



Financial Statement And Dividend Announcement For The 1st Quarter Ended 31 March 2016 ("1Q16")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group		
		3 Months ended 31/3/2016	3 Months ended 31/3/2015	Increase/ (Decrease)
		\$'000	\$'000	%
Revenue				
Dental and Medical Clinics		28,251	22,051	28
Dental Equipment & Supplies Distribution		2,377	2,515	(5)
Dental Supplies Manufacturing		3,725	4,435	(16)
Other Items of Income				
Interest Income		116	19	511
Other Gains	1(a)(i)	666	251	165
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(2,285)	(1,700)	34
Cost of Sales - Dental Equipment & Supplies Distribution		(1,624)	(1,624)	-
Cost of Dental Supplies Manufacturing		(838)	(1,485)	(44)
Employee Benefits Expense		(17,320)	(14,042)	23
Depreciation and Amortisation Expenses		(1,062)	(922)	15
Rental Expense		(3,037)	(2,276)	33
Other Expenses		(2,785)	(2,371)	17
Other Losses	1(a)(ii)	(79)	(102)	(23)
Finance Costs		(825)	(247)	234
Profit Before Tax from Continuing Operations		5,280	4,502	17
Income Tax Expense		(551)	(605)	(9)
Profit From Continuing Operations, Net of Tax		4,729	3,897	21
Other Comprehensive Income:				
Exchange Differences on Translating Foreign Operation, Net of Tax		(957)	737	(230)
Other Comprehensive (Loss)/Income for the Period, Net of Tax		(957)	737	(230)
Total Comprehensive Income for the Period		3,772	4,634	(19)
Profit attributable to:				
Owners of the Parent, Net of Tax		3,708	2,889	28
Non-Controlling Interests, Net of Tax		1,021	1,008	1
Profit Net of Tax		4,729	3,897	21
Total Comprehensive Income attributable to:				
Owners of the Parent		3,319	3,288	NM
Non-Controlling Interests		453	1,346	(66)
Total Comprehensive Income		3,772	4,634	(19)

NM: Not Meaningful



Notes:

1(a)(i) Other Gains

	3 Months ended	
	31/03/2016	31/03/2015
	\$'000	\$'000
Profit Guarantee Received/Receivable from Vendors/Shareholders	89	-
Enhanced Special Employment Credit and Wage Credit Scheme	366	251
PIC Cash Payout/PIC Bonus	211	-
	666	251

1(a)(ii) Other Losses

	3 Months ended	
	31/03/2016	31/03/2015
	\$'000	\$'000
Foreign Exchange Translation Loss	34	11
Loss on Disposal of Plant and Equipment	-	6
Plant & Equipment Written Off	45	85
	79	102



1(b)(i) A Statement of Financial Position of the Group and the Issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	34,092	34,291	432	431
Investment in Subsidiaries	-	-	57,276	47,276
Investment in Associates	15	15	-	-
Intangible Assets	88,154	76,867	-	-
Other Receivables	307	235	200	200
Other Assets	1,135	858	120	156
Total Non-Current Assets	123,703	112,266	58,028	48,063
<u>Current Assets</u>				
Inventories	13,594	11,185	-	-
Trade and Other Receivables	23,031	22,824	81,063	79,109
Assets Held For Sale	1,584	1,584	-	-
Other Assets	4,351	3,145	939	625
Cash and Cash Equivalents	60,733	64,876	20,964	35,343
Total Current Assets	103,293	103,614	102,966	115,077
Total Assets	226,996	215,880	160,994	163,140
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	82,024	80,089	82,024	80,089
Treasury Shares	(5,795)	(727)	(5,795)	(727)
Retained Earnings	17,172	13,464	1,128	930
Other Reserves, Total	(1,023)	(702)	-	-
Equity Attributable to Owners of the Parent, Total	92,378	92,124	77,357	80,292
Non-Controlling Interests	16,697	16,084	-	-
Total Equity	109,075	108,208	77,357	80,292
<u>Non-Current Liabilities</u>				
Provisions	624	575	-	-
Deferred Tax Liabilities	1,299	1,270	-	-
Other Financial Liabilities	73,736	63,802	59,290	59,290
Total Non-Current Liabilities	75,659	65,647	59,290	59,290
<u>Current Liabilities</u>				
Income Tax Payable	773	644	-	8
Trade and Other Payables	26,161	25,730	9,347	8,550
Other Financial Liabilities	15,328	15,651	15,000	15,000
Total Current Liabilities	42,262	42,025	24,347	23,558
Total Liabilities	117,921	107,672	83,637	82,848
Total Equity and Liabilities	226,996	215,880	160,994	163,140



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	<u>As at 31/3/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	15,263	15,263
Amount repayable after one year	14,436	4,496

The bank loan is secured by legal mortgage of property, plant and equipment and corporate guarantee from the Company.

	<u>As at 31/03/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Medium Term Note</u>		
Amount repayable within one year	-	-
Amount repayable after one year	59,290	59,290

On 19 March 2015, the Company issued \$60 million 4.40 per cent. 3 year Medium Term Note ("MTN") pursuant to the \$200 million Multicurrency Medium Term Note Programme.

	<u>As at 31/03/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	65	91
Amount repayable after one year	10	16

The finance leases are secured on the plant and equipment under finance leases.

	<u>As at 31/3/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Bills Payable</u>		
Amount repayable within one year	-	297
Amount repayable after one year	-	-

The bills payable of the subsidiary are secured or covered by corporate guarantee, joint and severally guaranteed by certain directors, negative pledge and fixed deposit of the subsidiary.



1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 Months ended	
	31/3/2016	31/3/2015
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	5,280	4,502
Adjustments For:		
Interest Income	(116)	(19)
Interest Expense	825	247
Depreciation of Property, Plant and Equipment and Amortisation Expenses	1,062	922
Loss on Disposal of Plant and Equipment	-	6
Foreign Currency Translation Reserve	(373)	840
Plant & Equipment Written Off	45	85
Provisions	49	170
Intangible Asset Written Off	29	-
Operating Cash Flows Before Changes in Working Capital	6,801	6,753
Inventories	(2,232)	(204)
Trade and Other Receivables	473	(1,458)
Other Assets	(1,250)	(1,432)
Trade and Other Payables	(4,847)	(4,758)
Net Cash Flows Used in Operations Before Interest and Tax	(1,055)	(1,099)
Income Taxes Paid	(437)	(239)
Net Cash Flows Used in Operating Activities	(1,492)	(1,338)
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(1,697)	(1,218)
Sale Proceeds from Disposal of Plant and Equipment	406	46
Trade and Other Receivables	100	(41)
Acquisition of Subsidiary	(4,440)	(1,356)
Net Movement in Amount Due from Shareholders of Subsidiaries	205	-
Development Cost	(244)	-
Other Assets	(161)	21
Other Receivables, Non-Current	(73)	16
Interest Received	116	19
Net Cash Flows Used in Investing Activities	(5,788)	(2,513)
<u>Cash Flows From Financing Activities</u>		
Finance Lease Repayments	(36)	(6)
Bills Payable	(297)	85
Proceeds from Medium Term Note	-	60,000
Proceeds from Term Loan	10,000	-
Share Buy Back Exercise	(5,183)	-
Repayment of Bank Loans	(59)	(3,168)
Share Issue Expenses	(65)	-
Dividend Paid to Non-Controlling Interests	(398)	-
Interest Paid	(825)	(247)
Net Cash Flows From Financing Activities	3,137	56,664
Net (Decrease)/Increase in Cash and Cash Equivalents	(4,143)	52,813
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	64,876	35,681
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period	60,733	88,494
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	60,733	88,494
Cash and Cash Equivalents at End of Period	60,733	88,494



Q & M Dental Group (Singapore) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No: 200800507R)

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

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current Year							
Opening Balance at 1 January 2016	108,208	92,124	80,089	13,464	(727)	(702)	16,084
Movements in Equity:							
Total Comprehensive Income for the year	3,772	3,319	-	3,708	-	(389)	453
Dividend Paid to Non-Controlling Interests	(398)	-	-	-	-	-	(398)
Share Issue Expenses	(65)	(65)	(65)	-	-	-	-
Share Buy Back	(5,068)	(5,068)	-	-	(5,068)	-	-
Issue of Share Capital	2,000	2,000	2,000	-	-	-	-
Capital Reserve	68	68	-	-	-	68	-
Contribution by Non-Controlling Interests	558	-	-	-	-	-	558
Closing Balance at 31 March 2016	109,075	92,378	82,024	17,172	(5,795)	(1,023)	16,697
Group - Previous 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	4,634	3,288	-	2,889	-	399	1,346
Closing Balance at 31 March 2015	93,961	79,925	68,470	10,710	-	745	14,036



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

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Other Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Company - Current year					
Opening Balance at 1 January 2016	80,292	80,089	(727)	-	930
Movements in Equity:					
Total Comprehensive Income for the year	198	-	-	-	198
Share Issue Expenses	(65)	(65)	-	-	-
Share Buy Back	(5,068)	-	(5,068)	-	-
Issue of Share Capital	2,000	2,000	-	-	-
Closing Balance at 31 March 2016	<u>77,357</u>	<u>82,024</u>	<u>(5,795)</u>	<u>-</u>	<u>1,128</u>
Company - Previous year					
Opening Balance at 1 January 2015	68,764	68,470	-	-	294
Movements in Equity:					
Total Comprehensive Income for the year	619	-	-	-	619
Closing Balance at 31 March 2015	<u>69,383</u>	<u>68,470</u>	<u>-</u>	<u>-</u>	<u>913</u>



1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares

	Number <u>of Shares</u> '000	Share <u>Capital</u> \$'000
At 1 Jan 2016	<u>794,273</u>	<u>79,362</u>
At 31 Mar 2016	<u><u>789,800</u></u>	<u><u>76,229</u></u>

Employee Share Option

During the period ended 31 March 2016, no share options were issued or exercised. No share options outstanding as at 31 March 2016 (31 March 2015: NIL).

Treasury Shares

During the period ended 31 March 2016, the Company has bought back 7,285,600 shares by way of market acquisition and all shares are held as treasury shares (31 March 2015: NIL).

Grant of Call Option

The call option remains outstanding as at 31 March 2016.

Ordinary Shares

On 8 March 2016, the Company issued 2,812,938 new ordinary shares as the Consideration Shares to Dr. Tan Hwee Hiang and Dr. Teh Kiat Seong for the acquisition of Aesthetics Dental Surgery Pte. Ltd..

1 (d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at</u> <u>31/3/2016</u>	<u>As at</u> <u>31/12/2015</u>
Total number of issued shares excluding treasury shares	<u><u>789,800,112</u></u>	<u><u>794,272,774</u></u>

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of current financial period reported on.



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

The figures have not been reviewed / audited by the Company's auditor.

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

Not applicable.

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

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements as at 31 December 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current reporting period, the Group adopted all of the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these new and revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods.

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

Earnings per ordinary share for the period:-	Group 3 Months ended	
	31/3/2016	31/3/2015
(i) Basic earnings per share (cents)	0.47	0.43
(ii) On a fully diluted basis (cents)	0.45	0.42

The basic EPS for the period ended 31 March 2016 and 31 March 2015 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 782,422,239 shares and 667,854,441 shares respectively.

The diluted EPS for the period ended 31 March 2016 is based on the weighted average number of ordinary shares and shares of ordinary shares issuable upon assumed exercise of call option which would have a dilutive effect.



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- current financial period reported on; and
 - immediately preceding financial year.

	Group		Company	
	As at		As at	
	<u>31/3/2016</u>	<u>31/12/2015</u>	<u>31/3/2016</u>	<u>31/12/2015</u>
Net asset value per ordinary share (cents)	11.7	11.6	9.8	10.1

The net asset value per ordinary share of the Group and the Company as at 31 March 2016 has been calculated based on the total issued number of ordinary shares of 789,800,112 (2015: 794,272,774).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Statement of Comprehensive Income

Revenue

Revenue from dental and medical clinics increased 28% from \$22.1 million for the 3 months ended 31 March 2015 ("1Q15") to \$28.3 million for the 3 months ended 31 March 2016 ("1Q16"). The increase of \$6.2 million was attributed mainly to higher revenue from existing and new dental outlets in Singapore, revenue contribution from newly acquired Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016, the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015 as well as the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As at 31 March 2016, the Group has a total of 68 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 60 dental outlets, 1 mobile dental clinic, 3 medical outlets, 1 aesthetic centre as at the end of 1Q15 in Singapore.

As at 31 March 2016, the Group has a total of 8 dental outlets in Malaysia and 3 dental hospitals and 9 dental outlets in PRC compared to 8 dental outlets in Malaysia and 3 dental hospitals and 4 dental outlets as at the end of 1Q15 in PRC.

Revenue contribution from the dental equipment and supplies distribution business for 1Q16 decreased 5% as compared to 1Q15. The decrease was mainly due to lower revenue from dental equipment and supplies distribution company in Malaysia offset by additional revenue contribution from the newly acquired Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. in the People's Republic of China ("PRC") in January 2016. In April 2015, the Malaysian government implemented goods and services tax ("GST") and dental outlets were



stocking up before implementation of the GST and hence more sales in 1Q15 for the dental equipment and supplies distribution company in Malaysia.

Revenue contribution from the dental supplies manufacturing business decreased 16% from \$4.4 million in 1Q15 to \$3.7 million in 1Q16. The decrease was due to lower revenue from Aidite, a dental supplies manufacturing company in PRC. 1Q15 revenue was higher due to speedier delivery of products to customers as compared to 1Q16. 1Q16 efficiency of delivery was affected by the shift to the new factory location in December 2015

Other Items of Income

Other gains in 1Q16 amounted to \$0.67 million compared to \$0.25 million in 1Q15. Other gains in 1Q16 were mainly due to the recognition of enhanced special employment credit, PIC cash payout and profit guarantee from Vendors/Shareholders.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used increased 34% from \$1.7 million in 1Q15 to \$2.3 million in 1Q16. The increase was mainly due to an increase in the revenue from existing dental outlets, increase in purchase price of consumables in Singapore, the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015 as well as the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016, Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 1Q16 were 8.1% compared to 7.7% in 1Q15.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business was \$1.6 million in 1Q16 and 1Q15.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 1Q16 was 68.3% compared to 64.6% in 1Q15.

Cost of Dental Supplies Manufacturing

The cost of sales from dental supplies manufacturing business decreased from \$1.5 million in 1Q15 to \$0.8 million in 1Q16. The decrease was mainly due to decrease of revenue from Aidite.

Employee Benefits Expense

Employee benefits expense increased 23% from \$14.0 million in 1Q15 to \$17.3 million in 1Q16 was in line with the increase in revenue from existing and new dental outlets in Singapore, increase in headcount to support more dental outlets in Singapore as well as increased in head count from the acquisition of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015, acquisition of Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd., acquisitions of Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016 and acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, employee benefits expense in 1Q16 was 50.4% compared to 48.4% in 1Q15.



Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased 15% from \$0.9 million in 1Q15 to \$1.1 million in 1Q16. The increase of \$0.2 million was mainly due to renovation and purchase of dental equipment in Aoxin dental hospital, the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, Aesthetics Dental Surgery Pte. Ltd. in November 2015, Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 and Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016.

As a percentage of revenue, depreciation expense in 1Q16 was 3.1% compared to 3.2% in 1Q15.

Rental Expense

Rental expense increased 33% from \$2.3 million in 1Q15 to \$3.0 million in 1Q16. The increase of \$0.7 million was mainly due to an increase in the number of dental outlets in Singapore, increase in rental for existing clinics and the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015, acquisition of Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016 as well as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, rental expense in 1Q16 was 8.8% compared to 7.8% in 1Q15.

Other Expenses

Other expenses increased 17% from \$2.4 million in 1Q15 to \$2.8 million in 1Q16. The increase was mainly due to acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015, acquisition of Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016 as well as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016. Other expenses such as marketing and advertisement expenses also increased due to more advertisement and marketing campaigns by Aoxin and Aidite in PRC.

As a percentage of revenue, other expenses in 1Q16 was 8.1% compared to 8.2% in 1Q15.

Finance Costs

Finance costs increased from \$247k in 1Q15 to \$825k in 1Q16. The increase was mainly due to accrual of interest for Medium Term Notes (MTN).

Profit Before Tax and Net Profit

The Group's profit before tax rose 17% from \$4.5 million in 1Q15 to \$5.3 million in 1Q16. The increase of \$0.8 million was mainly due to the reasons given above.

After deducting provision for income tax expense of \$0.55 million, the Group's net profit increased 21% from \$3.9 million in 1Q15 to \$4.7 million in 1Q16.

Statement of Financial Position

As at 31 March 2016, the Group has cash and cash equivalents of \$60.7 million, MTN, bank borrowings and finance leases totalling \$89.1 million.

Current Assets

Cash and cash equivalents as at 31 March 2016 decreased to \$60.7 million from \$64.9 million as at 31 December 2015. The net decrease of \$4.2 million was mainly due to the payment of \$5.1 million purchase consideration for the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 and share buy back which amounted to \$5.2 million offset by a new term loan of \$10 million.



Other assets as at 31 March 2016 increased to \$4.4 million from \$3.1 million as at 31 December 2015. The net increase of \$1.3 million was mainly due to an increase in prepayments from Aidite.

Inventories as at 31 March 2016 increased to \$13.6 million from \$11.2 million as at 31 December 2015. The increase of \$2.4 million was due mainly to increase in inventories from Aidite.

Non-Current Assets

The net book value of property, plant and equipment as at 31 March 2016 decreased to \$34.1 million from \$34.3 million as at 31 December 2015. The decrease of \$0.2 million was mainly due to purchase of new dental equipment offset by depreciation for 1Q16.

The intangible assets as at 31 March 2016 increased to \$88.2 million from \$76.9 million as at 31 December 2015. The increase of \$11.3 million was mainly due to the goodwill arising from the newly acquired companies such as Lee & Lee (Dental Surgeons) Pte. Ltd., Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic, Gaizhou Zhuoye Dental Clinic and Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. in 1Q16.

Current Liabilities

Trade and other payables as at 31 March 2016 increased to \$26.2 million from \$25.7 million as at 31 December 2015. The increase of \$0.5 million was mainly due to balance of purchase consideration for the acquisitions of Lee & Lee (Dental Surgeons) Pte. Ltd., Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic, Gaizhou Zhuoye Dental Clinic and Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. offset by payment of fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2015.

Non-Current Liabilities

At the end of 31 March 2016, the Group's non-current portion of other financial liabilities increased to \$73.7 million from \$63.8 million as at 31 December 2015. This was mainly due to a new term loan of \$10 million taken by a subsidiary for general corporate, merger and acquisition purposes.

Statement of Cash Flows

Despite profit before tax of \$5.3 million, net cash used in operating activities was \$1.5 million in 1Q16. This was mainly attributable to the reasons given above.

Net cash used in investing activities in 1Q16 amounted to \$5.8 million, mainly due to the acquisitions of Lee & Lee (Dental Surgeons) Pte. Ltd., Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic, Gaizhou Zhuoye Dental Clinic as well as Shenyang Mao Tai Q & M Medical Equipment Leasing Co., Ltd. and purchase of new dental equipment.

Net cash from financing activities in 1Q16 was \$3.1 million, which arose mainly due to a new term loan of \$10 million taken by a subsidiary and offset by \$5.2 million share buy back and payment of MTN interest.

Consequent to the above factors, the Group's cash and cash equivalents was \$60.7 million as at 31 March 2016.



9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been issued for the current financial reporting period.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Industry Prospects

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

- Completion of the proposed acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd..

On 29 February 2016, the Group completed the acquisition of 100% of the shareholding in Lee & Lee (Dental Surgeons) Pte. Ltd. for a total consideration of \$10 million. The Company has also entered into separate 12-year service agreements with Dr. Choo Keang Hai and Dr. Ronald Tan Hwa Ann and separate 10-year service agreements with Dr. Ramaswamy Sreeghandhan and Dr. Fang Chui-Yun Mabel.

On 18 April 2016, the Group has received the approval in-principle from the Singapore Exchange Securities Trading Limited (SGX-ST) for the listing and quotation of 6,763,888 Consideration Shares on the Mainboard of the (SGX-ST).

On 19 April 2016, the Group announced allotment and issuance of 6,763,888 new ordinary shares as the Consideration Shares to Dr. Ramaswamy Sreeghandhan, Dr. Choo Keang Hai, Dr. Ronald Tan Hwa Ann and Dr. Fang Chui-Yun Mabel, for the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd.. The Consideration Shares shall be subject to a 5 year moratorium period.

- Allotment and issuance of shares for the acquisition of Aesthetics Dental Surgery Pte. Ltd..

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

- Change of shareholding interest in Qinhuangdao Aidite High Technical Ceramics Co., Ltd. ("Qinhuangdao Aidite").

On 4 May 2016, the Group announced that the Company's shareholding interest in its indirect subsidiary, Qinhuangdao Aidite has decreased to 48.256% from 51% on 29 April 2016 pursuant to the completion of a subscription agreement entered into on 9 April 2016 between Qinhuangdao Aidite and Qinhuangdao Jie Ying Enterprises Management Consulting Centre.



Future Plans

The Group intends to continue executing the business plans outlined below.

- Expansion of network of dental clinics in Singapore and acquisitions of specialist dental clinics in Singapore

The Group will continue widening its network of dental clinics in Singapore organically and through acquisition. It will also continue to expand its team of dentists to support the future growth of its operation in Singapore. With 68 dental outlets in Singapore, the Group believes it is well-positioned to cater to the rising demand for primary and higher value specialist dental healthcare services.

- Expansion into private dental healthcare market in Malaysia

Currently, the Group operates 4 dental clinics in Johor, 1 dental centre and 2 dental clinics in Kuala Lumpur and 1 dental clinic in Malacca. The Group is closely monitoring the Malaysian economy before making further expansion into Malaysia.

- Expansion into private dental healthcare market in the People's Republic of China ("PRC")

The main thrust of the Group's proposed joint ventures and organic growth initiatives in PRC is to develop a new and sustainable growth pillar that can yield long term value for the Group. The Group will continue to seek opportunities for the acquisition of larger and established dental institutions and dental supplies manufacturers in PRC.

- Expansion through acquisitions, joint ventures and/or strategic alliances

The Group is continuously looking for opportunities to expand its businesses through acquisitions, joint ventures or strategic alliances with parties who create synergistic value with its existing business in Singapore, Malaysia and PRC.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



Q & M Dental Group (Singapore) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No: 200800507R)

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

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

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705 (5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Group and the Company for the period ended 31 March 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rules 720 (1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its directors and executive officer under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
13 May 2015