



**Financial Statement Announcement For The 1st Quarter Ended 31 March 2017 (“1Q17”)**

**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 31/3/2017	3 Months ended 31/3/2016	Change
		\$'000	\$'000	%
<b>Revenue</b>				
Dental and Medical Clinics		28,938	28,251	2
Dental Equipment & Supplies Distribution		3,057	2,377	29
Dental Supplies Manufacturing		-	3,725	NM
<b><u>Other Items of Income</u></b>				
Interest Income		38	116	(67)
Other Gains	1(a)(i)	338	666	(49)
<b><u>Other Items of Expense</u></b>				
Consumables and Supplies Used in Dental & Medical Clinics		(1,784)	(2,285)	(22)
Cost of Sales - Dental Equipment & Supplies Distribution		(2,263)	(1,624)	39
Cost of Dental Supplies Manufacturing		-	(838)	NM
Employee Benefits Expense		(17,489)	(17,320)	1
Depreciation and Amortisation Expenses		(922)	(1,062)	(13)
Rental Expense		(3,275)	(3,037)	8
Other Expenses		(2,125)	(2,785)	(24)
Other Losses	1(a)(ii)	-	(79)	NM
Finance Costs		(816)	(825)	(1)
Share of Profit from Equity-Accounted Associates		502	-	NM
<b>Profit Before Tax from Continuing Operations</b>		<b>4,199</b>	<b>5,280</b>	(20)
Income Tax Expense		(392)	(551)	(29)
<b>Profit From Continuing Operations, Net of Tax</b>		<b>3,807</b>	<b>4,729</b>	(19)
<b>Other Comprehensive Income:</b>				
Exchange Differences on Translating Foreign Operation, Net of Tax		(477)	(957)	(50)
<b>Other Comprehensive Loss for the Period, Net of Tax</b>		<b>(477)</b>	<b>(957)</b>	(50)
<b>Total Comprehensive Income for the Period</b>		<b>3,330</b>	<b>3,772</b>	(12)
<b>Profit attributable to:</b>				
Owners of the Parent, Net of Tax		3,841	3,708	4
Non-Controlling Interests, Net of Tax		(34)	1,021	NM
<b>Profit Net of Tax</b>		<b>3,807</b>	<b>4,729</b>	(19)
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Parent		3,469	3,319	5
Non-Controlling Interests		(139)	453	NM
<b>Total Comprehensive Income</b>		<b>3,330</b>	<b>3,772</b>	(12)

NM: Not Meaningful

Non-Controlling Interests is negative due to a one-time adjustment on a subsidiary.



**Notes:**

1(a)(i) Other Gains

	3 Months ended	
	31/03/2017	31/03/2016
	\$'000	\$'000
Foreign Exchange Translation Gain	7	-
Profit Guarantee Received/Receivable from Vendors/Shareholders	262	89
Enhanced Special Employment Credit and Wage Credit Scheme	54	366
PIC Cash Payout/PIC Bonus	15	211
	<b>338</b>	<b>666</b>

1(a)(ii) Other Losses

	3 Months ended	
	31/03/2017	31/03/2016
	\$'000	\$'000
Foreign Exchange Translation Loss	-	34
Plant & Equipment Written Off	-	45
	-	79



**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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31/3/2017</b>	<b>31/12/2016</b>	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	27,257	27,381	378	379
Investment in Subsidiaries	-	-	101,438	85,638
Investment in Associates	40,313	39,812	-	-
Intangible Assets	75,489	75,548	-	-
Other Receivables	288	289	200	200
Other Assets	6,262	6,371	68	76
<b>Total Non-Current Assets</b>	<b>149,609</b>	<b>149,401</b>	<b>102,084</b>	<b>86,293</b>
<b><u>Current Assets</u></b>				
Inventories	7,498	7,614	-	-
Trade and Other Receivables	18,241	23,925	57,593	72,953
Assets Held For Sale	1,584	1,584	-	-
Other Assets	4,435	3,206	1,086	832
Cash and Cash Equivalents	48,051	44,091	8,928	10,077
<b>Total Current Assets</b>	<b>79,809</b>	<b>80,420</b>	<b>67,607</b>	<b>83,862</b>
<b>Total Assets</b>	<b>229,418</b>	<b>229,821</b>	<b>169,691</b>	<b>170,155</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	86,422	86,758	86,422	86,758
Treasury Shares	(5,459)	(5,795)	(5,459)	(5,795)
Retained Earnings	38,915	35,074	7,834	7,034
Other Reserves, Total	(564)	(1,354)	-	-
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>119,314</b>	<b>114,683</b>	<b>88,797</b>	<b>87,997</b>
Non-Controlling Interests	5,918	7,360	-	-
<b>Total Equity</b>	<b>125,232</b>	<b>122,043</b>	<b>88,797</b>	<b>87,997</b>
<b><u>Non-Current Liabilities</u></b>				
Provisions	640	615	-	-
Deferred Tax Liabilities	1,568	1,402	-	-
Other Financial Liabilities	9,583	69,269	-	59,620
<b>Total Non-Current Liabilities</b>	<b>11,791</b>	<b>71,286</b>	<b>-</b>	<b>59,620</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	3	-	-	-
Trade and Other Payables	17,289	20,982	6,192	7,538
Other Financial Liabilities	75,103	15,510	74,702	15,000
<b>Total Current Liabilities</b>	<b>92,395</b>	<b>36,492</b>	<b>80,894</b>	<b>22,538</b>
<b>Total Liabilities</b>	<b>104,186</b>	<b>107,778</b>	<b>80,894</b>	<b>82,158</b>
<b>Total Equity and Liabilities</b>	<b>229,418</b>	<b>229,821</b>	<b>169,691</b>	<b>170,155</b>



**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 31/3/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Bank Loan</u>		
Amount repayable within one year	15,263	15,263
Amount repayable after one year	4,220	4,276

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

	<u>As at 31/3/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Medium Term Note</u>		
Amount repayable within one year	59,702	-
Amount repayable after one year	-	59,620

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 31/3/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Finance Leases</u>		
Amount repayable within one year	2	2
Amount repayable after one year	3	13

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

	<u>As at 31/3/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	136	245
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.

	<u>As at 31/3/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Preference Shares</u>		
Amount repayable within one year	-	-
Amount repayable after one year	5,360	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.**

	<b>Group</b>	
	<b>3 Months ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	4,199	5,280
Adjustments For:		
Interest Income	(38)	(116)
Interest Expense	816	825
Depreciation of Property, Plant and Equipment and Amortisation Expenses	922	1,062
Share of Profit from Equity – Associated Associates	(502)	-
Foreign Currency Translation Reserve	(337)	(373)
Plant & Equipment Written Off	-	45
Provisions	25	49
Intangible Asset Written Off	-	29
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>5,085</b>	<b>6,801</b>
Inventories	116	(2,232)
Trade and Other Receivables	423	473
Other Assets	(1,217)	(1,250)
Trade and Other Payables	(2,903)	(4,847)
Net Cash Flows From/(Used) in Operations Before Interest and Tax	<b>1,504</b>	<b>(1,055)</b>
Income Taxes Paid	(112)	(437)
<b>Net Cash Flows From/(Used) in Operating Activities</b>	<b>1,392</b>	<b>(1,492)</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Purchase of Plant and Equipment	(1,069)	(1,697)
Sale Proceeds from Disposal of Plant and Equipment	13	406
Trade and Other Receivables	60	100
Acquisition of Subsidiary	-	(4,440)
Net Movement in Amount Due from Shareholders of Subsidiaries	(451)	205
Development Cost	-	(244)
Other Assets	96	(161)
Other Receivables, Non-Current	1	(73)
Interest Received	38	116
Deferred Consideration for Earlier Acquisition	(336)	-
Proceeds From Disposal of Interest in Subsidiary	5,100	-
Contribution by Non-Controlling Interest	1,157	-
Acquisition of Remaining Interest in Subsidiaries	(1,050)	-
<b>Net Cash Flows From/(Used) in Investing Activities</b>	<b>3,559</b>	<b>(5,788)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Finance Lease Repayments	(10)	(36)
Bills Payable	(109)	(297)
Proceeds from Term Loan	-	10,000
Share Buy Back Exercise	-	(5,183)
Repayment of Bank Loans	(56)	(59)
Share Issue Expenses	-	(65)
Dividend Paid to Non-Controlling Interests	-	(398)
Interest Paid	(816)	(825)
<b>Net Cash Flows (Used in)/From Financing Activities</b>	<b>(991)</b>	<b>3,137</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>3,960</b>	<b>(4,143)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	44,091	64,876
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period</b>	<b>48,051</b>	<b>60,733</b>
<b>Cash and Cash Equivalents at End of Period includes the following:</b>		
Cash and Bank Balances	48,051	60,733
<b>Cash and Cash Equivalents at End of Period</b>	<b>48,051</b>	<b>60,733</b>



**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
<b>Group - Current Year</b>							
Opening Balance at 1 January 2017	122,043	114,683	86,758	35,074	(5,795)	(1,354)	7,360
<b>Movements in Equity:</b>							
Total Comprehensive Income for the year	3,330	3,469	-	3,841	-	(372)	(139)
Issue of Share Capital	-	-	(336)	-	336	-	-
Decrease in Non-Controlling Interests Without a Change in Control	(141)	1,162	-	-	-	1,162	(1,303)
Closing Balance at 31 March 2017	125,232	119,314	86,422	38,915	(5,459)	(564)	5,918
<b>Group - Previous Year</b>							
Opening Balance at 1 January 2016	108,208	92,124	80,089	13,464	(727)	(702)	16,084
<b>Movements in Equity:</b>							
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



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
<b>Company - Current year</b>					
Opening Balance at 1 January 2017	87,997	86,758	(5,795)	-	7,034
<b>Movements in Equity:</b>					
Total Comprehensive Income for the year	800	-	-	-	800
Issue of Share Capital	-	(336)	336	-	-
Closing Balance at 31 March 2017	<u>88,797</u>	<u>86,422</u>	<u>(5,459)</u>	<u>-</u>	<u>7,834</u>
<b>Company - Previous year</b>					
Opening Balance at 1 January 2016	80,292	80,089	(727)	-	930
<b>Movements in Equity:</b>					
Total Comprehensive Income for the year	198	-	-	-	198
Share Issue Expenses	(65)	(65)	-	-	-
Share Buy Back	(5,068)	-	(5,068)	-	-
Exercise of Share Options	-	-	-	-	-
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>



**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> '000	<u>Share Capital</u> \$'000
At 1 Jan 2017	<u>796,564</u>	<u>80,963</u>
At 31 Mar 2017	<u><u>797,031</u></u>	<u><u>80,963</u></u>

Employee Share Option

During the period ended 31 March 2017, no share options were issued or exercised. No share options outstanding as at 31 March 2017 (31 March 2016: NIL).

Treasury Shares

On 9 March 2017, the Group announced the transfer of 466,666 ordinary shares from its treasury shares as consideration shares to Dr. Ho Chuk Ping for the acquisition of Ho Dental Surgery. Following the transfer of consideration shares, the Company has 7,857,134 treasury shares as at 31 March 2017 (31 March 2016: 8,323,800).

**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 31/3/2017</u>	<u>As at 31/12/2016</u>
Total number of issued shares excluding treasury shares	<u><u>797,030,666</u></u>	<u><u>796,564,000</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 except for 466,666 number of treasury shares of \$336,000 were used for consideration shares to Dr. Ho Chuk Ping.

**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 2016.

**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	
	31/3/2017	31/3/2016
(i) Basic earnings per share (cents)	0.48	0.47
(ii) On a fully diluted basis (cents)	0.48	0.45

The basic EPS for the period ended 31 March 2017 and 31 March 2016 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 796,267,516 shares and 782,422,239 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. The Call Option expired on 23 May 2016. There is no dilutive effect on the EPS for the period ended 31 March 2017.

**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:-**

- a) current financial period reported on; and
- b) immediately preceding financial year.

	Group As at		Company As at	
	<u>31/3/2017</u>	<u>31/12/2016</u>	<u>31/3/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share (cents)	15.0	14.4	11.1	11.0

The net asset value per ordinary share of the Group and the Company as at 31 March 2017 has been calculated based on the total issued number of ordinary shares of 797,030,666 (2016: 796,564,000).



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:**
- a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

### **Statement of Comprehensive Income**

#### **Revenue**

Revenue from dental and medical clinics increased by 2% from \$28.3 million for the 3 months ended 31 March 2016 ("1Q16") to \$28.9 million for the 3 months ended 31 March 2017 ("1Q17") mainly due to the acquisitions of new dental clinics in Singapore.

As at 31 March 2017, the Group has a total of 71 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 68 dental outlets, 4 medical outlets, 1 aesthetic centre as at the end of 1Q16 in Singapore.

As at 31 March 2017, the Group has a total of 7 dental outlets in Malaysia and 4 dental hospitals and 8 dental outlets in PRC compared to 8 dental outlets in Malaysia and 3 dental hospitals and 9 dental outlets as at the end of 1Q16 in PRC.

Revenue contribution from the dental equipment and supplies distribution business increased 29% from \$2.4 million in 1Q16 to \$3.1 million in 1Q17. The increase was mainly due to higher revenue from Shenyang Maotai Q & M Medical Equipment Co., Ltd. as well as higher revenue from the dental equipment and supplies distribution company in Singapore.

There was no revenue from dental supplies manufacturing as Aidite was deconsolidated in December 2016 and is now an associate of the Group.

#### **Other Items of Income**

Other gains in 1Q17 amounted to \$0.3 million compared to \$0.7 million in 1Q16. Other gains in 1Q17 were lower mainly due to the lower enhanced special employment credit and PIC cash payout as compared to 1Q16.

#### **Other Items of Expense**

##### **Consumables and Supplies Used in Dental & Medical Clinics**

Consumables and supplies used in dental and medical clinics decreased 22% from \$2.3 million in 1Q16 to \$1.8 million in 1Q17. The decrease was mainly due to a change in accounting treatment in 1Q17 for dental instruments which are now capitalised. This resulted in lower cost of consumables and supplies used in 1Q17.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 1Q17 were 6.2% compared to 8.1% in 1Q16.

##### **Cost of Sales Dental Equipment and Supplies**

The cost of sales from dental equipment and supplies distribution business increased 39% from \$1.6 million in 1Q16 to \$2.3 million in 1Q17. The increase was mainly due to a higher revenue and cost of sales from Shenyang Maotai Q & M Medical Equipment Co., Ltd. in PRC.



As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 1Q17 was 74.0% compared to 68.3% in 1Q16.

#### Cost of Dental Supplies Manufacturing

There was no cost of dental supplies manufacturing as Aidite was deconsolidated in December 2016 and is now an associate of the Group.

#### Employee Benefits Expense

Employee benefits expense increased 1% from \$17.3 million in 1Q16 to \$17.5 million in 1Q17. The increase of \$0.2 million was mainly due to the increase in employee benefits expenses for the acquired clinics in Singapore and China offset by the deconsolidation of Aidite in December 2016. Aidite is now an associate of the Group.

As a percentage of revenue, employee benefits expense in 1Q17 was 54.7% compared to 50.4% in 1Q16.

#### Depreciation and Amortisation Expenses

Depreciation and amortisation expenses decreased 13% from \$1.1 million in 1Q16 to \$0.9 million in 1Q17. The decrease of \$0.2 million was mainly due to the deconsolidation of Aidite in December 2016. Aidite is now an associate of the Group.

As a percentage of revenue, depreciation expense in 1Q17 was 2.9% compared to 3.1% in 1Q16.

#### Rental Expense

Rental expense increased 8% from \$3.0 million in 1Q16 to \$3.3 million in 1Q17. The increase of \$0.3 million was mainly due to an increase in rental for existing clinics and the acquisitions of new dental clinics.

As a percentage of revenue, rental expense in 1Q16 was 10.2% compared to 8.8% in 1Q16.

#### Other Expenses

Other expenses decreased 24% from \$2.8 million in 1Q16 to \$2.1 million in 1Q17. The decrease was mainly due the deconsolidation of Aidite from a subsidiary to an associate in December 2016.

As a percentage of revenue, other expenses in 1Q17 was 6.6% compared to 8.1% in 1Q16.

#### **Profit Before Tax and Net Profit**

For the reasons given above, the Group's profit before tax decreased 20% from \$5.3 million in 1Q16 to \$4.2 million in 1Q17.

#### Statement of Financial Position

As at 31 March 2017, the Group has cash and cash equivalents of \$48.1 million, MTN of \$59.7 million, bank borrowings plus finance leases amounted to \$25.0 million.

#### Current Assets

Cash and cash equivalents as at 31 March 2017 increased to \$48.1 million from \$44.1 million as at 31 December 2016. The net increase of \$4.0 million was mainly due to cash received for the settlement of the amount owing for the subscription preference shares in Q & M Aidite International Pte. Ltd..



Trade and other receivables as at 31 March 2017 decreased to \$18.2 million from \$23.9 million as at 31 December 2016. The decrease of \$5.7 million was due mainly to cash received for the settlement of the amount owing for the subscription preference shares in Q & M Aidite International Pte. Ltd..

Other assets as at 31 March 2017 increased to \$4.4 million from \$3.2 million as at 31 December 2016. The net increase of \$1.2 million was mainly due to an increase in prepayment in legal and professional fees arising from the spin-off exercise of Aoxin.

### **Current Liabilities**

Trade and other payables as at 31 March 2017 decreased to \$17.3 million from \$21.0 million as at 31 December 2016. The decrease of \$3.7 million was mainly due to payment of fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2016, payment of accrued MTN interest as well as a decrease in trade payables from the dental and medical clinics in Singapore.

Other financial liabilities as at 31 March 2017 increased to \$75.1 million from \$15.5 million as at 31 December 2016. The increase of \$59.6 million was due to the reclassification of MTN from non-current liability to current liability as the MTN will be repaid by 18 March 2018.

Due to the reclassification of the MTN from non-current liability to current liability (as the MTN will be repayable within 12 months), the current liabilities exceed current assets by \$12.6 million as at 31 March 2017. The Company is reviewing the various offers and other options for the refinancing of the MTN.

### **Non-Current Liabilities**

Other financial liabilities as at 31 March 2017 decreased to \$9.6 million from \$69.3 million as at 31 December 2016 due to the reclassification of MTN from non-current liability to current liability as the MTN will be repaid by 18 March 2018.

### **Statement of Cash Flows**

The Group generated net cash flow from operating activities of \$1.4 million in 1Q17. This was mainly attributable to profit from 1Q17 partially offset by increase on trade and other payables.

Net cash from investing activities in 1Q17 amounted to \$3.6 million, mainly due to the internal restructuring exercise and the spin-off of Aoxin Q & M and the receipt for the subscription of preference shares in Q & M Aidite International Pte. Ltd..

Net cash used in financing activities in 1Q17 was \$1.0 million, which arose mainly due to payment of MTN interest.

Consequent to the above factors, the Group's cash and cash equivalents was \$48.1 million as at 31 March 2017.

**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.

- Update on the Proposed Spin-Off of Aoxin Q & M Dental Group Pte. Ltd. (AQMD) (Formerly known as Q & M Dental Holdings (China) Pte. Ltd.) on the Catalist Board of the Singapore Exchange Securities Trading Limited

On 26 April 2017, the Company announced the placement of 57,000,000 placement shares of AQMD at \$0.20 per share has been completed. The shares was listed on the Catalist at and commence trading on a "ready" basis from, 9:00 a.m. on 26 April 2017.

- Transfer of Treasury Shares as Consideration Shares for the Acquisition of British Dental Surgery Pte. Ltd.

On 30 April 2017, the Company announced the transfer of 131,944 ordinary shares from its treasury shares as consideration shares to Dr. Markandoo Sivakumaran for the acquisition of British Dental Surgery Pte. Ltd.. Following the transfer of consideration shares, the total number of issued shares in the Company has increased from 797,030,666 shares to 797,162,610 shares.

#### **Future Plans**

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

- Expansion of network of dental clinics in Singapore and acquisition 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 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 operates 3 dental clinics in Johor, 1 dental centre and 3 dental clinics in Kuala Lumpur and 2 dental clinics 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 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.

**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 2017.

**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 2017 to be false or misleading in any material aspect.

**15. Confirmation pursuant to Rule 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**  
**11 May 2017**