



Financial Statement Announcement For The Third Quarter Ended 30 September 2018 (“3Q18”)

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 2018 \$'000	Q3 2017 \$'000	Change %	30/9/2018 \$'000	30/9/2017 \$'000	Change %
Revenue							
Dental and Medical Clinics Excluding Aoxin		27,682	27,571	-	81,470	79,707	2
Dental Equipment & Supplies Distribution Excluding Aoxin		1,833	1,885	(3)	6,285	5,164	22
Sub Total		29,515	29,456	-	87,755	84,871	3
Dental Clinics - Aoxin		-	-	NM	-	4,144	NM
Dental Equipment & Supplies Distribution - Aoxin		-	-	NM	-	2,060	NM
Total Revenue		29,515	29,456	-	87,755	91,075	(4)
Other Items of Income							
Interest Income		9	85	(89)	90	135	(33)
Other Items of Expense							
Consumables and Supplies Used in Dental & Medical Clinics		(1,976)	(2,349)	(16)	(6,021)	(5,692)	6
Cost of Sales - Dental Equipment & Supplies		(1,281)	(1,455)	(12)	(4,384)	(5,236)	(16)
Employee Benefits Expense		(16,999)	(16,355)	4	(50,055)	(50,240)	-
Depreciation and Amortisation Expense		(758)	(720)	5	(2,332)	(2,447)	(5)
Rental Expense		(3,060)	(3,146)	(3)	(9,596)	(9,619)	-
Other Expenses		(1,826)	(1,838)	(1)	(4,972)	(6,086)	(18)
Finance Costs		(656)	(801)	(18)	(1,964)	(2,472)	(21)
Other Gains / (Losses)	1(a)(i)	198	84	136	823	9,779	(92)
Share of Profit from Equity-Accounted Associates		539	733	(26)	3,578	2,380	50
Profit Before Tax from Continuing Operations		3,705	3,694	-	12,922	21,577	(40)
Income Tax Expense		(64)	(82)	(22)	(193)	(613)	(69)
Profit From Continuing Operations, Net of Tax		3,641	3,612	1	12,729	20,964	(39)
Excluding Other Gains / (Losses)		(198)	(84)	136	(823)	(9,779)	(92)
Profit Excluding Other Gains / (Losses)		3,443	3,528	(2)	11,906	11,185	6
Other Comprehensive Income / (Loss):							
Exchange Differences on Translating Foreign Operations, Net of Tax		(657)	215	NM	(260)	52	NM
Other Comprehensive Income / (Loss) for the Period, Net of Tax		(657)	215	NM	(260)	52	NM
Total Comprehensive Income for the Period		2,984	3,827	(22)	12,469	21,016	(41)
Profit / (Loss) Attributable to:							
Owners of the Parent, Net of Tax		3,618	3,586	1	12,678	21,064	(40)
Non-Controlling Interests, Net of Tax		23	26	(12)	51	(100)	NM
Profit Net of Tax		3,641	3,612	1	12,729	20,964	(39)
Profit / (Loss) Excluding Other Gains / (Losses) Attributable to:							
Owners of the Parent, Net of Tax		3,420	3,502	(2)	11,855	11,285	5
Non-Controlling Interests, Net of Tax		23	26	(12)	51	(100)	NM
Profit Net of Tax		3,443	3,528	(2)	11,906	11,185	6
Total Comprehensive Income / (Loss) Attributable to:							
Owners of the Parent		2,923	3,799	(23)	12,357	21,271	(42)
Non-Controlling Interests		61	28	118	112	(255)	NM
Total Comprehensive Income		2,984	3,827	(22)	12,469	21,016	(41)

NM: Not Meaningful



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

Notes:

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

	Group			
	Third Quarter		Year-To-Date	
	Q3 2018	Q3 2017	30/9/2018	30/9/2017
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	-	53	3	57
Plant & Equipment Written Off	(107)	-	(166)	(36)
Foreign Exchange Translation (Loss)/Gain	(11)	(2)	(9)	2
Profit Guarantee Received/Receivable from Vendors/Shareholders	296	16	485	458
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 / Reversal	-	-	273	(1,054) ^(a)
Provision for Legal Fee ^(a)	-	-	-	(600)
Provision for Due Diligence Fee	-	-	-	(419)
Impairment of Plant and Equipment	-	(44)	-	(88)
Gain on Deem Disposal of Associate	-	-	123	-
Professional Fees and Expenses in Relation to the Spin-Off of Aoxin	-	33	-	(2,177)
Enhanced Special Employment Credit and Wage Credit Scheme / PIC	20	28	114	(60)
	198	84	823	9,779

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	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	19,399	20,329	373	343
Investment in Subsidiaries	-	-	77,857	77,857
Investment in Associates	77,077	74,281	32,365	32,692
Intangible Assets	53,394	53,453	-	-
Other Receivables	1,379	1,438	1,296	1,356
Other Assets	9,225	8,225	353	161
Total Non-Current Assets	160,474	157,726	112,244	112,409
<u>Current Assets</u>				
Inventories	6,840	6,468	-	-
Trade and Other Receivables	17,343	15,600	46,030	51,785
Other Assets	3,992	3,197	1,707	770
Cash and Cash Equivalents	23,401	37,040	2,725	10,458
Total Current Assets	51,576	62,305	50,462	63,013
Total Assets	212,050	220,031	162,706	175,422
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,758	86,758	86,758	86,758
Treasury Shares	(11,558)	(6,835)	(11,558)	(6,835)
Retained Earnings	36,802	34,591	3,558	11,567
Other Reserves, Total	(1,926)	(1,605)	-	-
Equity Attributable to Owners of the Parent, Total	110,076	112,909	78,758	91,490
Non-Controlling Interests	1,045	958	-	-
Total Equity	111,121	113,867	78,758	91,490
<u>Non-Current Liabilities</u>				
Provisions	630	643	-	-
Deferred Tax Liabilities	1,083	1,120	-	-
Other Financial Liabilities	86,237	26,389	75,000	15,000
Total Non-Current Liabilities	87,950	28,152	75,000	15,000
<u>Current Liabilities</u>				
Trade and Other Payables	12,714	17,540	8,948	8,982
Other Financial Liabilities	265	60,472	-	59,950
Total Current Liabilities	12,979	78,012	8,948	68,932
Total Liabilities	100,929	106,164	83,948	83,932
Total Equity and Liabilities	212,050	220,031	162,706	175,422



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 30/9/2018</u> \$'000	<u>As at 31/12/2017</u> \$'000
<u>Bank Loan</u>		
Amount repayable within one year	263	262
Amount repayable after one year	78,922	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 30/9/2018</u> \$'000	<u>At 31/12/2017</u> \$'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 30/9/2018</u> \$'000	<u>At 31/12/2017</u> \$'000
<u>Finance Leases</u>		
Amount repayable within one year	2	2
Amount repayable after one year	-	2

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

	<u>As at 30/9/2018</u> \$'000	<u>As at 31/12/2017</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	-	258

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 30/9/2018</u> \$'000	<u>As at 31/12/2017</u> \$'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.

	Q3 2018	Q3 2017
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	3,705	3,694
Adjustments for:		
Interest Income	(9)	(85)
Interest Expense	656	801
Plant and Equipment Written Off	107	-
Depreciation of Property, Plant and Equipment and Amortisation Expense	758	720
Impairment of Plant and Equipment	-	44
Gain on Disposal of Plant and Equipment	-	(53)
Provision	(3)	(4)
Foreign Currency Translation Adjustments	227	279
Share of Profit from Equity – Associated Associates	(539)	(733)
Operating Cash Flows Before Changes in Working Capital	4,902	4,663
Inventories	19	143
Trade and Other Receivables	(146)	(913)
Other Assets	95	48
Trade and Other Payables	(2,717)	(236)
Net Cash Flows From Operating Activities Before Interest and Tax	2,153	3,705
Income Taxes Paid	(177)	(232)
Net Cash Flows From Operating Activities	1,976	3,473
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(715)	(1,406)
Sale Proceeds from Disposal of Plant and Equipment	112	394
Other Assets	(1,205)	90
Trade and Other Receivables	(145)	207
Other Receivables, Non-Current	-	1
Interest Received	9	85
Acquisition of Business Assets	(143)	-
Net Cash Flows Used in Investing Activities	(2,087)	(629)
<u>Cash Flows Used in Financing Activities</u>		
Finance Lease Repayment	(1)	(1)
Bill payables	(472)	(52)
Repayment of Bank Loans	(50)	(58)
Interest Paid	(656)	(801)
Dividends Paid to Equity Owners	(3,156)	(5,571)
Share Buy Back Exercise	(1,662)	(585)
Net Cash Flows Used in Financing Activities	(5,997)	(7,068)
Net Decrease in Cash and Cash Equivalents	(6,108)	(4,224)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	29,509	36,242
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	23,401	32,018
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	23,401	32,018
Cash and Cash Equivalents at End of Period	23,401	32,018



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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 July 2018	112,955	111,971	86,758	36,340	(9,896)	(1,231)	984
Movements in Equity:							
Total Comprehensive Income for the Period	2,984	2,923	-	3,618	-	(695)	61
Share Buy Back	(1,662)	(1,662)	-	-	(1,662)	-	-
Dividends Paid	(3,156)	(3,156)	-	(3,156)	-	-	-
Opening Balance at 30 September 2018	111,121	110,076	86,758	36,802	(11,558)	(1,926)	1,045
Group - Previous period							
Opening Balance at 1 July 2017	114,292	113,361	86,558	33,837	(5,675)	(1,359)	931
Movements in Equity:							
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



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 July 2018	82,493	86,758	(9,896)	-	5,631
Movements in Equity:					
Total Comprehensive Income for the Period	1,083	-	-	-	1,083
Share Buy Back	(1,662)	-	(1,662)	-	-
Dividends Paid	(3,156)	-	-	-	(3,156)
Closing Balance at 30 September 2018	<u>78,758</u>	<u>86,758</u>	<u>(11,558)</u>	<u>-</u>	<u>3,558</u>
Company - Previous period					
Opening Balance at 1 July 2017	89,085	86,558	(5,675)	-	8,202
Movements in Equity:					
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>



- 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 2018	794,868	79,923
At 30 Sep 2018	785,622	75,200

Employee Share Option

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

Treasury Shares

During 3Q18, the Company has bought back 3,457,400 shares by way of market acquisition and all shares are held as treasury shares. Following the purchase, the Company has 19,265,879 treasury shares as at 30 September 2018 (30 September 2017: 9,097,979).

- 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 30/9/2018	As at 31/12/2017
Total number of issued shares excluding treasury shares	785,612,921	794,868,221

- 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 3,457,400 number of treasury shares of \$1.7 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 :-	Third Quarter		Year-To-Date	
	Q3 2018	Q3 2017	30/9/2018	30/9/2017
(i) Basic earnings per share (cents)	0.46	0.45	1.60	2.64
(ii) On a fully diluted basis (cents)	0.46	0.45	1.60	2.64

The basic EPS for the period ended 30 September 2018 and 30 September 2017 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 792,963,943 shares and 796,580,987 shares respectively.

There is no dilutive effect on the EPS for the period ended 30 September 2018 and 30 September 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:-**
- current financial period reported on; and**
 - immediately preceding financial year.**

	Group		Company	
	As at		As at	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Net asset value per ordinary share (cents)	14.0	14.2	10.0	11.5

The net asset value per ordinary share of the Group and the Company as at 30 September 2018 has been calculated based on the total issued number of ordinary shares of 785,612,921 (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:**
- 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 increased slightly from \$27.6 million for the three months ended 30 September 2017 ("3Q17") to \$27.7 million for the three months ended 30 September 2018 ("3Q18"). The increase of \$0.1 million was mainly due to higher revenue from existing and new dental outlets in Singapore.

As at 30 September 2018, the Company has a total of 72 dental outlets and 4 medical outlets in Singapore, 16 dental outlets in Malaysia and 1 dental outlet in PRC.

Revenue contribution from the dental equipment and supplies distribution business decreased slightly from \$1.9 million for 3Q17 to \$1.8 million for 3Q18. The decrease was due to lower revenue from the dental equipment and supplies distribution company in Singapore and Malaysia arising from less purchases by the private sectors.

For the first nine months ended 30 September 2018, revenue from dental and medical outlets excluding Aoxin increased by 2% to \$81.5 million, compared to \$79.7 million in the previous corresponding period mainly due to higher revenue from dental outlets in Singapore and Malaysia.

For the first nine months ended 30 September 2018, revenue from the dental equipment and supplies distribution business excluding Aoxin increased by 22% to \$6.3 million from \$5.2 million in the corresponding period mainly due to higher revenue from the dental equipment and supplies distribution company in Singapore and Malaysia.

Other Gains / (Losses)

Other gains / (losses) in 3Q18 amounted to \$0.2 million compared to \$0.1 million in 3Q17. Other gains / (losses) in 3Q18 was mainly due to recognition of shortfall in profit guarantee from the dental clinics in Malaysia and PRC.



Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used decreased by 16% from \$2.4 million in 3Q17 to \$2.0 million in 3Q18. The decrease was mainly the result of tighter control of usage of consumables and supplies used in dental and medical clinics in Singapore.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 3Q18 were 7.1% compared to 8.5% in 3Q17.

Comparing nine months ended 30 September 2018 with 30 September 2017, consumables and supplies used increased by \$0.3 million or 6% due to the change in accounting treatment effective in 2017 for small dental instruments which are now inventoried offset by the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business decreased by 12% from \$1.5 million in 3Q17 to \$1.3 million in 3Q18. The decrease was mainly due decrease in cost of sales from the dental equipment and supplies distribution company in Malaysia.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 3Q18 was 69.9% compared to 77.2% in 3Q17.

Comparing nine months ended 30 September 2018 with 30 September 2017, cost of sales from dental equipment and supplies distribution business decreased by \$0.9 million mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 offset by increase in revenue from the dental equipment and supplies distribution company in Singapore and Malaysia.

Employee Benefits Expense

Employee benefits expense increased by 4% from \$16.4 million in 3Q17 to \$17.0 million in 3Q18. The increase of \$0.6 million was mainly due to salary revision and increase in headcount to support existing and new dental outlets in Singapore and Malaysia.

As a percentage of revenue, employee benefits expense in 3Q18 was 57.6% compared to 55.5% in 3Q17.

Comparing nine months ended 30 September 2018 with 30 September 2017, employee benefits expense decreased by \$0.2 million mainly due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 offset by salary revision and increase in headcount to support existing and new dental outlets in Singapore and Malaysia.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 5% from \$0.7 million in 3Q17 to \$0.8 million in 3Q18. The increase of \$0.1 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia.

As a percentage of revenue, depreciation and amortisation expense in 3Q18 was 2.6% compared to 2.4% in 3Q17.

Comparing nine months ended 30 September 2018 with 30 September 2017, depreciation and amortisation expense decreased by \$0.1 million or 5% due the deconsolidation of Aoxin from a subsidiary to an associate in April 2017 offset by purchase of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia.



Other Expenses

Other expenses remained at \$1.8 million for 3Q18 and 3Q17.

As a percentage of revenue, other expense in 3Q18 and 3Q17 were 6.2%.

Comparing nine months ended 30 September 2018 with 30 September 2017, other expense decreased by \$1.1 million or 18% due to the deconsolidation of Aoxin from a subsidiary to an associate in April 2017.

Share of Profit from Equity-Accounting Associates

Share of profit from equity-accounting associates decreased by 26% from \$0.7 million in 3Q17 to \$0.5 million in 3Q18. The decrease of \$0.2 million was due to lower share of profit from Aidite and Aoxin.

Comparing nine months ended 30 September 2018 with 30 September 2017, share of profit from equity-accounting associates increased by \$1.2 million or 50% mainly due to higher share of profit from Aidite.

Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax remained at \$3.7 million in 3Q18 and 3Q17.

After deducting provision for income tax expense of \$64k, the Group's net profit increased 1% to \$3.6 million in 3Q18 as compared to the corresponding period in 2017.

For nine months ended 30 September 2018, net profit after tax was \$12.7 million, compared with \$21.0 million for nine months ended 30 September 2017. After excluding other gains / (losses), profit attributable to owners of the parent increased 5% from \$11.3 million for the nine months ended 30 September 2017 to \$11.9 million for the nine months ended 30 September 2018.

Statement of Financial Position

As at 30 September 2018, the Group has cash and cash equivalents of \$23.4 million, bank borrowings plus finance leases amounted to \$86.5 million.

Current Assets

Cash and cash equivalents as at 30 September 2017 decreased to \$23.4 million from \$37.0 million as at 31 December 2017. The decrease of \$13.6 million was mainly due to share buyback of \$4.7 million, special and final dividend payment of \$7.3 million with respect to FY2017 and interim dividend payment of \$3.2 million with respect to FY2018.

Trade and other receivables as at 30 September 2018 increased to \$17.3 million from \$15.6 million as at 31 December 2017. The increase of \$1.7 million was mainly due to increase in revenue from the dental equipment and supplies distribution business in Malaysia.

Other assets as at 30 September 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 increase in sign on bonus, prepayment for upgrading of computer systems.

Non-Current Assets

The net book value of property, plant and equipment as at 30 September 2018 decreased to \$19.4 million from \$20.3 million as at 31 December 2017. The decrease of \$0.9 million was mainly due to depreciation of plant and equipment.



Investment in associates as at 30 September 2018 increased to \$77.1 million from \$74.3 million as at 31 December 2017. The increase of \$2.8 million was due to the share of profit from equity-accounting associates, Aidite and Aoxin.

Current Liabilities

Trade and other payables as at 30 September 2018 decreased to \$12.7 million from \$17.5 million as at 31 December 2017. The decrease of \$4.8 million was mainly due to payment of professional fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2017 as well as decrease in trade payables of the dental equipment and supplies distribution company in Singapore.

Other financial liabilities as at 30 September 2018 decreased to \$0.3 million from \$60.5 million as at 31 December 2017. The decrease of \$60.2 million was mainly due to repayment of MTN on 19 March 2018.

Non-Current Liabilities

Other financial liabilities as at 30 September 2018 increased to \$86.2 million from \$26.4 million as at 31 December 2017. The increase of \$59.8 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 cash flow from operations before changes in working capital of \$4.9 million in 3Q18. This was mainly attributable to the profit generated by the Group. After changes in working capital, net cash flow generated was \$2.0 million in 3Q18.

Net cash used in investing activities in 3Q18 amounted to \$2.1 million, mainly due to purchase of plant and equipment for the opening of new dental clinic and sign on bonuses for dentists.

Net cash used in financing activities in 3Q18 amounted to \$6.0 million, mainly due to interim dividend payment with respect to FY2018 and share buyback in 3Q18.

Consequent to the above factors, the Group's cash and cash equivalents was \$23.4 million as at 30 September 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 Singapore Operations

The Company has opened a dental clinic in Yishun Ring Road in July 2018 and relocated Bugis Dental Centre in Victoria Street to Bugis Junction in Oct 2018. The Company has also signed rental agreements to open 3 new clinics.

- Update on the Company's Malaysia Operations

The Company has signed rental agreements to open 4 new clinics.

- Acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. – Amendments of Terms

On 23 August 2018, the Company entered into an addendum to the SPA ("Addendum 1") with the Vendor Shareholders. Pursuant to the terms of the Addendum 1, the Company has agreed to vary the terms of the profit guarantee to accord to the Vendor shareholders time until 31 December 2030 to meet the cumulative profit guarantee amount.

- Proposed Delisting of Aidite (Qinhuangdao) Technology Co. Ltd. from National Equities Exchange and Quotations

On 17 September 2018, the Company announced that the Company's associated company, Aidite (Qinhuangdao) Technology Co. Ltd. ("Aidite") had on 14 September 2018 announced that in order to explore certain strategic business development opportunities, Aidite is proposing to make an application to delist its shares ("Proposed Delisting") from the National Equities Exchange and Quotations of the People's Republic of China ("New Third Board").

On 9 October 2018, the Company wishes to update the Shareholders that Aidite had, on 8 October 2018, announced the results of its second extraordinary general meeting where the Proposed Delisting was approved by the shareholders of Aidite.

- Cessation of Interest in the Proposed Acquisition of CJ Group (Holding) Limited

On 1 October 2018, the Company announced the cessation of interest in the proposed acquisition of 60% of the shareholdings of CJ Group (Holding) Limited.

- Completion of the Share Gift to Key Employees

On 29 October 2018, the Company announced the completion of transferring 1,107,500 Aoxin Q & M Dental Group Ltd. ("AQMD") shares to 452 eligible employees of the Group. Upon completion of the Share Gift to 452 eligible employees, the Company's shareholding in AQMD has reduced to 162,354,038 AQMD shares representing 42.55% of the total issued share capital of AQMD.

- Extraordinary General Meeting ("EGM") for Q & M Employee Share Option Scheme 2018 ("ESOS") and Performance Share Plan 2018 ("PSP")

The Company has called for a Extraordinary General Meeting on 13 Nov at 2pm for shareholders to approve the 2018 Q & M ESOS and PSP.



Future Plans

The Group has embarked on new initiative in relation to the development and deployment of artificial intelligence in the field of Dentistry. QMAI Pte. Ltd. was incorporated on 12 November 2018 and will be used as a platform for this initiative.

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

- Expansion of network of dental clinics in Singapore

The Group will be focusing on its operations 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. 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

The Group is closely monitoring the Malaysian economy with a view of further expansion into Malaysia. 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? 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.**

Not applicable.

(d) **Book closure date**

Not applicable.

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

Not applicable.



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

- 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 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 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
14 November 2018