



Full Year Financial Statement Announcement And Dividend Announcement For The Year Ended 31 December 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

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.

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the full year (twelve months) ended 31 December 2016

| | Note | Group | | |
|--|----------|---|---|-------------|
| | | 12 Months ended 31/12/2016 \$'000 | 12 Months ended 31/12/2015 \$'000 | Change % |
| Revenue | | | | |
| Dental and Medical Clinics | | 118,720 | 97,766 | 21 |
| Dental Equipment & Supplies Distribution | | 13,730 | 9,569 | 43 |
| Dental Supplies Manufacturing | | 22,487 | 16,662 | 35 |
| Other Items of Income | | | | |
| Interest Income | | 366 | 387 | (5) |
| Other Gains | 1(a)(i) | 23,070 | 3,658 | NM |
| Other Items of Expense | | | | |
| Consumables and Supplies Used in Dental & Medical Clinics | | (10,183) | (7,567) | 35 |
| Cost of Sales - Dental Equipment & Supplies | | (9,792) | (6,243) | 57 |
| Cost of Dental Supplies Manufacturing | | (8,748) | (6,561) | 33 |
| Employee Benefits Expense | | (74,581) | (63,206) | 18 |
| Depreciation and Amortisation Expenses | | (4,457) | (4,000) | 11 |
| Rental Expense | | (12,694) | (10,094) | 26 |
| Other Expenses | | (12,791) | (10,659) | 20 |
| Professional Fees and Expenses in Relation to the Spin-Off of Aidite and Aoxin | | (1,115) | - | NM |
| Other Losses | 1(a)(ii) | (5,084) | (122) | NM |
| Finance Costs | | (3,404) | (2,745) | 24 |
| Profit Before Tax from Continuing Operations | | 35,524 | 16,845 | 111 |
| Income Tax Expense | | (2,204) | (2,001) | 10 |
| Profit From Continuing Operations, Net of Tax | | 33,320 | 14,844 | 124 |
| Other Comprehensive Income: | | | | |
| Exchange Differences on Translating Foreign Operations, Net of Tax | | (1,278) | (1,093) | 17 |
| Other Comprehensive Income for the Year, Net of Tax | | (1,278) | (1,093) | 17 |
| Total Comprehensive Income for the Year | | 32,042 | 13,751 | 133 |
| Profit attributable to: | | | | |
| Owners of the Parent, Net of Tax | | 28,301 | 11,402 | 148 |
| Non-Controlling Interests, Net of Tax | | 5,019 | 3,442 | 46 |
| Profit Net of Tax | | 33,320 | 14,844 | 124 |
| Total Comprehensive Income attributable to: | | | | |
| Owners of the Parent | | 27,418 | 10,354 | 165 |
| Non-Controlling Interests | | 4,624 | 3,397 | 36 |
| Total Comprehensive Income | | 32,042 | 13,751 | 133 |

NM: Not Meaningful



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

Notes:

1(a)(i) Other Gains

| | 12 Months ended | |
|--|-----------------|------------|
| | 31/12/2016 | 31/12/2015 |
| | \$'000 | \$'000 |
| Enhanced Special Employment Credit | 762 | 509 |
| Gain on Disposal of Property, Plant and Equipment | 8 | 1,665 |
| PIC Cash Payout / PIC Bonus | 540 | 1,114 |
| Profit Guarantee Received / Receivable from Vendors / Shareholders | 433 | 281 |
| Gain on Spin-Off of Subsidiary | 21,327 | - |
| Gain on Asset Held for Sale | - | 89 |
| | 23,070 | 3,658 |

1(a)(ii) Other Losses

| | 12 Months ended | |
|-----------------------------------|-----------------|------------|
| | 31/12/2016 | 31/12/2015 |
| | \$'000 | \$'000 |
| Plant & Equipment Written Off | 802 | - |
| Foreign Exchange Translation Loss | 144 | 122 |
| Impairment of Goodwill | 4,138 | - |
| | 5,084 | 122 |



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 | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 27,381 | 34,291 | 379 | 431 |
| Investment in Subsidiaries | - | - | 85,638 | 47,276 |
| Investment in Associates | 39,812 | 15 | - | - |
| Intangible Assets | 75,198 | 76,867 | - | - |
| Other Receivables | 289 | 235 | 200 | 200 |
| Other Assets | 6,371 | 858 | 76 | 156 |
| Total Non-Current Assets | 149,051 | 112,266 | 86,293 | 48,063 |
| Current Assets | | | | |
| Income Tax Recoverable | 101 | - | - | - |
| Inventories | 7,614 | 11,185 | - | - |
| Trade and Other Receivables | 23,824 | 22,824 | 72,955 | 79,109 |
| Assets Held For Sale | 1,584 | 1,584 | - | - |
| Other Assets | 2,876 | 3,145 | 502 | 625 |
| Cash and Cash Equivalents | 44,091 | 64,876 | 10,077 | 35,343 |
| Total Current Assets | 80,090 | 103,614 | 83,534 | 115,077 |
| Total Assets | 229,141 | 215,880 | 169,827 | 163,140 |
| EQUITY AND LIABILITIES | | | | |
| Equity Attributable to Owners of the Parent | | | | |
| Share Capital | 86,758 | 80,089 | 86,758 | 80,089 |
| Treasury Shares | (5,795) | (727) | (5,795) | (727) |
| Retained Earnings | 35,074 | 13,464 | 6,754 | 930 |
| Other Reserves, Total | (1,354) | (702) | - | - |
| Equity Attributable to Owners of the Parent, Total | 114,683 | 92,124 | 87,717 | 80,292 |
| Non-Controlling Interests | 7,360 | 16,084 | - | - |
| Total Equity | 122,043 | 108,208 | 87,717 | 80,292 |
| Non-Current Liabilities | | | | |
| Provisions | 615 | 575 | - | - |
| Deferred Tax Liabilities | 1,052 | 1,270 | - | - |
| Other Financial Liabilities | 68,939 | 63,802 | 59,290 | 59,290 |
| Total Non-Current Liabilities | 70,606 | 65,647 | 59,290 | 59,290 |
| Current Liabilities | | | | |
| Income Tax Payable | - | 644 | - | 8 |
| Trade and Other Payables | 20,982 | 25,730 | 7,820 | 8,550 |
| Other Financial Liabilities | 15,510 | 15,651 | 15,000 | 15,000 |
| Total Current Liabilities | 36,492 | 42,025 | 22,820 | 23,558 |
| Total Liabilities | 107,098 | 107,672 | 82,110 | 82,848 |
| Total Equity and Liabilities | 229,141 | 215,880 | 169,827 | 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 31/12/2016</u> | <u>As at 31/12/2015</u> |
|----------------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| <u>Bank Loans</u> | | |
| Amount repayable within one year | 15,263 | 15,263 |
| Amount repayable after one year | 4,275 | 4,496 |

The bank loans are secured by legal mortgages of properties, plant and equipment and corporate guarantee from the Company.

| | <u>At 31/12/2016</u> | <u>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>At 31/12/2016</u> | <u>At 31/12/2015</u> |
|----------------------------------|----------------------|----------------------|
| | \$'000 | \$'000 |
| <u>Finance Leases</u> | | |
| Amount repayable within one year | 2 | 91 |
| Amount repayable after one year | 14 | 16 |

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

| | <u>As at 31/12/2016</u> | <u>As at 31/12/2015</u> |
|----------------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| <u>Bills Payable</u> | | |
| Amount repayable within one year | 245 | 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 and negative pledge.

| | <u>As at 31/12/2016</u> | <u>As at 31/12/2015</u> |
|----------------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| <u>Preference Shares</u> | | |
| Amount repayable within one year | - | - |
| Amount repayable after one year | 5,360 | - |

Preference shares issued on 23 December 2016 by Q & M Aidite International Pte. Ltd. to Q & M Professionals Holding Pte. Ltd. which will be mandatorily redeemed in 6 years time.



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 | |
|--|------------------------|-------------------|
| | 12 Months ended | |
| | 31/12/2016 | 31/12/2015 |
| | \$'000 | \$'000 |
| <u>Cash Flows From Operating Activities</u> | | |
| Profit Before Tax | 35,524 | 16,845 |
| Adjustments for: | | |
| Interest Income | (366) | (387) |
| Interest Expense | 3,404 | 2,745 |
| Gain on Disposal of Subsidiary | (21,327) | - |
| Gain on Asset Held for Sale | - | (89) |
| Depreciation of Property, Plant and Equipment and Amortisation Expenses | 4,457 | 4,000 |
| Foreign Currency Translation Reserve | (824) | (608) |
| Gain on Disposal of Plant and Equipment, net | (8) | (1,665) |
| Impairment of Goodwill | 4,138 | |
| Provisions | 40 | 157 |
| Plant and Equipment Written Off | 802 | - |
| Development Cost Expensed off | 138 | - |
| Operating Cash Flows Before Changes in Working Capital | 25,978 | 20,998 |
| Cash Pledged for Bank Facilities | - | 37 |
| Inventories | (4,858) | (2,480) |
| Trade and Other Receivables | 413 | 223 |
| Other Assets | (1,022) | (877) |
| Trade and Other Payables | (636) | (2,031) |
| Net Cash Flows From Operations Activities Before Interest and Tax | 19,875 | 15,870 |
| Income Taxes Paid | (2,811) | (2,566) |
| Net Cash Flows From Operating Activities | 17,064 | 13,304 |
| <u>Cash Flows Used in Investing Activities</u> | | |
| Purchase of Property, Plant and Equipment | (7,092) | (13,544) |
| Spin-Off of Subsidiary (Net of Cash Disposed) | (6,643) | - |
| Disposal of Assets Held for Sale | - | 809 |
| Disposal of Property, Plant and Equipment | 1,145 | 15,009 |
| Other Assets | 77 | (356) |
| Trade and Other Receivables | 127 | 23 |
| Development Costs | (1,156) | (723) |
| Other Receivables, Non-Current | (54) | 248 |
| Interest Received | 366 | 387 |
| Contribution by Non-Controlling Interest | 3,010 | - |
| Acquisition of Subsidiaries (Net of Cash Acquired) | (8,896) | (20,225) |
| Net Movement in Amount Due from Shareholders of Subsidiaries | (1,283) | (1,207) |
| Net Cash Flows Used in Investing Activities | (20,399) | (19,579) |
| <u>Cash Flows Used in / From Financing Activities</u> | | |
| Finance Lease Repayments | (95) | (38) |
| Share Issue Expenses | (201) | (181) |
| Share Buy Back Exercise | (5,183) | (611) |
| Dividend Paid to Non-Controlling Interest | (1,603) | - |
| Bank Loans | 10,000 | 2,160 |
| Bill Payables | (52) | 172 |
| Proceeds from Medium Term Note | - | 60,000 |
| Repayment of Bank Loans | (10,221) | (14,598) |
| Interest Paid | (3,404) | (2,745) |
| Net Movement in Amount Due from Shareholders of Subsidiaries | - | (2,890) |
| Dividends Paid to Equity Owners | (6,691) | (5,762) |
| Net Cash Flows (Used in)/From Financing Activities | (17,450) | 35,507 |
| Net (Decrease) / Increase in Cash and Cash Equivalents in Continuing operations | (20,785) | 29,232 |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Year | 64,876 | 35,644 |
| Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Year | 44,091 | 64,876 |
| Cash and Cash Equivalents at End of Year includes the following: | | |
| Cash and Bank Balances | 44,091 | 64,876 |
| Cash and Cash Equivalents at End of Year | 44,091 | 64,876 |



Q & M Dental Group (Singapore) Limited
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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 | 32,042 | 27,418 | - | 28,301 | - | (883) | 4,624 |
| Increase in Non-Controlling Interest Without a Change in Control | 5,102 | 2,051 | - | - | - | 2,051 | 3,051 |
| Deconsolidation of Subsidiary to Associate | (20,284) | (1,820) | - | - | - | (1,820) | (18,464) |
| Acquisition of Subsidiaries | 658 | - | - | - | - | - | 658 |
| Share Issue Expenses | (201) | (201) | (201) | - | - | - | - |
| Share Buy Back | (5,068) | (5,068) | - | - | (5,068) | - | - |
| Issue of Share Capital | 6,870 | 6,870 | 6,870 | - | - | - | - |
| Dividends Paid | (6,691) | (6,691) | - | (6,691) | - | - | - |
| Dividends Paid To Non-Controlling Interests | (1,603) | - | - | - | - | - | (1,603) |
| Contribution by Non-Controlling Interests | 3,010 | - | - | - | - | - | 3,010 |
| Closing Balance at 31 December 2016 | 122,043 | 114,683 | 86,758 | 35,074 | (5,795) | (1,354) | 7,360 |
| Group - Previous Year | | | | | | | |
| Opening Balance at 1 January 2015 | 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 | 11,800 | 11,800 | 11,800 | - | - | - | - |
| Share Issue Expenses | (181) | (181) | (181) | - | - | - | - |
| Share Buy Back | (727) | (727) | - | - | (727) | - | - |
| Dividends Paid | (5,762) | (5,762) | - | (5,762) | - | - | - |
| Closing Balance at 31 December 2015 | 108,208 | 92,124 | 80,089 | 13,464 | (727) | (702) | 16,084 |



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 |
| Company - Current year | | | | | |
| Opening Balance at 1 January 2016 | 80,292 | 80,089 | (727) | - | 930 |
| Movements in Equity: | | | | | |
| Total Comprehensive Income for the year | 12,515 | - | - | - | 12,515 |
| Issue of Share Capital | 6,870 | 6,870 | - | - | - |
| Share Issue Expenses | (201) | (201) | - | - | - |
| Share Buy Back | (5,068) | - | (5,068) | - | - |
| Dividends Paid | (6,691) | - | - | - | (6,691) |
| Closing Balance at 31 December 2016 | <u>87,717</u> | <u>86,758</u> | <u>(5,795)</u> | <u>-</u> | <u>6,754</u> |
| Company - 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 | 11,800 | 11,800 | - | - | - |
| Share Issue Expenses | (181) | (181) | - | - | - |
| Share Buy Back | (727) | - | (727) | - | - |
| Dividends Paid | (5,762) | - | - | - | (5,762) |
| Closing Balance at 31 December 2015 | <u>80,292</u> | <u>80,089</u> | <u>(727)</u> | <u>-</u> | <u>930</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

| | <u>Number of Shares</u> | <u>Share Capital</u> |
|----------------|-------------------------|----------------------|
| | '000 | \$'000 |
| At 1 Jan 2016 | 794,273 | 79,362 |
| At 31 Dec 2016 | 796,564 | 80,963 |

Employee Share Option

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

Ordinary Shares

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

On 19 April 2016, the Company issued 6,763,888 new ordinary 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..

Treasury Shares

During the year ended 31 December 2016, the Company has bought back 7,285,600 shares by way of market acquisition and all shares acquired are held as treasury shares (FY 2015: 1,038,200).

Grant of Call Option

On 23 May 2016, the Call Option has since expired without Heritas Helios Investments Pte. Ltd. exercising its rights under the option.

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.

| | As at 31/12/2016 | As at 31/12/2015 |
|---|-------------------------|-------------------------|
| Total number of issued shares excluding treasury shares | 796,564,000 | 794,272,774 |

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 12 Months ended | |
|---|--------------------------|------------|
| | 31/12/2016 | 31/12/2015 |
| (i) Basic earnings per share (cents) | 3.56 | 1.46 |
| (ii) On a fully diluted basis (cents) | 3.56 | 1.39 |

The basic EPS for the year ended 31 December 2016 and 31 December 2015 have been computed based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 794,253,240 shares and 779,932,876 shares respectively.

The diluted EPS for the year ended 31 December 2015 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. The call Option expired on 23 May 2016. There is no dilutive effect on the EPS for the period ended 31 December 2016.



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 | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Net asset value per ordinary share (cents) | 14.4 | 11.6 | 11.0 | 10.1 |

The net asset value per ordinary share of the Group and the Company as at 31 December 2016 and 31 December 2015 have been calculated based on the total issued number of ordinary shares of 796,564,000 (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 21% from \$97.8 million for the 12 months ended 31 December 2015 ("FY15") to \$118.7 million for the 12 months ended 31 December 2016 ("FY16"). The increase of \$20.9 million was mainly attributed to higher revenue from existing dental outlets in Singapore, coupled with new acquisition of dental companies. Such acquisitions include 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 revenue contribution from the acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. in January 2016.

As at 31 December 2016, the Group has a total of 71 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 65 dental outlets, 3 medical outlets and 1 aesthetic centre as at 31 December 2015 in Singapore.

As at 31 December 2016, the Group has a total of 7 dental outlets in Malaysia and 4 dental hospitals and 7 dental outlets in People's Republic of China ("PRC") compared to 8 dental outlets in Malaysia and 3 dental hospitals and 4 dental outlets in PRC as at 31 December 2015.

Revenue contribution from the dental equipment and supplies distribution business increased 43% from \$9.6 million in FY15 to \$13.7 million in FY16. The increase of \$4.1 million was mainly due to revenue contribution from the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in PRC in January 2016.



Revenue contribution from Aidite, the dental supplies manufacturing business in PRC increased 35% from \$16.7 million in FY15 to \$22.5 million in FY16. The increase of \$5.8 million was due to an increase in sales as a result of moving to its own bigger premises with higher production capacity.

Other Items of Income

Other gains in FY16 amounted to \$23.1 million compared to \$3.7 million in FY15. The increase in other income was mainly due to a one-time gain of \$21.3 million from spin-off of Aidite from a subsidiary to an associate in FY16.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used increased 35% from \$7.6 million in FY15 to \$10.2 million in FY16. The increase was mainly attributed to the increase in revenue, increase in purchase price of consumable in Singapore, the acquisitions of TP Dental Surgeons Pte. Ltd. in September 2015, Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. in January 2016 and Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue from the dental and medical clinics, consumables and dental supplies used in the dental and medical outlets in FY16 was 8.6% compared to 7.7% in FY15.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased 57% from \$6.2 million in FY15 to \$9.8 million in FY16. The increase was mainly due to the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in PRC in January 2016.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in FY16 was 71.3% compared to 65.2% in FY15.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business increased 33% from \$6.6 million in FY15 to \$8.7 million in FY 16. The increase was in line with the increase in revenue.

As a percentage of revenue from dental supplies manufacturing business, cost of sales used in the dental supplies manufacturing business in FY16 was 38.9% compared to 39.4% in FY15.

Employee Benefits Expense

Employee benefits expense increased 18% from \$63.2 million in FY15 to \$74.6 million in FY16 which was in line with the increase in revenue from existing dental outlets in Singapore, increase in headcount from 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 Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 as well as the acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. in January 2016 and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. by Aoxin in January 2016.

As a percentage of revenue, employee benefits expense in FY16 was 48.1% compared to 51% in FY15.



Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased 11% from \$4 million in FY15 to \$4.5 million in FY16. The increase of \$0.5 million was mainly due to renovation and purchase of dental equipment in Aoxin dental hospital, renovation and purchase of equipment in Aidite, the acquisition of TP Dental Surgeons Pte. Ltd. in September 2015 as well as the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, depreciation and amortisation expenses in FY16 was 2.9% compared to 3.2% in FY15.

Rental Expense

Rental expense increased 26% from \$10.1 million in FY15 to \$12.7 million in FY16. The increase of \$2.6 million was due mainly to an increase in the number of dental outlets in Singapore, increase in rental rates for existing clinics and the acquisitions of TP Dental Surgeons Pte. Ltd. in September 2015, acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 as well as the acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. in January 2016 and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. by Aoxin in January 2016.

As a percentage of revenue, rental expense in FY16 was 8.2% compared to 8.1% in FY15.

Other Expenses

Other expenses increased 20% from \$10.7 million in FY15 to \$12.8 million in FY16. The increase of \$2.1 million was mainly due to the acquisitions of TP Dental Surgeons Pte. Ltd. in September 2015, acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd., Shenyang Maotai Quanmin Medical Equipment Co., Ltd. by Aoxin in January 2016 as well as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016. Other expenses also increased due to incidental expenses relating to the spin-off of Aidite and Aoxin, Aidite's participation in more local and overseas trade shows, as well as incurring more expenses on marketing and advertising.

As a percentage of revenue, other expenses in FY16 was 8.3% compared to 8.6% in FY15.

Professional Fees and Expenses in Relation to the Spin-Off of Aidite and Aoxin

IPO expenses amounting to \$1.1 million is mainly due to professional fees incurred in the spin-off of Aidite and Aoxin.

Other Losses

Other losses increased from \$122k in FY15 to \$5.1 million in FY16 due mainly to impairment of goodwill.

Finance Costs

Finance costs increased 24% from \$2.7 million in FY15 to \$3.4 million in FY16. The increase was mainly due to recognition of a full year MTN interest in FY16.

Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax rose 111% from \$16.8 million in FY15 to \$35.5 million in FY16. Excluding the one-time gain of \$21.3 million from the spin-off of Aidite from a subsidiary to an associate, PIC cash payout/PIC bonus of \$0.5 million, one-time incidental expenses of \$1.1 million and professional fees of \$1.1 million relating to the spin-off of Aidite and Aoxin and impairment of goodwill of \$4.1 million, the Group's profit before tax for FY16 would have been \$20 million.



The Group's profit before tax of \$16.8 million in FY15 included one-time gain on disposal of property of \$1.8 million as well as PIC cash payout/PIC bonus of \$1.1 million. Excluding the one-time gain on property and PIC cash payout/PIC bonus, the Group's profit before tax for FY15 would have been \$13.9 million.

Statement of Financial Position

As at 31 December 2016, the Group has cash and cash equivalents of \$44.1 million, MTN of \$59.3 million, bank borrowings plus finance leases amounted to \$19.8 million.

Current Assets

Cash and cash equivalents as at 31 December 2016 decreased to \$44.1 million from \$64.9 million as at 31 December 2015. The net decrease of \$20.8 million was mainly due to the payment of \$5.1 million for the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016, \$5.2 million for share buyback, dividend payment of \$6.7 million with respect to FY2015.

Trade and other receivables as at 31 December 2016 increased to \$23.8 million from \$22.8 million as at 31 December 2015. The increase of \$1 million was due mainly to the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 and the amount owing for the subscription of preference shares in Q & M Aidite International Pte. Ltd. by Q & M Professionals Holding Pte. Ltd. offset by the deconsolidation of Aidite from a subsidiary to an associate in FY16.

Inventories as at 31 December 2016 decreased to \$7.6 million from \$11.2 million as at 31 December 2015. The decrease of \$3.6 million was due mainly to decrease in inventories from the deconsolidation of Aidite from a subsidiary to an associate in FY16 offset by inventories arising from the acquisition of Maotai Quanmin Medical Equipment Co., Ltd. in January 2016.

Non-Current Assets

The net book value of property, plant and equipment as at 31 December 2016 decreased to \$27.4 million from \$34.3 million as at 31 December 2015. The decrease of \$6.9 million was mainly due to the deconsolidation of Aidite from a subsidiary to an associate in FY16.

The intangible assets as at 31 December 2016 decreased to \$75.2 million from \$76.9 million as at 31 December 2015. The decrease of \$1.7 million was mainly due to the reduction of intangible assets from the deconsolidation of Aidite from a subsidiary to an associate in FY16 and goodwill impairment offset by goodwill arising from the newly acquired companies such as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016, Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd., Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 as well as Ho Dental Surgery and Jurong Point Dental Surgery acquired in September 2016 and British Dental Pte. Ltd. in October 2016.

The Group's investment in associates as at 31 December 2016 increased to \$39.8 million from \$15k as at 31 December 2015. The increase of \$39.8 million was due to the deconsolidation of Aidite from a subsidiary to an associate in FY16. Q & M Aidite International Pte. Ltd. remains a subsidiary of the Company.

Other assets as at 31 December 2016 increased to \$6.4 million from \$0.9 million as at 31 December 2016 mainly due to the \$5.4 million preference shares held in trust by Q & M Aidite International Pte. Ltd. for Q & M Professionals Holding Pte. Ltd..



Current Liabilities

Trade and other payables as at 31 December 2016 decreased to \$21 million from \$25.7 million as at 31 December 2015. The decrease of \$4.7 million was mainly due to the settlement of the balance purchase consideration for the acquisition of Aesthetic Dental Surgery Pte. Ltd. and the deconsolidation of Aidite from a subsidiary to an associate in FY16 offset by an increase in trade and other payables arising from the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 in PRC.

Non-Current Liabilities

Other financial liabilities as at 31 December 2016 increased to \$68.9 million from \$63.8 million as at 31 December 2015 mainly due to the issue of \$5.4 million preference shares on 23 December 2016 by Q & M Aidite International Pte. Ltd. to Q & M Professionals Holding Pte. Ltd. which will be mandatorily redeemed in 6 years time.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$17.1 million in FY16. This was mainly derived from the profit generated in FY16.

Net cash used in investing activities in FY16 amounted to \$20.4 million, mainly due to the acquisitions of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016, Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd., Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016, Ho Dental Surgery and Jurong Point Dental Surgery acquired in September 2016 as well as British Dental Pte. Ltd. in October 2016.

Net cash used in financing activities in FY16 was \$17.5 million, which arose mainly due to the share buyback exercise and dividends payment of \$6.7 million to Company's shareholders.

Consequent to the above factors, the Group's cash and cash equivalents was \$44.1 million as at 31 December 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 had been issued for the current financial reporting period. The financial results are in line with the expectations as disclosed in previous quarterly announcements.

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.



Recent Developments

- Approval of Quotation of Qinhuangdao Aidite High Technical Ceramic Co., Ltd. on the National Equities Exchange and Quotations System

On 1 December 2016, the Group announced the approval for the quotation of the shares of Aidite on the New Third Board from the National Equities Exchange and Quotations Co., Ltd..

- Update on Malaysia Operations

On 29 December 2016, the Group announced the addition of 1 new dental clinic in Melaka and 1 new dental clinic in Kuala Lumpur, Malaysia.

- Update on Proposed Spin-off of the Dental Supplies Manufacturing Business in the People's Republic of China

On 12 January 2017, the Group announced Dr. Ng Chin Siau, the Group CEO of the Company, has tendered his resignation as director on the board of Aidite which will take effect upon the official quotation of Aidite on the New Third Board and after Aidite shareholders' meeting has been convened to elect a replacement director.

- Proposed Spin-Off of Qinhuangdao Aidite High Technical Ceramic Co., Ltd.

On 23 January 2017, the Group announced that Aoxin Q & M Dental Group Pte. Ltd. ("Q & M China:"); Q & M Aidite International Pte. Ltd. ("Q & M Aidite"), Li Hong Wen and Li Bin (the "Vendors") had entered into a 2nd Master Supplemental Agreement. The salient terms are as follows: (a) the non-compete agreement dated 6 July 2014 between Q & M China and the Vendors shall be terminated; (b) the twelve (12) years service agreements dated 17 March 2014 entered into by each Vendor with Q & M China and Q & M Aidite shall also be terminated; (c) the Vendors will be discharged of their undertakings in relation to the general operations and financial management of Aidite, pursuant to which such matters of Aidite shall be the responsibility of the board of directors of Aidite and continue to be regulated by Company Law of the PRC and the rules of the New Third Board; and (d) the Vendors will be released of their indemnification obligations under the Master Agreement.

- Further Update on Discovery of Improprieties in the Company's Malaysian Subsidiaries in Johor Bahru, Malaysia

On 7 February 2017, the Group announced that legal proceedings were commenced against Dr. Matthew Hong An Liang and Mdm Chong Lee Lee as evidence uncovered suggested that both have breached various agreements signed with the Group.

- Appointment of Religare Capital Markets Corporate Finance Pte. Ltd. as Financial Adviser to Assit on Strategic Review of the Company's Business

On 23 February 2017, the Group announced the appointment of Religare Capital Markets Corporate Finance Pte. Ltd. to undertake an independent strategic review of options available for its business in line with its commitment to enhance shareholder value.



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 operations in Singapore. With 71 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 has 3 dental clinics in Johor, 1 dental centre and 3 dental clinics in Kuala Lumpur and 2 dental clinic in Melaka. 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, dental laboratories 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, PRC and Malaysia.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

| | |
|--------------------------------------|-------------------------------|
| Name of dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.42 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |

| | |
|--------------------------------------|------------------------------|
| Name of dividend | Final |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.7 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |



- (b) **Corresponding Period of the immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

| | |
|--------------------------------------|-------------------------------|
| Name of dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.42 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |

| | |
|--------------------------------------|-------------------------------|
| Name of dividend | Final |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.42 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |

- (c) **The date the dividend is payable.**

The Directors are pleased to recommend a final dividend of 0.7 cents per share in respect of the financial year ended 31 December 2016 for approval by the shareholders at the Annual General Meeting.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be paid on 18 May 2017.

- (d) **Book closure date**

Notice is hereby given, subject to the approval of the shareholders of Q & M Dental Group (Singapore) Limited (the "Company") to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2017 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02 Singapore 068898, up to 5.00 p.m. on 5 May 2017 will be registered to determine members' entitlements to the final dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 5 May 2017 will be entitled to the payment of the final dividend.

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

Not applicable.

Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**
Business segments

The Group has three reportable segments as described below.

- Primary Healthcare comprising dentistry, family medicine, aesthetic and specialist services.



- Dental Equipment Distribution comprising distribution of dental supplies and equipment.
- Dental Supplies Manufacturing comprising distribution of manufactured dental supplies.

| | 2016 | 2015 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Segment Revenue | | |
| Primary Healthcare | 118,720 | 97,766 |
| Dental Equipment & Supplies Distribution | 13,730 | 9,569 |
| Dental Supplies Manufacturing | 22,487 | 16,662 |
| Total | <u>154,937</u> | <u>123,997</u> |

Segment Result

| | | |
|--|---------------|---------------|
| Primary Healthcare | 9,279 | 10,414 |
| Dental Equipment & Supplies Distribution | (1,849) | 143 |
| Dental Supplies Manufacturing | 7,882 | 6,288 |
| Gain on Deconsolidation of Subsidiary to Associate | 21,327 | - |
| Professional Fees and Expenses in Relation to the Spin-Off of Aidite and Aoxin | (1,115) | - |
| Consolidated Profit Before Income Tax | <u>35,524</u> | <u>16,845</u> |
| Income Tax Expense | (2,204) | (2,001) |
| Profit for the year | <u>33,320</u> | <u>14,844</u> |

Segment Asset

| | | |
|--|----------------|----------------|
| Primary Healthcare | 299,977 | 256,001 |
| Dental Equipment & Supplies Distribution | 13,670 | 10,618 |
| Dental Supplies Manufacturing | - | 38,199 |
| Elimination of Inter-Segment Assets | (84,506) | (88,938) |
| Total | <u>229,141</u> | <u>215,880</u> |

Segment Liability

| | | |
|--|----------------|----------------|
| Primary Healthcare | 180,305 | 165,631 |
| Dental Equipment & Supplies Distribution | 7,611 | 6,779 |
| Dental Supplies Manufacturing | - | 23,653 |
| Elimination of Inter-Segment Liabilities | (80,818) | (88,391) |
| Total | <u>107,098</u> | <u>107,672</u> |

Capital Expenditure

| | | |
|--|---------------|---------------|
| Primary Healthcare | 21,795 | 44,683 |
| Dental Equipment & Supplies Distribution | 907 | 149 |
| Dental Supplies Manufacturing | - | 6,835 |
| Total | <u>22,702</u> | <u>51,667</u> |

Depreciation

| | | |
|--|--------------|--------------|
| Primary Healthcare | 3,790 | 3,509 |
| Dental Equipment & Supplies Distribution | 58 | 35 |
| Dental Supplies Manufacturing | 347 | 100 |
| Total | <u>4,195</u> | <u>3,644</u> |



| | 2016 | 2015 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Amortisation | | |
| Primary Healthcare | 102 | 174 |
| Dental Equipment & Supplies Distribution | 45 | - |
| Dental Supplies Manufacturing | 115 | 182 |
| Total | <u>262</u> | <u>356</u> |

Finance Cost

| | | |
|--|--------------|--------------|
| Primary Healthcare | 3,401 | 2,743 |
| Dental Equipment & Supplies Distribution | 3 | 2 |
| Dental Supplies Manufacturing | - | - |
| Total | <u>3,404</u> | <u>2,745</u> |

Geographical segments

The Group has dentistry business in Singapore, Malaysia and PRC, dental equipment and supplies distribution business in Singapore and Malaysia and manufacturing of dental supplies business in PRC.

| | 2016 | 2015 |
|------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Segment Revenue | | |
| Singapore | 106,188 | 87,925 |
| Malaysia | 6,645 | 7,939 |
| China | 42,104 | 28,133 |
| Total | <u>154,937</u> | <u>123,997</u> |

Segment Asset – Non-Current

| | | |
|-----------|----------------|----------------|
| Singapore | 71,879 | 61,939 |
| Malaysia | 1,562 | 3,844 |
| China | 75,610 | 46,483 |
| Total | <u>149,051</u> | <u>112,266</u> |

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Performance by business segment

The increase in primary healthcare segment revenue and result in FY16 as compared to FY15 was mainly due to higher contribution from existing and new dental outlets 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, acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 as well as revenue contribution from the acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. in January 2016.

The increase in dental equipment and supplies distribution segment revenue in FY16 as compared to FY15 was mainly due to the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in PRC. The decrease in dental equipment and supplies distribution segment result in FY16 as compared to FY15 was mainly due to lower contribution from dental equipment and supplies distribution company in Malaysia and goodwill impairment for the Malaysia equipment and supplies distribution company.



The increase in dental supplies manufacturing segment revenue and result in FY16 was due to an increase in sales of Aidite as a result of shifting to its own premise with a bigger production capacity.

Performance by geographical segment

The increase in the contribution to the Group's revenue from Singapore operations in FY16 as compared to FY15 was mainly due to higher contribution from existing and new dental outlets 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 Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

The decrease in the contribution to the Group's revenue from Malaysia operations in FY16 as compared to FY15 was mainly due to lower contribution from the dental equipment and supplies distribution company.

The increase in the contribution to the Group's revenue from PRC operations in FY16 as compared to FY15 was mainly due to the acquisitions of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd., Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 and increase in sales from Aidite.

15. A breakdown of sales

| | | Group | | Change % |
|-------|--|----------------|----------------|-------------|
| | | 2016 \$'000 | 2015 \$'000 | |
| 15(a) | Revenue reported for first half | 72,677 | 59,522 | 22.1 |
| 15(b) | Operating profit after tax before deducting non-controlling interests reported for first half year | 9,453 | 8,806 | 7.3 |
| 15(c) | Revenue reported for second half | 82,260 | 64,475 | 27.6 |
| 15(d) | Operating profit after tax before deducting non-controlling interests reported for second half year. | 23,867 | 6,038 | 295.3 |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | Latest Full Year \$'000 | Previous Full Year \$'000 |
|------------|----------------------------|------------------------------|
| Ordinary* | 8,922 | 6,575 |
| Preference | - | - |
| Total | 8,922 | 6,575 |

*Total annual dividend for FY16 comprises recommended FY16 final dividend (from FY16H2 profit) of \$5.58 million, and \$3.34 million interim dividend paid in respect of FY16H1 profit.

*Total annual dividend for FY15 comprises recommended FY15 final dividend (from FY15H2 profit) of \$3.31 million, and \$3.27 million interim dividend paid in respect of FY15H1 profit.



17. 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 officers under Rule 720(1) of the Listing Manual.

18. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director, chief executive officer and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|----------------|-----|--|--|---|
| Foo Siew Jiuan | 48 | Wife of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited ("QDGS"). | General Manager (1999) | None |
| Ng Sook Hwa | 45 | Sister-in-law of Ng Sook Hwa, Group Financial Controller of QDGS. Wife of San Yi Leong, Chief Financial Officer of Aoxin Q & M Dental Group Pte. Ltd | Group Financial Controller (June 2011) | None |
| San Yi Leong | 39 | Sister of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS. Husband of Ng Sook Hwa, Group Financial Controller of QDGS. Brother-in-law of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS | Chief Financial Officer of Aoxin Q & M Dental Group Pte. Ltd. (March 2015) | None |

BY ORDER OF THE BOARD

Dr. Ng Chin Siau
Group Chief Executive Officer
1 March 2017