



**Financial Statement Announcement For The Third Quarter Ended 30 September 2017 ("3Q17")**

**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					
		Third Quarter			Year-To-Date		
		Q3 2017 \$'000	Q3 2016 \$'000	Change %	30/9/2017 \$'000	30/9/2016 \$'000	Change %
<b>Revenue</b>							
Dental and Medical Clinics *		27,571	29,002	(5)	83,851	86,600	(3)
Dental Equipment & Supplies Distribution		1,885	4,151	(55)	7,224	10,436	(31)
Dental Supplies Manufacturing		-	5,759	NM	-	14,553	NM
<b>Other Items of Income</b>							
Interest Income		85	72	18	135	239	(44)
<b>Other Items of Expense</b>							
Consumables and Supplies Used in Dental & Medical Clinics		(2,349)	(2,739)	(14)	(5,692)	(7,522)	(24)
Cost of Sales - Dental Equipment & Supplies		(1,455)	(2,981)	(51)	(5,236)	(7,359)	(29)
Cost of Dental Supplies Manufacturing		-	(2,498)	NM	-	(5,581)	NM
Employee Benefits Expense		(16,355)	(17,999)	(9)	(50,240)	(53,160)	(5)
Depreciation and Amortisation Expense		(720)	(1,118)	(36)	(2,447)	(3,275)	(25)
Rental Expense		(3,146)	(3,191)	(1)	(9,619)	(9,426)	2
Other Expenses		(1,838)	(3,283)	(44)	(6,086)	(9,099)	(33)
Finance Costs		(801)	(791)	1	(2,472)	(2,521)	(2)
Other (Losses) / Gains	1(a)(i)	84	191	(56)	9,779	1,156	746
Share of Profit from Equity-Accounted Associates		733	-	NM	2,380	-	NM
<b>Profit Before Tax from Continuing Operations</b>		<b>3,694</b>	<b>4,575</b>	(19)	<b>21,577</b>	<b>15,041</b>	43
Income Tax Income / (Expense)		(82)	(603)	(86)	(613)	(1,616)	(62)
<b>Profit From Continuing Operations, Net of Tax</b>		<b>3,612</b>	<b>3,972</b>	(9)	<b>20,964</b>	<b>13,425</b>	56
<b>Other Comprehensive Income / (Loss):</b>							
Exchange Differences on Translating Foreign Operations, Net of Tax		215	336	(36)	52	(1,970)	NM
<b>Other Comprehensive Income / (Loss) for the Period, Net of Tax</b>		<b>215</b>	<b>336</b>	(36)	<b>52</b>	<b>(1,970)</b>	NM
<b>Total Comprehensive Income for the Period</b>		<b>3,827</b>	<b>4,308</b>	(11)	<b>21,016</b>	<b>11,455</b>	83
<b>Profit / (Loss) Attributable to:</b>							
Owners of the Parent, Net of Tax		3,586	2,809	28	21,064	10,216	106
Non-Controlling Interests, Net of Tax		26	1,163	NM	(100)	3,209	NM
<b>Profit Net of Tax</b>		<b>3,612</b>	<b>3,972</b>	(9)	<b>20,964</b>	<b>13,425</b>	56
<b>Profit / (Loss) Excluding Other Gains / (Losses) Attributable to:</b>							
Owners of the Parent, Net of Tax		3,502	2,618	34	11,285	9,060	25
Non-Controlling Interests, Net of Tax		26	1,163	NM	(100)	3,209	NM
<b>Profit Net of Tax</b>		<b>3,528</b>	<b>3,781</b>	(7)	<b>11,185</b>	<b>12,269</b>	(9)
<b>Total Comprehensive Income / (Loss) Attributable to:</b>							
Owners of the Parent		3,799	2,866	33	21,271	9,037	135
Non-Controlling Interests		28	1,442	(98)	(255)	2,418	NM
<b>Total Comprehensive Income</b>		<b>3,827</b>	<b>4,308</b>	(11)	<b>21,016</b>	<b>11,455</b>	83

NM: Not Meaningful



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

\* Excluding the revenue from deconsolidation of Aoxin from a subsidiary to an associate in April 2017, dental and medical clinics revenue increased by 8% in 3Q17 compared to 3Q16.

**Notes:**

1(a)(i) Other (Losses) / Gains

	Group			
	Third Quarter		Year-To-Date	
	Q3 2017	Q3 2016	30/9/2017	30/9/2016
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	53	-	57	-
Plant & Equipment Written Off	-	(283)	(36)	(397)
Foreign Exchange Translation (Loss)/Gain	(2)	(56)	2	(82)
Profit Guarantee Received/Receivable from Vendors/Shareholders	16	319	458	495
PIC Cash Payout	-	50	13	515
Gain on Spin-Off of Subsidiary	-	-	16,891	-
Provision for Impairment on Asset Held for Sale	-	-	(1,584)	-
Provision for Impairment on Goodwill	-	-	(1,611)	-
Provision for Impairment on Other Receivables <sup>(a)</sup>	-	-	(1,054)	-
Provision for Legal Fee <sup>(a)</sup>	-	-	(600)	-
Provision for Due Diligence Fee	-	-	(419)	-
Impairment of Plant and Equipment	(44)	-	(88)	-
Professional Fees and Expenses in Relation to the Spin-Off of Aoxin	33	-	(2,177)	-
Enhanced Special Employment Credit and Wage Credit Scheme	28	161	(73)	625
	84	191	9,779	1,156

**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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	19,913	27,381	390	379
Investment in Subsidiaries	-	-	78,117	85,638
Investment in Associates	74,884	39,812	32,692	-
Intangible Assets	53,484	75,548	-	-
Other Receivables	282	289	200	200
Other Assets	6,011	6,371	50	76
<b>Total Non-Current Assets</b>	<b>154,574</b>	<b>149,401</b>	<b>111,449</b>	<b>86,293</b>
<b><u>Current Assets</u></b>				
Inventories	6,298	7,614	-	-
Trade and Other Receivables	17,502	23,925	46,090	72,953
Assets Held For Sale	-	1,584	-	-
Other Assets	2,910	3,206	975	832
Cash and Cash Equivalents	32,018	44,091	11,113	10,077
<b>Total Current Assets</b>	<b>58,728</b>	<b>80,420</b>	<b>58,178</b>	<b>83,862</b>
<b>Total Assets</b>	<b>213,302</b>	<b>229,821</b>	<b>169,627</b>	<b>170,155</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	86,558	86,758	86,558	86,758
Treasury Shares	(6,260)	(5,795)	(6,260)	(5,795)
Retained Earnings	31,852	35,074	8,364	7,034
Other Reserves, Total	(1,146)	(1,354)	-	-
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>111,004</b>	<b>114,683</b>	<b>88,662</b>	<b>87,997</b>
Non-Controlling Interests	959	7,360	-	-
<b>Total Equity</b>	<b>111,963</b>	<b>122,043</b>	<b>88,662</b>	<b>87,997</b>
<b><u>Non-Current Liabilities</u></b>				
Provisions	649	615	-	-
Deferred Tax Liabilities	1,176	1,402	-	-
Other Financial Liabilities	9,466	69,269	-	59,620
<b>Total Non-Current Liabilities</b>	<b>11,291</b>	<b>71,286</b>	<b>-</b>	<b>59,620</b>
<b><u>Current Liabilities</u></b>				
Trade and Other Payables	14,916	20,982	6,098	7,538
Other Financial Liabilities	75,132	15,510	74,867	15,000
<b>Total Current Liabilities</b>	<b>90,048</b>	<b>36,492</b>	<b>80,965</b>	<b>22,538</b>
<b>Total Liabilities</b>	<b>101,339</b>	<b>107,778</b>	<b>80,965</b>	<b>82,158</b>
<b>Total Equity and Liabilities</b>	<b>213,302</b>	<b>229,821</b>	<b>169,627</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 30/9/2017</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	4,104	4,276

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

	<u>At 30/9/2017</u> \$'000	<u>At 31/12/2016</u> \$'000
<u>Medium Term Note</u>		
Amount repayable within one year	59,785	-
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 30/9/2017</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	2	13

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

	<u>As at 30/9/2017</u> \$'000	<u>As at 31/12/2016</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	-	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 30/9/2017</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.**

	Q3 2017	Q3 2016
	\$'000	\$'000
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	3,694	4,575
Adjustments for:		
Interest Income	(85)	(72)
Interest Expense	801	791
Plant and Equipment Written Off	-	284
Depreciation of Property, Plant and Equipment and Amortisation Expense	720	1,118
Impairment of Plant and Equipment	44	-
Gain on Disposal of Plant and Equipment	(53)	-
Provision	(4)	(2)
Foreign Currency Translation Adjustments	279	285
Share of Profit from Equity – Associated Associates	(733)	-
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>4,663</b>	<b>6,979</b>
Inventories	143	(1,802)
Trade and Other Receivables	(913)	(2,795)
Other Assets	48	(330)
Trade and Other Payables	(236)	(886)
<b>Net Cash Flows From Operating Activities Before Interest and Tax</b>	<b>3,705</b>	<b>1,166</b>
Income Taxes Paid	(232)	(589)
<b>Net Cash Flows From Operating Activities</b>	<b>3,473</b>	<b>577</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Purchase of Plant and Equipment	(1,406)	(1,764)
Sale Proceeds from Disposal of Plant and Equipment	394	151
Net Movement in Amount Due to Shareholders of Subsidiaries	-	(833)
Development Cost	-	(136)
Other Assets	90	213
Trade and Other Receivables	207	15
Other Receivables, Non-Current	1	(10)
Interest Received	85	72
Acquisition of Subsidiary (Net of Cash Acquired)	-	(3,125)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(629)</b>	<b>(5,417)</b>
<b><u>Cash Flows Used in Financing Activities</u></b>		
Finance Lease Repayment	(1)	(31)
Bill payables	(52)	(25)
Share Issue Expenses	-	(61)
Repayment of Bank Loans	(58)	(10,057)
Interest Paid	(801)	(791)
Dividends Paid to Equity Owners	(5,571)	(3,345)
Share Buy Back Exercise	(585)	-
<b>Net Cash Flows Used in Financing Activities</b>	<b>(7,068)</b>	<b>(14,310)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(4,224)</b>	<b>(19,150)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	36,242	65,477
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period</b>	<b>32,018</b>	<b>46,327</b>
<b>Cash and Cash Equivalents at End of Period includes the following:</b>		
Cash and Bank Balances	32,018	46,327
<b>Cash and Cash Equivalents at End of Period</b>	<b>32,018</b>	<b>46,327</b>



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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
<b>Group - Current period</b>							
Opening Balance at 1 July 2017	114,292	113,361	86,558	33,837	(5,675)	(1,359)	931
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Period	3,827	3,799	-	3,586	-	213	28
Share Buy Back	(585)	(585)	-	-	(585)	-	-
Dividends Paid	(5,571)	(5,571)	-	(5,571)	-	-	-
Opening Balance at 30 September 2017	111,963	111,004	86,558	31,852	(6,260)	(1,146)	959
<b>Group - Previous period</b>							
Opening Balance at 1 July 2016	116,931	97,549	86,840	17,525	(5,795)	(1,021)	19,382
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Period	4,308	2,866	-	2,809	-	57	1,442
Share Issue Expense	(61)	(61)	(61)	-	-	-	-
Dividends Paid	(3,345)	(3,345)	-	(3,345)	-	-	-
Opening Balance at 30 September 2016	117,833	97,009	86,779	16,989	(5,795)	(964)	20,824



**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 period</b>					
Opening Balance at 1 July 2017	89,085	86,558	(5,675)	-	8,202
<b>Movements in Equity:</b>					
Total Comprehensive Income for the Period	5,733	-	-	-	5,733
Share Buy Back	(585)	-	(585)	-	-
Dividends Paid	(5,571)	-	-	-	(5,571)
Closing Balance at 30 September 2017	<u>88,662</u>	<u>86,558</u>	<u>(6,260)</u>	<u>-</u>	<u>8,364</u>
<b>Company - Previous period</b>					
Opening Balance at 1 July 2016	82,107	86,840	(5,795)	-	1,062
<b>Movements in Equity:</b>					
Total Comprehensive Income for the Period	2,463	-	-	-	2,463
Share Issue Expense	(61)	(61)	-	-	-
Dividends Paid	(3,345)	-	-	-	(3,345)
Closing Balance at 30 September 2016	<u>81,164</u>	<u>86,779</u>	<u>(5,795)</u>	<u>-</u>	<u>180</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 2017	795,564	80,963
At 30 Sep 2017	795,790	80,298

Employee Share Option

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

Treasury Shares

During 3Q17, the Company has bought back 899,200 shares by way of market acquisition and all shares are held as treasury shares (30 September 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.**

	<b>As at 30/9/2017</b>	<b>As at 31/12/2016</b>
Total number of issued shares excluding treasury shares	<u>795,789,821</u>	<u>796,564,000</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 899,200 number of treasury shares of \$585,294 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 :-	Third Quarter		Year-To-Date	
	Q3 2017	Q3 2016	30/9/2017	30/9/2016
(i) Basic earnings per share (cents)	0.45	0.36	2.64	1.29
(ii) On a fully diluted basis (cents)	0.45	0.36	2.64	1.29

The basic EPS for the period ended 30 September 2017 and 30 September 2016 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 796,580,987 shares and 791,083,506 shares respectively.

There is no dilutive effect on the EPS for the period ended 30 September 2017 and 30 September 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 30/9/2017	As at 31/12/2016	As at 30/9/2017	As at 31/12/2016
Net asset value per ordinary share (cents)	13.9	14.4	11.1	11.0

The net asset value per ordinary share of the Group and the Company as at 30 September 2016 has been calculated based on the total issued number of ordinary shares of 795,789,821 (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 outlets decreased 5% from \$29.0 million for the three months ended 30 September 2016 ("3Q16") to \$27.6 million for the three months ended 30 September 2017 ("3Q17"). The decrease of \$1.4 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 offset by higher revenue from existing and new dental outlets in Singapore and Malaysia.

As at 30 September 2017, the Group has a total of 72 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 70 dental outlets, 4 medical outlets and 1 aesthetic centre as at 30 September 2016 in Singapore.

As at 30 September 2017, the Group has a total of 13 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 September 2016.

Revenue contribution from the dental equipment and supplies distribution business decreased 55% from \$4.2 million in 3Q16 to \$1.9 million in 3Q17. 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 3Q17 as Aidite was deconsolidated in December 2016 and is now an associate of the Group.

For the first nine months ended 30 September 2017, revenue from dental and medical outlets decreased 3% to \$83.9 million, compared to \$86.6 million in the previous corresponding period for the same reasons given above.



For the first nine months ended 30 September 2017, revenue from the dental equipment and supplies distribution business decreased 31% to \$7.2 million from \$10.4 million in the corresponding period for the same reasons given above.

#### **Other Gains / (Losses)**

Other gains decreased from \$191k in 3Q16 to \$84k in 3Q17. This was mainly due to lower enhance special employment credit and wage credit scheme and profit guarantee in 3Q17.

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

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

Consumables and supplies used decreased 14% from \$2.7 million in 3Q16 to \$2.4 million in 3Q17. The decrease was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 3Q17 were 8.5% compared to 9.4% in 3Q16.

Comparing nine months ended 30 September 2017 with 30 September 2016, consumables and supplies used decreased by \$1.8 million or 24% 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 51% from \$3.0 million in 3Q16 to \$1.5 million in 3Q17. 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 3Q17 was 77.2% compared to 71.8% in 3Q16.

Comparing nine months ended 30 September 2017 with 30 September 2016, cost of sales from dental equipment and supplies distribution business decreased by \$2.1 million, 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 9% from \$18.0 million in 3Q16 to \$16.4 million in 3Q17. The decrease of \$1.6 million was mainly due to the deconsolidation of Aidite in December 2016 and Aoxin in April 2017 from subsidiaries to associates offset by increase in employee benefits expenses for acquired and new clinics in Singapore and Malaysia.

As a percentage of revenue, employee benefits expense in 3Q17 was 55.5% compared to 46.3% in 3Q16.

Comparing nine months ended 30 September 2017 with 30 September 2016, employee benefits expense decreased by \$2.9 million or 5%, for the same reasons given above.

##### Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased 36% from \$1.1 million in 3Q16 to \$0.7 million in 3Q17. The decrease of \$0.4 million was mainly due 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 expense in 3Q17 was 2.4% compared to 2.9% in 3Q16.

Comparing nine months ended 30 September 2017 with 30 September 2016, depreciation and amortisation expense decreased by \$0.8 million or 25%, for the same reasons given above.

#### Other Expenses

Other expenses decreased 44% from \$3.3 million in 3Q16 to \$1.9 million in 3Q17. The decrease of \$1.4 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, other expense in 3Q17 was 6.2% compared to 8.4% in 3Q16.

Comparing nine months ended 30 September 2017 with 30 September 2016, other expense decreased by \$3.0 million or 33%, for the same reasons given above.

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

For the reasons given above, the Group's profit before tax decreased 19% from \$4.6 million in 3Q16 to \$3.7 million in 3Q17.

For nine months ended 30 September 2017, net profit after tax was \$21.0 million, compared with \$13.4 million for nine months ended 30 September 2016.

#### **Statement of Financial Position**

As at 30 September 2017, the Group has cash and cash equivalents of \$32.0 million, MTN, bank borrowings and finance leases amounted to \$84.6 million.

#### **Current Assets**

Cash and cash equivalents as at 30 September 2017 decreased to \$32.0 million from \$44.1 million as at 31 December 2016. The decrease of \$12.1 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017, \$0.9 million for share buyback and final dividend payment of \$5.6 million with respect to FY2016 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 September 2017 decreased to \$17.5 million from \$23.9 million as at 31 December 2016. The decrease of \$6.4 million was mainly due to cash received for the settlement of 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 September 2017 decreased to \$6.3 million from \$7.6 million as at 31 December 2016. The decrease of \$1.3 million was mainly due 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 September 2017 decreased to \$19.9 million from \$27.4 million as at 31 December 2016. The decrease of \$7.5 million was mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Intangible assets as at 30 September 2017 decreased to \$53.5 million from \$75.5 million as at 31 December 2016. The decrease of \$22.0 million was mainly due to the decrease in intangible assets from the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.



Investment in associates as at 30 September 2017 increased to \$74.9 million from \$39.8 million as at 31 December 2016. The increase of \$35.1 million was due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

### **Current Liabilities**

Trade and other payables as at 30 September 2017 decreased to \$14.9 million from \$21.0 million as at 31 December 2016. The decrease of \$6.1 million was mainly due to payment of professional 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 September 2017 increased to \$75.1 million from \$15.5 million as at 31 December 2016. The increase of \$59.6 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 \$31.3 million As at 30 September 2017. The Company has since secured a \$15.0 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 September 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 March 2018.

### **Statement of Cash Flows**

The Group generated net cash flow of \$3.5 million from operating activities in 3Q17. This was mainly attributable to the Group's profit before tax of \$3.7 million offset by the payment of income tax of \$0.2 million and the increase of working capital in 3Q17.

Net cash used in investing activities in 3Q17 amounted to \$0.6 million, mainly due to purchase of plant and equipment for the opening of new dental clinics.

Net cash used in financing activities in 3Q17 amounted to \$7.1 million, mainly due to dividend payment of \$5.6 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 \$32.0 million as at 30 September 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

- Update on the Company's Singapore Operations

On 30 September 2017, the Company announced the consolidation of two dental clinics previously located in Ang Mo Kio. The Company has also consolidated two dental clinics previously located in Bukit Batok.

- Proposed Acquisition of CJ Group (Holding) Limited ("CJ")

On 30 September 2017, the Company announced the proposed acquisition 60% of the shareholding of CJ Group (Holding) Limited for a consideration of HKD 24 million, which may be increased to a maximum of HKD 48 million if certain conditions are met. CJ is a company incorporated in Hong Kong and is in the business of providing general and specialist dentistry services in Hong Kong and PRC. CJ currently operates 6 dental clinics in Hong Kong and 1 dental clinic in Shen Zhen, PRC.

## 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 6 dental clinics in Johor, 1 dental centre and 4 dental clinics in Kuala Lumpur and 2 dental clinics in Malacca. 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? **No**

**(b) Corresponding Period of the immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

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

NA.

**(d) Book closure date**

NA.

**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 September 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 Rule 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  
12 November 2017