



Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2017 (“2Q17”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTER (Q1, Q2, Q3), HALF-YEAR AND 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.

	Note	Group					
		Second Quarter			Year-To-Date		
		Q2 2017 \$'000	Q2 2016 \$'000	Change %	30/6/2017 \$'000	30/6/2016 \$'000	Change %
Revenue							
Dental and Medical Clinics		27,342	29,347	(7)	56,280	57,598	(2)
Dental Equipment & Supplies Distribution		2,282	3,908	(42)	5,339	6,285	(15)
Dental Supplies Manufacturing		-	5,069	NM	-	8,794	NM
Other Items of Income							
Interest Income		12	51	(76)	50	167	(70)
Other Items of Expense							
Consumables and Supplies Used in Dental & Medical Clinics		(1,559)	(2,498)	(38)	(3,343)	(4,783)	(30)
Cost of Sales - Dental Equipment & Supplies		(1,518)	(2,754)	(45)	(3,781)	(4,378)	(14)
Cost of Dental Supplies Manufacturing		-	(2,245)	NM	-	(3,083)	NM
Employee Benefits Expense		(16,396)	(17,841)	(8)	(33,885)	(35,161)	(4)
Depreciation and Amortisation Expense		(805)	(1,095)	(26)	(1,727)	(2,157)	(20)
Rental Expense		(3,198)	(3,198)	NM	(6,473)	(6,235)	4
Other Expenses		(2,123)	(3,031)	(30)	(4,248)	(5,816)	(27)
Finance Costs		(855)	(905)	(6)	(1,671)	(1,730)	(3)
Other Gains / (Losses)	1(a)(i)	9,357	378	NM	9,695	965	NM
Share of Profit from Equity-Accounted Associates		1,145	-	NM	1,647	-	NM
Profit Before Tax from Continuing Operations		13,684	5,186	164	17,883	10,466	71
Income Tax Expense		(139)	(462)	(70)	(531)	(1,013)	(48)
Profit From Continuing Operations, Net of Tax		13,545	4,724	187	17,352	9,453	84
Other Comprehensive Income / (Loss):							
Exchange Differences on Translating Foreign Operations, Net of Tax		314	(1,349)	NM	(163)	(2,306)	(93)
Other Comprehensive Income / (Loss) for the Period, Net of Tax		314	(1,349)	NM	(163)	(2,306)	(93)
Total Comprehensive Income for the Period		13,859	3,375	311	17,189	7,147	141
Profit / (Loss) Attributable to:							
Owners of the Parent, Net of Tax		13,637	3,699	269	17,478	7,407	136
Non-Controlling Interests, Net of Tax		(92)	1,025	NM	(126)	2,046	NM
Profit Net of Tax		13,545	4,724	187	17,352	9,453	84
Profit / (Loss) Excluding Other Gains / (Losses) Attributable to:							
Owners of the Parent, Net of Tax		4,280	3,321	29	7,783	6,442	21
Non-Controlling Interests, Net of Tax		(92)	1,025	NM	(126)	2,046	NM
Profit Net of Tax		4,188	4,346	(4)	7,657	8,488	(10)
Total Comprehensive Income / (Loss) Attributable to:							
Owners of the Parent		14,003	2,852	391	17,472	6,171	183
Non-Controlling Interests		(144)	523	NM	(283)	976	NM
Total Comprehensive Income		13,859	3,375	311	17,189	7,147	141

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 / (Losses)

	Group			
	Second Quarter		Year-To-Date	
	Q2 2017	Q2 2016	30/6/2017	30/6/2016
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Property, Plant and Equipment	4	-	4	-
Plant & Equipment Written Off	(36)	(70)	(36)	(114)
Foreign Exchange Translation Gain / (Loss)	(3)	9	4	(26)
Profit Guarantee Received/Receivable from Vendors/Shareholders	180	87	442	176
PIC Cash Payout/PIC Bonus	(2)	254	13	465
Gain on Spin-Off of Subsidiary	16,891	-	16,891	-
Provision for Impairment on Asset Held for Sale	(1,584)	-	(1,584)	-
Provision for Impairment on Goodwill	(1,611)	-	(1,611)	-
Provision for Impairment on Other Receivables ^(a)	(1,054)	-	(1,054)	-
Provision for Legal Fee ^(a)	(600)	-	(600)	-
Due Diligence Fee	(419)	-	(419)	-
Impairment of Plant and Equipment	(44)	-	(44)	-
Professional Fees and Expenses in Relation to the Spin-Off of Aoxin	(2,210)	-	(2,210)	-
Enhanced Special Employment Credit and Wage Credit Scheme	(155)	98	(101)	464
	9,357	378	9,695	965

Note (a): These sums relate to matters where there are ongoing legal proceedings and provisions are made as a matter of prudence as the sums due are subject to recoverability.



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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	19,639	27,381	386	379
Investment in Subsidiaries	-	-	78,117	85,638
Investment in Associates	74,151	39,812	32,692	-
Intangible Assets	53,122	75,548	-	-
Other Receivables	282	289	200	200
Other Assets	6,090	6,371	58	76
Total Non-Current Assets	153,284	149,401	111,453	86,293
<u>Current Assets</u>				
Inventories	6,441	7,614	-	-
Trade and Other Receivables	16,657	23,925	46,185	72,953
Assets Held For Sale	-	1,584	-	-
Other Assets	2,805	3,206	486	832
Cash and Cash Equivalents	36,242	44,091	12,523	10,077
Total Current Assets	62,145	80,420	59,194	83,862
Total Assets	215,429	229,821	170,647	170,155
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,558	86,758	86,558	86,758
Treasury Shares	(5,675)	(5,795)	(5,675)	(5,795)
Retained Earnings	33,837	35,074	8,202	7,034
Other Reserves, Total	(1,359)	(1,354)	-	-
Equity Attributable to Owners of the Parent, Total	113,361	114,683	89,085	87,997
Non-Controlling Interests	931	7,360	-	-
Total Equity	114,292	122,043	89,085	87,997
<u>Non-Current Liabilities</u>				
Provisions	653	615	-	-
Deferred Tax Liabilities	1,229	1,402	-	-
Other Financial Liabilities	9,525	69,269	59,702	59,620
Total Non-Current Liabilities	11,407	71,286	59,702	59,620
<u>Current Liabilities</u>				
Trade and Other Payables	14,711	20,982	6,860	7,538
Other Financial Liabilities	75,019	15,510	15,000	15,000
Total Current Liabilities	89,730	36,492	21,860	22,538
Total Liabilities	101,137	107,778	81,562	82,158
Total Equity and Liabilities	215,429	229,821	170,647	170,155



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 30/6/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Bank Loan</u>		
Amount repayable within one year	15,345	15,263
Amount repayable after one year	4,162	4,276

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

	<u>At 30/6/2017</u> \$'000	<u>At 31/12/2016</u> \$'000
<u>Medium Term Note</u>		
Amount repayable within one year	59,620	-
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>At 30/6/2017</u> \$'000	<u>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 30/6/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	52	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 30/6/2017</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.

	Q2 2017	Q2 2016
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	13,684	5,186
Adjustments for:		
Interest Income	(12)	(51)
Interest Expense	855	905
Gain on Disposal of Plant and Equipment	(4)	-
Gain on Disposal of Subsidiary	(16,891)	-
Plant and Equipment Written Off	36	70
Provision for Impairment on Other Receivables	1,054	-
Provision for Impairment on Goodwill	1,611	-
Provision for Impairment on Asset Held for Sale	1,584	-
Share of Profit from Equity – Associated Associates	(1,146)	-
Impairment of Plant and Equipment	44	-
Depreciation of Property, Plant and Equipment and Amortisation Expense	805	1,095
Foreign Currency Translation Reserve	39	(940)
Provision	13	(5)
Operating Cash Flows Before Changes in Working Capital	1,672	6,260
Inventories	(589)	(1,205)
Trade and Other Receivables	(1,968)	(2,448)
Other Assets	1,521	(1,144)
Trade and Other Payables	3,535	2,836
Net Cash Flows From Operating Activities Before Interest and Tax	4,171	4,299
Income Taxes Paid	(457)	(1,081)
Net Cash Flows From Operating Activities	3,714	3,218
<u>Cash Flows (Used in)/From Investing Activities</u>		
Purchase of Property, Plant and Equipment	(612)	(2,047)
Sale Proceeds from Disposal of Plant and Equipment	22	178
Development Cost	-	(178)
Other Assets	130	(22)
Deconsolidation of Subsidiary (Net of cash disposed)	(8,281)	-
Trade and Other Receivables	12	(1)
Other Receivables, Non-Current	6	25
Interest Received	12	51
Capital Injection by Non-Controlling Interest	-	7,827
Net Cash Flows (Used In)/From Investing Activities	(8,711)	5,833
<u>Cash Flows Used in Financing Activities</u>		
Finance Lease Repayment	-	(18)
Repayment of Bank Loans	(58)	(56)
Share Buy Back Exercise	(301)	-
Share Issue Expenses	-	(54)
Bill Payables	(84)	72
Interest Paid	(855)	(905)
Dividends Paid to Equity Owners	(5,514)	(3,346)
Net Cash Flows Used In Financing Activities	(6,812)	(4,307)
Net (Decrease)/Increase in Cash and Cash Equivalents	(11,809)	4,744
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	48,051	60,733
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	36,242	65,477
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	36,242	65,477
Cash and Cash Equivalents at End of Period	36,242	65,477



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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 period							
Opening Balance at 1 April 2017	125,232	108,729	86,222	25,714	(5,459)	2,252	16,503
Movements in Equity:							
Total Comprehensive Income for the Period	13,859	14,003	-	13,637	-	366	(144)
Deconsolidation of Subsidiary	(19,405)	(3,977)	-	-	-	(3,977)	(15,428)
Share Buy Back	(301)	(301)	-	-	(301)	-	-
Issue of Share Capital	421	421	336	-	85	-	-
Dividends Paid	(5,514)	(5,514)	-	(5,514)	-	-	-
Closing Balance at 30 June 2017	114,292	113,361	86,558	33,837	(5,675)	(1,359)	931
Group - Previous period							
Opening Balance at 1 April 2016	109,075	92,378	82,024	17,172	(5,795)	(1,023)	16,697
Movements in Equity:							
Total Comprehensive Income for the Period	3,375	2,852	-	3,699	-	(847)	523
Acquisition of a Non-Controlling Interest without a Change of Control	2,162	-	-	-	-	-	2,162
Capital Reserve	849	849	-	-	-	849	-
Share Issue Expense	(54)	(54)	(54)	-	-	-	-
Issue of Share Capital	4,870	4,870	4,870	-	-	-	-
Dividends Paid	(3,346)	(3,346)	-	(3,346)	-	-	-
Closing Balance at 30 June 2016	116,931	97,549	86,840	17,525	(5,795)	(1,021)	19,382



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 period					
Opening Balance at 1 April 2017	88,797	86,422	(5,459)	-	7,834
Movements in Equity:					
Total Comprehensive Income for the Period	368	-	-	-	368
Share Buy Back	(301)	-	(301)	-	-
Issue of Share Capital	221	136	85	-	-
Dividends Paid	-	-	-	-	-
Closing Balance at 30 June 2017	89,085	86,558	(5,675)	-	8,202
Company - Previous period					
Opening Balance at 1 April 2016	77,357	82,024	(5,795)	-	1,128
Movements in Equity:					
Total Comprehensive Income for the Period	3,280	-	-	-	3,280
Share Issue Expense	(54)	(54)	-	-	-
Issue of Share Capital	4,870	4,870	-	-	-
Dividends Paid	(3,346)	-	-	-	(3,346)
Closing Balance at 30 June 2016	82,107	86,840	(5,795)	-	1,062



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 30 Jun 2017	<u><u>796,689</u></u>	<u><u>81,045</u></u>

Employee Share Option

During the period ended 30 June 2017, no share options were issued or exercised. No share options outstanding as at 30 June 2017 (30 June 2016: NIL).

Treasury Shares

On 30 April 2017, the Group announced the transfer of 118,055 ordinary shares from its treasury shares as consideration shares to Dr. Markandoo Sivakumaran for the acquisition of British Dental Surgery Pte. Ltd..

During 2Q17, the Company has bought back 459,700 shares by way of market acquisition and all shares are held as treasury shares (30 June 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.

	As at 30/6/2017	As at 31/12/2016
Total number of issued shares excluding treasury shares	<u><u>796,689,021</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.

118,055 number of treasury shares of \$85,000 were used for consideration shares to Dr. Markandoo Sivakumaran and 459,700 number of treasury shares of \$301,499 were bought back by way of market acquisition.

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 :-	Second Quarter		Year-To-Date	
	Q2 2017	Q2 2016	30/6/2017	30/6/2016
(i) Basic earnings per share (cents)	1.71	0.47	2.19	0.94
(ii) On a fully diluted basis (cents)	1.71	0.47	2.19	0.94

The basic EPS for the period ended 30 June 2017 and 30 June 2016 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 796,714,253 shares and 786,561,516 shares respectively.

The Call Option expired on 23 May 2016. There is no dilutive effect on the EPS for the period ended 30 June 2017 and 30 June 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 30/6/2017	As at 31/12/2016	As at 30/6/2017	As at 31/12/2016
Net asset value per ordinary share (cents)	14.2	14.4	11.2	11.0

The net asset value per ordinary share of the Group and the Company as at 30 June 2017 has been calculated based on the total issued number of ordinary shares of 796,689,021 (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:**
- 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 decreased by 7% from \$29.3 million for the 3 months ended 30 June 2016 ("2Q16") to \$27.3 million for the 3 months ended 30 June 2017 ("2Q17"). The decrease of \$2.0 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As at 30 June 2017, the Group has a total of 73 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 68 dental outlets, 4 medical outlets, 1 aesthetic centre as at 30 June 2016 in Singapore.

As at 30 June 2017, the Group has a total of 9 dental outlets in Malaysia and 1 dental outlet in People's Republic of China ("PRC") compared to 8 dental outlets in Malaysia and 3 dental hospitals and 8 dental outlets in PRC as at 30 June 2016.

Revenue contribution from the dental equipment and supplies distribution business decreased 42% from \$3.9 million in 2Q16 to \$2.3 million in 2Q17. The decrease was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 as well as lower revenue from the dental equipment and supplies distribution company in Singapore.

There was no revenue from dental supplies manufacturing in 2Q17 as Aidite was deconsolidated in December 2016 and is now an associate of the Group.

For the first six months ended 30 June 2017 ("1H17"), revenue from dental and medical outlets decreased by 2% to \$56.3 million, compared to \$57.6 million in the previous corresponding period ("1H16") for the same reason given above.



For 1H17, revenue from the dental equipment and supplies distribution business decreased by 15% to \$5.3 million from \$6.3 million in the previous corresponding period for the same reasons given above.

Other Gains / (Losses)

Other gains / (losses) in 2Q17 amounted to \$9.4 million compared to \$0.4 million in 2Q16. The increase was mainly due to a one-time gain of \$16.9 million from spin-off of Aoxin from a subsidiary to an associate in April 2017 offset by provisions on impairment on goodwill and asset held for sale, provision on impairment on other receivables and provision for legal fees and due diligence fees.

For 1H17, the increase in other gains / (losses) was mainly due to the same reason given above.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used decreased 38% from \$2.5 million in 2Q16 to \$1.6 million in 2Q17. The decrease was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 as well as a change in accounting treatment implemented in 1Q17 for instruments which are now capitalised resulting in lower cost of consumables and supplies used in 2Q17.

As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in 2Q17 was 5.7% compared to 8.5% in 2Q16.

For 1H17, consumables and supplies used decreased 30% to \$3.3 million from \$4.8 million in the previous corresponding period for the same reasons given above.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business decreased 45% from \$2.8 million in 2Q16 to \$1.5 million in 2Q17. The decrease was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 and decrease in revenue from the dental equipment and supplies distribution company in Singapore.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 2Q17 was 66.5% compared to 70.5% in 2Q16.

For 1H17, cost of sales from dental equipment and supplies distribution business decreased 14% to \$3.8 million from \$4.4 million in the previous corresponding period for the same reasons given above.

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 decreased 8% from \$17.8 million in 2Q16 to \$16.4 million in 2Q17. The decrease of \$1.4 million was mainly due to the deconsolidation of Aidite and Aoxin from subsidiaries to associates in December 2016 and April 2017 respectively.

As a percentage of revenue, employee benefits expense in 2Q17 was 55.3% compared to 46.6% in 2Q16.

Comparing 1H17 with 1H16, employee benefit expense decreased by \$1.3 million or 4%, for the same reasons given above.



Depreciation and Amortisation Expenses

Depreciation and amortisation expenses decreased 26% from \$1.1 million in 2Q16 to \$0.8 million in 2Q17. The decrease of \$0.3 million was mainly due to the deconsolidation of Aidite in December 2016 and Aoxin in April 2017. Aidite and Aoxin are now associates of the Group.

As a percentage of revenue, depreciation and amortisation expenses in 2Q17 was 2.7% compared to 2.9% in 2Q16.

Comparing 1H17 with 1H16, depreciation and amortisation expenses decreased by \$0.4 million or 20%, for the same reasons given above.

Other Expenses

Other expenses decreased 30% from \$3.0 million in 2Q16 to \$2.1 million in 2Q17. The decrease was mainly due to the deconsolidation of Aidite in December 2016 and Aoxin in April 2017. Aidite and Aoxin are now associates of the Group.

As a percentage of revenue, other expenses in 2Q17 was 7.2% compared to 7.9% in 2Q16.

Comparing 1H17 with 1H16, other expenses decreased by \$1.6 million or 27%, for the same reasons given above.

Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax rose 164% from \$5.2 million in 2Q16 to \$13.7 million in 2Q17

After deducting provision for income tax expense of \$139k, the Group's net profit increased 187% from \$4.7 million in 2Q16 to \$13.5 million in 2Q17.

For 1H17, net profit after tax was \$17.4 million, compared with \$9.5 million for 1H16.

Statement of Financial Position

As at 30 June 2017, the Group has cash and cash equivalents of \$36.2 million and MTN of \$59.7 million, bank borrowings plus finance leases amounting to \$24.9 million.

Current Assets

Cash and cash equivalents as at 30 June 2017 decreased to \$36.2 million from \$44.1 million as at 31 December 2016. The decrease of \$7.9 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 offset by cash received for the settlement of amount owing for the subscription preference shares in Q & M Aidite International Pte. Ltd..

Trade and other receivables as at 30 June 2017 decreased to \$16.7 million from \$23.9 million as at 31 December 2016. The decrease of \$7.2 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. as well as the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Inventories as at 30 June 2017 decreased to \$6.4 million from \$7.6 million as at 31 December 2016. The decrease of \$1.2 million was due mainly to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.



Non-Current Assets

The net book value of property, plant and equipment as at 30 June 2017 decreased to \$19.6 million from \$27.4 million as at 31 December 2016. The decrease of \$7.8 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Intangible assets as at 30 June 2017 decreased to \$53.1 million from \$75.5 million as at 31 December 2016. The decrease of \$22.4 million was mainly due to the reduction of intangible assets from the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Investment in associates as at 30 June 2017 increased to \$74.2 million from \$39.8 million as at 31 December 2016. The increase of \$34.4 million is due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Current Liabilities

Trade and other payables as at 30 June 2017 decreased to \$14.7 million from \$21.0 million as at 31 December 2016. The decrease of \$6.3 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, decrease in trade payables from the dental and medical clinics in Singapore as well as the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Other financial liabilities as at 30 June 2017 increased to \$75.0 million from \$15.5 million as at 31 December 2016. The increase of \$59.5 million was mainly due to the reclassification of MTN from non-current liability to current liability as the MTN will be repaid by 18 March 2018, and therefore the current liability exceed current assets by \$27.6 million as at 30 June 2017. The Company has since secured a \$30.0 million bank facility in July 2017 and is also in negotiation with other banks for the refinancing of the balance of the MTN.

Non-Current Liabilities

Other financial liabilities as at 30 June 2017 decreased to \$9.5 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 of \$3.7 million from operating activities in 2Q17. This was mainly derived from the profit generated by the Group and positive net working capital in 2Q17.

Net cash used in investing activities in 2Q17 amounted to \$8.7 million, mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Net cash used in financing activities in 2Q17 was \$6.8 million mainly due to dividend payment of \$5.5 million with respect to FY2016 and interest payment for the Medium Term Note.

Consequent to the above factors, the Group's cash and cash equivalents was \$36.2 million as at 30 June 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 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.

Recent Developments

- Incorporation of a Joint Venture Entity in Malaysia

On 15 May 2017, the Company announced the incorporation of a joint venture entity in Malaysia under the name Q & M Dental Surgery (Bandar Melaka) Sdn. Bhd. ("QMBM") with an issued share capital of RM 2 comprising of 2 ordinary shares. The Company's wholly-owned subsidiary, Q & M Dental Group (Malaysia) Sdn. Bhd., had subscribed to 50% of the shareholding whilst the Company's partner in Melaka, Malaysia, Dr. Ng Guat Kiat, had subscribed to 50% of the shareholding of QMBM.

- Updated on the Company's Singapore Operations

On 15 June 2017, the Company announced the opening of new dental clinics in Yew Tee Point and Punggol MRT Station. The Group has also consolidated two dental clinics previously located at Boon Lay MRT Station.

- Update on the Company's Malaysia Operations

On 15 June 2017, the Company announced the incorporation of a wholly-owned subsidiary in Singapore, Q & M Dental Holdings (Malaysia) Pte. Ltd. ("QMHM"), with an initial issued and paid-up share capital of \$1 comprising 1 ordinary share.

- Proposed Acquisition of Business Assets of CS Tan Dental Surgery, Kuala Lumpur, Malaysia

On 15 June 2017, the Company announced the proposed acquisition of business assets of CS Tan Dental Surgery operated by Dr. Christopher Tan Chee Siu for a consideration of RM 0.3 million (approximately \$97k).

- Proposed Acquisition of Shenzhen Superline Technology Co., Ltd. ("Superline") Located in ShenZhen, China

On 2 July 2017, the Company announced the proposed acquisition of 20% of the shareholding in Superline for a total consideration of RMB 62.0 million (approximately \$12.7 million) from Mr. Li Zhimin, Mrs Fan Ling, Mr. Zhou Jinsong, Mr. Wang Zhong and Mr. Yao Zheng.

- Completion of Acquisition of Business Assets of Horizon Dental Surgery Located in Singapore

On 24 July 2017, the Company completed the acquisition of business assets of Horizon Dental Surgery for a total consideration of \$0.4 million.



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 be focusing on its operation in Singapore and has initiated a strategy of intensive organic growth of its dental clinics in Singapore. It will expand its team of dentists to support the future growth of its operation in Singapore. While the eventual number of dental outlets will depend on opportunities and market conditions, 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 5 dental clinics in Johor, 1 dental centre and 4 dental clinics in Kuala Lumpur and 2 dental clinics in Melaka. The Group is closely monitoring the Malaysian economy with a view of 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? Yes

Name of dividend	Interim
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



(c) The date the dividend is payable.

The dividend will be paid on 8 September 2017.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 29 August 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 28 August 2017 will be registered to determine members' entitlements to the interim 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 28 August 2017 will be entitled to the payment of the interim dividend.

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

Not applicable.

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 30 June 2017 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 officers under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
14 August 2017