



**Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2018 ("2Q18")**

**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 2018<br>\$'000 | Q2 2017<br>\$'000 | Change<br>% | 30/6/2018<br>\$'000 | 30/6/2017<br>\$'000 | Change<br>% |
| <b>Revenue</b>   |         |                   |                   |             |                     |                     |             |
| Dental and Medical Clinics Excluding Aoxin                               |         | 27,080            | 26,514            | 2           | 53,788              | 52,136              | 3           |
| Dental Equipment & Supplies Distribution Excluding Aoxin                 |         | 2,468             | 1,631             | 51          | 4,452               | 3,279               | 36          |
| <b>Sub Total</b>   |         | <b>29,548</b>     | <b>28,145</b>     | <b>5</b>    | <b>58,240</b>       | <b>55,415</b>       | <b>5</b>    |
| Dental Clinics - Aoxin   |         | -                 | 828               | NM          | -                   | 4,144               | NM          |
| Dental Equipment & Supplies Distribution - Aoxin                         |         | -                 | 651               | NM          | -                   | 2,060               | NM          |
| <b>Total Revenue</b>   |         | <b>29,548</b>     | <b>29,624</b>     | <b>-</b>    | <b>58,240</b>       | <b>61,619</b>       | <b>(5)</b>  |
| <b>Other Items of Income</b>   |         |                   |                   |             |                     |                     |             |
| Interest Income  |         | 23                | 12                | 92          | 81                  | 50                  | 62          |
| <b>Other Items of Expense</b>  |         |                   |                   |             |                     |                     |             |
| Consumables and Supplies Used in Dental & Medical Clinics                |         | (2,039)           | (1,559)           | 31          | (4,046)             | (3,343)             | 21          |
| Cost of Sales - Dental Equipment & Supplies                              |         | (1,667)           | (1,518)           | 10          | (3,103)             | (3,781)             | (18)        |
| Employee Benefits Expense  |         | (16,559)          | (16,396)          | 1           | (33,056)            | (33,885)            | (2)         |
| Depreciation and Amortisation Expense                                    |         | (802)             | (805)             | -           | (1,574)             | (1,727)             | (9)         |
| Rental Expense   |         | (3,363)           | (3,198)           | 5           | (6,536)             | (6,473)             | 1           |
| Other Expenses   |         | (1,622)           | (2,123)           | (24)        | (3,146)             | (4,248)             | (26)        |
| Finance Costs  |         | (575)             | (855)             | (33)        | (1,308)             | (1,671)             | (22)        |
| Other Gains / (Losses)   | 1(a)(i) | 6                 | 9,357             | (100)       | 626                 | 9,695               | (94)        |
| Share of Profit from Equity-Accounted Associates                         |         | 1,763             | 1,145             | 54          | 3,039               | 1,647               | 85          |
| <b>Profit Before Tax from Continuing Operations</b>                      |         | <b>4,713</b>      | <b>13,684</b>     | <b>(66)</b> | <b>9,217</b>        | <b>17,883</b>       | <b>(48)</b> |
| Income Tax Expense   |         | (90)              | (139)             | (35)        | (129)               | (531)               | (76)        |
| <b>Profit From Continuing Operations, Net of Tax</b>                     |         | <b>4,623</b>      | <b>13,545</b>     | <b>(66)</b> | <b>9,088</b>        | <b>17,352</b>       | <b>(48)</b> |
| Excluding Other Gains / (Losses)   |         | (6)               | (9,357)           | (100)       | (626)               | (9,695)             | (94)        |
| <b>Profit Excluding Other Gains / (Losses)</b>                           |         | <b>4,617</b>      | <b>4,188</b>      | <b>10</b>   | <b>8,462</b>        | <b>7,657</b>        | <b>11</b>   |
| <b>Other Comprehensive Income / (Loss):</b>                              |         |                   |                   |             |                     |                     |             |
| Exchange Differences on Translating Foreign Operations, Net of Tax       |         | (296)             | 314               | NM          | 397                 | (163)               | NM          |
| <b>Other Comprehensive Income / (Loss) for the Period, Net of Tax</b>    |         | <b>(296)</b>      | <b>314</b>        | <b>NM</b>   | <b>397</b>          | <b>(163)</b>        | <b>NM</b>   |
| <b>Total Comprehensive Income for the Period</b>                         |         | <b>4,327</b>      | <b>13,859</b>     | <b>(69)</b> | <b>9,485</b>        | <b>17,189</b>       | <b>(45)</b> |
| <b>Profit / (Loss) Attributable to:</b>                                  |         |                   |                   |             |                     |                     |             |
| Owners of the Parent, Net of Tax   |         | 4,561             | 13,637            | (67)        | 9,060               | 17,478              | (48)        |
| Non-Controlling Interests, Net of Tax                                    |         | 62                | (92)              | NM          | 28                  | (126)               | NM          |
| <b>Profit Net of Tax</b>   |         | <b>4,623</b>      | <b>13,545</b>     | <b>(66)</b> | <b>9,088</b>        | <b>17,352</b>       | <b>(48)</b> |
| <b>Profit / (Loss) Excluding Other Gains / (Losses) Attributable to:</b> |         |                   |                   |             |                     |                     |             |
| Owners of the Parent, Net of Tax   |         | 4,555             | 4,280             | 6           | 8,434               | 7,783               | 8           |
| Non-Controlling Interests, Net of Tax                                    |         | 62                | (92)              | NM          | 28                  | (126)               | NM          |
| <b>Profit Net of Tax</b>   |         | <b>4,617</b>      | <b>4,188</b>      | <b>10</b>   | <b>8,462</b>        | <b>7,657</b>        | <b>11</b>   |
| <b>Total Comprehensive Income / (Loss) Attributable to:</b>              |         |                   |                   |             |                     |                     |             |
| Owners of the Parent   |         | 4,270             | 14,003            | (70)        | 9,434               | 17,472              | (46)        |
| Non-Controlling Interests  |         | 57                | (144)             | NM          | 51                  | (283)               | NM          |
| <b>Total Comprehensive Income</b>  |         | <b>4,327</b>      | <b>13,859</b>     | <b>(69)</b> | <b>9,485</b>        | <b>17,189</b>       | <b>(45)</b> |

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 2018        | Q2 2017                | 30/6/2018    | 30/6/2017              |
|   | \$'000         | \$'000                 | \$'000       | \$'000                 |
| Gain on Disposal of Plant and Equipment                             | 3              | 4                      | 3            | 4                      |
| Plant & Equipment Written Off                                       | (33)           | (36)                   | (59)         | (36)                   |
| Foreign Exchange Translation Gain / (Loss)                          | (6)            | (3)                    | 3            | 4                      |
| Profit Guarantee Received/Receivable from Vendors/Shareholders      | (6)            | 180                    | 189          | 442                    |
| 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 / Reversal          | -              | (1,054) <sup>(a)</sup> | 273          | (1,054) <sup>(a)</sup> |
| Provision for Legal Fee <sup>(a)</sup>                              | -              | (600)                  | -            | (600)                  |
| Provision for Due Diligence Fee                                     | -              | (419)                  | -            | (419)                  |
| Impairment of Plant and Equipment                                   | -              | (44)                   | -            | (44)                   |
| Gain on Deem Disposal of Associate                                  | -              | -                      | 123          | -                      |
| Professional Fees and Expenses in Relation to the Spin-Off of Aoxin | -              | (2,210)                | -            | (2,210)                |
| Enhanced Special Employment Credit and Wage Credit Scheme / PIC     | 48             | (157)                  | 94           | (88)                   |
|   | 6              | 9,357                  | 626          | 9,695                  |
|   |                |                        |              |                        |

**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.**



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**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          |                |
|   | 30/6/2018      | 31/12/2017     | 30/6/2018      | 31/12/2017     |
|   | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>ASSETS</b>   |                |                |                |                |
| <b><u>Non-Current Assets</u></b>                          |                |                |                |                |
| Property, Plant and Equipment                             | 19,649         | 20,329         | 373            | 343            |
| Investment in Subsidiaries                                | -              | -              | 77,857         | 77,857         |
| Investment in Associates                                  | 77,329         | 74,281         | 32,365         | 32,692         |
| Intangible Assets   | 53,332         | 53,453         | -              | -              |
| Other Receivables   | 1,379          | 1,438          | 1,296          | 1,356          |
| Other Assets  | 8,075          | 8,225          | 23             | 161            |
| <b>Total Non-Current Assets</b>                           | <b>159,764</b> | <b>157,726</b> | <b>111,914</b> | <b>112,409</b> |
| <b><u>Current Assets</u></b>                              |                |                |                |                |
| Inventories   | 6,838          | 6,468          | -              | -              |
| Trade and Other Receivables                               | 16,780         | 15,600         | 47,612         | 51,785         |
| Other Assets  | 4,044          | 3,197          | 1,668          | 770            |
| Cash and Cash Equivalents                                 | 29,509         | 37,040         | 6,188          | 10,458         |
| <b>Total Current Assets</b>                               | <b>57,171</b>  | <b>62,305</b>  | <b>55,468</b>  | <b>63,013</b>  |
| <b>Total Assets</b>                                       | <b>216,935</b> | <b>220,031</b> | <b>167,382</b> | <b>175,422</b> |
| <b>EQUITY AND LIABILITIES</b>                             |                |                |                |                |
| <b><u>Equity Attributable to Owners of the Parent</u></b> |                |                |                |                |
| Share Capital   | 86,758         | 86,758         | 86,758         | 86,758         |
| Treasury Shares   | (9,896)        | (6,835)        | (9,896)        | (6,835)        |
| Retained Earnings   | 36,146         | 34,591         | 5,631          | 11,567         |
| Other Reserves, Total                                     | (1,231)        | (1,605)        | -              | -              |
| <b>Equity Attributable to Owners of the Parent, Total</b> | <b>111,777</b> | <b>112,909</b> | <b>82,493</b>  | <b>91,490</b>  |
| Non-Controlling Interests                                 | 1,009          | 958            | -              | -              |
| <b>Total Equity</b>                                       | <b>112,786</b> | <b>113,867</b> | <b>82,493</b>  | <b>91,490</b>  |
| <b><u>Non-Current Liabilities</u></b>                     |                |                |                |                |
| Provisions  | 633            | 643            | -              | -              |
| Deferred Tax Liabilities                                  | 1,094          | 1,120          | -              | -              |
| Other Financial Liabilities                               | 86,288         | 26,389         | 75,000         | 15,000         |
| <b>Total Non-Current Liabilities</b>                      | <b>88,015</b>  | <b>28,152</b>  | <b>75,000</b>  | <b>15,000</b>  |
| <b><u>Current Liabilities</u></b>                         |                |                |                |                |
| Trade and Other Payables                                  | 15,397         | 17,540         | 9,889          | 8,982          |
| Other Financial Liabilities                               | 737            | 60,472         | -              | 59,950         |
| <b>Total Current Liabilities</b>                          | <b>16,134</b>  | <b>78,012</b>  | <b>9,889</b>   | <b>68,932</b>  |
| <b>Total Liabilities</b>                                  | <b>104,149</b> | <b>106,164</b> | <b>84,889</b>  | <b>83,932</b>  |
| <b>Total Equity and Liabilities</b>                       | <b>216,935</b> | <b>220,031</b> | <b>167,382</b> | <b>175,422</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 30/6/2018</u><br>\$'000 | <u>As at 31/12/2017</u><br>\$'000 |
|----------------------------------|----------------------------------|-----------------------------------|
| <u>Bank Loans</u>                |                                  |                                   |
| Amount repayable within one year | 263                              | 262                               |
| Amount repayable after one year  | 78,972                           | 19,072                            |

Bank loans amounting to \$4.2 million are secured by legal mortgage of Group's properties and covered by corporate guarantee from the Company.

|                                  | <u>At 30/6/2018</u><br>\$'000 | <u>At 31/12/2017</u><br>\$'000 |
|----------------------------------|-------------------------------|--------------------------------|
| <u>Medium Term Note</u>          |                               |                                |
| Amount repayable within one year | -                             | 59,950                         |

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. The MTN have been repaid on 19 March 2018.

|                                  | <u>At 30/6/2018</u><br>\$'000 | <u>At 31/12/2017</u><br>\$'000 |
|----------------------------------|-------------------------------|--------------------------------|
| <u>Finance Leases</u>            |                               |                                |
| Amount repayable within one year | 2                             | 2                              |
| Amount repayable after one year  | 1                             | 2                              |

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

|                                  | <u>As at 30/6/2018</u><br>\$'000 | <u>As at 31/12/2017</u><br>\$'000 |
|----------------------------------|----------------------------------|-----------------------------------|
| <u>Bills Payable</u>             |                                  |                                   |
| Amount repayable within one year | 472                              | 258                               |

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

|                                 | <u>As at 30/6/2018</u><br>\$'000 | <u>As at 31/12/2017</u><br>\$'000 |
|---------------------------------|----------------------------------|-----------------------------------|
| <u>Preference Shares</u>        |                                  |                                   |
| Amount repayable after one year | 7,315                            | 7,315                             |

Preference shares issued on 23 December 2016 to Q & M Professionals Holding Pte. Ltd. and preference shares issued to All Win Investment Holdings Pte. Ltd., Full Win Investment Holdings Pte. Ltd. and Initial Capital Investment Pte. Ltd. on 15 November 2017 by Q & M Aidite International 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>Q2 2018</b>  | <b>Q2 2017</b>  |
|---|-----------------|-----------------|
|   | <b>\$'000</b>   | <b>\$'000</b>   |
| <b><u>Cash Flows From Operating Activities</u></b>                                      |                 |                 |
| Profit Before Tax   | 4,713           | 13,684          |
| Adjustments for:  |                 |                 |
| Interest Income   | (23)            | (12)            |
| Interest Expense  | 575             | 855             |
| Gain on Disposal of Plant and Equipment   | (3)             | (4)             |
| Gain on Disposal of Subsidiary  | -               | (16,891)        |
| Plant and Equipment Written Off   | 33              | 36              |
| 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                                     | (1,763)         | (1,146)         |
| Impairment of Plant and Equipment   | -               | 44              |
| Depreciation of Property, Plant and Equipment and Amortisation Expense                  | 802             | 805             |
| Foreign Currency Translation Reserve Provision  | (20)            | 39              |
|   | -               | 13              |
| <b>Operating Cash Flows Before Changes in Working Capital</b>                           | <b>4,314</b>    | <b>1,672</b>    |
| Inventories   | (601)           | (589)           |
| Trade and Other Receivables   | (313)           | (1,968)         |
| Other Assets  | 29              | 1,521           |
| Trade and Other Payables  | (1,459)         | 3,535           |
| Net Cash Flows From Operating Activities Before Interest and Tax                        | <b>1,970</b>    | <b>4,171</b>    |
| Income Taxes Paid   | (250)           | (457)           |
| <b>Net Cash Flows From Operating Activities</b>   | <b>1,720</b>    | <b>3,714</b>    |
| <b><u>Cash Flows Used in Investing Activities</u></b>                                   |                 |                 |
| Purchase of Plant and Equipment   | (458)           | (612)           |
| Sale Proceeds from Disposal of Plant and Equipment                                      | 102             | 22              |
| Other Assets  | (89)            | 130             |
| Deconsolidation of Subsidiary (Net of cash disposed)                                    | -               | (8,281)         |
| Trade and Other Receivables   | 9               | 12              |
| Other Receivables, Non-Current  | 58              | 6               |
| Interest Received   | 23              | 12              |
| <b>Net Cash Flows Used In Investing Activities</b>                                      | <b>(355)</b>    | <b>(8,711)</b>  |
| <b><u>Cash Flows Used in Financing Activities</u></b>                                   |                 |                 |
| Finance Lease Repayment   | (1)             | -               |
| Repayment of Bank Loans   | (49)            | (58)            |
| Share Buy Back Exercise   | (3,013)         | (301)           |
| Dividend From Associate   | 327             | -               |
| Bill Payables   | 388             | (84)            |
| Interest Paid   | (575)           | (855)           |
| Dividends Paid to Equity Owners   | (7,311)         | (5,514)         |
| <b>Net Cash Flows Used In Financing Activities</b>                                      | <b>(10,234)</b> | <b>(6,812)</b>  |
| <b>Net Decrease in Cash and Cash Equivalents</b>  | <b>(8,869)</b>  | <b>(11,809)</b> |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period     | 38,378          | 48,051          |
| <b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period</b> | <b>29,509</b>   | <b>36,242</b>   |
| <b>Cash and Cash Equivalents at End of Period includes the following:</b>               |                 |                 |
| Cash and Bank Balances  | 29,509          | 36,242          |
| <b>Cash and Cash Equivalents at End of Period</b>                                       | <b>29,509</b>   | <b>36,242</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 April 2018           | 118,783             | 117,831                                 | 86,758               | 38,896                   | (6,883)                | (940)                 | 952                             |
| <b>Movements in Equity:</b>               |                     |   |                      |                          |                        |                       |                                 |
| Total Comprehensive Income for the Period | 4,327               | 4,270                                   | -                    | 4,561                    | -                      | (291)                 | 57                              |
| Share Buy Back                            | (3,013)             | (3,013)                                 | -                    | -                        | (3,013)                | -                     | -                               |
| Dividends Paid                            | (7,311)             | (7,311)                                 | -                    | (7,311)                  | -                      | -                     | -                               |
| Closing Balance at 30 June 2018           | 112,786             | 111,777                                 | 86,758               | 36,146                   | (9,896)                | (1,231)               | 1,009                           |
| <b>Group - Previous period</b>            |                     |   |                      |                          |                        |                       |                                 |
| Opening Balance at 1 April 2017           | 125,232             | 108,729                                 | 86,222               | 25,714                   | (5,459)                | 2,252                 | 16,503                          |
| <b>Movements in Equity:</b>               |                     |   |                      |                          |                        |                       |                                 |
| 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                             |



**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 April 2018           | 92,169              | 86,758               | (6,883)                | -                    | 12,294                   |
| <b>Movements in Equity:</b>               |                     |                      |                        |                      |                          |
| Total Comprehensive Income for the Period | 648                 | -                    | -                      | -                    | 648                      |
| Share Buy Back                            | (3,013)             | -                    | (3,013)                | -                    | -                        |
| Dividends Paid                            | (7,311)             | -                    | -                      | -                    | (7,311)                  |
| Closing Balance at 30 June 2018           | 82,493              | 86,758               | (9,896)                | -                    | 5,631                    |
| <b>Company - Previous period</b>          |                     |                      |                        |                      |                          |
| Opening Balance at 1 April 2017           | 88,797              | 86,422               | (5,459)                | -                    | 7,834                    |
| <b>Movements in Equity:</b>               |                     |                      |                        |                      |                          |
| Total Comprehensive Income for the Period | 368                 | -                    | -                      | -                    | 368                      |
| Share Issue Expense                       | (301)               | -                    | (301)                  | -                    | -                        |
| Issue of Share Capital                    | 221                 | 136                  | 85                     | -                    | -                        |
| Closing Balance at 30 June 2017           | 89,085              | 86,558               | (5,675)                | -                    | 8,202                    |



**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><br>'000 | <u>Share Capital</u><br>\$'000 |
|----------------|---------------------------------|--------------------------------|
| At 1 Jan 2018  | <u>794,868</u>                  | <u>79,923</u>                  |
| At 30 Jun 2018 | <u>789,079</u>                  | <u>76,862</u>                  |

Employee Share Option

During the period ended 30 June 2018, no share options were issued or exercised. No share options outstanding as at 30 June 2018 (30 June 2017: NIL).

Treasury Shares

During the 2Q18, the Company has bought back 5,740,900 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 15,808,479 treasury shares as at 30 June 2018 (30 June 2017: 8,198,779).

**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 30/6/2018</b> | <b>As at 31/12/2017</b> |
|---|------------------------|-------------------------|
| Total number of issued shares excluding treasury shares | <u>789,079,321</u>     | <u>794,868,221</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 the current financial period reported on except for 5,740,900 number of treasury shares of \$3.0 million 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 2017.

**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 Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") 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 SFRS(I) and SFRS(I) INT 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 2018        | Q2 2017 | 30/6/2018    | 30/6/2017 |
| (i) Basic earnings per share (cents)          | 0.57           | 1.71    | 1.14         | 2.19      |
| (ii) On a fully diluted basis (cents)         | 0.57           | 1.71    | 1.14         | 2.19      |

The basic EPS for the period ended 30 June 2018 and 30 June 2017 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 794,876,782 shares and 796,714,253 shares respectively.

There is no dilutive effect on the EPS for the period ended 30 June 2018 and 30 June 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              |                     | Company            |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | As at<br>30/6/2018 | As at<br>31/12/2017 | As at<br>30/6/2018 | As at<br>31/12/2017 |
| Net asset value per ordinary share (cents) | 14.2               | 14.2                | 10.5               | 11.5                |

The net asset value per ordinary share of the Group and the Company as at 30 June 2018 has been calculated based on the total issued number of ordinary shares of 789,079,321 (2017: 794,868,221).



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 contribution from dental and medical clinics excluding Aoxin increased by 2% from \$26.5 million for the 3 months ended 30 June 2017 ("2Q17") to \$27.1 million for the 3 months ended 30 June 2018 ("2Q18") mainly due to higher revenue from dental outlets in Singapore and Malaysia in 2Q18.

As at 30 June 2018, the Group has a total of 71 dental outlets and 4 medical outlets in operations, compared to 73 dental outlets, 4 medical outlets, 1 aesthetic centre as at 30 June 2017 in Singapore.

As at 30 June 2018, the Group has a total of 14 dental outlets in Malaysia and 1 dental outlet in People's Republic of China ("PRC") compared to 9 dental outlets in Malaysia and 1 dental outlet in PRC as at 30 June 2017.

Revenue contribution from the dental equipment and supplies distribution business excluding Aoxin increased by 51% from \$1.6 million in 2Q17 to \$2.5 million in 2Q18. The increase was mainly due to higher revenue from dental equipment and supplies distribution company in Malaysia in 2Q18.

For the first six months ended 30 June 2018 ("1H18"), revenue from dental and medical outlets excluding Aoxin increased by 3% to \$53.8 million from \$52.1 million in the previous corresponding period ("1H17") mainly due to higher revenue from dental outlets in Singapore and Malaysia..

For 1H18, revenue from the dental equipment and supplies distribution business excluding Aoxin increased by 36% to \$4.5 million from \$3.3 million in 1H17 mainly due to higher revenue from the dental equipment and supplies distribution company in Malaysia.

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

Other gains / (losses) in 2Q18 amounted to \$6k compared to \$9.4 million in 2Q17. The decrease 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 professional fees and expenses in relation to the spin-off of Aoxin in 2Q17.

For 1H18, other gains / (losses) decreased to \$0.6 million from \$9.7 million in 1H17 mainly due to the same reasons given above.

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

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

Consumables and supplies used increased by 31% from \$1.6 million in 2Q17 to \$2.0 million in 2Q18. The increase was mainly due to the change in accounting treatment effective in 2017 for small dental instruments which are now inventorised.



As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in 2Q18 was 7.5% compared to 5.7% in 2Q17.

For 1H18, consumables and supplies used increased 21% to \$4.0 million from \$3.3 million in 1H17 for the same reasons given above.

#### Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased by 10% from \$1.5 million in 2Q17 to \$1.7 million in 2Q18. The increase was mainly due to increase in revenue from the dental equipment and supplies distribution businesses in Singapore and Malaysia offset by the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 2Q18 was 67.5% compared to 66.5% in 2Q17.

For 1H18, cost of sales from dental equipment and supplies distribution business decreased by 18% to \$3.1 million from \$3.8 million in 1H17 mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

#### Employee Benefits Expense

Employee benefits expense increased by 1% from \$16.4 million in 2Q17 to \$16.6 million in 2Q18 which was in line with the increase in revenue from existing dental outlets in Singapore and Malaysia offset by the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As a percentage of revenue, employee benefits expense in 2Q18 was 56.0% compared to 55.3% in 2Q17.

Comparing 1H18 with 1H17, employee benefit expense decreased by \$0.8 million or 2% mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

#### Rental Expense

Rental expense increased by 5% from \$3.2 million in 2Q17 to \$3.4 million in 2Q18. The increase was mainly due to an increase in the number of dental outlets in Malaysia as well as increase in rental rates for existing clinics in Singapore offset by the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As a percentage of revenue, rental expense in 2Q18 was 11.4% compared to 10.8% in 2Q17.

Comparing 1H18 with 1H17, rental expense increased by \$0.1 million for the same reasons given above.

#### Other Expenses

Other expenses decreased by 24% from \$2.1 million in 2Q17 to \$1.6 million in 2Q18. The decrease was mainly due to reduced legal fees for Singapore and Malaysia and the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

As a percentage of revenue, other expenses in 2Q18 was 5.5% compared to 7.2% in 2Q17.

Comparing 1H18 with 1H17, other expenses decreased by \$1.1 million or 26%, for the same reason given above.

#### Share of Profit from Equity-Accounted Associates

Share of profit from equity-accounted associates increased by 54% from \$1.1 million in 2Q17 to \$1.8 million in 2Q18. The increased of \$0.7 million was mainly due to higher share of profit from Aidite.



Comparing 1H18 with 1H17, share of profit from equity-accounted associates increased by \$1.4 million or 85%, for the same reason given above.

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

For the reasons given above, the Group's profit before tax decreased 66% from \$13.7 million in 2Q17 to \$4.7 million in 2Q18.

After deducting provision for income tax expense of \$90k, the Group's net profit decreased 66% from \$13.5 million in 2Q17 to \$4.6 million in 2Q18.

After excluding other gains / (losses), profit attributable to owners of the parent increased 6% from \$4.3 million in 2Q17 to \$4.6 million in 2Q18.

For 1H18, net profit after tax was \$9.1 million, compared with \$17.4 million for 1H17. After excluding other gains / (losses), profit attributable to owners of the parent increased 8% from \$7.8 million in 1H17 to \$8.4 million in 1H18.

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

As at 30 June 2018, the Group has cash and cash equivalents of \$29.5 million, bank borrowings plus finance leases amounted to \$87.0 million.

#### **Current Assets**

Cash and cash equivalents as at 30 June 2018 decreased to \$29.5 million from \$37.0 million as at 31 December 2017. The decrease of \$7.5 million was mainly due to share buyback of \$3.0 million, special and final dividend payment of \$7.3 million with respect to FY2017 offset by net cash generated from operations.

Trade and other receivables as at 30 June 2018 increased to \$16.8 million from \$15.6 million as at 31 December 2017. The increase of \$1.2 million was mainly due to increase in revenue from the dental equipment and supplies distribution business in Malaysia.

Other assets as at 30 June 2018 increased to \$4.0 million from \$3.2 million as at 31 December 2017. The increase of \$0.8 million was mainly due to an increase in sign on bonus and prepayment for upgrading of computer systems.

#### **Non-Current Assets**

The net book value of property, plant and equipment as at 30 June 2018 decreased to \$19.6 million from \$20.3 million as at 31 December 2017. The decrease of \$0.7 million was mainly due to depreciation of plant and equipment.

Investment in associates as at 30 June 2018 increased to \$77.3 million from \$74.3 million as at 31 December 2017. The increase of \$3.0 million was due to the share of profit from equity-accounted associates, Aidite and Aoxin.

#### **Current Liabilities**

Trade and other payables as at 30 June 2018 decreased to \$15.4 million from \$17.5 million as at 31 December 2017. The decrease of \$2.1 million was mainly due to payment of fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2017.

Other financial liabilities as at 30 June 2018 decreased to \$0.7 million from \$60.5 million as at 31 December 2017. The decrease of \$59.8 million was mainly due to repayment of the MTN on 19 March 2018.



### **Non-Current Liabilities**

Other financial liabilities as at 30 June 2018 increased to \$86.3 million from \$26.4 million as at 31 December 2017. The increase of \$59.9 million was mainly due to a draw down of \$60.0 million bank facilities in March 2018 to repay the MTN which matured on 19 March 2018.

### **Statement of Cash Flows**

The Group generated net cash flow from operating activities of \$1.7 million in 2Q18. This was mainly attributable to the profit generated by the Group after accounting for changes in working capital in 2Q18.

Net cash used in investing activities in 2Q18 amounted to \$0.4 million, mainly due to purchase of plant and equipment for the existing clinics and opening of new dental clinics.

Net cash used in financing activities in 2Q18 was \$10.2 million, mainly due to special and final dividend payment of \$7.3 million with respect to FY2017 and share buyback of \$3.0 million in 2Q18.

Consequent to the above factors, the Group's cash and cash equivalents was \$29.5 million as at 30 June 2018.

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

No forecast had been issued for the current financial reporting period. The financial results are in line with the expectations as disclosed in previous quarterly announcements.

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

### **Industry Prospects**

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

### **Recent Developments**

- Update on the Company's Malaysia Operations

On 25 June 2018, the Company announced the incorporation of two private company entities, Q & M Dental Surgery (Selatan) Sdn Bhd with an issued and paid-up share capital of RM1 comprising of 1 ordinary share and Q & M Dental Surgery (KL) Sdn Bhd with an issued and paid-up capital of RM1 comprising of 1 ordinary share, in Malaysia.

During 1H18, the Company has acquired the business assets of Perling Dental and Chin Dental. The Company has also signed rental agreements to open 3 new dental clinics in the second half of 2018.

- Update on the Company's Singapore Operations

During 1H18, the Company has opened 3 clinics located in Yishun, Woodlands and Century Square as well as consolidating two existing clinics in Punggol into one clinic. The Company has also signed rental agreements to open 4 new dental clinics in the second half of 2018.



## 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 operations in Singapore. The Group intends to add at least 10 dental clinics in Singapore for 2018. 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 3 dental clinics in Malacca. The Group intends to add 10 dental clinics in Malaysia for 2018. The eventual number of dental clinics will depend on opportunities and market conditions.

- 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 is actively working on opportunities to acquire large 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) | 0.4 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) | 0.7 cents per ordinary share |
| Tax Rate                             | One Tier Tax Exempt          |



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

The dividend will be paid on 13 September 2018.

**(d) Book closure date**

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 30 August 2018 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 29 August 2018 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 29 August 2018 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 2018 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 2018**