodwill arising on consolidation	28,146	3,615	3,908	35,669
Purchase consideration	28,600	3,800	4,000	36,400
Amount payable to vendors of the acquired subsidiaries	(850)	–	(2,000)	(2,850)
Purchase consideration by way of shares (Note 22)	(10,600)	(1,200)	–	(11,800)
Cash of subsidiaries acquired	(1,189)	(318)	(18)	(1,525)
Net cash outflow from acquisition of subsidiaries	15,961	2,282	1,982	20,225

27. Acquisition of subsidiaries (cont'd)

27A. Acquisition completed during the reporting year (cont'd)

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The Group expect the above pre-acquisition book value under FRS to approximate the provisional fair values. The fair values are provisional as the hindsight period (of not more than 12 months) allowed by FRS 103 Business Combinations has not yet expired. A detailed expert report on the fair values is expected to be available before the end of the next reporting year.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date and had the transaction been affected at the beginning of the year were as follows:

2015	Group	
	From date of acquisition in 2015	For the reporting year 2015
	$'000	$'000
Revenue	4,595	13,098
Profit before tax	1,310	2,163

FY2014

The Group acquired 70% of the share capital in NG GK Dental Surgery (Melaka) Sdn. Bhd. (incorporated in Malaysia) on 8 April 2014. On 16 July 2014, the Group acquired 100% shareholding in Foo & Associates Pte. Ltd. (incorporated in Singapore). The Group acquired 60% of the share capital of Aoxin Stomatology group of companies and 51% of Qinhuangdao Aidite High Technical Ceramic Co., Ltd. (both incorporated in People's Republic of China) on 7 July 2014 and 13 August 2014 respectively. The transactions were accounted using the purchase method of accounting.

NG GK Dental (Melaka) Sdn. Bhd. is the first clinic acquired by the Group in Melaka, Malaysia and this acquisition will enable the Group to tap into the Melaka dental market.

The Group's acquisition of Foo & Associates Pte. Ltd. is to continue the expansion of its main dental business in Singapore. This acquisition allows the Group to add a fully operational clinic located in prime location in Singapore.

The Group's acquisition of Aoxin Stomatology group of companies will provide the Group with a ready-made platform and presence in North-Eastern China for its PRC expansion plans. The Group will tap on the synergies in the management skills of Aoxin for their expansion plans in PRC.

The Group's acquisition of Aidite will crystallise the Group's plan to integrate and to provide synergy to the various components of its dental business, from supplies manufacturing, equipment and dental materials distribution to its dental centres and clinics.

27. Acquisition of subsidiaries (cont'd)

27A. Acquisition completed during the reporting year (cont'd)

Management has since finalised the purchase price allocation exercise for Foo & Associates, Aoxin Group and Aidite and identified the fair value of the identifiable assets and liabilities at date of acquisition. Accordingly, as required by FRS 103, the comparative figures have been restated retrospectively as follows:

2014: Group

	Pre-acquisition book value under FRS					
	NG GK	Foo & Associates	Aoxin Stomatology group of companies	Qinhuangdao Aidite	Total	Restated Fair Value
	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment	–	74	6,036	1,178	7,288	7,288
Intangible assets	–	–	–	–	–	1,722
Deferred tax assets	–	–	–	43	43	43
Trade and other receivables	–	–	1,614	2,913	4,527	12,017
Inventories	–	–	228	1,783	2,011	2,089
Cash and cash equivalents	32	–	234	1,592	1,858	1,858
Deferred tax liabilities	–	–	–	–	–	(446)
Trade and other payables	–	(26)	(760)	(2,236)	(3,022)	(3,022)
Income tax payables	–	–	(9)	(315)	(324)	(324)
Non-controlling interests at fair value	(10)	–	(2,937)	(2,429)	(5,376)	(9,653)
Net identifiable assets	22	48	4,406	2,529	7,005	11,572
Goodwill arising on consolidation	168	5,452	17,879	6,602	30,101	33,121
Purchase consideration	190	5,500	22,285	9,131	37,106	44,693
Amount payable to vendors of the subsidiaries	–	–	(2,650)	(1,182)	(3,832)	(11,419)
Purchase consideration by way of shares (Note 22)	–	(5,500)	(4,020)	–	(9,520)	(9,520)
Cash of subsidiaries acquired	(32)	–	(234)	(1,592)	(1,858)	(1,858)
Net cash outflow from acquisition of subsidiaries	158	–	15,381	6,357	21,896	21,896

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

27. Acquisition of subsidiaries (cont'd)

27A. Acquisition completed during the reporting year (cont'd)

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date and had the transaction been affected at the beginning of the year were as follows:

2014	Group	
	From date of acquisition in 2014	For the reporting year 2014
	$'000	$'000
Revenue	13,253	21,438
Profit before tax	4,865	7,784

27B. Acquisition completed after the end of the reporting year but before the date of financial statement

Shenyang Xin'Ao Hospital Management Co., Ltd., an indirect subsidiary of the Group had acquired 60% of the share capital in Panjin Jingcheng Q & M Dental Co., Ltd., Panjin Jinsai Q & M Dental Co., Ltd., Gaizhou City Aoxin Q & M Dental Hospital Co., Ltd. and Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd.. On 29 February 2016, the Group had acquired 100% of the share capital in Lee & Lee (Dental Surgeons) Pte. Ltd..

The Group's acquisition of Panjin Jingcheng Q & M Dental Co., Ltd., Panjin Jinsai Q & M Dental Co., Ltd., Gaizhou City Aoxin Q & M Dental Hospital Co., Ltd. allows the Group to add 4 fully operational dental clinics in Liaoning Province, China as part of its PRC expansion plans.

The Group's acquisition of Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. is in line with the Group's plan to continue the expansion of its dental equipment and supplies distribution business and allows the Group to add an operational distribution company in China.

The Group's acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. is to continue the expansion of its main dental business in Singapore. This acquisition allows the Group to add 3 fully operational dental clinics in Singapore.

27. Acquisition of subsidiaries (cont'd)

27B. Acquisition completed subsequent to reporting year but before date of financial statement (cont'd)

The business combinations during the reporting year are presented separately as follows:

Group

	Shenyang Maotai	Panjin Jingcheng	Panjin Jinsai	Gaizhou City Aoxin	Lee & Lee	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment	6	1	1	1	75	84
Trade and other receivables	85	2	88	–	683	858
Inventories	42	–	–	–	135	177
Cash and cash equivalents	141	270	131	33	1,539	2,114
Deferred tax liabilities	–	–	–	–	(17)	(17)
Trade and other payables	–	(7)	(1)	–	(821)	(829)
Other financial liabilities	–	–	–	–	(12)	(12)
Income tax payables	2	–	–	–	3	5
Non-controlling interests at fair value	(110)	(106)	(88)	(14)	–	(318)
Net identifiable assets	166	160	131	20	1,585	2,062
Goodwill arising on consolidation	1,482	2,489	1,280	511	8,415	14,177
Purchase consideration	1,648	2,649	1,411	531	10,000	16,239

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The Group expect the above pre-acquisition book value under FRS to approximate the provisional fair values. The fair values are provisional as the hindsight period (of not more than 12 months) allowed by FRS 103 Business Combinations has not yet expired.

28. Disposal of subsidiary

On 5 May 2014, the management disposed one of the subsidiary, Shanghai Meiya Mingxing Dental Polyclinic.

The following table is a summary of the carrying value of the account balances of the subsidiary at the date of disposal:

	Group	
	At date of disposal in 2014	At end of last year 2013
	$'000	$'000
Plant and equipment	7	7
Trade and other receivables	1	15
Cash and cash equivalents	10	19
Trade and other payables	(178)	(192)
Net assets disposed of	(160)	
Goodwill disposed of	191	
Gain on disposal	125	
Total consideration	156	
Net cash inflow on disposal:		
Cash consideration	156	
Cash balance disposed of	(10)	
Net cash inflow	146	

29. Financial instruments: information on financial risks

29A. Categories of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000 (Restated)	$'000	$'000
Financial assets:				
Cash and cash equivalents	64,876	35,681	35,343	14,692
Loans and receivables	23,059	16,792	79,309	61,570
At end of the year	87,935	52,473	114,652	76,262
Financial liabilities:				
Borrowings measured at amortised cost	79,453	32,336	74,290	18,000
Trade and other payables measured at amortised cost	25,730	21,117	8,550	1,828
At end of the year	105,183	53,453	82,840	19,828

Further quantitative disclosures are included throughout these financial statements.

29. Financial instruments: information on financial risks (cont'd)

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods use to measure the risk.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the financial statements below.

Note 21 discloses the maturity of the cash and cash equivalents balances.

29. Financial instruments: information on financial risks (cont'd)

29D. Credit risk on financial assets (cont'd)

The average credit period generally granted to non-related trade receivable customers is about 30 days (2014: 30 days). The dental and medical centres and clinics do not generally grant credit as services are usually settled in cash, NETS and credit card payments. The trade receivables are mainly NETS and credit card payments that take approximately a few days to settle. Certain subsidiaries engaged in the trading of dental surgery materials and equipment and manufacturing of dental supplies grant credit term of 30 days to 120 days (2014: 30 days to 120 days) to their customers.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
Less than 30 days	500	1,327	2,277	558
31 to 60 days	506	863	–	–
Over 60 days	4,445	3,845	5,775	4,360
Total	5,451	6,035	8,052	4,918

As at the end of the reporting year there were no amounts that were impaired.

Concentration of trade receivable customers (excluding associates) as at the end of reporting year:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Top 1 customer	1,672	1,529	1,402	783
Top 2 customers	1,818	1,736	2,701	1,426

Save for loans to certain dentists as disclosed in Note 19, other receivables are normally with no fixed terms and therefore there is no maturity.

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year	2 – 5 years	More than 5 years	Total
Non-derivative financial liabilities:	$'000	$'000	$'000	$'000
Group				
2015				
Trade and other payables	24,035	–	1,695	25,730
Other financial liabilities	17,011	69,599	4,248	90,858
At end of the year	41,046	69,599	5,943	116,588
2014				
Trade and other payables	21,117	–	–	21,117
Other financial liabilities	4,071	20,337	15,096	39,504
At end of the year, as restated	25,188	20,337	15,096	60,621

	Less than 1 year	2 – 5 Years	More than 5 years	Total
Company	$'000	$'000	$'000	$'000
2015				
Trade and other payables	6,855	–	1,695	8,550
Other financial liabilities	16,319	68,274	–	84,593
At end of the year	23,174	68,274	1,695	93,143
2014				
Trade and other payables	1,828	–	–	1,828
Other financial liabilities	3,105	16,319	–	19,424
At end of the year	4,933	16,319	–	21,252

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2014: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000
2015	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	17,413
At end of the year	17,413
2014	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	14,553
At end of the year	14,553

Bank facilities:

Group	2015 $'000	2014 $'000
Undrawn borrowing facilities	20,000	10,000
Unutilised bank overdraft	1,832	500
Unutilised fixed advance facilities	2,000	–
Unutilised revolving credit facilities	6,000	6,000
Unutilised credit facilities / foreign exchange	1,942	2,968
Unutilised multicurrency medium term note	140,000	200,000
Unutilised non-revolving hire purchase line	1,000	1,000

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

29. Financial instruments: information on financial risks (cont'd)

29F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets with interest:				
Fixed rates	189	549	–	–
Floating rates	30,560	13,208	29,505	13,171
Total at end of the year	30,749	13,757	29,505	13,171
Financial liabilities with interest:				
Fixed rates	59,397	14	59,290	–
Floating rates	20,056	32,322	15,000	18,000
Total at end of the year	79,453	32,336	74,290	18,000

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on post tax profit is not significant.

29G. Foreign currency risk

Analysis of amounts denominated in non-functional currencies:

Group	Japanese Yen	US dollars	Euro	Total
	$'000	$'000	$'000	$'000
2015				
Financial assets:				
Cash and cash equivalents	2	885	166	1,053
Loan and receivables	–	701	59	760
Total financial assets	2	1,586	225	1,813
Financial liabilities:				
Trade and other payables	(575)	(642)	(709)	(1,926)
Total financial liabilities	(575)	(642)	(709)	(1,926)
Net financial assets/(liabilities) at end of the year	(573)	944	(484)	(113)

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risk (cont'd)

Group	Japanese Yen	US dollars	Euro	Total
	$'000	$'000	$'000	$'000
2014				
Financial assets:				
Cash and cash equivalents	–	1,105	32	1,137
Loan and receivables	–	894	31	925
Total financial assets	–	1,999	63	2,062
Financial liabilities:				
Trade and other payables	(185)	(608)	(72)	(865)
Total financial liabilities	(185)	(608)	(72)	(865)
Net financial assets/(liabilities) at end of the year	(185)	1,391	(9)	1,197

Company	US dollars
	$'000
2015	
Financial asset:	
Cash and cash equivalents	65
Total financial assets	65
Financial liabilities:	
Other financial liabilities	–
Total financial liabilities	–
Net financial assets at end of the year	65

Company	US dollars
	$'000
2014	
Financial asset:	
Cash and cash equivalents	59
Total financial assets	59
Financial liabilities:	
Other financial liabilities	–
Total financial liabilities	–
Net financial assets at end of the year	59

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risk (cont'd)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

Group	2015 $'000	2014 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an adverse effect on post-tax profit of	(94)	(139)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the following basis that there are no hedged transactions.

30. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2015 $'000	2014 $'000
Audit fees to the independent auditors of the Company	328	314
Audit fees to the other independent auditors	117	75
Other fees to the independent auditors of the Company	27	12

31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2015 $'000	2014 $'000
Commitments to purchase plant and equipment	–	3,378
Commitments to purchase subsidiaries [(a)]	6,239	–
Commitment to purchase service	260	–

(a) On 29 September 2015, Shenyang Xin'Ao Hospital Management Co., Ltd., an indirect subsidiary of the Group entered into a non-binding Master Agreement with Dr. Ren, Dr. Zhang and Dr. Li setting out the key terms and conditions for the proposed acquisition of 60% stake in Panjin City Jingcheng Dental Clinics, Panjin Jinsai Dental Clinic and Gaizhou City Dental Clinic for a total consideration of RMB 28.6million. On 14 December 2015 and 22 December 2015, the Group has completed the onshore share transfers of the Panjin City Jingcheng Dental Clinics, Panjin Jinsai Dental Clinic and Gaizhou City Dental Clinic. Management considered that the acquisition was completed subsequent to year end as the Group takes over the control on 1 January 2016. Accordingly, the Group did not consolidate these entities as at 31 December 2015. The balance sheets of these entities are not significant to the Group's consolidated financial statements. The disclosure on the effect of the concerned acquisition is presented under Note 27B under the requirement of Financial Reporting Standard 103 Business Combination.

32. Operating lease income commitments - as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	571	1,372
Later than one year and not later than five years	404	1,788
Rental income for the year	1,141	986

Operating lease income commitments are for certain clinics. The lease rental income terms are negotiated for an average term of three years and rentals are not subject to any escalation clause. There are certain operating leases for the rental of certain office premises with no commitment terms.

33. Operating lease payment commitments – lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	10,958	8,031
Later than one year and not later than five years	14,063	11,100
Later than five year	4,152	5,634
Rental expense for the year	10,094	8,503

Operating lease payments are for rental payable for certain clinics and office premises. The lease rental terms are negotiated for an average term of three years. Certain of the clinics and office premises are sub-let to others for rental income (see Note 32).

There are certain operating leases for the rental of certain office premises from the owners (related parties) with no commitment terms.

34. Events after the end of the reporting year

(a) On 18 January 2016, the Group announced the completion of the onshore share transfer of Shenyang Lan Hai. Following the onshore share transfer and a change in the name of the Company, Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. is now an indirect subsidiary of the Company (Note 27).

(b) On 18 January 2016, the Group announced the incorporation of an indirect wholly-owned subsidiary in China, Qinhuangdao Courage Medical Equipment Co., Ltd..

(c) On 28 January 2016, the Group announced that the Company has entered into a binding points of agreement with Dr. Ramaswamy Sreeghandhan, Dr. Choo Keang Hai, Dr. Ronald Tan Hwa Ann and Dr. Fang Chui-Yun Mabel to acquire 100% of the shareholding in Lee & Lee (Dental Surgeons) Pte. Ltd.. The proposed acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. was completed on 29 February 2016.

(d) Subsequent to the balance sheet date, the Company has bought back 7,285,600 shares by way of market acquisition at $5,069,000 and all shares acquired are held as treasury shares.

(e) Subsequent to the balance sheet date, the Group has completed the acquisition of Panjin City Jingcheng Dental Clinics, Panjin Jinsai Dental Clinic and Gaizhou City Dental Clinic for a total consideration of RMB 28.6million (Notes 27 and 31).

(f) On 8 March 2016, the Group announced allotment and issuance of 2,812,938 new ordinary shares at $0.71 per share as the Consideration Shares to Dr. Tan Hwee Hiang and Dr. Teh Kiat Seong, for the acquisition of Aesthetics Dental Surgery Pte. Ltd. in 2015. The Consideration Shares shall be subject to a 5 year moratorium period.

35. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement

36. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

37. Restatement and comparative figures

(a) Certain restatements have been made to prior year's financial statements to reflect the effects of the retrospective adjustment of the goodwill arising from the finalisation of the fair values of the assets and liabilities, relating to acquisition of Foo & Associates, Aoxin Stomatology group of companies and Qinhuangdao Aidite, which were acquired during the financial year ended 31 December 2014. In accordance with FRS 103 Business Combinations, the adjustments for the finalisation of the provisional purchase price allocation ("PPA") which are to be made within twelve months from the date of acquisition have been made retrospectively.

With the completion of PPA exercise in accordance with FRS 103 Business Combinations, the provisional goodwill has been revised for the recognition of customer relationships, inventories and deferred tax liabilities.

(b) As part of the acquisition of Qinhuangdao Aidite, the Group increased its share capital in the subsidiary by RMB 35 million during the reporting year. This was part of the purchase consideration which was not accounted last year. Accordingly, the goodwill and the non-controlling interests are restated.

Restatements made are as follows:

	Before restatement $ '000	Effect of PPA $ '000	After restatement $ '000
Statements of Financial Position			
Intangible assets			
- Goodwill	35,038	3,009	38,047
- Customer relationship	216	1,722	1,938
Inventories	8,627	79	8,706
Deferred tax liabilities	(823)	(446)	(1,269)
Trade and other payables	(21,031)	(86)	(21,117)
Non-controlling interests	(8,412)	(4,278)	(12,690)

The restatement does not affect the opening balances as at 1 January 2014. Accordingly, related notes relating to above balances only (that were restated in the statement of financial position) are presented. Apart from these disclosures, other balances and notes are not impacted by the restatement.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2016

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding treasury shares)	:	789,800,112
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	8,323,800
% of treasury shares to total number of issued shares (excluding treasury shares)	:	1.054%

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2016, approximately 31.86% of the Company's issued ordinary shares excluding treasury shares were held by the public, and Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	19	0.58	139	0.00
100 - 1,000	190	5.83	150,258	0.02
1,001 - 10,000	1,476	45.30	9,297,700	1.18
10,001 - 1,000,000	1,536	47.15	88,509,205	11.20
1,000,001 and above	37	1.14	691,842,810	87.60
Total:	3,258	100.00	789,800,112	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	QUAN MIN HOLDINGS PTE LTD	442,696,529	56.05
2	CITIBANK NOMINEES SINGAPORE PTE LTD	79,989,502	10.13
3	MAYBANK KIM ENG SECURITIES PTE LTD	27,223,341	3.45
4	HWANG YEE CHEAU	14,666,383	1.86
5	DBS NOMINEES PTE LTD	11,320,706	1.43
6	HEALTH FIELD ENTERPRISES LIMITED	9,499,016	1.20
7	HSBC (SINGAPORE) NOMINEES PTE LTD	8,701,500	1.10
8	NG CHIN SIAU	8,240,110	1.04
9	RAFFLES NOMINEES (PTE) LTD	7,511,000	0.95
10	OCBC SECURITIES PRIVATE LIMITED	6,990,300	0.89
11	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	6,455,500	0.82
12	CHAN PUI KEE	6,021,400	0.76
13	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	5,320,300	0.67
14	CHEN YAN FENG	5,115,000	0.65
15	CHOW JOO MING	4,900,000	0.62
16	LAI MING CHUN @ LAI POH LIN	4,400,000	0.56
17	UOB KAY HIAN PTE LTD	4,117,389	0.52
18	DBS VICKERS SECURITIES (S) PTE LTD	3,311,900	0.42
19	BANK OF SINGAPORE NOMINEES PTE LTD	3,295,900	0.42
20	SAKAE HOLDINGS LTD	3,100,000	0.39
	Total:	662,875,776	83.93

STATISTICS OF SHAREHOLDINGS

As at 15 March 2016

SUBSTANTIAL SHAREHOLDERS

As Per Register of Substantial Shareholders

No.	Name	No. of shares held as Direct	%	No. of shares held as Deemed	%
1	Quan Min Holdings Pte Ltd	442,696,529	56.05	-	-
2	Ng Chin Siau *	11,240,110	1.42	442,696,529	56.05
3	Heritas Helios Investments Pte Ltd	64,076,115	8.11	-	-

* Dr Ng Chin Siau is deemed to have an interest in the 442,696,529 ordinary shares held by Quan Min Holdings Pte Ltd from his 37.03% direct interest in Quan Min Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Q & M Dental Group (Singapore) Limited (the "**Company**") will be held at 180 Kitchener Road, #B1-13/14 City Square Mall, Singapore 208539 on Monday, 25 April 2016 at 2.00 p.m. (the "**AGM**") to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.42 cents per share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$168,000/- for the financial year ended 31 December 2015 [2014: S$252,000/-]. **(Resolution 3)**

4. To re-elect Mr Ng Weng Sui Harry, retiring pursuant to Article 104 of the Company's Constitution. [see Explanatory Note (i)] **(Resolution 4)**

5. To re-elect Dr Ang Ee Peng Raymond, retiring pursuant to Article 104 of the Company's Constitution. [see Explanatory Note (ii)] **(Resolution 5)**

6. To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. **Authority to issue and allot shares** **(Resolution 7)**

   (a) That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Mainboard Rules**"), approval be and is hereby given to the Directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

      (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

SPECIAL BUSINESS (Cont'd)

(b) (notwithstanding the authority conferred by the members may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to members of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior members' approval is required under the Mainboard Rules, an issue of treasury shares will not require further members' approval and will not be included in the aforementioned limits;

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:-

a. new shares arising from the conversion or exercise of convertible securities;

b. new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Mainboard Rules; and

c. any subsequent bonus issue, consolidation or subdivision of the Company's share;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Mainboard Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company;

(iii) the authority conferred by this resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[see Explanatory Note (iii)]

SPECIAL BUSINESS (Cont'd)

8. **Proposed Renewal of Share Buy-Back Mandate** **(Resolution 8)**

(a) That for the purposes of Sections 76C and 76E of the Act and such other laws and regulations as may for the time being be applicable, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") (if affected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Mainboard Rules;

(the "**Share Buy-Back Mandate**");

(b) any Shares that are purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the share buy-backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

(d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the members of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

SPECIAL BUSINESS (Cont'd)

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; or

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price;

in either case, excluding related expenses of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate;

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time); and

"**Relevant Period**" means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution. [see Explanatory Note (iv)]

OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an annual general meeting.

ON BEHALF OF THE BOARD

Ng Chin Siau
Group Chief Executive Officer

8 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) In relation to Ordinary Resolution 4

Mr Ng Weng Sui Harry will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of Audit Committee and member of Nominating Committee and Remuneration Committee. He is considered independent for the purpose of Rule 704(8) of the Mainboard Rules.

(ii) In relation to Ordinary Resolution 5

Dr Ang Ee Peng Raymond will, upon re-election as Director of the Company, remain as the Chief Operating Officer of the Company.

(iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue and allot Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from members in general meeting but within the limitation imposed by this resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be issued and allotted would not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of passing of this resolution. For issue for Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all members shall not exceed 20% of the total number of issued Shares (excluding treasury shares) at the time of passing of this resolution.

(iv) Ordinary Resolution 8, if passed, will renew the Share Buy-Back Mandate authorising the Directors of the Company to buy back shares of the Company by way of on-market purchase(s) and/or off-market purchase(s) according to the rules and regulations prescribed by the Act and the Mainboard Rules. Further details are set out in the attached circular to shareholders dated 8 April 2016 in relation to the Proposed Renewal of the Share Buy-Back Mandate.

Notes:

1. (a) Except for a member who is a Relevant Intermediary, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

   (b) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181(6) of the Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the AGM.

5. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register as defined under the Securities and Futures Act, Chapter 289 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Registration No. : 200800507R)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Q & M Dental Group (Singapore) Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

*I/We ____________________ (Name) ____________ (NRIC / Passport No./Co. Registration No.) of ____________________ (Address) being * a member/members of Q & M Dental Group (Singapore) Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 180 Kitchener Road, #B1-13/14 City Square Mall, Singapore 208539 on Monday, 25 April 2016 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditor's Report thereon.		
2.	To declare a final tax exempt (1-tier) dividend of 0.42 cents per share for the financial year ended 31 December 2015.		
3.	To approve the payment of Directors' fees of S$168,000/- for the financial year ended 31 December 2015 [2014: S$252,000/-].		
4.	To re-elect Mr Ng Weng Sui Harry, retiring pursuant to Article 104 of the Company's Constitution.		
5.	To re-elect Dr Ang Ee Peng Raymond, retiring pursuant to Article 104 of the Company's Constitution.		
6.	To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise the Directors to issue and allot shares.		
8.	To approve the renewal of the shareholders' mandate for the Company to buy-back its own shares.		

Dated this ________ day of ________ 2016.

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of Members(s)/Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for this Proxy Form.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by the Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) Except for a member who is a Relevant Intermediary, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

   (b) Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore (the "**Act**"), a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant Intermediary**" has the meaning as ascribed to it in Section 181(6) of the Act.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the AGM.

6. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. An investor who buys shares using CPF monies ("**CPF investor**") and/or SRS monies ("**SRS investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS investors shall be precluded from attending the AGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DIRECTORY OF Q & M's OUTLETS IN SINGAPORE

Q & M DENTAL CENTRES

Bugis	6837 2292
City Square Mall	6509 1133
Orchard	6732 2633
Raffles Place	6225 3033

Q & M DENTAL CLINICS

CENTRAL

Ang Mo Kio	6554 3363, 6552 1231
Bishan	6255 5228
Braddell	6358 1098
Bt. Timah	6466 3393
Killiney	6235 1638
Novena	6251 3233, 6258 2623
Serangoon Central	6509 8858, 6383 1763, 6343 0398
Serangoon Garden	6285 5333
Serangoon North	6282 8597
Toa Payoh Central	6356 6789, 6256 3633
Toh Yi	6762 7660
Towner Road	6299 8980

EAST

Aljunied MRT	6842 6878
Bedok Central	6876 0533
Bedok Mall	6384 6288
Buangkok MRT	6315 6882
Elias Mall	6584 8793
Eunos MRT	6749 8518
Hougang Central	6386 2663
Hougang Mall	6282 5500
Kallang MRT	6547 1833
Marine Parade	6346 1882
Old Airport Road	6447 9033
Pasir Ris Central	6583 0298, 6583 8313
Punggol	6387 2683
Seletar Mall	6702 3738
Simei MRT	6741 6819
Tampines Central	6782 1293, 6785 0608, 6588 3233

NORTH

Admiralty	6365 3903
Khatib	6852 3363
Marsiling	6365 6500
Sembawang MRT	6752 3093
Yishun Central	6851 6789

SOUTH

Redhill MRT	6272 4858
Tiong Bahru	6270 8168

WEST

Boon Lay MRT	6791 3323, 6794 5263
Bt. Batok	6665 4233, 6569 6116
Bt. Batok Central	6569 3239
Bt. Gombak	6569 3120
Bt. Gombak MRT	6562 1161
Bt. Panjang	6766 3363
Clementi Central	6872 3633, 6778 2768
Holland Village MRT	6892 3913
Jelapang	6891 2668
Jurong East Central	6425 0398

SUBSIDIARY CLINICS

Aesthetics Dental Surgery	6333 3233
Bright Smile Dental Surgery	6274 6800
Foo & Associates Dental Surgeons	6838 0903
Lee & Lee (Dental Surgeons)	
• Bukit Batok	6563 2262
• Ocean Financial Centre	6536 6113
• Tampines Central	6788 2262
Tiong Bahru Dental Surgery	6271 3083
TP Dental Surgeons	6737 9011

MEDICAL CLINICS

Bukit Batok	6565 3866
Farrer Park	6509 9558
Serangoon Central	6488 2336
Tampines Central	6781 3323

MEDICAL AESTHETICS

The Face Aesthetic Clinic	6223 6788

全民 Q&M

20 Years of Quality Dental Care 1996 - 2016

Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Incorporated in the Republic of Singapore on 7 January 2008)
(Unique Entity Number 200800507R)

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